METRONIC

Technology Total Solution Provider

Annual Report 2016

METRONIC GLOBAL BERHAD (632068-V)

Annual Report 2016

METRONIC

METRONIC GLOBAL BERHAD (632068-V)
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CONTENT

CONTENT

Vision and Mission **2**

Corporate Information **3**

Corporate Profile **4**

Corporate Structure **6**

Five-Year Financial Highlights **7**

Profile of Directors **8**

Profile of Chief Executive Officer **10**

Profile of Senior Management **11**

Chairmans' Statement **14**

Management Discussion and Analysis **16**

Statement on Corporate Governance **18**

Audit Committee Report **32**

Statement on Risk Management and Internal Control **37**

Directors' Report and Audited Financial Statements **39**

List of Properties **134**

Analysis of Shareholdings **135**

Notice of Annual General Meeting **137**

Proxy Form

VISION & MISSION

Our Vision

- To be an internationally recognized leading engineering and technology total solution provider.

Our Mission

- To apply our unique management style that incorporates our manpower resources, experience, expertise, innovation and creative approach.
- To continously seek new technologies that meet our clients' requirements.
- To create a workplace that motivates our employees.
- To develop strategic relationships with partners who have skill that enhance and complement our own.
- To continually improve the effectiveness of the quality management system.
- To maximize value of our stakeholders.

CORPORATE INFORMATION

BOARD OF DIRECTORS

PATRICK CHIN HAU YUI
Independent Non-Executive Chairman

RIC KOH WAI CHEE
Executive Director

KHOR BEN JIN
Independent Non-Executive Director

KUA KHAI SHYUAN
Non Independent Non-Executive Director

AUDIT COMMITTEE

Khor Ben Jin
Chairman

Patrick Chin Hau Yui
Member

NOMINATION COMMITTEE

Patrick Chin Hau Yui
Chairman

Khor Ben Jin
Member

REMUNERATION COMMITTEE

Patrick Chin Hau Yui
Chairman

Khor Ben Jin
Member

COMPANY SECRETARY

Wong Yuet Chyn (MAICSA 7047163)

SHARE REGISTRAR

Shareworks Sdn Bhd
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas, 50480 Kuala Lumpur
Wilayah Persekutuan (KL)
Tel : 03 6201 1120
Fax : 03 6201 3121

AUDITORS

SIEW BOON YEONG & ASSOCIATES (AF 0660)
Chartered Accountants
Wisma SBY
9-C, Jalan Medan Tuanku
Medan Tuanku, 50300 Kuala Lumpur
Tel : 03 – 2693 8837
Fax : 03 – 2693 8836

SOLICITORS

Messrs Ngeh & Co.

BANKERS

Malayan Banking Berhad
United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock name : Metronic
Stock code : 0043

CORPORATE WEBSITE

www.metronic-group.com

CORPORATE PROFILE

COMPANY HISTORY AND DEVELOPMENT

Background of Company

Metronic Global Berhad (''The Company" or ''MGB") was incorporated in Malaysia under the Companies Act, 1965 on 22 October 2003. The company was listed on MESDAQ Market of Bursa Malaysia Securities Berhad (''Bursa Securities") on 24 May 2004 and subsequently transferred to the Main Board (now known as Main Market) of Bursa Securities on 12 July 2007.

The subsidiaries of the Company specialise in system integration of intelligent building management systems (''IBMS") and integrated security management system (''ISMS"), e-project management (''e-PM") of mechanical and electrical service and provision of online administration service for the healthcare sector. Fundamental to this success is the mission of the Company and its subsidiaries (''the Group" or ''MGB Group") to continually exceed customers' increasing expectations. The MGB Group focuses on building and integrating world-class technology to the market and is committed to continuously improve its quality, service and productivity.

The Evolution of the MGB Group

The origin of the MGB Group can be traced back to August 1984 when Metronic Engineering Sdn Bhd ("MESB") was incorporated to provide building automation service specializing in the field of IBMS and ISMS. MESB subsequently expanded its business activities to include e-PM of mechanical and electrical service and supply of engineering systems. MESB carries products by principals such as TAC Controls Pte Ltd and Honeywell Integrated Security, USA which are amongst the world's leading companies in IBMS and ISMS.

During the early years, MESB played a pivotal role in nation building by providing state-of-the-art e-project management and system integration services for hospitals, office building, shopping complexes, airports, oil refineries and manufacturing plants. Over the years, the Group has leveraged its expertise to develop unique and innovative IBMS and ISMS products, solution and services, mainly in the areas of "intelligent buildings".

As technology progresses, intelligent buildings have evolved from mere stand-alone entities into interconnected hubs within the citywide infrastructure, known as "intelligent cities". With the convergence of technology, stand-alone buildings are slowly forming into smaller, ecosystems comprising a tightly integrated network of buildings that better enable the management and optimization of systems and resources. The driving force of the evolution of intelligent cities is the ability to reduce cost, optimise manpower utilisation and enhance service levels through aggregation, service integration and process automation.

Over the years, the Group has strengthened its position in the value chain towards becoming an ICMS provider. By converging newer technologies with the JBCM™ (Java Based Control & Monitoring Software) platform, the Group is able to provide a value-added proposition for its customers by enhancing and expanding its product applications. In line with the Group's plan to migrate as a provider of ICMS, these technologies will significantly enhance application security, manageability, reliability and availability of any application while lowering the cost of operations for its customers.

In a move to diversify and complement its existing core business, in 2008, the Group via Metronic iCares Sdn Bhd ("Micares") ventured into Third Party Administration and Managed Care Organisation businesses for the healthcare sector via the connectivity applications and infrastructure for the exchange of transactional information through internet.In the year 2013, the Group has disposed off the ICT Support Services Division. The disposal of Micares provides an opportunity for the Group to realize its investment at an attractive return, generate funds for working capital and investment in other potential businesses and repayment of borrowings. The rationale for disposal is also due to the financial and business prospect is uncertain with the recent consolidation within the insurance industry and the various mergers and acquisition of some of Micares' major clients which may affect Micares' business.

For geographical expansion, MGB Group has embarked on a series of acquisition strategies over the last few years to complement the local market. As at today, the Group has reached China, India, Vietnam and Middle East countries.

CORPORATE PROFILE
(CONT'D)

PRINCIPAL BUSINESS ACTIVITIES, PRODUCTS AND SERVICES

Presently, MGB Group, through its subsidiaries, specializes in IBMS and ISMS which encompass hardware and software required for the control and management of an intelligent building with components including heating, ventilation and air conditioning, lighting, fire and security equipment.

The key drivers that are guiding the building/construction industry to adopt this technology are:

- The onset of the network convergence of the CCTV, computers, alarm system and access control with the advance technology of biometrics;
- Prevalent use of internet and IP networking; and
- The efficiency of the system as it saves time and travel cost

The integration of the building/industrial automation system security system has become one of the most popular methods used by many corporations in converging their existing system into an all encompassing system. Two (2) of the main components of the IBMS and ISMS are the hardware and the software solution. The hardware portion includes security devices such as CCTV, the video recording (either digital or analogue), access control and the intrusion devices. The software solution is an important feature which ensures that this equipment communicated and works coherently in a common personal computer-based environment.

The Group is presently a key player in the IBMS and ISMS industry in Malaysia and with its expertise in system integration and knowledge of advanced technology.

The business divisions of the MGB Group are highlighted as follows:

(i) IBMS Division

is an integration of Building Automation System, Access Control, Closed Circuit TV (''CCTV") System and Addressable Fire Control & Monitoring System into one single intelligent system. There are three sub-divisions as follows:

- Building Automation System (''BAS")
- Java Based Control & Monitoring Software (''JBCM")
- Smart Home

(ii) ISMS Division

ISMS provides a high level security solutions by integrating all the individual security system like CCTV ,Card Access, Perimeter Intrusion Detection System, Door Monitoring System, Guard Tour System and Asset Tracking System into one single intelligent device.

(iii) e-PM Engineering Services Division

The Group is involved in the provision of engineering services specialising in the field of Mechanical and Electrical (''M&E")

The Group is continually developing the Building M&E knowledge and expertise within the Group as part of the division's objectives to be sufficiently prepared to be a competitive Design and Construct M&E Contractor.

(iv) Industrial Automation Division

The Group, through its strategic alliance with a Japanese partner is involved in the provision of industrial automation specializing in Automated Storage and Retrieval System (''ASRS"). The logistic solutions offered by the Group focuses on efficient storage of goods while preserving the quality and facilitate smooth retrieval as and when needed. Some of the solutions offered help improve product quality during speedy inspection, perform multiple distribution centres with cross-docking facilities, enable the timely supply of large variety / high volume goods and demand can be ascertained in real time through the inventory control system.

CORPORATE STRUCTURE
AS AT 5 APRIL 2017

METRONIC

100%
METRONIC ENGINEERING SDN BHD
(125404-M)

100%
M ONE COUNTRY DEVELOPMENT SDN BHD
(733049-M)

100%
M TWO COUNTRY DEVELOPMENT SDN BHD
(FORMERLY KNOWN AS IPANEL MALAYSIA SDN BHD)
(590326-A)

100%
METRONIC GAHARU SDN BHD
(753991-V)

100%
METRONIC INTEGRATED SYSTEM SDN BHD
(332032-D)

100%
METRONIC MICROSYSTEM (BEIJING) CO. LTD (PRC)
(COMPANY NO.023500)

100%
METRONIC VIETNAM COMPANY LTD

100%
ANHUI LAI'AN METRONIC WATER SUPPLY CO. LTD. (PRC)

89%
METRONIC ENGINEERING PVT LTD

70%
BONANZA PARTNERS SDN BHD
(1129416-H)

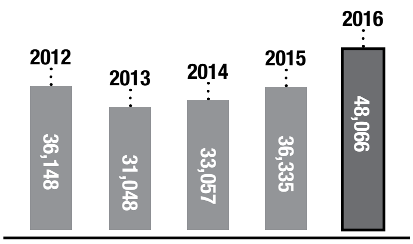
58%
IDEAL ULTIMATE SDN BHD
(823540-V)

50%
METRONIC SAUDI ARABIA LLC

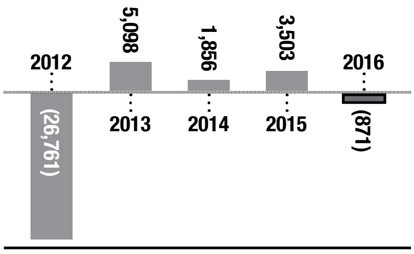
FIVE-YEAR FINANCIAL HIGHLIGHTS

	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000
Revenue	36,148	31,048	33,057	36,335	48,066
Profit / (loss) before tax	(26,761)	5,098	1,856	3,503	(871)
Profit / (loss) for the year	(25,343)	5,128	1,241	4,061	(5,009)
Profit / (loss) attribute to equity holders of the company	(25,894)	5,160	1,241	3,973	(5,005)
Shareholders' funds	34,515	44,116	47,123	57,159	62,242
Net earnings / (loss) per share (cent)	(4.08)	0.79	0.18	0.54	(0.66)
Net assets per share attributable to equity holders of the company (cent)	5.44	6.82	6.81	7.83	8.21

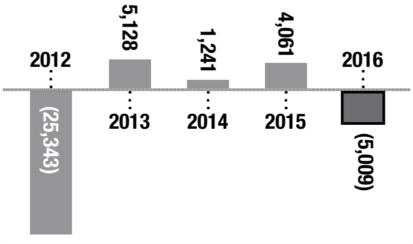
REVENUE (RM'000)



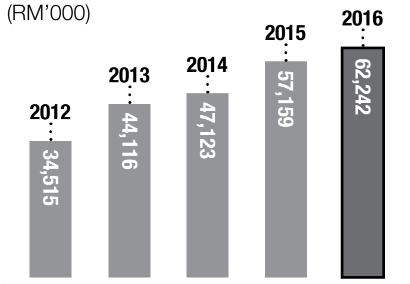
PROFIT/(LOSS) BEFORE TAX
(RM'000)



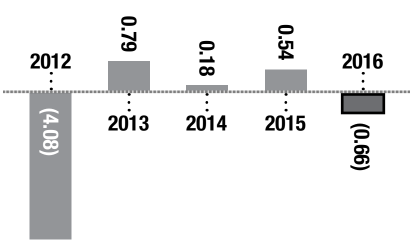
PROFIT/(LOSS) FOR THE YEAR
(RM'000)



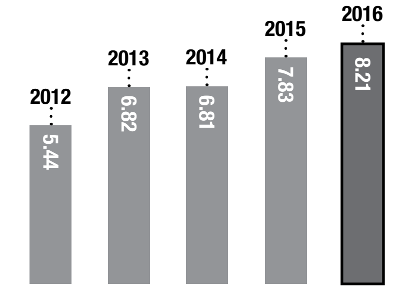
SHAREHOLDERS' FUNDS
(RM'000)



NET EARNINGS/(LOSS) PER SHARE
(RM'000)



NET ASSETS PER SHARE (RM'000)



PROFILE OF DIRECTORS

PATRICK CHIN HAU YUI

Malaysian, Male, Aged 48 years
Independent Non-Executive Chairman

Patrick Chin Hau Yui was appointed as Independent Non-Executive Director of the Company on 3 November 2016. He is also a member of Audit Committee and Remuneration Committee. He also sits as Chairman of the Nomination Committee.

He obtained a Master of Business Administration from University of Strathclyde, Glasgow, Scotland as well as Bachelor of Business Administration from University of Southern Queensland, Australia. He has more than 20 years of Wholesale Banking (Corporate, Commercial, SME) and Investment Banking experience in client coverage, account management and business development in the banking and finance industry. He headed the Debt Capital Market and Structured Lending business of an Investment Bank where he led, directed and managed the Origination Unit in marketing, structuring, loan syndication, implemented annual operating plan and medium term Strategic Plan towards growing the advisory services on cross-border merger and acquisition deals. He was responsible to identify business opportunities from high net-worth and institutional clients and develop new markets. He had spent several years as the General Manager and Head of Commercial Banking of a local bank, spearheaded the middle market segment in areas of business development and account relationship management covering both conventional & Islamic banking. He has held the position as a Vice-President in Corporate Banking based in Singapore handling Large Corporate clients covering both Singapore and Malaysia.

He does not hold any directorship in other public listed companies. He has no family relationship with any of the directors and/ or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offences in the past 5 years. He does not hold any shares in the Company.

RIC KOH WAI CHEE

Malaysian, Male, Aged 39 years
Executive Director

Ric Koh Wai Chee was appointed as Executive Director of the Company on 31 March 2017. He holds a Bachelor of Business (Banking and Finance) from Monash University – Melbourne, Australia and is a Certified Credit Professional (Business Credit) graded by The Institute of Bankers Malaysia. He also holds a Bachelor of Business minor in Law and Accounting and is a member of Golden Key National Honour Society (Australia). He was given the Faculty of Business Dean award for his Diploma of Business Studies by the Alexander College, Australia.

He is a goal-driven professional with 17 years of significant, progressive investment banking experience and expertise. He has outstanding comprehension of financial elements including assets, liabilities, cash flow, risk analysis, budgeting, investment strategies, debt and capital markets.

He was the Associate Director of AmInvestment Bank Bhd, an investment bank from 1999 to 2010 and thereafter joined OSK Investment Bank (L) Ltd as member of the Board and as its Chief Operating Officer. He was a Director of Specialty Finance with RHB Investment Bank Bhd from 2013 to 2016. Prior to his appointment in 2017, he was a Director in Group Corporate Banking with RHB Bank Bhd.

He does not hold any directorship in other public listed companies. He has no family relationship with any of the directors and/ or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offences in the past 5 years. He does not hold any shares in the Company.

PROFILE OF DIRECTORS
(CONT'D)

KHOR BEN JIN
Malaysian, Male, Aged 41 years
Independent Non-Executive Director

Khor Ben Jin was appointed as Independent Non-Executive Director of the Company on 3 November 2016. He is the Chairman of Audit Committee and a member of both Nomination Committee and Remuneration Committee.

He is a Fellow member of the Association of the Chartered Certified Accountants, United Kingdom (FCCA), a Chartered Accountant registered with Malaysian Institute of Accountants (CA), a Certified Internal Auditor recognized by United States of America (CIA) and a Chartered Member of the Institute of Internal Auditors Malaysia (CMIIA). He is a Certified Internal Auditor and has extensive experience in internal audit consulting services, risk management exercises and corporate governance review with public listed companies involved in both industrial and consumer products manufacturing, integrated livestock farming activities, property development, construction and trading services.

He does not hold any directorship in other public listed companies. He has no family relationship with any of the directors and/ or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offences in the past 5 years. He does not hold any shares in the Company.

KUA KHAI SHYUAN
Malaysian, Male, Aged 32 years
Non-Independent Non-Executive Director

Kua Khai Shyuan was appointed as Non-Independent Non-Executive Director of the Company on 30 March 2017. He holds a Bachelor Degree in Commerce Management and Marketing from Curtin University of Technology.

He began his career in year 2007 acting as Regional Manager for Malaysia Region in a multi-national healthcare products company and was responsible for the overall mobile sales team as well as the supply chain management of the company's product range. In year 2009, he joined a local company specializing in the fabrication of plastics moulds and plastic injection moulding as the Head of Marketing Division.

Currently he serves as the Executive Director of DGB Berhad, where his role includes assisting the Group Managing Director in charting the overall strategy and direction of the Group as well as customer relationship management and supply chain management. He also serves as Executive Director of Trive Property Group Berhad, where his role includes shaping, leading and executing of the Group's strategy and integrated business management. He is also the Non-Independent Non-Executive Director of M N C Wireless Berhad, a company listed on ACE Market of Bursa Malaysia Securities.

He has no family relationship with any of the directors and/ or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offences in the past 5 years. He does not hold any shares in the Company.

PROFILE OF CHIEF EXECUTIVE OFFICER

VINCENT SET HIN FOOK
Malaysian, Male, Aged 51 years
Chief Executive Officer

Vincent Set Hin Fook was appointed as Chief Executive Officer of the Company on 5 January 2015. He was formerly director of a number of public-listed companies appointed during turn-around and restructuring exercise. He was formerly the CEO of Linxis Sdn Bhd, a customized software development and R&D center as well as conceptualize and marketing of E-commerce business models. Over his corporate career, he has served in senior management team and start-up consultant with a number of local and international companies and has gained extensive practical experience in strategic management and business performance improvement area.

He holds a Bachelor of Science in Physics from the University of Malaya and Master of Science in Electrical Engineering from University of Mississippi, Oxford, United States.

He has no family relationship with any of the directors and/ or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offense in the past 5 years. He holds 30,000 shares in the Company.

PROFILE OF SENIOR MANAGEMENT

Seated from left to right:
Chan Eng Seng, Ric Koh Wai Chee, Vincent Set Hin Fook, Ng Kim Nam Vincent.

Standing from left to right:
Lee Rui Chuan, Lawrence Chia Swee Loong, Low Chin Tat, Eric Boon Chuan Kit, Alex Wong Leh Kui.

RIC KOH WAI CHEE
Malaysian, Male, Aged 39 years
Executive Director

Please refer Profile of Directors.

VINCENT SET HIN FOOK
Malaysian, Male, Aged 51 years
Chief Executive Officer

Please refer Profile of Chief Executive Officer.

PROFILE OF SENIOR MANAGEMENT
(CONT'D)

CHAN ENG SENG
Malaysian, Male, Aged 46 years
General Manager – Service

Chan Eng Seng was appointed as General Manager – Service for the Engineering Division in 2012. He holds a Diploma in Electrical & Electronics Engineering from Kolej Tunku Abdul Rahman. He joined Metronic in 1994 as Service Engineer and possesses 22 years of experience in the engineering field specialising in service and maintenance.

His currently heads the Service and Maintenance Department which provides after sales service for projects completed, and related testing and commissioning works. Notable projects handled under his supervision include KLCC Tower 3, KLCC Convention Center and Telekom Building.

He has no family relationship with any of the directors and/ or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offense in the past 5 years.

NG KIM NAM VINCENT
Malaysian, Male, Aged 33 years
Project Director

Ng Kim Nam Vincent was appointed as Project Director for the Engineering Division to handle the MRT Project in 2015. He holds a Degree in Mechanical Engineering with Design from University of Sunderland. He joined Metronic in 2007 as Testing & Commissioning Engineer and has over 9 years of experience in the engineering field.

He currently takes charge of the ongoing MRT Project on managing the full spectrum of purchasing, specifications, manpower requirement while overseeing the design, planning, installation, testing and commissioning of this project.

He has no family relationship with any of the directors and/ or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offense in the past 5 years.

LAWRENCE CHIA SWEE LOONG
Malaysian, Male, Aged 44 years
Head of Department – Design and Oversea Projects

Lawrence Chia Swee Loong was appointed as Head of Department – Design and Oversea Projects for the Engineering Division in 2012. He holds a Diploma in Technology (Mechanical and Manufacturing Engineering) from Kolej Tunku Abdul Rahman and completed Engineering Council Part 2, UK. He joined Metronic in 1995 as Project Engineer and has 21 years of experience in the engineering field specialising in system design. During this period, he also held the post of Country Manager from 2005 to 2012 for Metronic Engineering S/B Representative Office (Vietnam) and subsequently Metronic Vietnam Co. Ltd.

He currently handles system design with particular emphasis on BMS and ELV design and provides relevant support and solution for commercial and MRT projects in these areas.

He has no family relationship with any of the directors and/ or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offense in the past 5 years.

PROFILE OF SENIOR MANAGEMENT
(CONT'D)

ALEX WONG LEH KUI
Malaysian, Male, Aged 35 years
Head of Department – Projects

Alex Wong Leh Kui was appointed as Head of Department – Projects for the Engineering Division in 2013. He holds a Degree in Electrical & Electronics Engineering from University Tenaga Nasional Malaysia. He joined Metronic in 2006 as Project Engineer and has 10 years of experience in the engineering field.

He currently takes charge of the entire Project team to handle all commercial projects in respect of material sourcing, specifications, manpower requirement and project execution. He also oversees the design, planning, installation, testing and commissioning prior to project completion and handover.

He has no family relationship with any of the directors and/ or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offense in the past 5 years.

ERIC BOON CHUAN KIT
Malaysian, Male, Aged 43 years
Group Financial Controller

Eric Boon Chuan Kit was appointed as Group Financial Controller on 15 October 2015. He graduated with a Degree in Accounting from Royal Melbourne Institute of Technology (RMIT) and has completed his professional qualification CPA Australia. He is currently a member of the Malaysian Institute of Accountants.

He has over 15 years working experience commencing from a medium sized audit firm followed by key posts in the Finance Department with various companies within the trading, manufacturing and education sectors covering financial reporting requirements of listed issuer, operational controls, funding requirements for sustainability and organizational budget. Prior to joining Metronic, he was Financial Controller of Group Finance with a major Publishing Group that has a significant presence in the local market and fast expanding operations in the ASEAN Region.

He currently oversees all financial related matters of the Group, funding requirements, audit, tax, budgeting, internal controls and risk management, while ensuring compliance with Bursa listing requirements in respect of announcements, financial reporting and corporate exercise in general.

He has no family relationship with any of the directors and/ or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offense in the past 5 years.

LOW CHIN TAT
Malaysian, Male, Aged 33 years
Senior Project Manager

Low Chin Tat was appointed as Senior Project Manager for the Engineering Division in the current year. He holds a Bachelor of Electrical & Electronics Engineering (Hons) from University Tenaga Nasional Malaysia. He joined Metronic in 2006 as Project Engineer and has 10 years of experience in the engineering field. Prior to 2013, he was the Assistant Project Manager providing supervision to all commercial projects. Among the notable projects which he was involved in were Lot 171 KLCC, Calvary Church and Cheras Hospital.

In 2013, he was promoted to Project Manager and assigned to handle the MRT project which is targeted to complete in 2017. He currently plays a key role in the design, planning, installation, testing and commissioning of the project.

He has no family relationship with any of the directors and/ or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offense in the past 5 years.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of Metronic Global Berhad ("MGB" or "the Company"), it is my pleasure to present the Annual Report and Audited Financial Statements for the financial year ended 31 December 2016.

OPERATING ENVIRONMENT OVERVIEW

Despite a slower Malaysia GDP growth of 4.2% in 2016 compared to growth rate of 5.0% during 2015, the Group recorded higher revenue and profit margins as detailed in our Review of Financial Results And Financial Condition under the section of Management Discussion And Analysis. Through proper planning and execution of our projects under the Engineering Division during the year, the Group had achieved satisfactory results consistently over the preceding 4 quarters, proving once again our commitment to deliver positive results. However, due to other non-core operational factors resulted from historical ventures and investments which the Group has now swiftly dealt with, have caused us higher impairments and losses suffered in the 4th quarter of the year. The cleanup exercise is now complete and we are cautiously optimistic on steadily regaining our market leadership in the engineering and technology market in the financial years ending 2017 and ahead.

As for our property development sector, we are nearing the completion of our first phase of 16 units of the entire 42 units of 3-storey shoplots. The performance of this sector should be reflected in the financial year ending 2017 as the Group had adopted the MFRS standards which recognizes revenue upon completion. The slowdown in the property market had also adversely affected the progress and performance of this sector.

CORPORATE DEVELOPMENTS

The corporate developments that took place during the financial year and up to the date of this report are as follow:

(i) The current ongoing MRT Line 1 project known as "Project Mass Rapid Transit Sungai Buloh – Kajang Line" with a contract sum of RM42.9 million has achieved its targeted milestones in 2016 and is expected to be completed in 2017. As at the date of this report, the Group has been able to meet all the scheduled timelines provided based on its vast experience, technical resources, financial strength and expertise in handling the project.

The Group has also been preparing to tender for the MRT Line 2 project stretching from Sungai Buloh – Serdang – Putrajaya which is scheduled to open in the 2nd quarter of 2017, leveraging on our competitive edge and core strengths to secure another maiden infrastructure project.

CHAIRMAN'S STATEMENT
(CONT'D)

(ii) On solar power development, the Group has received conditional letter of approval through its subsidiary, Bonanza Partners Sdn Bhd ("BPSB") from Unit Perancang Ekonomi Negeri Kelantan to allocate the land area measuring 231 acres located at Bandar Baru Tok Bali, Kelantan for the solar photovoltaic plant project construction in the capacity of 50MW which is extendable to 250MW. With that, the Group entered into a Memorandum of Understanding ("MOU") with a local partner to identify a suitable technical partner and turnkey contractor and to conduct feasibility studies on the viability of the project.

APPRECIATION AND ACKNOWLEDGEMENT

I would like to extend my sincere appreciation to all my fellow Directors for their valuable contribution.

On behalf of the Board, I would also like to thank our shareholders, customers, suppliers, business associates, bankers and other stakeholders for their continued support. The appreciation also goes to our employees for their continued dedication and commitment. We look forward to better performance in 2017 and ahead.

On behalf of the Board

Patrick Chin Hau Yui
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Metronic Global Berhad ("MGB or the Group") through its wholly owned subsidiary, Metronic Engineering Sdn Bhd ("MESB"), is a total solution provider company having been in the industry since 1984 and considered to be one of the local pioneers in the engineering business. We specialize in design, supply, install, testing and commissioning, and service and maintenance of Intelligent Building Management System (IBMS), Building Management System (BMS), Energy Management System (EMS), Security System (Card Access, CCTV System, Guard Tour and Car Parking System), Information and Communication Technology System (ICT), Extra Low Voltage System, Smart Home System, Home Alarm and Intercom System. Our business operations are primarily located in Malaysia with offices in Shah Alam, north and south of Peninsular Malaysia and East Malaysia.

Our top 3 customers are Mass Rapid Transit Corporation Sdn Bhd, Samsung C&T (KL) Sdn Bhd and WCT Construction Sdn Bhd, where we undertake projects in Building Management System, Extra Low Voltage System, Building Automation System and Building Control System.

Our top 3 suppliers are Schneider Electric Industries (M) Sdn Bhd, Electplus Industry Sdn Bhd and United U-Li (M) Sdn Bhd.

MESB used to be the market leader in Building Management System before 2012, and capture about 80% of the market share then. During 2012 to 2013, there was major changes in Board composition which resulted in diversification of business ventures. This was followed by shift of business directions into property development, fertilizer and distribution of healthcare equipment. As a result of the shift of direction, majority of the senior management staff resigned.

With the recruitment of new management and financial professionals in 2015, we began our recovery process in project delivery for all commercial project and MRT. Backlog for MRT of RM13 million which was 9 months behind schedule was executed and recovered within 6 months. The receivables in 2014 of RM65.8 million were reduced substantially to RM27.4 million in 2015 and to RM18.2 million in 2016 which shows management's increased effort in recovering outstanding debts. The new management is also focused on project delivery and cleaning up of unprofitable investment activities and operations.

The Group also faced difficulty to perform due to substantial financial support provided to our property developments undertaken by subsidiary company M One Country Development Sdn Bhd in relation to the Kuala Krai development project and Cheras lands acquisition which are entirely cash funded internally.

As a result of the above factors, came another challenge, which is to retain skilled management personnel and engineers, as we are skilled intensive industry. Continuous effort and measures are undertaken to maintain our talent pool in anticipation of securing major projects ahead.

Other challenges such as GST implementation requires prudent cash flow management while currency depreciation increased the overall cost of material and operations.

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

The Group revenue increased from RM36.3 million in 2015 to RM48.1 million in 2016, being an increase of 32.5%. The increase is mainly contributed by over 60 projects successfully closed and completed during the current financial year with revenue recognition of RM10.3 million. Increase in staff productivity and organizational efficiency plus good supply chain management were also contributing factors towards the increase in overall gross profit margin from 38% in the previous year to 44% in the current year. In the same manner, substantial clean up to the books was done for a leaner and more efficient management of projects.

It was at the beginning of the current financial year that the Group launched an incentive driven performance scheme to achieve its desired budgeted results tying in performance with rewards which saw the above actual results materialize for the year.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

The Group suffered a loss before tax of RM0.9 million in the current financial year compared to a profit before tax of RM3.5 million in the previous year. In fact the Group was already enjoying a cumulative profit before tax of 9 months ending 30 September 2016 of RM6.3 million when its fourth quarter result dipped by RM7.2 million due mainly to non-operational factors, which otherwise would have reflected a relatively steady growth in revenue and profits during the current year.

REVIEW OF OPERATING ACTIVITIES

Technology products and solutions are the driving factors behind the performance of our core business. Therefore the need to upgrade our technical skill and maintain a competent team to stay competitive and provide innovative solutions remains crucial to our business.

The Group also need to invest in human capital development while retaining technical key staff. The research and development team is also important to provide development of new products and solutions to interface with more devices and internet of things (IOT).

The success of this business depends on the above factors.

ANTICIPATED OR KNOWN RISKS

The Group is currently exposed to the following risks:

1) Currency risk fluctuation.
2) Reducing construction and infrastructure projects due to economic environment.
3) Exodus of key personnel to become competitor.
4) Lower success rate in securing tender due to obsolete technology and increase in tender cost plus competitive pricing among competitors as well as delivery and performance.

Plans to mitigate risks:

1) Setting up a Research and Development center to create better BMS solution and reduce product cost. The center will also play a pivotal role in creating more functions and interfacing with more devices and internet of things (IOT).
2) Provide training, certification and incentive for more competent and skilled team as well as charting a career path for employees.
3) Attract talented staff by changing working environment to a more conducive and corporate image, and adopting latest technology to improve efficiency and productivity of staff.

FORWARD-LOOKING STATEMENT

The market size in BMS business is increasing due to high impact open tender rail infrastructure projects such as MRT Line 2 and LRT 3, and also high profile construction project such as Lot K which we are targeting for BMS and ELV project. Out of the total available tenders in the market worth approximately RM700 million, we have already submitted tenders for RM210 million while the remaining balance is awaiting for the tender process.

Based on our new initiative to mitigate the risks, with our combined experience, financial resources and technical strength, we are optimistic once again to secure more contracts and regain our market share and leadership position in this engineering and technology solutions provider industry.

We are continuously exploring and assessing opportunities and growth prospects to increase shareholder value.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("Board") of Metronic Global Berhad ("MGB" or "the company") is committed to ensure that the highest standards of corporate governance are observed and practiced consistently throughout the Group. The Board views this as a fundamental part of discharging its responsibility to protect and enhance shareholders' value and the financial performance of the Group.

The Board is accountable to MGB's members for the corporate governance and performance of MGB's Group and committed to achieve the highest standards of business integrity, ethics and professionalism across the Group's activities. The Board is adopting the principles and best practices of the Malaysia Code on Corporate Governance 2012 ("MCCG 2012") and Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

PRINCIPLE 1 –ESTABLISHMENT OF CLEAR ROLES & RESPONSIBILITIES

1.1 Clear Functions of the Board and Management

The Group is led by an experienced Board and maintains full and effective control over the Group's activities. It guides the short and long term goals, setting objectives and directions, reviewing and adopting strategic plans, overseeing the conduct of the business and managing the Group.

All Board members participate fully in decisions on key issues involving the Group which include inter alia, approval of major investments, divestments, capital expenditures, financial matters, related party transactions, financial and operating results and performance of the Group and in establishing key policies and procedures.

1.2 Board Duties and Responsibilities

The Board is responsible and accountable to retain full and effective control over the performance and affairs of the Group. All members of the Board are expected to show good stewardship and act in professional manner.

The principal responsibilities of the Board include the following;

- Review and adopting the group corporate strategy, plan and directions for the Company including its subsidiaries
- Reviewing the relevance, appropriateness and integrity of the internal control system of the Group
- Promoting effective communication between shareholders, the Company and relevant stakeholders.
- Continuous reviewing the soundness and adequacy of Group's financial system, management information system and internal control system
- Monitoring the conduct of Group's business and ensure strictly compliance to best practices and principles of corporate governance.
- Formulating Group's annual business plans and the medium-term and long-term strategy plans.
- Constructively challenging and contributing to the development of the business strategies and direction of the Company
- Ensuring that the culture of accountability, transparency, integrity, professionalism and responsible conduct is consistently adhered to by the Company

STATEMENT ON CORPORATE GOVERNANCE
(CONT'D)

PRINCIPLE 1 –ESTABLISHMENT OF CLEAR ROLES & RESPONSIBILITIES (CONT'D)

1.3 Formalized Ethical Standards through Code of Ethics

The Group has formalized ethical standards through a Code of Conduct as a framework which is applicable to all employees and Directors of the Group. The framework provides work environment where honesty, integrity, mutual respect, fairness and accountability prevail.

1.4 Strategies Promoting Sustainability

The Board ensures that the Group's strategies promote sustainability. The Group practices a system of rewards based in the philosophy of pay for performance. Employees are rewarded based on productivity and contribution towards achievement of the Group's immediate and long term objectives.

1.5 Access to Information and Advice

All Directors have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Company Secretary, who is qualified, experienced and competent, advises the Board on any updates relating to new statutory and regulatory requirements pertaining to the duties and responsibilities of Directors and their impact and implication to the Company and Directors in carrying out their fiduciary duties and responsibilities.

1.6 Company Secretary

The Company Secretary organize and attends all Board Committees meetings and ensures meetings are properly convened and accurate. The Company Secretary plays an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with the regulatory requirements, codes or guidance.

1.7 Board Charter

The Board had approved and formalized on 21st April 2014 a Board Charter setting out the duties, responsibilities and functions of the Board in accordance with the principles of good corporate governance set out in MCCG 2012.The Board Charter is available on the Company corporate website at www.metronic-group.com.

PRINCIPLE 2 –STRENGTHEN COMPOSITION OF THE BOARD

The Board currently comprises 4 members, of whom two (2) members of the Board are Independent Non-Executive Directors. This is in compliance with Paragraph 15.02 of the Listing Requirements of Bursa Securities which requires at least two (2) directors or 1/3 of the Board of Directors, whichever is higher, to be independent.

The Board comprises professionals and entrepreneurs drawn from varied backgrounds bringing in considerable knowledgeable, skills and expertise to the Group. The Board is assured of a balanced and independent view at all Board deliberations due to the presence of its Independent Non-Executive Directors who are independent of the management and substantial shareholders of the Company and are free from any dealings or relationships which could interfere with the exercise of their independent judgment.

STATEMENT ON CORPORATE GOVERNANCE
(CONT'D)

PRINCIPLE 2 –STRENGTHEN COMPOSITION OF THE BOARD (CONT'D)

2.1 Nomination Committee (Cont'd)

The Nomination Committee was established on 11 June 2004 with the primary responsibility of ensuring that the Board has appropriate balance and size and the required mix of skills, experience and other competencies and for recommending the appointment of new directors to the Board.

The Committee comprised of Independent Non-Executive Directors. The members are as follow;

Committee Members	Designation
Patrick Chin Hau Yui *(Appointed on 4 November 2016)*	Chairman Independent Non-Executive Chairman
Khor Ben Jin *(Appointed on 4 November 2016)*	Member Independent Non-Executive Director
Ng Wee Peng *(Ceased on 1 November 2016)*	Chairman Independent Non-Executive Chairman
Datuk Tan Choon Hwa, JP, JMK *(Ceased on 3 November 2016)*	Member Independent Non-Executive Director
Chin Yoon Siong *(Ceased on 31 March 2017)*	Member Independent Non-Executive Director

The following are the terms of reference of the Nomination Committee;

- To oversee and evaluate the overall composition of the Board in terms of appropriate size, required mix of skills, experience and core competencies and adequacy of balance between Executive Directors, Non Executive Directors and independent Directors by performing annual review.
- To ensure that all Directors receive enough and appropriate training programs in order to keep abreast with changes in new statutory and regulatory requirements.
- To evaluate, access and recommend to the Board, the terms of reference of Board Committees and review the adequacy of the committee structure of the Board's Committee.
- To oversee the succession planning, appointment/reappointment and performance evaluation of the key management staff.
- To evaluate a person's ability to discharge his/her responsibilities/functions as expected
- To ensure the Board has been able to discharge its duties professionally and effectively in consideration of the scale and breadth of the Company's operations
- To ensure all the Directors continue to uphold the highest governance standards in their conduct.

The Nomination Committee develops, maintain and review the criteria to be used in the recruitment process and annual assessment of director. In assessing the suitability of the candidates, consideration is given to competencies, commitment, contribution and performance.

STATEMENT ON CORPORATE GOVERNANCE
(CONT'D)

PRINCIPLE 2 –STRENGTHEN COMPOSITION OF THE BOARD (CONT'D)

2.2 Recruitment Process and Annual Assessment

The Board delegated to the NC the responsibility of recommending the appointment of any new Directors. The NC also annually reviews the effectiveness of the Board, its Committees and the contribution of each individual Director, including the required mix of skills and core competencies necessary for the Board to discharge its duties effectively.

The responsibilities of the NC include:-

- Formulating the nomination, selection and succession policies for members of the Board
- Making recommendations to the Board on new candidates for appointment and the re-appointment/re-election of Directors to the Board
- Reviewing the required mix of skills, experience and other qualities of the Board annually
- Reviewing and recommending to the Board the appointment of members of Board Committees established by the Board annually
- Establishing a set of performance criteria to evaluate the performance of each member of the Board, and reviewing the performance of the members of the Board
- Ensuring that relevant education programmes are provided for new members of the Board, and reviewing the Directors' continuing education programmes

2.3 Remuneration Policies

The Remuneration Committee was established on 11June 2004 with the responsibility of reviewing and recommending to the Board the remuneration package of Executive Directors of the Group. The main objective is to ensure the level of remuneration is attractive enough to attract and retain the Executive Directors to run the Group successfully, subject to corporate and individual performance. Fees for Independent Directors would be determined by the full Board with the approval from shareholders at the Annual General Meeting.

Presently the committee comprises of the following Independent Non-Executive Directors:

Committee Members	Designation
Patrick Chin Hau Yui *(Appointed on 4 November 2016)*	Member Independent Non-Executive Chairman
Khor Ben Jin *(Appointed on 4 November 2016)*	Member Independent Non-Executive Director
Datuk Tan Choon Hwa, JP, JMK *(Ceased on 3 November 2016)*	Chairman Independent Non-Executive Director
Ng Wee Peng *(Ceased on 1 November 2016)*	Member Independent Non-Executive Chairman
Chin Yoon Siong *(Ceased on 31 March 2017)*	Member Independent Non-Executive Director

STATEMENT ON CORPORATE GOVERNANCE
(CONT'D)

PRINCIPLE 2 –STRENGTHEN COMPOSITION OF THE BOARD (CONT'D)

2.3 Remuneration Policies (Cont'd)

The size and composition of the board are adequate and suitable for the Company to provide appropriate balance of executive, independent and non-independent Directors. The Directors come from diverse background with expertise and skills in Engineering, accounting, information technology, industry, audit, tax and legal.

The Group Human Resource and Administration provides comparative remuneration market survey information to the committee and the committee makes recommendation to the Board. The Board as a whole determines their remuneration. No director is allowed to be present in the discussion and vote on his or her own remuneration.

The aggregate remuneration of the Directors for the financial year under review, distinguishing between Executive and Non-Executive Directors is set out below;

Ringgit Malaysia	Executive Director	Non-Executive Director	Total
Fees*	–	107,000	107,000
Salaries and other emoluments	146,429	–	146,429
Total	146,429	107,000	253,429

* Directors fees for the financial year is subject to shareholders' approval at the forthcoming Annual General Meeting.

The number of Directors of the Company, whose remuneration bands fall within the following successive bands of RM50,000, is as follow:

	Executive Directors	Non-Executive Directors
Below RM50,000	–	6
RM50,000 - RM100,000	–	–
RM100,001 - RM150,000	1	–
RM150,001 - RM200,000	-	–
RM200,001 - RM250,000	–	–
RM250,001 - RM300,000	–	–
RM300,001 - 350,000	–	–

STATEMENT ON CORPORATE GOVERNANCE
(CONT'D)

PRINCIPLE 3 –REINFORCE INDEPENDENCE

3.1 Assessment of Independence Annually

The Board undertakes an assessment of its Independent Directors annually. The Board is in compliance with MCCG 2012 that the tenure of Independent Directors do not exceed accumulative term of nine years. Upon completion of nine years, an independent may continue to serve on the Board subject to the director's re-designations as Non-Independent Director. The board must justify and seek shareholders' approval in the event it retains as an Independent Director, a person who has served in that capacity for more than nine years.

In accordance with the Company's Articles of Association ("Articles"), all Directors are subject to re-election by shareholders at the next Annual General Meeting following their appointment by the Board.

The Articles also provide that all Directors shall retire by rotation so that each shall retire from office at least once in every three (3) years.

Directors who are of or over the age of seventy years are required to submit themselves for re-appointment annually in accordance to Section 129 (6) of the Companies Act 1965

3.2 Tenure of Independent Directors

The Board has adopted the recommendation of MCCG 2012 that the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon the completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director's re-designation as non-independent director or to obtain shareholders' approval in the event it retains as an independent.

3.3 Shareholders' Approval for the re-appointment of Independent Director

For the year under review, none of the current independent board members had served the Company for more than nine (9) years cumulatively.

3.4 Separate Positions of the Chairman and Management

There is clear division of responsibility between the Non-Executive Chairman and the Executive Director to ensure there is a balance of power and authority. The Board is currently led by a Non-Executive Chairman who is primarily responsible for the orderly conduct and working of the Board. The Executive Director and Chief Executive Officer are primarily responsible for implementing the policies and decisions of the Board, overseeing and managing the day to day operations and managing the development and implementation of the Company's business and corporate strategies. There is no combination or overlapping of roles between the current Chairman and the Executive Director of the Company since these two positions are held by separate individuals.

The Board comprises of a majority of independent directors to ensure balance of power and authority to the Board.

The Board has not established any gender diversity policy. However, the Board do recognize the importance of gender diversity in the Board and will continue to review this to enhance corporate governance practices.

STATEMENT ON CORPORATE GOVERNANCE
(CONT'D)

PRINCIPLE 3 –REINFORCE INDEPENDENCE (CONT'D)

3.5 Composition of the Board

The Board as at the date of this statement comprises five (5) members:-

a) One (1) Independent Non-Executive Chairman
b) One (1) Executive Director
c) Three (3) Independent Non-Executive Directors

The Non-Executive Directors are Independent as defined in the Bursa Securities MMLR. The Independent Directors are:-

a) Patrick Chin Hau Yui *(Appointed on 3 November 2016)*
b) Khor Ben Jin *(Appointed on 3 November 2016)*
c) Ng Wee Peng *(Resigned on 1 November 2016)*
d) Datuk Tan Choon Hwa, JP, JMK *(Resigned on 3 November 2016)*
e) Choh Kim Peng *(Resigned on 15 September 2016)*
f) Chin Yoon Siong *(Resigned on 31 March 2017)*

The Board is of the view that the current size of the Board is appropriate and views that the Board composition has the right mix of skills, experience and strength in qualities that relevant to the business which enable the Board to carry out its responsibilities in an effective and competent manner.

PRINCIPLE 4 - FOSTER COMMITMENT

4.1 Commitment of the Board Members

The Directors are committed to devote sufficient time to carry out their responsibilities. Directors should notify the Chairman before accepting any directorship. The notification should include an indication of time they will spend on the new appointment.

The Independent Non-Executive Directors are required to declare to the Board details of their significant business and interest of which the said Director would be require to abstain from decision voting should the subject resolution involve any chances of conflict of interest with his existing business and interest, direct or indirectly.

The Executive Directors are however required to declare to the Board of all the significant business and interests and to indicate broadly the time spend on such commitment, other than the time spend on the Company.

All the Directors are required to advise the Board of any subsequent changes of such commitment declared.

Board meetings are scheduled at quarterly intervals with additional meetings convened as and when necessary. At each quarterly meeting, the Board deliberated and approved the Group's business plan, including financial performance to date.

STATEMENT ON CORPORATE GOVERNANCE
(CONT'D)

PRINCIPLE 4 - FOSTER COMMITMENT (CONT'D)

4.1 Commitment of the Board Members (Cont'd)

During the year under review, 5 board meetings were held and the details of the attendance of each Director are as follow;

Name of Directors	No of meeting attended	%
Patrick Chin Hau Yui Independent Non-Executive Chairman *(Appointed on 3 November 2016)*	1/1	100
Khor Ben Jin Independent Non-Executive Director *(Appointed on 3 November 2016)*	1/1	100
Tan Kian Hong Executive Director	4/5	80
Ng Wee Peng Non-Executive Chairman *(Resigned on 1 November 2016)*	4/4	100
Chin Yoon Siong Independent Non-Executive Director *(Resigned on 31 March 2017)*	4/5	80
Datuk Tan Choon Hwa, JP, JMK Independent Non-Executive Director *(Resigned on 3 November 2016)*	3/4	75
Choh Kim Peng Independent Non-Executive Director *(Resigned on 15 September 2016)*	4/4	100

The Board is provided with agenda together with a set of Board paper prior to the Board meetings. The Board papers include minutes of previous meeting, quarterly financial results, and progress reports of Group Businesses, strategies proposals, regulatory and audit reports for the Board's review and approval. These documents are issued in advance to enable the Board to seek clarification from the management to enable effective discharge its duties. Senior management and advisors are invited to attend board meetings where necessary to provide additional information and insights on the relevant agenda items tabled at the Board meetings.

4.2 Training

The Board believes that the Directors should continue to attend the training from time to time and accordingly shall and has provided and encouraged them to attend seminars, workshops, conferences and other training programs to keep abreast with new developments in corporate matter as well as industry practices for them to discharge their duties and responsibilities more effectively.

All the Directors have attended the Mandatory Accrediation Programme (MAP). During the financial year ended 31 December 2016, the Directors have attended relevant courses and training programmes to enhance their knowledge to effectively discharge their duties and obligations.

STATEMENT ON CORPORATE GOVERNANCE
(CONT'D)

PRINCIPLE 4 - FOSTER COMMITMENT (CONT'D)

4.2 Training (Cont'd)

The courses and training programmes attended by the Directors in 2016 are as follows:

Name of Director	Courses/ Training Programmes Attended
Ng Wee Peng	Corporate Governance and Ethics: Strengthening Professionalism Through Ethics
Choh Kim Peng	Mandatory Accreditation Program
Chin Yoon Siong	Strategic Management, Marketing, E-commerce, Synergy of Resources for Better Results

PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance and Applicable Financial Reporting Standards

The Audit Committee was established on 8 April 2004 to review and monitor the Group's financial results and system of internal controls. During the year under review, the Committee comprised the following Independent Non-Executive Directors.

The attendances of Members at the Audit Committee held in 2016 are reflected as follows;

Committee Members	No of meeting attended	%
Khor Ben Jin (Chairman) Independent Non-Executive Director *(Appointed on 4 November 2016)*	1/1	100
Patrick Chin Hau Yui (Member) Independent Non-Executive Chairman *(Appointed on 4 November 2016)*	1/1	100
Choh Kim Peng (Member) Independent Non-Executive Director *(Ceased on 15 September 2016)*	4/4	100
Ng Wee Peng (Member) Independent Non-Executive Chairman *(Ceased on 1 November 2016)*	4/4	100
Chin Yoon Siong (Member) Independent Non-Executive Director *(Ceased on 31 March 2017)*	4/5	80
Datuk Tan Choon Hwa, JP, JMK (Member) Independent Non-Executive Director *(Ceased on 3 November 2016)*	3/4	75

STATEMENT ON CORPORATE GOVERNANCE
(CONT'D)

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

5.2 Assessment of Sustainability and Independence of Auditors

Audit Committee will review and monitor the suitability and independence of external auditors. The independence of external auditors can be impaired by the provision of non-audit services to the Group. Details of the functions and activities of the Committee are set out on pages 24 to 27 of the Annual Report.

PRINCIPLE 6 – RECOGNIZE AND MANAGE RISKS

6.1 Framework of Managing Risks

The Risk Management Committee was established in year 2005 by the Board to undertake the responsibilities of overseeing the formulation of an effective and efficient risk management framework and policies for the Company and its subsidiaries of which the key element is to ensure correct balance of risk and control.

The Committee is under the purview of the Board. The Committee comprises members amongst the senior management and are actively involved in the day to day operations of business and have regular discussions with the senior management.

6.2 Internal Audit Function

The Board has engaged the services of RMS Corporate Management Sdn Bhd to carry out the internal audit function during the financial year ended 31 December 2016. The internal audit function is to provide an independent assurance to the Board. The responsibilities of the internal auditors are to assist the Audit Committee in discharging its responsibilities to review the adequacy and the integrity of the Group's internal control system and the management information systems including system for compliance with applicable law and regulations.

PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policies

The Board strives to comply with corporate disclosure requirements set by Bursa Malaysia Securities Berhad and follows the main forms of information disclosure:

a. Continuous disclosure – which is its core disclosure obligation and primary method of informing the market and shareholders.

b. Periodical disclosure – in the form of full year and quarterly reporting of financial results and major investments, capital expenditure and funding activities proposed by the Company and the Annual Report.

c. Specific information disclosure – as and when required, of administrative and corporate developments, usually in the form of Bursa releases.

All information made available to Bursa Malaysia Securities Berhad is immediately available to shareholders, stakeholders and the public on the Company's Investor Relations section of the website: www.metronic -group.com

7.2 Leverage on Information Technology for Effective Dissemination of Information

The Board continues use of information technology to dissemination information to shareholders. A designated website for investor relations is developed and maintained by IT professional to ensure the website are secure and up to date. The website has a dedicated section to provide information such as announcements made to Bursa Securities and copies of the annual report. The Company maintains a corporate website (www.metronic-group.com) to allow public access to the Group's information, business activities and latest developments, as well as to provide feedback.

STATEMENT ON CORPORATE GOVERNANCE
(CONT'D)

PRINCIPLE 8 – STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Shareholder Participation at General Meeting

The Group values dialogue with investors and analyst as a means of effective communication that enables the Board to convey information about latest development of the Group.

The Company's Annual Meeting provides a vital platform for both private and institutional shareholders to share viewpoints and acquire information on issue relevant to the Group. At the Annual General Meeting, shareholders are encouraged to question resolutions proposed or to seek more information on the Group's business operations in general. The Chairman and other member of the Board together with the Company's auditors will be in attendance to provide explanation to all shareholders' queries.

8.2 Encourage Poll Voting

The Board encourage poll voting to effect substantive resolutions and make announcement of detailed results showing the number of votes cast for and against each resolution. The Board also encourages the use of electronic means for poll voting.

8.3 Communication and Engagements with shareholders

Information on the Group's activities is provided in the Annual Report and Financial Statements in hard copy, which are despatched to shareholders.

The Company also encourages the shareholders and investors to participate in online access of the company's Annual Report and all up to date announcement from time to time, which are make available instantly at both Bursa Securities and the company's website at www.metronic-group.com.

Investors and the public who wish to contact the Group on any enquiry, comment or proposal can channel them through e-mail or contact the following person:-

Name	:	Vincent Set Hin Fook
Contact number	:	03-78472111
E-mail Address	:	vincent.set@metronic-group.com

ACCOUNTABILITY AND AUDIT

a) Financial Reporting

The Board ensured that the financial statements have been prepared in accordance to the applicable approved accounting standards, the requirements of the Companies Act 1965 and other regulatory provisions. In preparing the financial statements, the Board has ascertained that judgments and estimates made are reasonable and prudent, and appropriate accounting policies have been adopted and applied consistently.

The Board takes due care and responsibilities for presenting a balanced and understandable assessment of the Group's financial performance and prospects in respect of all quarterly results, annual financial statements and announcements issued by the Company. The Board is assisted by the Audit Committee to scrutinize information for disclosure to ensure its timeliness, accuracy, adequacy and compliance to the appropriate accounting standards.

b) Risk Management and Internal Control

The Board establishes that the internal audit function reports directly to the Audit Committee.

The Statement of Risk Management and Internal Control provides an overview of the states of internal control within the Group.

STATEMENT ON CORPORATE GOVERNANCE
(CONT'D)

ACCOUNTABILITY AND AUDIT (CONT'D)

c) Directors' Responsibilities Statement for the Financial Statements

Through the Audit Committee, the Board has established a transparent and appropriate relationship with the Group's external and internal auditors in seeking their professional advice and toward ensuring compliance with applicable accounting standards and statutory requirements. The external and internal auditors do report to members of the Company on their findings which are included as part of the Company's financial report in respect of the financial year.

The Directors are required by the Company Act 1965 to prepare financial statements for each financial year which give a true and fair view of the state of the Company and the Group and their results and cash flows for that year.

In preparing those financial statements, the Directors are required to-

a) Use appropriate accounting policies and apply them consistently;

b) Make judgment and estimates that are reasonable and prudent;

c) State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and;

d) Prepare the financial statements on a going concern basis.

The Directors are responsible for ensuring that proper accounting records are kept, and disclosed with reasonable accuracy at any time, the financial position of the Company and Group and to enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors are satisfied that in preparing the financial statements of the Company and Group for the year ended 31 December 2016, the Company and Group have used the appropriate accounting policies and applied them consistently. The Directors are the opinion that all relevant approved accounting standards have been followed and confirm that the financial statements have been prepared on a going concern basis.

CORPORATE SOCIAL RESPONSIBILITY

a) Safety and Health

The Group is committed to provide a safe and healthy working environment for employees in the Group under the requirements of International for Standardization (ISO). Internal Audit is being carried out periodically to ensure continuous adherence to all safety measures is being observed.

b) Skill Development

The Group strives to motivate and retain the best employees through continuous training by sending them to attend courses and seminars relevant to their job functions to improve their knowledge and skills. During the year under review, the Group utilized Human Resources Development Fund for selective training to enhance employees' technical and soft skills. It is the Group aspiration that employees of the Group become respected and responsible citizens of society as well as leaders in their respective fields of specializations

c) Workers' welfare

The Group is a multi-racial organization. To promote closer working relationship and foster better understanding among the multi-racial employees, the Group provided opportunities for the employees from different departments and levels to interact, integrate and develop teamwork through sport activities and company trips.

STATEMENT ON CORPORATE GOVERNANCE
(CONT'D)

CORPORATE SOCIAL RESPONSIBILITY (CONT'D)

d) The Environment

The Group recognizes the importance of environmental conservation. The Group has adopted eco-friendly practices in its day to day work in order to minimize the impact of environment. For example, waste and construction debris were disposed at approved dumpsites. Staff and clients are encouraged to fully maximize the benefits of IOT (eg: email instant messaging etc) for communication. The group has also implemented recycling of used paper and promoting good practices on energy saving by switching off unused equipments and lightings via Intelligent Building Management System.

e) Dynamic and High Performance Workforce

The Company places great importance on hiring the right candidate for the right job. As the Company moves forward it will continue to focus on attracting quality talent who best fit on job requirements and complement its work culture. The Company firmly believes that by aligning its recruitment strategies, the Company will continue to attract the best talent to further enhance the Company's value and achievements.

At our Group level, our male and female employee's ratio shows a distribution of 81:19 as at 31 December 2016, as compared to 83:17 at 31 December 2015. Our total staff strength stood at 150 as at 31 December 2016, as compared to 167 as at 31 December 2015.

f) Workforce Diversity

The Board is committed in recognizing and utilizing the contribution of diverse skills and talent from its directors, officers and employees as a mean of enhancing the Group's performance. Diversity may result from wide range of factors which include age, gender, ethnicity or cultural background.

The Board is actively managing its workforce diversity to ensure equal employment opportunity regardless of gender. It foster the environment where the ability to contribute and access employment opportunities is based on performance, skills and merits. These will include equal opportunity in respect to employment and employment condition such as hiring, training for professional development and promotion for career advancement.

As at the reporting date, the Board has not set a gender diversity target, however, it is moving towards a more gender equality of employees. It will focus on getting the participation of women and those of different ethnicity on its Board and within senior management and the person selected must be able to contribute positively to the development of the Group.

STATEMENT ON CORPORATE GOVERNANCE
(CONT'D)

OTHER INFORMATION

Audit and Non-Audit Fees

For the financial year ended 31 December 2016, audit and non-audit fees paid to the external auditors were RM129,743 and RM8,000 respectively.

Material Contracts

There were no material contracts involving the interest of the Directors and major shareholders of the Company during the financial year.

Contract Relating to Loans

There were no contracts relating to loans by the Company and its subsidiaries in respect of the preceding item.

STATEMENT ON COMPLIANCE WITH THE REQUIREMENTS OF BURSA MALAYSIA IN RELATION TO APPLICATION OF PRINCIPLES AND ADOPTION OF BEST PRACTISES LAID DOWN IN THE MALAYSIAN CODE OF CORPORATE GOVERNANCE

The Board is pleased to report to its shareholders that the Group has substantially complied with and shall remain committed to attaining the highest possible standards through the continued adoption of the best practises as stipulated in the Principles and Recommendations of the MCCG 2012 and all other applicable laws.

This statement was made and approved by the Board on 12 April 2017.

AUDIT COMMITTEE REPORT

The Audit Committee of Metronic Global Berhad ("MGB" or "the Company") was established by a resolution of the Board of Directors ("the Board") on 8 April 2004. The Committee, operating within a specific terms of reference was established to assist the Board of the Company in discharging their duties and responsibilities.

The Audit Committee meets regularly with the senior management and the internal and external auditors to review the Group's operations, financial reports and the system of internal controls and compliance.

A. MEMBERS

The Members of the Audit Committee during the financial year ended 31 December 2016 up to present are as follows :-

Committee Members	Designation
Khor Ben Jin *(Appointed on 4 November 2016)*	Chairman Independent Non-Executive Director
Patrick Chin Hau Yui *(Appointed on 4 November 2016)*	Member Independent Non-Executive Chairman
Choh Kim Peng *(Ceased on 15 September 2016)*	Chairman Independent Non-Executive Director
Ng Wee Peng *(Ceased on 1 November 2016)*	Member Independent Non-Executive Chairman
Datuk Tan Choon Hwa, JP, JMK *(Ceased on 3 November 2016)*	Member Independent Non-Executive Director
Chin Yoon Siong *(Ceased on 31 March 2017)*	Member Independent Non-Executive Director

B. TERMS OF REFERENCE

The Audit Committee is governed by the following terms of reference:

1) Composition

The Audit Committee shall be appointed by the Board from amongst their members and shall comprise at least three directors, all of whom must be non-executive directors, with a majority of them being independent directors. The Chairman who shall be elected from amongst members of Committee, shall be an independent Non-Executive Director. The Board shall at all times ensure that the Audit Committee should be financial literate and at least one member of the Committee must be a member of the Malaysian Institute of Accountants ("MIA"). If he is not a member of MIA, he must fulfill such other requirements as prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities").

No alternative director may be appointed as a member of the Committee.

In the event of any vacancy in the Committee resulting in the number being reduced to below three, the Board shall within three months of that event fill the vacancy.

The Board will review the terms of the office and the performance of the Committee and its members at least once every 3 years.

AUDIT COMMITTEE REPORT
(CONT'D)

B. TERMS OF REFERENCE (CONT'D)

2) Objective

The primary objective of the Committee is to assist the Board in the effective discharge of its fiduciary responsibilities in the following aspects:

i) Review the adequacy and integrity of the Group's internal control systems, management information system including system of compliance with applicable laws, regulations, rules, directives and guidelines.
ii) Ensure that the risk management framework to manage material risk is in place and adhered to.
iii) Oversee financial reporting and evaluate the internal and external audit processes.

3) Authority

The Committee is authorized to investigate any matter within its terms of reference with full and unrestricted access to both internal and external auditors and all the Group's records, properties and personnel.

The Committee is authorized and shall be entitled to obtain external legal and other independent professional advice to assist in executing its duties.

4) Meeting

The Committee shall meet at least four (4) times a year to coincide with the review of the quarterly and annual financial statements prior to presentation to the Board for approval. Additional meetings may be called as and when necessary at the discretion of the Chairman of the Committee.

In order to form a quorum, the majority of members present must be independent non-executive directors. Other members of the Board and Senior Management, Internal and External Auditors may attend meetings upon invitation by the Committee.

The Company Secretary is the Secretary of the Committee and shall be responsible for drawing up the agenda with the consent of the Chairman. The agenda together with the relevant documents shall be circulated to the committee members, one week prior to each
meeting. The Company Secretary shall be responsible for recording attendance, keeping minutes of meetings and circulating to committee members and members of the Board.

The Audit Committee met 5 times during the financial year. The Audit Committee met twice with the external auditors without the presence of management during the financial year ended 31 December 2016.

AUDIT COMMITTEE REPORT
(CONT'D)

B. TERMS OF REFERENCE (CONT'D)

5) Duties and Responsibilities

In fulfilling its primary objectives, the Committee shall undertake the following duties and responsibilities:

i) Review with the external auditors, the audit scope and plan, including any changes to the audit plan and scope. Review the adequacy of the internal audit scope and plan, as well as the functions, competency and resource of the internal audit function and that it has the necessary authority to carry out its work.
ii) Review the independence and objectivity of the external auditors and their services, including non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money.
iii) Review the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal before making recommendations to the Board.
iv) Review the quarterly results and the year-end financial statements, prior to the approval by the Board focusing particularly on :
  - Changes in or implementation of major accounting policies
  - Significant or unusual events
  - Significant adjustments from audit and
  - Compliance with accounting standards and other legal requirements
v) Review the external and internal audit reports to ensure that appropriate and prompt remedial actions are taken by the management on major deficiencies in controls or procedures that are identified.
vi) Review the major audit findings and the management's responses during the year with the management, internal and external auditors, including the status of previous audit recommendations.
vii) Review the assistance given by the Group's employees to both the internal and external auditors, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.
viii) Review the adequacy and integrity of internal control systems, including enterprise risk management information system, and the internal or external auditor's evaluation of the said systems.
ix) Direct and where appropriate monitor any special projects or investigation considered necessary, and review investigation reports on any major defalcations, frauds and thefts.
x) Discuss problems and reservations arising from the interim and final audit, and any matter the external auditors may wish to discuss (in the absence of management where necessary)
xi) Review the appointment and performance of internal auditors.
xii) Review any related party transactions and conflict of interest situations that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises questions on management's integrity.
xiii) Monitor organizational compliance with statutory and Listing Requirements of Bursa Securities and other legislative and reporting requirements.
xiv) Any other activities, as authorized by the Board.

AUDIT COMMITTEE REPORT
(CONT'D)

C. SUMMARY OF AUDIT COMMITTEE'S ACTIVITIES

During the financial year ended 31 December 2016, the Audit Committee convened 5 meetings. Details of the attendance of the Committee members are as follows:

Committee Members	No of meeting attended	%
Khor Ben Jin (Chairman) Independent Non-Executive Director *(Appointed on 4 November 2016)*	1/1	100
Patrick Chin Hau Yui (Member) Independent Non-Executive Chairman *(Appointed on 4 November 2016)*	1/1	100
Choh Kim Peng (Member) Independent Non-Executive Director *(Ceased on 15 September 2016)*	4/4	100
Ng Wee Peng (Member) Independent Non-Executive Chairman *(Ceased on 1 November 2016)*	4/4	100
Chin Yoon Siong (Member) Independent Non-Executive Director *(Ceased on 31 March 2017)*	4/5	80
Datuk Tan Choon Hwa, JP, JMK (Member) Independent Non-Executive Director *(Ceased on 3 November 2016)*	3/4	75

The meetings were appropriately held and sufficient notice issued to the members.

In line with the terms of reference, the following activities were carried out by the Audit Committee during the financial year under review:

i) Reviewed unaudited quarterly financial results of the Company including the announcements pertaining thereto prior to submission to the Board for the consideration and approval.
ii) Reviewed the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016 and issues arising from the audited thereof prior to submission to the Board for consideration and approval.
iii) Reviewed the audit plan presented by the external auditors prior to their annual report as to their scope of work and strategy.
iv) Reviewed matters arising from the statutory audit of the Group in a meeting with the External Auditors without the presence of any executive officer of the Group.
v) Reviewed the annual audit plan prepared by the internal auditors to ensure adequate scope and coverage on their activities.
vi) Reviewed internal audit report prepared by the internal auditors especially with regards to issues raised, recommendations made and management's response to their recommendations.
vii) Reviewed the risk assessment reports prepared by the internal auditors and the recommendations made.

AUDIT COMMITTEE REPORT
(CONT'D)

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

In line with the terms of reference, the following activities were carried out by the Audit Committee during the financial year under review: (Cont'd)

viii) Reviewed all related party transactions and recurrent related party transactions that arose within the Group on a quarterly basis to ensure that they are within the mandate obtained.
ix) Reviewed the performance of the internal and external auditors and made recommendations to the Board on their reappointment and remuneration.
x) Reviewed the Audit Committee's Report, Statement on Risk Management and Internal Control and Statement of Corporate Governance and its recommendations to the Board for inclusion in the Annual Report.

D. INTERNAL AUDIT FUNCTION

The Group appointed an external consulting company to undertake the internal audit function during the financial year ended 31 December 2016.

The role and responsibilities of the internal audit function are as follows:

i) To undertake independent and regular reviews of the system of internal controls and give assurance that such system continues to operate satisfactorily and effectively.
ii) To review the risk identification and evaluation process and ensure controls implemented by the management are consistent with Group's risk management policy.

The Internal Auditors have carried out their duties in accordance with its terms of reference and the annual audit plan was approved by the Audit Committee and the Board.

The total cost incurred for the internal audit function was RM17,000.00 for the financial year 2016. The internal audit function is outsourced to Messrs RMS Corporate Management Sdn Bhd.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("the Board") is pleased to provide the following Statement on Risk Management and Internal Control pursuant to paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Statement on Risk Management and Internal Control below outlines the nature and scope of internal controls of Metronic Global Berhad and its subsidiaries ("the Group") during the financial year ended 31 December 2016.

1. Board's Responsibility

The Board recognizes the importance of sound internal controls and risk management practice for good corporate governance. The Board affirms its overall responsibility for the Group's system of internal control ("the System") which includes establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity.

Nevertheless, the Board recognizes that the Group's system is designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives in view of the limitations inherent in any internal control system. Accordingly, the System can only provide reasonable but not absolute assurance against material misstatement and loss.

2. Risk Management Framework

The Board confirms that there is an on-going process of reviewing, identifying, evaluating and managing significant risks faced by the Group. Risk assessment and evaluation are integral part of the Group's business and operating processes. The daily running of the business is entrusted to the Executive Director ("ED"), Chief Executive Officer ("CEO") and their management team. Under the purview of the ED and CEO, the respective Head of each operating subsidiary is responsible for managing the risks of the operating subsidiary, and the Head of Departments with each operating subsidiary is responsible for managing the risk of his/her respective department as part of their day-to-day duties.

3. Internal Audit Function

The internal audit function is outsourced to an external consultant during the financial year ended 31 December 2016. The internal auditors adopted a risk-based approach and prepared the audit plan based on the risk profile of the Group. The internal auditors provided independent reviews on risk management and control processes implemented by the management and reported to the Audit Committee which reviewed the adequacy, integrity and effectiveness of the System.

The findings of internal audit were communicated to the management of the Group and the Audit Committee.

The Audit Committee reviewed the reports from internal auditors and responses from the management before reporting the findings and making recommendations to the Board in strengthening the System.

4. Other Internal Control Process

Apart from risk management and internal audit, the Group's other key control processes include the following:

i) There is an organization structure with well defined reporting lines of responsibility and accountability and delegation of authority.
ii) Documented policies and procedures are updated where necessary to reflect any changing operational risks. The Board approves appropriate responses or amendments in the Group policies.
iii) The Audit Committee comprises two (2) Independent Non-Executive Directors. The Audit Committee was established with a view to assist the Board in the effective discharge of its fiduciary responsibility in respect of the Group's Internal Control Systems, risk management and financial reporting.
iv) Quarterly results are reviewed by the Board and the Audit Committee before announcement to the Bursa Securities.

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

4. Other Internal Control Process (Cont'd)

Apart from risk management and internal audit, the Group's other key control processes include the following: (Cont'd)

v) There are management meetings attended by the CEO and the management team to discuss and report on operational performance, business strategy, key operating statistics, legal and regulatory matters of each business unit.

vi) The Group's principal operating subsidiary, Metronic Engineering Sdn Bhd is ISO 9001:2000 accredited. Its employees are guided by the Quality Manual where standard operating procedures are to be followed. In addition to the periodic external ISO audit, internal audit is carried out on annual basis where the findings or issues are documented and deliberated by the management team in the management review meetings.

5. Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management & Internal Control for the inclusion in the annual report for the financial year ended 31 December 2016. The external auditors conducted the review in accordance with the "Recommended Practice Guide 5: Guidance for Auditors on the Review of Directors' Statement on Internal Control" ("RPG 5") issued by the Malaysian Institute of Accountants. The review has been conducted to assess whether the Statement on Risk Management & Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the processes the Directors had adopted in reviewing the adequacy and integrity of the system of internal controls for the Group. RPG 5 does not require the external auditors to consider whether the Directors' Statement on Risk Management &Internal Control covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures. RPG 5 also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant matters disclosed in the annual report will, in fact, mitigate the risks identified or remedy the potential problems. Based on their review, the external auditors have reported to the Board that nothing had come to their attention that caused them to believe that the Statement on Risk Management & Internal Control is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of risk management and internal control of the Group.

6. Conclusion

There was no material or significant breakdown or weakness in the system of internal control of the Group that resulted in material losses or contingencies for the year under review. The Board and the management will continually review and improve the existing risk management processes and internal control system to ensure their adequacy and effectiveness in the dynamic business environment.

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

Directors' Report **40**

Statement by Directors **44**

Statutory Declaration **45**

Independent Auditors' Report **46**

Statements of Financial Position **54**

Statements of Profit or Loss and Other Comprehensive Income **56**

Statements of Changes in Equity **58**

Statements of Cash Flows **60**

Notes to the Financial Statements **63**

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are as set out in *Note 8* to the financial statements. There were no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM	*Company* RM
Loss attributable to:		
Owners of the Company	(5,004,969)	(24,169,998)
Non-controlling interests	(3,648)	-
	(5,008,617)	(24,169,998)

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

DIVIDEND

No dividend has been paid or declared since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the current financial year.

MOVEMENTS ON RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

There was no issue of shares or debentures by the Company during the financial year.

OPTIONS

No option has been granted during the financial year to take up unissued shares of the Company.

DIRECTORS' REPORT
(CONT'D)

DIRECTORS

The directors in office since the date of the last report are:

Patrick Chin Hau Yui	(appointed on 03.11.2016)
Khor Ben Jin	(appointed on 03.11.2016)
Kua Khai Shyuan	(appointed on 30.03.2017)
Koh Wai Chee	(appointed on 31.03.2017)
Tan Kian Hong	(resigned on 10.04.2017)
Chin Yoon Siong	(resigned on 31.03.2017)
Choh Kim Peng	(resigned on 15.09.2016)
Ng Wee Peng	(resigned on 01.11.2016)
Datuk Tan Choon Hwa, JP, JMK	(resigned on 03.11.2016)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, particulars of interests of directors who held office at the end of the financial year in the shares in the Company during the financial year are as follows:

	------------ *No. of Ordinary Shares of RM0.10 each* ------------			
	Balance 01.01.2016	*Bought*	*Sold*	*Balance 31.12.2016*
Direct interest in the Company				
Tan Kian Hong	40,149,600	23,758,400	3,500,000	60,408,000

By virtue of his interests in the shares of the Company, Mr. Tan Kian Hong is deemed to have interests in the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest.

The other directors holding office at the end of the financial year have no interest in shares in the Company.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit *(other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in Note 34 of the financial statements, or the fixed salary of a full-time employee of the Company)* 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 deemed benefit which may have arisen by virtue of those transactions as disclosed in *Note 37 (b)* to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate.

OTHER STATUTORY INFORMATION

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

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

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

(a) which would render the amounts written off of bad debts or the amounts of the allowance for doubtful debts in the financial statements inadequate to any substantial extent or the values attributed to current assets misleading; and

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

In the interval between the end of the financial year and the date of this report:

(a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the directors, would substantially affect the results of the operations of the Group and of the Company for the current financial year; and

(b) no charge has arisen on the assets of the Group and of the Company which secures the liabilities of any other person nor has any contingent liability arisen in the Group and in the Company.

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 affect the ability of the Group and of the Company to meet their obligations when they fall due.

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 which would render any amount stated in the financial statements misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in *Note 41* to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

The significant events subsequent to the financial year are disclosed in *Note 42* to the financial statements.

DIRECTORS' REPORT
(CONT'D)

AUDITORS

The auditors, Messrs Siew Boon Yeong & Associates, Chartered Accountants, have expressed their willingness to continue in office.

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

PATRICK CHIN HAU YUI
Director

KOH WAI CHEE
Director

STATEMENT BY DIRECTORS

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

In the opinion of the directors, the financial statements set out on pages 54 to 132 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 exhibit a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2016 and of the results and cash flows of the Group and of the Company for the year ended on that date.

The information set out on page 133 to the financial statements have been prepared in accordance with the 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 Kuala Lumpur on 14 April 2017

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

PATRICK CHIN HAU YUI

KOH WAI CHEE

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

I, Eric Boon Chuan Kit, being the officer primarily responsible for the financial management of Metronic Global Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief the financial statements set out on pages 54 to 133 are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly
declared in Kuala Lumpur on 14 April 2017

ERIC BOON CHUAN KIT

Before me

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF METRONIC GLOBAL BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Metronic Global Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 54 to 132.

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 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 of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF METRONIC GLOBAL BERHAD (CONT'D)

We have fulfilled the responsibilities described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements of the Group and of the Company. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Risk area and rationale	Our response
Freehold Land and Buildings in Property, Plant and Equipment ***(Note 5 to the financial statements)*** **and Investment Properties** ***(Note 6 to the financial statements)***	
The Group has freehold land and buildings with aggregate net carrying amount of approximately RM15.17 million and investment properties with net carrying amount of approximately RM18.14 million. During the financial year, the Group:- (a) carried out a valuation exercise to revalue the land and buildings together with the investment properties and consequently recognised a revaluation surplus of approximately RM1.20 million for land and buildings and approximately RM5.87 million for the investment properties; and (b) reclassified a leasehold building with net carrying amount of approximately RM17.66 million from property, plant and equipment to investment properties. As the land and buildings together with investment properties represent 35% of the Group's total assets and is material, we considered this as a key audit matter.	Our audit procedures included, amongst others:- - checked to the valuation reports prepared by independent professional valuers, including the valuers' competency, to confirm the ownership, existence and valuation of the land and buildings and investment properties and to ensure arithmetic accuracy. We also checked the key assumptions used by the independent professional valuers in deriving the valuation of the land and buildings and investment properties; - enquired with the management to ensure the appropriateness for the reclassification of the leasehold building to investment properties; and - performed depreciation charges reasonable test to ensure the depreciation charges for the buildings and the investment properties were provided in compliance with the accounting policy of the Group.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF METRONIC GLOBAL BERHAD (CONT'D)

Risk area and rationale	Our response
Available-for-sale Financial Assets ***(Note 11 to the financial statements)***	
As at 31 December 2016, the Group has available-for-sale financial assets which comprise of quoted shares with carrying amount of approximately RM6.73million. During the financial year, the Group:- (a) acquired quoted shares at a cost of approximately RM8.20 million; (b) disposed of the available-for-sale financial assets, both quoted and unquoted shares, with net carrying amount of approximately RM6.12 million. As a result of these disposals, the Group recorded a loss on disposal of available-for-sale financial assets of approximately RM0.99 million; and (c) recognised impairment loss on available-for-sale financial assets of approximately RM4.41 million. As the available-for-sale financial assets represents 7% of the Group's total assets and is material, we considered this as a key audit matter.	Our audit procedures included, amongst others:- - checked to the source documents for the additions and disposals of the available-for-sale financial assets; - checked to the market price of the quoted shares as at year end to determine the fair value of the quoted shares; and - evaluated the reasonableness and adequacy of the impairment losses provided.
Deferred Tax Assets ***(Note 12 to the financial statements)***	
As at 31 December 2016, the Group's deferred tax assets stood at approximately RM3.15 million. The recognition of deferred tax assets relies on the application of judgement by the management in respect of assessing the probability and sufficiency of future taxable profits and tax planning strategies. Due to the associated uncertainty surrounding recoverability of the deferred tax assets, this has been considered a key audit matter.	Our audit procedures included, amongst others:- - evaluated the basis and assumptions used in the forecasts and projections of future taxable profits prepared by the management. We assessed whether the income and expenditure assumptions on which the forecasts and projections are based are consistent with past actual outcomes; and - checked the arithmetic accuracy of the computation of the deferred tax assets.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF METRONIC GLOBAL BERHAD (CONT'D)

Risk area and rationale	Our response
Trade Receivables ***(Note 15 to the financial statements)***	
Receivables are subject to credit risk exposure.	Our audit procedures included, amongst others:-
As at 31 December 2016, the Group's trade receivables stood at approximately RM12.84 million, net of accumulated impairment losses of approximately RM5.38 million.	- obtained an understanding of the Group's control over the trade receivable collection processes and made inquiries regarding the action plans to recover the overdue amounts;
During the year, the Group:-	- reviewed the ageing analysis of trade receivables and test the reliability thereof;
(a) provided approximately RM3.12 million impairment losses, assessed based on individually impaired basis on the trade receivables; and	- reviewed subsequent collections from trade receivables; and
(b) reversed impairment losses of RM5.37 million.	- evaluated the reasonableness and adequacy of the impairment losses provided.
The assessment of recoverability of receivables involved judgements and estimation uncertainty in analysing historical bad debts, customer concentration, customer creditworthiness, current economic trends, customer payment terms, etc.	

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF METRONIC GLOBAL BERHAD (CONT'D)

Risk area and rationale	Our response
Revenue from Contract Works ***(Note 29 to the financial statements)***	
The Group recognised revenue and cost of sales for contract works based on the stage of completion. The stage of completion of the contract works is determined by the proportion that the actual contract costs incurred for work performed to date to the estimated total contract costs, which includes estimates and judgement by the directors on costs to be incurred on the contracts. There is a risk that the actual contract costs are different to those estimated resulting in material variance in the amount of profit or loss recognised to date and in the current financial year.	Our audit procedures included, amongst others:- - tested the Group's controls by checking for evidence of reviews and approvals over contract cost, setting budgets and authorising and recording of actual costs incurred; - examined contracts documentation and discussed the status of on-going material contracts with management and compared the progress claims against stage of completion of certain contracts to ascertain the reasonableness of the percentage of completion recognised in the profit or losses; - agreed a sample of costs incurred to date to invoices and/or progress claim and checked that they were allocated to the appropriate contract works.

Information Other Than the Financial Statements and Auditors' Report Thereon

The directors 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 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 are responsible for the preparation of the 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 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF METRONIC GLOBAL BERHAD (CONT'D)

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 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 subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the accounts and the auditors' reports of the subsidiary companies of which we have not acted as auditors, which are included on *Note 8* to the financial statements.

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

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

Other Reporting Responsibilities

The supplementary information set out on page 133 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF METRONIC GLOBAL BERHAD (CONT'D)

Other Matters

(a) The financial statements of the Group and of the Company for the financial year ended 31 December 2015 were audited by another firm of Chartered Accountants whose report dated 29 March 2016 expressed an unqualified opinion.

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

SIEW BOON YEONG & ASSOCIATES
AF: 0660
Chartered Accountants

DATO' SIEW BOON YEONG
01321/07/2018 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
			(Restated)		*(Restated)*
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	*5*	16,734,559	23,877,336	-	-
Investment properties	*6*	18,135,841	347,842	-	-
Land held for property development	*7*	161,403	161,403	-	-
Investment in subsidiary companies	*8*	-	-	35,083,432	35,238,591
Investment in joint venture	*9*	-	-	220,850	220,850
Other investments	*10*	-	-	-	-
Available-for-sale financial assets	*11*	6,727,677	9,058,421	6,727,677	9,058,421
Deferred tax assets	*12*	3,153,629	7,257,642	-	-
		44,913,109	40,702,644	42,031,959	44,517,862
CURRENT ASSETS					
Property development costs	*13*	13,988,926	10,788,243	-	-
Inventories	*14*	1,086,215	4,041,446	-	-
Trade receivables	*15*	12,843,327	19,422,669	-	-
Amount owing by contract customers	*16*	2,325,657	-	-	-
Other receivables and deposits	*17*	11,643,872	7,330,236	35,000	1,703
Current tax assets		44,384	133,068	22,162	22,259
Amount owing by subsidiary companies	*18*	-	-	69,787	14,764,070
Fixed deposits with licensed banks	*19*	2,944,130	4,710,666	-	-
Cash and bank balances		797,436	509,199	5,407	135,190
		45,673,947	46,935,527	132,356	14,923,222
Assets classified as held for sale	*20*	4,572,686	4,308,897	-	-
		50,246,633	51,244,424	132,356	14,923,222
TOTAL ASSETS		95,159,742	91,947,068	42,164,315	59,441,084

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016
(CONT'D)

		Group		*Company*	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
			(Restated)		*(Restated)*
EQUITY AND LIABILITIES					
EQUITY					
Share capital	*21*	75,839,750	75,839,750	75,839,750	75,839,750
Revaluation reserve	*22*	24,040,288	13,113,034	-	-
Foreign currency translation reserve	*23*	(568,964)	270,323	-	-
Accumulated losses		(37,069,518)	(32,064,549)	(49,518,144)	(25,348,146)
Total equity attributable to owners of the Company		62,241,556	57,158,558	26,321,606	50,491,604
Non-controlling interests		84,345	87,993	-	-
TOTAL EQUITY		62,325,901	57,246,551	26,321,606	50,491,604
LIABILITIES					
NON-CURRENT LIABILITIES					
Finance lease liabilities	*24*	145,959	263,226	-	-
CURRENT LIABILITIES					
Trade payables	*25*	6,006,310	3,134,036	-	-
Amount owing to contract customers	*16*	-	13,049,502	-	-
Other payables and accruals	*26*	13,415,207	14,426,965	2,427,427	2,365,493
Amount owing to subsidiary companies	*18*	-	-	7,942,322	6,583,987
Amount owing to a director	*27*	5,564,230	-	4,864,230	-
Finance lease liabilities	*24*	117,267	111,911	-	-
Short term borrowings	*28*	5,207,436	1,614,684	608,730	-
		30,310,450	32,337,098	15,842,709	8,949,480
TOTAL LIABILITIES		30,456,409	32,600,324	15,842,709	8,949,480
Liabilities associated with assets classified as held for sale	*20*	2,377,432	2,100,193	-	-
		32,833,841	34,700,517	15,842,709	8,949,480
TOTAL EQUITY AND LIABILITIES		95,159,742	91,947,068	42,164,315	59,441,084

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
					(Restated)
REVENUE	*29*	48,066,323	36,335,423	-	-
COST OF SALES	*30*	(26,764,561)	(22,409,186)	-	-
GROSS PROFIT		21,301,762	13,926,237	-	-
OTHER OPERATING INCOME		9,266,155	7,541,212	1,037,302	1,155,177
ADMINISTRATIVE EXPENSES		(13,823,849)	(2,729,455)	(1,216,130)	(704,729)
OTHER OPERATING EXPENSES		(17,101,454)	(14,740,763)	(23,853,230)	(3,620,718)
(LOSS)/PROFIT FROM OPERATIONS		(357,386)	3,997,231	(24,032,058)	(3,170,270)
FINANCE COSTS	*31*	(513,915)	(494,069)	(137,940)	-
(LOSS)/PROFIT BEFORE TAXATION	*32*	(871,301)	3,503,162	(24,169,998)	(3,170,270)
INCOME TAX EXPENSE	*33*	(4,123,866)	(242,421)	-	-
(LOSS)/PROFIT AFTER TAXATION FROM CONTINUING OPERATIONS		(4,995,167)	3,260,741	(24,169,998)	(3,170,270)
(LOSS)/PROFIT AFTER TAXATION FROM ASSETS CLASSIFIED AS HELD FOR SALE	*20*	(13,450)	799,937	-	-
(LOSS)/PROFIT AFTER TAXATION		(5,008,617)	4,060,678	(24,169,998)	(3,170,270)
OTHER COMPREHENSIVE INCOME:					
Item that may be reclassified subsequently to profit or loss					
- foreign currency translation		(839,287)	63,191	-	-
Item that will not be reclassified subsequently to profit or loss					
- revaluation surplus on land and buildings		10,927,254	-	-	-
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR		5,079,350	4,123,869	(24,169,998)	(3,170,270)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

		Group		*Company*	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
					(Restated)
(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:					
Owners of the Company		(5,004,969)	3,972,685	(24,169,998)	(3,170,270)
Non-controlling interests		(3,648)	87,993	-	-
		(5,008,617)	4,060,678	(24,169,998)	(3,170,270)
TOTAL COMPREHENSIVE (LOSS)/ INCOME ATTRIBUTABLE TO:					
Owners of the Company		5,082,998	4,035,876	(24,169,998)	(3,170,270)
Non-controlling interests		(3,648)	87,993	-	-
		5,079,350	4,123,869	(24,169,998)	(3,170,270)
(LOSS)/PROFIT PER SHARE (sen)					
- Basic/diluted (loss)/earnings per share	*35*	*(0.66)*	*0.54*		

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

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

	<---Attributable to owners of the Company				--->		
	<---Non-distributable		--->				
	Share capital	Revaluation reserve	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
Group	RM	RM	RM	RM			RM
Balance at 1 January 2015	69,839,750	13,113,034	207,132	(36,037,234)	47,122,682	-	47,122,682
Transactions with owners:							
Issuance of share capital	6,000,000	-	-	-	6,000,000	-	6,000,000
Profit after taxation	-	-	-	3,972,685	3,972,685	87,993	4,060,678
Other comprehensive income:							
Foreign currency translation differences	-	-	63,191	-	63,191	-	63,191
Total comprehensive income for the year	-	-	63,191	3,972,685	4,035,876	87,993	4,123,869
Balance at 31 December 2015/1 January 2016	75,839,750	13,113,034	270,323	(32,064,549)	57,158,558	87,993	57,246,551
Loss after taxation	-	-	-	(5,004,969)	(5,004,969)	(3,648)	(5,008,617)
Other comprehensive income:							
Foreign currency translation differences	-	-	(839,287)	-	(839,287)	-	(839,287)
Revaluation surplus on land and buildings	-	10,927,254	-	-	10,927,254	-	10,927,254
Total comprehensive income/(loss) for the year	-	10,927,254	(839,287)	(5,004,969)	5,082,998	(3,648)	5,079,350
Balance at 31 December 2016	75,839,750	24,040,288	(568,964)	(37,069,518)	62,241,556	84,345	62,325,901

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

	Non-distributable		
	Share capital	Accumulated losses	Total equity
Company	RM	RM	RM
Balance at 1 January 2015	69,839,750	(22,177,876)	47,661,874
Transactions with owners:			
Issuance of share capital	6,000,000	-	6,000,000
Loss after taxation/Total comprehensive loss for the year	-	(3,170,270)	(3,170,270)
Balance at 31 December 2015/1 January 2016	75,839,750	(25,348,146)	50,491,604
Loss after taxation/Total comprehensive loss for the year	-	(24,169,998)	(24,169,998)
Balance at 31 December 2016	75,839,750	(49,518,144)	26,321,606

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

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
		(Restated)		*(Restated)*
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/profit before taxation from:				
- Continued operations	(871,301)	3,503,162	(24,169,998)	(3,170,270)
- Assets held for sale	(13,450)	799,937	-	-
Adjustments for:				
Bad debts written off	5,441,284	-	8,033	-
Depreciation of investment properties	16,696	10,027	-	-
Depreciation of property, plant and equipment	719,233	619,824	-	-
Financial guarantee granted to a subsidiary company	-	-	(61,769)	1,554,588
Gain on disposal of property, plant and equipment	-	(1,050)	-	-
Impairment losses on:				
- amount owing by subsidiary companies	-	-	18,068,392	-
- investment in subsidiary companies	-	-	216,928	-
- trade receivables	3,055,239	-	-	-
- other receivables	570,666	-	-	-
Impairment loss on available-for-sale financial assets:				
- quoted shares	4,411,211	1,589,215	4,411,211	1,589,215
- unquoted shares	-	652,425	-	652,425
Interest expenses	513,915	513,498	137,940	-
Interest income	(111,499)	(248,433)	(68)	(73)
Loss on disposal of available-for-sale financial assets	990,565	38,677	990,565	38,677
Loss on foreign exchange - unrealised	16	58,639	-	-
Other investments written off	-	94,000	-	-
Property, plant and equipment written off	23,590	-	-	-
Provision for slow moving inventories	1,497,062	198,250	-	-
Reversal of impairment losses on:				
- amount owing by subsidiary companies	-	-	-	(805,704)
- investment in subsidiary companies	-	-	-	(374,368)
- trade receivables	(5,365,371)	(50,885,155)	-	-
- other receivables	(290,841)	-	-	-
Waiver of debts	-	-	(462,568)	-
Operating profit/(loss) before working capital changes	10,587,015	(43,056,984)	(861,334)	(515,510)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

	Group		*Company*	
	2016	2015	2016	2015
	RM	RM	RM	RM
		(Restated)		*(Restated)*
CASH FLOWS FROM OPERATING ACTIVITIES				
Decrease/(increase) in inventories	1,335,787	(380,151)	-	-
(Increase)/decrease in receivables	(1,269,474)	34,296,624	(3,415,342)	(9,550,580)
(Increase)/decrease in amount owing by/to contract customers	(15,375,159)	12,407,286	-	-
Increase in property development costs	(3,200,683)	(10,788,243)	-	-
Increase in payables	911,897	3,717,485	1,882,837	2,020,966
Cash (used in)/generated from operations	(7,010,617)	(3,803,983)	(2,393,839)	(8,045,124)
Tax paid	(54,584)	(160,047)	-	-
Tax refund	123,415	-	-	-
Net cash (used in)/generated from operating activities	(6,941,786)	(3,964,030)	(2,393,839)	(8,045,124)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	111,499	248,433	68	73
Investment in quoted shares classified as available-for-sale financial assets	(8,200,467)	(4,512,565)	(8,200,467)	(4,512,565)
Purchase of property, plant and equipment *(Note A)*	(289,428)	(853,336)	-	-
Proceeds from disposal of available-for-sale financial assets	5,129,435	6,642,341	5,129,435	6,642,341
Proceeds from disposal of property, plant and equipment	-	20,000	-	-
Net cash (used in)/generated from investing activities	(3,248,961)	1,544,873	(3,070,964)	2,129,849
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances from a director	5,564,230	-	4,864,230	-
Interest paid	(513,915)	(513,498)	(137,940)	-
Drawdown/(repayment) of bankers' acceptances	712,014	(2,255,740)	-	-
Drawdown of margin financing	608,730	-	608,730	-
Proceeds from issuance of share capital	-	6,000,000	-	6,000,000
Repayment of finance lease liabilities	(111,911)	(106,594)	-	-
Withdrawal of fixed deposits pledged with licensed banks	1,766,536	235,285	-	-
Net cash generated from financing activities	8,025,684	3,359,453	5,335,020	6,000,000

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
		(Restated)		*(Restated)*
Net (decrease)/increase in cash and cash equivalents	(2,165,063)	940,296	(129,783)	84,725
Effects of changes in exchange rate	181,292	(319,121)	-	-
Cash and cash equivalents at beginning of year	(169,288)	(790,463)	135,190	50,465
Cash and cash equivalents at end of year (Note B)	(2,153,059)	(169,288)	5,407	135,190

NOTES TO STATEMENTS OF CASH FLOWS:

(A) Purchase of property, plant and equipment				
Aggregate cost	289,428	916,336	-	-
Less: Finance lease liabilities financing	-	(63,000)	-	-
	289,428	853,336	-	-
(B) Cash and cash equivalents comprise:				
Cash and bank balances	797,436	509,199	5,407	135,190
Fixed deposits pledged with licensed banks	2,944,130	4,710,666	-	-
Bank overdrafts	(2,950,495)	(678,487)	-	-
	791,071	4,541,378	5,407	135,190
Less: Fixed deposits pledged as securities	(2,944,130)	(4,710,666)	-	-
	(2,153,059)	(169,288)	5,407	135,190

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

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are as set out in *Note 8*. There were no significant changes in the nature of these activities during the financial year.

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

The address of the registered office of the Company is No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan.

The address of the principal place of business of the Company is No. 2, Jalan Astaka U8/83, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

On 1 January 2016, the Group and the Company adopted the following MFRS and Amendments to MFRSs issued by the Malaysian Accounting Standards Board, effective for the annual periods beginning on or after 1 January 2016:

MFRS 14 - Regulatory Deferral Accounts

Amendments to MFRS 10 Consolidated Financial Statements - Investment Entities: Applying the Consolidation Exception

Amendments to MFRS 11 Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations

Amendments to MFRS 12 Disclosure of Interests in Other Entities - Investment Entities: Applying the Consolidation Exception

Amendments to MFRS 101 Presentation of Financial Statements - Disclosure Initiative

Amendments to MFRS 116 Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116 Property, Plant and Equipment - Agriculture: Bearer Plants

Amendments to MFRS 127 Consolidated and Separate Financial Statements - Equity Method in Separate Financial Statements

Amendments to MFRS 128 Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception

Amendments to MFRS 138 Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 141 Agriculture - Agriculture: Bearer plants

Annual Improvements to MFRSs 2012 - 2014 Cycle

The adoption of the above MFRS and Amendments to MFRSs did not have any material impacts to the financial statements of the Group and of the Company.

MFRSs, Amendments to MFRSs and Issue Committees ("IC") Interpretation that have been issued but are not yet effective

The Group and the Company have not adopted the following MFRSs, Amendments to MFRSs and IC Interpretation that have been issued but not yet effective:

MFRSs/Amendments to MFRSs/IC Interpretation	**Effective for annual periods beginning on or after**
Amendments to MFRS 107 Statement of Cash Flows - Disclosure Initiative	1 January 2017
Amendments to MFRS 112 Income Taxes - Recognition of Deferred Tax Assets for Unrealised Loses	1 January 2017
Annual Improvements to MFRS Standards 2014 - 2016 Cycle	1 January 2017, 1 January 2018
MFRS 9 - Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 15 - Revenue from Contracts with Customers	1 January 2018
MFRS 15 - Clarification to MFRS 15	1 January 2018
Amendments to MFRS 2 Share-based Payment - Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 140 Investment Property - Transfers of Investment Property	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 16 - Leases	1 January 2019

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

MFRSs/Amendments to MFRSs/IC Interpretation	Effective for annual periods beginning on or after
Amendments to MFRS 10 Consolidated Financial Statements - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced
Amendments to MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The adoption of these standards and amendments that have been issued but not yet effective are not expected to have a material impact to the financial statements of the Group and of the Company except as discussed below:

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

MFRS 9 introduces new requirements for classification and measurement of financial assets, impairment of assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristic and the business model under which they are held. The impairment requirements in MFRS 9 are based on expected credit loss model and replace the MFRS 139 Financial Instruments: Recognition and Measurement incurred loss model.

MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

The Group and the Company do not expect a significant change to the measurement basis arising from the adoption of the new classification and measurement model under MFRS 9. Loans and receivables that are currently accounted for using amortised cost will continue to be accounted for using amortised cost model under MFRS 9.

MFRS 9 requires the Group and the Company to record expected credit losses on loans and receivables. Either on 12-months or lifetime basis. The Group and the Company expect to apply the simplified approach and record lifetime expected losses on trade receivables. Upon application impact on to equity due to unsecured nature of the loans and receivables, but the Group and the Company will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

The Group and the Company plan to adopt the new standard on the required effective date without restating comparative information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date initial application in the opening retained earnings.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new standard will supersede all current revenue recognition requirements under MFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

The Group and the Company expect the following impact upon adoption of MFRS 15:

Variable consideration

Some contracts with customers provide a right to return, trade discounts or volume rebates. Currently, the Group and the Company recognise revenue from sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowance, trade discounts and volume rebates. If revenue cannot be reliably measured, the Group and the Company defer revenue recognition until uncertainty resolved. Such provisions give rise to variable consideration under MFRS 15, and will be required to be estimated at contract inception. MFRS 15 requires the estimates variable consideration to be constrained to prevent over-recognition of revenue. The Group and the Company continue to assess individual contract to determine the estimated variable consideration and related constraint. The Group and the Company expect that application of the constraint may result in more revenue being deferred than is under the current MFRS.

Right of return

The Group and the Company currently recognise provision for the net margin arising from expected returns. Under MFRS 15, an entity estimates the transaction price and recognises revenue based on the amounts to which the entity expects to be entitled through the end of the return period, and recognises such amount of expected returns as a refund liability, representing its obligation to return the customer's consideration. The Group and the Company expect to recognise a liability for the refund obligation and an asset for the right to recover the returned goods under MFRS 15.

The Group and the Company plan to adopt the new standard on the required effective date using the full retrospective approach. The Group and the Company are currently performing a detailed analysis under MFRS 15 to determine their election of the practical expedients and to quantify the transition adjustments on their financial statements.

MFRS 16 Leases

MFRS 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The new standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if MFRS 15 also applied.

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

3. SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies set out below are consistent with those applied in the previous financial year unless otherwise stated.

(a) Basis Of Consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiary companies made up to the end of the financial year. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

(i) Acquisition method of accounting for non-common control business combinations

Acquisition of subsidiary companies is accounted for by applying the acquisition method. Under the acquisition method of accounting, identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

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

The Group elects, for each individual business combination, whether to recognise non-controlling interest in the acquiree (if any) at fair value on the acquisition date, or the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), 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 is recorded as goodwill in the statements of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

(ii) *Merger accounting for common control business combinations*

Under the pooling-of-interests method of accounting, the results of entities or businesses under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired were recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The difference between the cost of acquisition and the nominal value of the shares acquired together with the share premium are taken to merger reserve or merger deficit. The other components of equity of the acquired entities are added to the same components within the Group's equity.

(iii) *Non-controlling interest*

Non-controlling interest represents the equity in subsidiary companies not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated profit or loss and within equity in the consolidation of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

(b) <u>Functional And Foreign Currency</u>

Functional currency

Items included in the financial statements are measured using the currency best reflects the economic substance of the underlying events and circumstances relevant to the Company (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the functional currency of the Company.

Foreign currency

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within other income.

All exchange differences are taken to profit or loss.

Foreign Operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from the acquisition of foreign operations, are translated into RM for consolidation at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated into RM at the average rates for the financial period. All exchanges differences arising from translation are recognised directly to other comprehensive income and accumulated in equity under translation reserve. On disposal of a foreign operation, accumulated translation differences recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to comprehensive income.

(c) Property, Plant And Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses where applicable.

Buildings are stated at revalued amount less accumulated depreciation and impairment losses, if any, recognised after the date of the revaluation.

Buildings are revalued periodically, at least once in every 5 years. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

Property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to their residual values over their estimated useful lives.

Freehold land has an unlimited useful life and therefore is not depreciated.

Leasehold building is depreciated over the estimated useful life of 50 years or over the remaining leasehold land tenure, whichever is shorter.

All other property, plant and equipment are depreciated based on the estimated useful lives of the assets at the following annual rates:

	%
Freehold buildings	2
Motor vehicles	20
Furniture, fittings and equipment	20 - 33
Renovation	4

The residual value, useful lives and depreciation method of property, plant and equipment are reviewed at the end of the reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

On disposal of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is credited or charged to profit or loss in determining profit from operations.

(d) Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost less any accumulated depreciation and any accumulated impairment losses. Freehold building is depreciated at a rate of 2% per annum. Freehold land has an unlimited useful life and therefore is not depreciated.

Investment properties are revalued periodically, at least once in every 5 years. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is to be carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Any gains or losses on the disposal of an investment property are recognised in profit and loss in the year in which they arise.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment up to the date of change in use.

(e) Investment In Subsidiary Companies

Subsidiary companies are entities, including structured entities, controlled by the Group. The Group controls the entities when it is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities.

In the Company's separate financial statements, investment in subsidiary companies is stated at cost less any impairment, unless the investment is classified as held for sale. The impairment loss is recognised in the profit or loss.

On disposal of an investment, the difference between net disposal proceeds and their carrying amounts is charged or credited to profit or loss.

(f) Investment In Joint Venture

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

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

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

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

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

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

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

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

(g) Financial Instruments

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. 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 and the Company have a legally enforceable right to offset and intend 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, plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

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

(i) Financial Assets

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

- *Financial Assets at Fair Value Through Profit or Loss*

  Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is 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.

  Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's and the Company's rights to receive payment is established.

- *Held-to-maturity Investments*

  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

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

- *Loans and Receivables*

  Loans and receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables 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.

- *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.

  Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's and the Company's rights to receive payments is established.

  Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

(ii) *Financial Liabilities*

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

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

- *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 or a derivative that is a financial guarantee contract.

- *Other Financial Liabilities*

  Other financial liabilities are non-derivatives financial liabilities. Other liabilities are subsequently measured at amortised cost using the effective interest method.

(iii) *Equity Instruments*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new 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.

A financial asset 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 is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. 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.

(h) Impairment

(i) *Impairment Of Financial Assets*

All financial assets (other than those categorised at fair value through profit or loss) 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 objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

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 to profit or loss.

With the exception of available-for-sale equity 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 investment 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.

(ii) *Impairment Of Non-financial Assets*

The carrying amounts of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of the reporting period for impairment when 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. The recoverable amount of the assets is the higher of the assets' net selling price and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to 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.

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.

A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in profit or loss, a reversal of that impairment loss is recognised as income in profit or loss.

(i) <u>Fair Value Measurement</u>

The Group and the Company measure the marketable securities at fair value at the end of the reporting date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes places either:

(i) in the principal market for the assets or liability; or

(ii) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group and to the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market 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.

For the purpose of fair value disclosures, the Group and the Company determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset and liability and the level of the fair value hierarchy.

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

(j) Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost is determined using the weighted average method. It comprises the cost of building automation equipment and parts and other direct cost in bringing the equipment to its present location.

Net realisable value is the estimate of the selling price less the estimated cost of selling expenses. Write down is made where necessary for damage, obsolete and slow-moving inventories.

(k) Amount Owing From/To Contract Customers

Construction contracts are stated at cost plus attributable profits less applicable progress billings and allowances for foreseeable losses, if any.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activities at the reporting date. The stage of completion is determined by the actual costs incurred for work performed to-date in relation to the estimated total contract costs.

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

When it is probable the total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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

(l) Leases

As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(m) Provisions For Liabilities

Provisions for liabilities are recognised when the Group and the Company have a present legal or constructive obligation 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 of the obligation can be made. Provisions are reviewed at the end of the reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

Any reimbursement that the Group or the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the profit or loss, net of any reimbursement.

(n) Financial Guarantee Contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of guarantee. If the debtor fails to make payment relation to financial guarantee contracts when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation. As at the financial year-end date, the financial guarantees provided by the Company to banks are in connection with the banking facilities granted to subsidiary companies.

(o) 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 and of the Company. 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 the outflow is probable, it will then be recognised as a provision.

(p) Related Parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-
  a. controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiary companies and fellow subsidiary companies);
  b. has an interest in the entity that gives it significant influence over the entity; or
  c. has joint control over the entity;

(ii) the party is an associate of the entity;

(iii) the party is a joint venture in which the entity is a venture;

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in *(i)* or *(iv);*

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in *(iv)* or *(v)*; or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

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

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel includes all the directors of the Company and directors of the subsidiary companies, members of senior management and chief executive officer of the Company as well as members of senior management and chief executive officers of major subsidiary companies of the Group.

(q) Revenue Recognition

(i) Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's and the Company's activities. Revenue from sale of goods is recognised upon transfer of significant risk and rewards of ownership of the goods to the customer, recovery of the consideration is probable, the associated costs of the goods can be estimated reliably and there is no continuing management involvement with the goods, net of returns and trade discounts.

(ii) Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case revenue on contracts is only recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

The stage of completion is determined based on total costs incurred to date over the estimated total project costs.

(iii) Revenue from services rendered is recognised net of discounts as and when the services are performed.

(r) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(s) Income Tax Expense

Income taxes for the year comprise current and deferred taxes.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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 taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can 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 is recognised in the profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting 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. The carrying amounts of deferred tax assets are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

(t) Employee Benefits

(i) Short Term Employee Benefits

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur. The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period. Past-service costs are recognised immediately in profit or loss.

(ii) Defined Contribution Plan

The Group's and the Company's contributions to defined contribution plans regulated and managed by the government, are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further financial obligations.

(u) Borrowing Costs

Borrowing costs, directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress, until such time when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is suspended.

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

(v) Earnings Per Share

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

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit and loss attributable to ordinary shareholders 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 convertible notes and share options granted to employees.

(w) Cash And Cash Equivalents

For the purposes of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances, bank overdrafts 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.

(x) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue 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 makers to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. An operating segment may engage in business activities for which it has yet to earn revenue.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated 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 and the Company'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 residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' action 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) Impairment of Loans and Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables 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 loss. 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.

(c) Impairment of Investment in Subsidiary Companies

The carrying value of investment in subsidiary companies is reviewed for impairment. In the determination of the value in use of the investment, the Company is required to estimate the expected cash flows to be generated by the subsidiary companies and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(d) Deferred Tax Assets

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

(e) Engineering Contracts

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

Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs, as well as recoverability of the contract costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists and status of negotiation with the counterparties.

(f) Write Down of Inventories

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

(g) Income Taxes

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

5. PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment are as follows:

	Freehold land	Freehold buildings	Leasehold building	Motor vehicles	Furniture, fittings and equipment	Renovation	Total
Group	RM	RM	RM	RM	RM	RM	RM
Cost/Valuation							
At 1 January 2015							
Cost	-	-	-	612,341	2,618,980	692,150	3,923,471
Valuation	9,100,000	4,867,798	10,583,627	-	-	-	24,551,425
	9,100,000	4,867,798	10,583,627	612,341	2,618,980	692,150	28,474,896
Additions	-	-	-	63,804	852,532	-	916,336
Disposal	-	-	-	(57,750)	-	-	(57,750)
Foreign currency differences	-	-	(437,400)	-	78,548	46,764	(312,088)
At 31 December 2015							
Cost	-	-	-	618,395	3,550,060	738,914	4,907,369
Valuation	9,100,000	4,867,798	10,146,227	-	-	-	24,114,025
	9,100,000	4,867,798	10,146,227	618,395	3,550,060	738,914	29,021,394

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

Group	Freehold land	Freehold buildings	Leasehold building	Motor vehicles	Furniture, fittings and equipment	Renovation	Total
	RM	RM	RM	RM	RM	RM	RM
Cost/Valuation							
At 1 January 2016							
Cost	-	-	-	618,395	3,550,060	738,914	4,907,369
Valuation	9,100,000	4,867,798	10,146,227	-	-	-	24,114,025
	9,100,000	4,867,798	10,146,227	618,395	3,550,060	738,914	29,021,394
Additions	-	-	-	-	289,428	-	289,428
Written off	-	-	-	-	(64,336)	-	(64,336)
Revaluation surplus	761,800	442,402	5,835,507	-	-	-	7,039,709
Foreign currency differences	-	-	1,674,107	-	47,524	19,998	1,741,629
Reclassified to investment properties *(Note 6)*	-	-	(17,655,841)	-	-	-	(17,655,841)
At 31 December 2016							
Cost	-	-	-	618,395	3,822,676	758,912	5,199,983
Valuation	9,861,800	5,310,200	-	-	-	-	15,172,000
	9,861,800	5,310,200	-	618,395	3,822,676	758,912	20,371,983

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

	Freehold land	Freehold buildings	Leasehold building	Motor vehicles	Furniture, fittings and equipment	Renovation	Total
Group	RM	RM	RM	RM	RM	RM	RM
Accumulated depreciation							
At 1 January 2015							
Cost	-	-	-	142,316	2,434,431	299,039	2,875,786
Valuation	-	1,226,128	1,109,887	-	-	-	2,336,015
	-	1,226,128	1,109,887	142,316	2,434,431	299,039	5,211,801
Charge for the year							
Cost	-	-	-	120,846	187,800	29,063	337,709
Valuation	-	97,356	184,759	-	-	-	282,115
	-	97,356	184,759	120,846	187,800	29,063	619,824
Disposal	-	-	-	(38,800)	-	-	(38,800)
Foreign currency differences	-	-	(704,036)	-	18,232	37,037	(648,767)
At 31 December 2015							
Cost	-	-	-	224,362	2,640,463	365,139	3,229,964
Valuation	-	1,323,484	590,610	-	-	-	1,914,094
	-	1,323,484	590,610	224,362	2,640,463	365,139	5,144,058

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

	Freehold land	Freehold buildings	Leasehold building	Motor vehicles	Furniture, fittings and equipment	Renovation	Total
Group	RM	RM	RM	RM	RM	RM	RM
Accumulated depreciation							
At 1 January 2016							
Cost	-	-	-	224,362	2,640,463	365,139	3,229,964
Valuation	-	1,323,484	590,610	-	-	-	1,914,094
	-	1,323,484	590,610	224,362	2,640,463	365,139	5,144,058
Charge for the year							
Cost	-	-	-	123,678	243,407	30,147	397,232
Valuation	-	97,356	224,645	-	-	-	322,001
	-	97,356	224,645	123,678	243,407	30,147	719,233
Elimination of accumulated depreciation	-	(1,420,840)	(898,577)	-	-	-	(2,319,417)
Written off	-	-	-	-	(40,746)	-	(40,746)
Foreign currency differences	-	-	83,322	-	41,805	9,169	134,296
At 31 December 2016							
Cost	-	-	-	348,040	2,884,929	404,455	3,637,424
Valuation	-	-	-	-	-	-	-
	-	-	-	348,040	2,884,929	404,455	3,637,424

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

	Freehold land	Freehold buildings	Leasehold building	Motor vehicles	Furniture, fittings and equipment	Renovation	Total
Group	RM	RM	RM	RM	RM	RM	RM
Net carrying amount							
At 31 December 2016							
Cost	-	-	-	270,355	937,747	354,457	1,562,559
Valuation	9,861,800	5,310,200	-	-	-	-	15,172,000
	9,861,800	5,310,200	-	270,355	937,747	354,457	16,734,559
At 31 December 2015							
Cost	-	-	-	394,033	909,597	373,775	1,677,405
Valuation	9,100,000	3,544,314	9,555,617	-	-	-	22,199,931
	9,100,000	3,544,314	9,555,617	394,033	909,597	373,775	23,877,336

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

(a) The freehold land and freehold buildings of the Group have been pledged to a licensed bank as securities for banking facilities granted to the Group.

(b) The entire net carrying amount of motor vehicles of the Group were purchased previously under the finance lease contracts.

(c) The freehold land and freehold buildings of the Group were revalued in November 2016 based on valuation carried out by independent professional valuers using the comparison method.

If these freehold land and freehold buildings were measured using the cost model, the net carrying amount would be as follows:

	Group	
	2016	2015
	RM	RM
Freehold land		
Cost	1,223,566	1,223,566
Freehold buildings		
Cost	4,603,266	4,603,266
Less: Accumulated depreciation	(1,151,017)	(1,058,952)
	3,452,249	3,544,314

6. INVESTMENT PROPERTIES

	Freehold land	Freehold building	Leasehold buildings	Total
Group	RM	RM	RM	RM
Valuation				
At 1 January 2015/ 31 December 2015	245,909	121,600	379,751	747,260
Revaluation surplus	44,091	-	-	44,091
Reclassified from property, plant and equipment *(Note 5)*	-	-	17,655,841	17,655,841
At 31 December 2016	290,000	121,600	18,035,592	18,447,192
Accumulated depreciation				
At 1 January 2015	75,909	5,067	308,415	389,391
Charge for the year	-	2,432	7,595	10,027
At 31 December 2015	75,909	7,499	316,010	399,418
Charge for the year	-	9,101	7,595	16,696
Elimination of accumulated depreciation	(75,909)	-	(28,854)	(104,763)
At 31 December 2016	-	16,600	294,751	311,351
Net carrying amount				
At 31 December 2016	290,000	105,000	17,740,841	18,135,841
At 31 December 2015	170,000	114,101	63,741	347,842

During the year, the Group revalued all the investment properties in November 2017 based on valuation carried out by independent professional valuers using the open market value basis.

If these investment properties were measured using the cost model, the net carrying amount would be as follows:

	Freehold land	Freehold building	Leasehold buildings	Total
Group	RM	RM	RM	RM
2016				
Cost	245,909	121,600	5,146,910	5,514,419
Less: Accumulated depreciation	-	(9,931)	(572,158)	(582,089)
	245,909	111,669	4,574,752	4,932,330

	Freehold land	Freehold building	Leasehold buildings	Total
Group	RM	RM	RM	RM
2015				
Cost	245,909	121,600	379,751	747,260
Less: Accumulated depreciation	-	(7,499)	(316,010)	(323,509)
	245,909	114,101	63,741	423,751

7. LAND HELD FOR PROPERTY DEVELOPMENT

	Development expenditure
Group	RM
Cost	
At 1 January 2015	-
Addition	161,403
At 31 December 2015/1 January 2016/31 December 2016	161,403

8. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 2016	2015
	RM	RM
Unquoted shares, at cost		
- In Malaysia	36,025,545	36,025,545
- Outside Malaysia	9,753,435	9,753,435
	45,778,980	45,778,980
Less: Accumulated impairment losses	(11,024,982)	(10,808,054)
Add: Provision of financial guarantees by the Company	329,434	267,665
	35,083,432	35,238,591
Movements on accumulated impairment losses:		
At 1 January	10,808,054	11,182,422
Addition	216,928	-
Reversal	-	(374,368)
At 31 December	11,024,982	10,808,054

Details of the subsidiary companies are as follows:

Name of subsidiary companies	Country of incorporation	Effective equity interest 2016	2015	Principal activities
		%	%	
Metronic Engineering Sdn. Bhd. ("MESB")	Malaysia	100	100	Procurement of contracts in relation to engineering work specialising in the field of intelligent building management system, integrated security management system, and sale of engineering equipment, e-project management of mechanical and electrical services, and supply of engineering system.
Metronic Integrated Sdn. Bhd. ("MISSB")	Malaysia	100	100	Maintenance of intelligent building management system and integrated security management system, dealing in fertiliser and intelligent healthcare instrument.
M One Country Development Sdn. Bhd. ("MOne")	Malaysia	100	100	Property development.
Metronic Gaharu Sdn. Bhd.	Malaysia	100	100	Research, development, production and marketing of building automation and security system products, modules and related parts.
Metronic Microsystem (Beijing) Company Limited*	People's Republic of China	100	100	Dormant.
Metronic Vietnam Company Limited*	Vietnam	100	100	Currently dormant. Intended principal activities are design, production and sales of engineering systems for the information and communication technology industry, specialising in intelligent management security management system.

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

Name of subsidiary companies	Country of incorporation	Effective equity interest 2016	2015	Principal activities
		%	%	
Anhui Lai'An Metronic Water Supply Company Limited*	People's Republic of China	100	100	Currently dormant. Intended principal activities are design, construction, production, operation, maintenance and sale of treated water.
Metronic Engineering Private Limited ("MEPL")*	India	89	89	Design, production and sale of engineering systems for the information and communication technology industry, specialising in intelligent building management system and integrated security management system.
M Two Country Development Sdn. Bhd. *(formerly known as IPanel Malaysia Sdn. Bhd.)* ("MTwo")	Malaysia	100	82.5	Currently dormant. Intended principal activities are research, development, manufacturing, sale and distribution of electric products and intelligent facilities management system.
Ideal Ultimate Sdn. Bhd.	Malaysia	58	58	Currently dormant. Intended activities are development and commercialisation of the Optical Fiber Perimeter Security System.
<u>Subsidiary company of MISSB</u>				
Bonanza Partners Sdn. Bhd.	Malaysia	100	100	Dormant.

* Subsidiary companies not audited by Siew Boon Yeong & Associates and the financial statements of these subsidiary companies were consolidated based on the management accounts as the management is of the view that the financial position, results and cash flows of these subsidiary companies are insignificant.

There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances.

The Group's subsidiary companies which have non-controlling interests are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group.

Impairment loss recognised

Impairment loss was provided for investment in subsidiary companies in which these subsidiary companies had accumulated losses and had deficits in their shareholders' equity. The forecasted financial position, performance and cash flows of these subsidiary companies were not able to generate sufficient recoverable amount to justify the carrying amount of the investment in these subsidiary companies.

9. INVESTMENT IN JOINT VENTURE

	Company	
	2016	2015
	RM	RM
Unquoted shares outside Malaysia, at cost		
At 1 January/31 December	220,850	220,850

Name of company	Country of incorporation	Effective equity interest 2016	2015
		%	%
Metronic Saudi Arabia Limited Liability Company	Kingdom of Saudi Arabia	50	50

This joint venture was set up with the intended principal activities in the design, production and sale of engineering systems for the information, communication and technology industry specialising in intelligent building management system and integrated security managements.

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

	2016	2015
	RM	RM
Assets and liabilities		
Current assets	-	303,850
Current liabilities	-	83,000
Statement of Profit or Loss and Other Comprehensive Income		
Revenue	-	-
Loss after taxation	(597,950)	-

10. OTHER INVESTMENTS

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
At 1 January				
Unquoted shares in Malaysia, at cost	144,897	144,897	144,897	144,897
Less: Accumulated impairment losses	(144,897)	(144,897)	(144,897)	(144,897)
	-	-	-	-
Golf club membership	-	94,000	-	-
Less: Written off	-	(94,000)	-	-
At 31 December	-	-	-	-

Movements on accumulated impairment losses:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
At 1 January/31 December	144,897	144,897	144,897	144,897

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group and Company	
	2016	2015
	RM	RM
Quoted shares in Malaysia, at cost		
At 1 January	8,247,636	10,416,089
Additions	8,200,467	4,512,565
Disposals	(3,720,000)	(6,681,018)
At 31 December	12,728,103	8,247,636
Accumulated impairment losses:		
At 1 January	1,589,215	-
Additions	4,411,211	1,589,215
At 31 December	6,000,426	1,589,215
Net carrying value		
At 31 December	6,727,677	6,658,421
Market value of quoted shares	*6,727,677*	*6,658,421*
Unquoted shares outside Malaysia, at cost		
At 1 January	14,283,842	14,283,842
Disposals	(14,283,842)	-
At 31 December	-	14,283,842
Accumulated impairment losses:		
At 1 January	11,883,842	11,231,417
Additions	-	652,425
Disposals	(11,883,842)	-
At 31 December	-	11,883,842
Net carrying value		
At 31 December	-	2,400,000
Total available-for-sale financial assets	6,727,677	9,058,421

Investment in quoted shares of the Group and of the Company are designated as available-for-sale financial assets and are measured at fair value.

Investment in unquoted shares of the Group and of the Company are designated as available-for-sale financial assets but are stated at cost as their fair values cannot be reliably measured using valuation techniques due to lack of marketability of the shares.

Impairment losses on investment in quoted shares

The Group and the Company assessed the fair value of investment in quoted shares and determined that an impairment loss should be recognised as the fair value is lower than the carrying amount. The fair value of investment in quoted shares is determined based on the fair value of the quoted shares as at the end of the reporting period.

12. DEFERRED TAX ASSETS

	Group	
	2016	2015
	RM	RM
At 1 January 2016	7,257,642	7,462,366
Transfer from statements of profit or loss and other comprehensive income	(4,093,258)	(181,181)
Foreign currency translation differences	-	(12,307)
	3,164,384	7,268,878
Reclassified to assets classified as held for sale *(Note 20)*	(10,755)	(11,236)
At 31 December 2016	3,153,629	7,257,642

Deferred tax assets have been recognised in respect of the following items:

	Group	
	2016	2015
	RM	RM
Excess of accumulated depreciation over corresponding capital allowances	(118,895)	(144,774)
Unutilised capital allowances	87,613	175,496
Unabsorbed business losses	3,184,911	7,226,920
	3,153,629	7,257,642

13. PROPERTY DEVELOPMENT COSTSS

	Freehold land	Development expenditure	Total
Group	RM	RM	RM
Cost			
At 1 January 2015	-	-	-
Additions	9,861,011	927,232	10,788,243
At 31 December 2015	9,861,011	927,232	10,788,243
Additions	-	3,200,683	3,200,683
At 31 December 2016	9,861,011	4,127,915	13,988,926

14. INVENTORIES

	Group 2016 RM	Group 2015 RM
At cost,		
Building automation equipment and parts	2,541,694	3,160,399
Fertiliser	-	1,518,940
At net realisable value,		
Intelligent healthcare instrument	-	320,975
Trading	-	374,229
	2,541,694	5,374,543
Reclassified to assets classified as held for sale *(Note 20)*	(1,455,479)	(1,333,097)
	1,086,215	4,041,446

15. TRADE RECEIVABLES

	Group 2016 RM	Group 2015 RM
Trade receivables	8,741,762	10,999,177
Receivables under progress billings	6,647,232	11,135,762
Retention sums on contracts *(Note 16)*	5,168,104	6,921,046
	20,557,098	29,055,985
Less: Accumulated impairment losses	(5,379,551)	(8,004,011)
	15,177,547	21,051,974
Reclassified to assets classified as held for sale *(Note 20)*	(2,334,220)	(1,629,305)
	12,843,327	19,422,669

The Group's normal trade credit terms granted to trade receivables ranged from 60 to 90 days (2015: 60 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

Movements of the accumulated impairment losses (individually impaired):

	Group 2016 RM	2015 RM
At 1 January	8,004,011	58,889,166
Additions	3,055,239	-
Written off	(383,725)	-
Reversals	(5,365,371)	(50,885,155)
Foreign currency differences	69,397	-
At 31 December	5,379,551	8,004,011

16. AMOUNT OWING BY/(TO) CONTRACT CUSTOMERS

	Group 2016 RM	2015 RM
Contract costs incurred to date	324,094,905	95,048,647
Add: Attributable profits	66,116,064	21,070,741
	390,210,969	116,119,388
Less: Progress billings received and receivable	(387,885,312)	(129,168,890)
	2,325,657	(13,049,502)
Represented by:		
Amount owing by/(to) contract customers	2,325,657	(13,049,502)
Retention sums on contracts, included within trade receivables *(Note 15)*	5,168,104	6,921,046
Contract costs recognised as cost of sales *(Note 30)*	24,165,639	19,714,510

17. OTHER RECEIVABLES AND DEPOSITS

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Other receivables	5,906,638	1,231,524	35,000	1,703
Less: Accumulated impairment losses	(927,598)	(602,489)	-	-
	4,979,040	629,035	35,000	1,703
Deposits	6,686,842	7,303,923	-	-
	11,665,882	7,932,958	35,000	1,703
Reclassified to assets classified as held for sale *(Note 20)*	(22,010)	(602,722)	-	-
	11,643,872	7,330,236	35,000	1,703

Included in deposits of the Group is an amount of RM6,400,000 (2015: RM4,200,000), being deposits to acquire four (4) plots of leasehold lands.

Movements of the accumulated impairment losses (individually impaired):

	Group	
	2016	2015
	RM	RM
At 1 January	602,489	602,489
Additions	570,666	-
Reversals	(290,841)	-
Foreign currency differences	45,284	-
At 31 December	927,598	602,489

18. AMOUNT OWING BY/(TO) SUBSIDIARY COMPANIES

	Company	
	2016	2015
	RM	RM
Amount owing by subsidiary companies		
- non-trade	18,169,115	14,795,006
Less: Accumulated impairment losses	(18,099,328)	(30,936)
	69,787	14,764,070
Amount owing to subsidiary companies		
- non-trade	(7,942,322)	(6,583,987)

The non-trade balances are unsecured, interest-free and repayable on demand.

Movements of the accumulated impairment losses (individually impaired):

	Company 2016 RM	2015 RM
At 1 January	30,936	836,640
Additions	18,068,392	-
Reversals	-	(805,704)
At 31 December	18,099,328	30,936

19. FIXED DEPOSITS WITH LICENSED BANKS

Group

The fixed deposits with licensed banks earn effective interest at rates ranging from 3.10% to 3.60% (2015: 2.81%) per annum.

Included in fixed deposits with licensed banks is an amount of RM2,944,130 (2015: RM4,710,666) being fixed deposits pledged for banking facilities granted to the Group.

20. ASSETS CLASSIFIED AS HELD FOR SALE

The results of MEPL, classified as assets held for sale are as follows:

	Group 2016 RM	2015 RM
Revenue *(Note 29)*	1,935,569	2,641,432
Cost of sales *(Note 30)*	(255,943)	(1,758,844)
Other income	4,555	429,167
Expenses	(1,679,731)	(441,092)
Finance costs *(Note 31)*	(17,900)	(19,429)
(Loss)/profit before taxation from assets held for sale	(13,450)	851,234
Income tax expense	-	(51,297)
(Loss)/profit after taxation from assets held for sale	(13,450)	799,937

Included in assets classified as held for sale in the Consolidated Statement of Financial Position as at 31 December 2016 and 2015 are:

	Group	
	2016	2015
	RM	RM
Property, plant and equipment	7,234	3,053
Deferred tax assets *(Note 12)*	10,755	11,236
Inventories *(Note 14)*	1,455,479	1,333,097
Trade receivables *(Note 15)*	2,334,220	1,629,305
Other receivables *(Note 17)*	22,010	602,722
Short term deposits	333,601	-
Cash and bank balances	409,387	729,484
Assets classified as held for sale	4,572,686	4,308,897
Trade payables *(Note 25)*	283,346	1,310,311
Other payables *(Note 26)*	860,651	789,882
Loans and borrowings	1,138,966	-
Foreign currency translation reserve	94,469	-
Liabilities associated with assets classified as held for sale	2,377,432	2,100,193

21. SHARE CAPITAL

	Group and Company			
	2016	2015	2016	2015
	Number of ordinary shares		RM	RM
Ordinary shares of RM0.10 each:				
Authorised:				
At 1 January/31 December	1,000,000,000	1,000,000,000	100,000,000	100,000,000
Issued and fully paid:				
At 1 January	758,397,503	698,397,503	75,839,750	69,839,750
Issued during the year, at par	-	60,000,000	-	6,000,000
At 31 December	758,397,503	758,397,503	75,839,750	75,839,750

The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual assets.

22. REVALUATION RESERVE

Group

The revaluation reserve represents the cumulative changes arising from the valuation of freehold land, freehold and leasehold buildings which are not distributable.

23. FOREIGN CURRENCY TRANSLATION RESERVE

Group

The foreign currency translation reserve is used to record 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. It is also used to record the exchange difference arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

24. FINANCE LEASE LIABILITIES

Group	Future instalments payable	Undue interest	Principal payable
2016	RM	RM	RM
Shown under current liabilities			
Within 1 year	126,648	(9,381)	117,267
Shown under non-current liabilities			
Between 2 to 5 years	151,121	(5,162)	145,959
	277,769	(14,543)	263,226
2015	RM	RM	RM
Shown under current liabilities			
Within 1 year	126,648	(14,737)	111,911
Shown under non-current liabilities			
Between 2 to 5 years	277,769	(14,543)	263,226
	404,417	(29,280)	375,137

The finance lease liabilities of the Group bear interest at rates ranging from 2.68% to 3.65% (2015: 4.48% to 6.38%) per annum.

25. TRADE PAYABLES

	Group 2016	*Group* 2015
	RM	RM
Trade payables	6,289,656	4,444,347
Reclassified to assets classified as held for sale *(Note 20)*	(283,346)	(1,310,311)
	6,006,310	3,134,036

The normal trade credit terms granted by trade payables to the Group ranged from 30 to 90 days (2015: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

26. OTHER PAYABLES AND ACCRUALS

	Group		*Company*	
	2016	2015	2016	2015
	RM	RM	RM	RM
Other payables	6,497,482	7,030,688	990,478	1,081,156
Accruals	1,821,279	3,046,931	1,436,949	1,284,337
Deposits received	1,393,798	-	-	-
Provision for defect liabilities	4,063,299	5,139,228	-	-
	13,775,858	15,216,847	2,427,427	2,365,493
Reclassified to assets classified as held for sale *(Note 20)*	(860,651)	(789,882)	-	-
	12,915,207	14,426,965	2,427,427	2,365,493

27. AMOUNT OWING TO A DIRECTOR

This is unsecured, interest-free and repayable on demand.

28. SHORT TERM BORROWINGS

	Group		*Company*	
	2016	2015	2016	2015
	RM	RM	RM	RM
Bank overdrafts	2,950,495	678,487	-	-
Bankers' acceptances	1,648,211	936,197	-	-
Margin financing	608,730	-	608,730	-
	5,207,436	1,614,684	608,730	-

The above borrowings are denominated in RM, granted by licensed banks and are secured on the freehold land and buildings, leasehold buildings and fixed deposits with licensed banks of the Group as disclosed in *Notes 5 and 19*.

The above borrowings bear effective interest rates ranging from 2.81% to 8.00% (2015: 2.81% to 8.00%) per annum.

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

29. REVENUE

	Group	
	2016	2015
	RM	RM
Contract work	38,204,381	27,915,121
Maintenance services	8,218,246	7,663,093
Sale of equipment	3,579,265	3,364,756
Sale of fertilisers	-	33,885
	50,001,892	38,976,855
Less: Revenue from assets classified as held for sale *(Note 20)*	(1,935,569)	(2,641,432)
Revenue from continuing operations	48,066,323	36,335,423

30. COST OF SALES

	Group	
	2016	2015
	RM	RM
Contract costs *(Note 16)*	24,165,639	19,714,510
Maintenance services	1,373,185	1,969,196
Cost of equipment sold	611,316	2,455,309
Cost of fertilisers	870,364	29,015
	27,020,504	24,168,030
Less: Cost of sales from assets classified as held for sale *(Note 20)*	(255,943)	(1,758,844)
Cost of sales from continuing operations	26,764,561	22,409,186

31. FINANCE COSTS

	Group 2016 RM	*Group* 2015 RM	*Company* 2016 RM	*Company* 2015 RM
Bank overdraft interest	215,553	344,353	-	-
Bankers' acceptances interest	139,175	122,383	-	-
Finance lease liabilities interest	14,737	46,762	-	-
Other interest expense	24,410	-	-	-
Margin financing interest	137,940	-	137,940	-
	531,815	513,498	137,940	-
Less: Interest expenses for assets classified as held for sale *(Note 20)*	(17,900)	(19,429)	-	-
Finance costs from continuing operations	513,915	494,069	137,940	-

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

32. (LOSS)/PROFIT BEFORE TAXATION

	Group		*Company*	
	2016	2015	2016	2015
	RM	RM	RM	RM
(Loss)/profit before taxation is stated *after charging:*				
Auditors' remuneration				
Statutory audits:				
- current year's	129,743	122,034	45,000	50,000
- over provision in respect of prior year	(22,141)	(20,000)	(5,000)	-
Other services:				
- current year's	8,000	8,000	-	-
- under provision in respect of prior year	-	180	-	-
Bad debts written off	5,441,284	-	8,033	-
Depreciation of property, plant and equipment	719,233	619,284	-	-
Depreciation of investment properties	16,696	10,027	-	-
Loss on foreign exchange				
- realised	554	235,809	-	-
- unrealised	16	58,639	-	-
Loss on disposal of available-for-sale financial assets	990,565	38,677	990,565	38,677
Impairment losses on:				
- amount owing by subsidiary companies	-	-	18,068,392	-
- investment in subsidiary companies	-	-	216,928	-
- trade receivables	3,055,239	-	-	-
- other receivables	570,666	-	-	-
Impairment losses on available-for-sale financial assets in:				
- quoted shares	4,411,211	1,589,215	4,411,211	1,589,215
- unquoted shares	-	652,425	-	652,425
Other investments written off	-	94,000	-	-
Property, plant and equipment written off	23,590	-	-	-
Provision for financial guarantee granted to a subsidiary company	-	-	-	1,554,588
Provision for slow moving inventories	1,497,062	198,250	-	-
Rental expenses	535,892	218,962	12,240	12,000
Staff costs *(Note 34)*	10,155,490	9,405,034	419,685	303,544

	Group		*Company*	
	2016	2015	2016	2015
	RM	RM	RM	RM
and crediting:				
Gain on disposal of property, plant and equipment	-	1,050	-	-
Gain on foreign exchange				
- realised	27,922	-	-	-
Interest income	111,499	248,433	68	73
Reversals of financial guarantee granted to a subsidiary company	-	-	61,769	-
Reversals of impairment losses on:				
- amount owing by subsidiary companies	-	-	-	805,704
- investment in subsidiary companies	-	-	-	374,368
- trade receivables	5,365,371	4,641,021	-	-
- other receivables	290,841	-	-	-
Waiver of debts	-	-	462,568	-

33. INCOME TAX EXPENSE

	Group	
	2016	2015
	RM	RM
Malaysian income tax:		
- current year's provision	19,853	51,829
- under provision in respect of prior year	-	9,411
Deferred tax:		
- relating to origination and reversal of temporary differences	4,104,013	(329,814)
- over provision in respect of prior year	-	510,995
	4,123,866	242,421

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

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. There were no tax for the foreign subsidiary companies in China, India and Vietnam as they were in a tax loss position for the current financial year.

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

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

	Group		*Company*	
	2016	2015	2016	2015
	RM	RM	RM	RM
(Loss)/profit before taxation from continuing operations	(871,301)	3,503,162	(24,169,998)	(3,170,270)
Income tax expense at Malaysian statutory tax rate of 24% (2015: 25%)	(209,112)	875,791	(5,800,800)	(792,568)
• Adjustments for the following tax effects:				
- expenses not deductible for tax purposes	1,102,664	1,214,424	6,049,752	1,023,678
- income not subject to tax	(1,818,923)	(1,508,322)	(248,952)	(231,110)
- deferred tax assets not recognised during the year	4,762,091	-	-	-
- effect in changes of tax rate	287,146	-	-	-
- temporary differences not recognised	-	(859,878)	-	-
	4,332,978	(1,153,776)	5,800,800	792,568
• Under provision of taxation in respect of prior year	-	9,411	-	-
• Over provision of deferred tax assets in respect of prior year	-	510,995	-	-
	4,123,866	242,421	-	-

The amount of temporary differences of which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2016	2015
	RM	RM
Excess of accumulated depreciation over corresponding capital allowances	(3,206)	(5,671)
Unutilised capital allowances	13,808	10,044
Unabsorbed business losses	21,517,465	1,681,650
	21,528,067	1,686,023

34. STAFF COSTS

The staff costs recognised in profit or loss are as follows:

	Group		*Company*	
	2016	2015	2016	2015
	RM	RM	RM	RM
Salaries and wages	7,491,014	7,426,847	223,548	161,613
Defined contribution plan	1,037,212	887,965	32,232	21,204
Other employee benefit expenses	1,627,264	1,090,222	163,905	120,727
	10,155,490	9,405,034	419,685	303,544

Included in staff costs are directors' remuneration who are also the key management personnel of the Group and of the Company:

	Group		*Company*	
	2016	2015	2016	2015
	RM	RM	RM	RM
Directors' remuneration				
- fees	108,290	101,500	108,290	101,500
- other emoluments	136,429	143,400	-	-
	244,719	244,900	108,290	101,500

35. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

The basic (loss)/earnings per ordinary share as at 31 December 2016 is arrived at by dividing the Group's (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares issued and calculated as follows:

	Group 2016	*Group* 2015
(Loss)/profit attributable to owners of the Company (RM)	(4,995,167)	3,260,741
(Loss)/profit from assets held for sale (RM)	(13,450)	799,937
Add/(less): Non-controlling interests share of results (RM)	3,648	(87,993)
	(9,802)	711,944
(Loss)/profit attributable to owners of the Company (RM)	(5,004,969)	3,972,685
Weighted average number of ordinary shares issued as at 31 December	758,397,503	729,630,380
Basic/diluted (loss)/earnings per share (sen)		
- from continuing operations	(0.66)	0.45
- from assets classified as held for sale	* -	0.10
	(0.66)	0.54

* *negligible*

Diluted (loss)/earnings per share

The diluted (loss)/earnings per share is same as per the basic (loss)/earnings per share as there were no potential dilutive ordinary shares outstanding at the end of the reporting period.

36. OPERATING SEGMENTS

For management purpose, the Group segment reporting format is determined to be geographical as the Group's risks and rates of return are affected predominantly by the location of where revenue is generated. The Group's geographical segments are divided into two categories.

(i) Malaysia

The operations in this area are system integration specialising in the field of intelligent building management system and integrated security management system, e-project management of mechanical and electrical services, supply of engineering systems and equipment, and marketing and distribution of intelligent healthcare and fertilisers.

(ii) Overseas

The Group has operations in Vietnam, India, People's Republic of China and United Arab Emirates. The operations in these areas are system integration specialising in the field of intelligent building management system and integrated security management system and supply of engineering systems and equipment.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements. Transfer pricing between operating segments are on arm's length basis in a manner similar to transactions with third parties.

The following table provides an analysis of the Group's revenue, results, assets and liabilities by geographical segment.

Group 2016	*Note*	Malaysia RM	Overseas RM	Elimination RM	Total RM
Revenue					
Continuing operations					
Sales to external customers		48,066,323	-	-	48,066,323
Inter-segment revenue		-	-	-	-
Total revenue		48,066,323	-	-	48,066,323
Assets held for sale					
Sales to external customers		-	1,935,569	-	1,935,569
Inter-segment revenue		-	-	-	-
Total revenue		-	1,935,569	-	1,935,569
Group revenue	*A*				50,001,892
Results					
Segment results	*D*	(25,367,776)	1,693,233	23,317,157	(357,386)
Finance costs		(513,915)	(17,900)	17,900	(513,915)
(Loss)/profit before taxation					
- Continuing operations		(25,881,691)	1,675,333	23,335,057	(871,301)
- Assets classified as held for sale		-	(13,450)	-	(13,450)
Income tax expense		(4,123,866)	-	-	(4,123,866)
(Loss)/profit after taxation		(30,005,557)	1,661,883	23,335,057	(5,008,617)
Assets					
Segment assets	*B*	118,539,971	22,879,963	(46,260,192)	95,159,742
Liabilities					
Segment liabilities	*C*	57,497,894	8,992,922	(33,656,975)	32,833,841
Other segment information					
Capital expenditure		289,428	-	-	289,428
Depreciation of property, plant and equipment		488,488	236,579	(5,834)	719,233
Depreciation of investment properties		16,696	-	-	16,696
Provision for slow moving inventories		1,497,062	-	-	1,497,062

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

Company No. 632068-V

Group 2015	*Note*	Malaysia RM	Overseas RM	Elimination RM	Total RM
Revenue					
Continuing operations					
Sales to external customers		36,335,423	-	-	36,335,423
Inter-segment revenue		-	-	-	-
Total revenue		36,335,423	-	-	36,335,423
Assets held for sale					
Sales to external customers		-	2,641,432	-	2,641,432
Inter-segment revenue		-	-	-	-
Total revenue		-	2,641,432	-	2,641,432
Group revenue	*A*				38,976,855
Results					
Segment results	*D*	3,693,620	1,869,194	(1,565,583)	3,997,231
Finance costs		(357,961)	(19,429)	(116,679)	(494,069)
Profit/(loss) before taxation					
- Continuing operations		3,335,659	1,849,765	(1,682,262)	3,503,162
- Assets classified as held for sale		-	799,937	-	799,937
Income tax expense		(242,421)	-	-	(242,421)
Profit/(loss) after taxation		3,093,238	2,649,702	(1,682,262)	4,060,678
Assets					
Segment assets	*B*	142,547,228	18,135,591	(68,735,751)	91,947,068
Liabilities					
Segment liabilities	*C*	54,378,334	10,429,889	(30,107,706)	34,700,517
Other segment information					
Capital expenditure		916,336	-	-	916,336
Depreciation of property, plant and equipment		619,284	-	-	619,284
Depreciation of investment properties		10,027	-	-	10,027
Provision for slow moving inventories		198,250	-	-	198,250

The Group comprises three main business segments:

(i) Engineering - system integration specialising in the field of intelligent building management system and integrated security management system, e-project management of mechanical and electrical services, supply of engineering systems and equipment.

(ii) Marketing and distribution of intelligent healthcare and fertilisers.

(iii) Investment holding.

The following table provides an analysis of the Group's revenue, results, assets and liabilities by business segment.

Group 2016	*Note*	Engineering RM	Marketing and distribution RM	Investment holding RM	Elimination RM	Total RM
Revenue						
Continuing operations						
Sales to external customers		48,503,911	(437,588)	-	-	48,066,323
Inter-segment revenue		-	-	-	-	-
Total revenue		48,503,911	(437,588)	-	-	48,066,323
Assets held for sale						
Sales to external customers		1,935,569	-	-	-	1,935,569
Inter-segment revenue		-	-	-	-	-
Total revenue		1,935,569	-	-	-	1,935,569
Group revenue	*A*					50,001,892
Results						
Segment results	*D*	1,350,895	(3,030,705)	(21,994,733)	23,317,157	(357,386)
Finance costs		(393,875)	-	(137,940)	17,900	(513,915)
Profit/(loss) before taxation						
- Continuing operations		957,020	(3,030,705)	(22,132,673)	23,335,057	(871,301)
- Assets classified as held for sale		(13,450)	-	-	-	(13,450)
Income tax expense		(4,044,853)	(79,013)	-	-	(4,123,866)
Loss after taxation		(3,101,283)	(3,109,718)	(22,132,673)	23,335,057	(5,008,617)
Assets						
Segment assets	*B*	59,957,234	253,948	81,208,752	(46,260,192)	95,159,742
Liabilities						
Segment liabilities	*C*	19,390,465	3,443,091	43,657,260	(33,656,975)	32,833,841
Other segment information						
Capital expenditure		286,428	3,000	-	-	289,428
Depreciation of property, plant and equipment		660,278	64,789	-	(5,834)	719,233
Depreciation of investment properties		16,696	-	-	-	16,696
Provision for slow moving inventories		198,250	-	-	-	198,250

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

Group 2015	*Note*	Engineering RM	Marketing and distribution RM	Investment holding RM	Elimination RM	Total RM
Revenue						
Continuing operations						
Sales to external customers		36,301,538	33,885	-	-	36,335,423
Inter-segment revenue		-	-	-	-	-
Total revenue		36,301,538	33,885	-	-	36,335,423
Assets held for sale						
Sales to external customers		2,641,432	-	-	-	2,641,432
Inter-segment revenue		-	-	-	-	-
Total revenue		2,641,432	-	-	-	2,641,432
Group revenue	*A*					38,976,855
Results						
Segment results	*D*	9,911,049	(1,177,965)	(3,170,270)	(1,565,583)	3,997,231
Finance costs		(377,390)	-	-	(116,679)	(494,069)
Profit/(loss) before taxation						
- Continuing operations		9,533,659	(1,177,965)	(3,170,270)	(1,682,262)	3,503,162
- Assets classified as held for sale		799,937	-	-	-	799,937
Income tax expense		6,035	(248,456)	-	-	(242,421)
Profit/(loss) after taxation		10,339,631	(1,426,421)	(3,170,270)	(1,682,262)	4,060,678
Assets						
Segment assets	*B*	68,116,446	33,125,289	59,441,084	(68,735,751)	91,947,068
Liabilities						
Segment liabilities	*C*	27,435,053	28,423,690	8,949,480	(30,107,706)	34,700,517
Other segment information						
Capital expenditure		659,036	257,300	-	-	916,336
Depreciation of property, plant and equipment		397,397	222,427	-	-	619,824
Depreciation of investment properties		10,027	-	-	-	10,027
Provision for slow moving inventories		198,250	-	-	-	198,250

The Group's revenue is derived from numerous customers and there is no one major customer that contributes significantly to the revenue during the current financial year.

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements are as follows:

A Inter-segment revenues are eliminated on consolidation.

B Inter-segment assets are eliminated on consolidation.

C Inter-segment liabilities are eliminated on consolidation.

D The adjustments relate to classification of assets classified as held for sale.

37. RELATED PARTY DISCLOSURES

(a) Identities of related parties

(i) The Group has controlling related party relationships with its subsidiary companies;

(ii) The directors of the Company who are the key management personnel; and

(iii) A company where one of the directors is connected to a director of the Company.

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company carried out the following transactions with the related parties during the financial year:

	Group		*Company*	
	2016 RM	2015 RM	2016 RM	2015 RM
Salaries paid to a person connected to a director of the Company	240,000	240,000	-	-
Purchase of property, plant and equipment from a company in which one of the directors is connected to a director of the Company	-	320,300	-	-
Purchases returned to a company in which one of the directors is connected to a director of the Company	870,364	-	-	-
Rental of premises paid to a subsidiary company	-	-	12,000	12,000
Rental of storage paid to a company in which one of the directors is connected to a director of the Company	360,000	-	-	-
Sale of paintings to a company in in which one of the directors is connected to a director of the Company	142,591	-	-	-
Transport charges paid to a company in which one of the directors is connected to a director of the Company	38,576	-	-	-

Key management compensation

	Group		*Company*	
	2016	2015	2016	2015
	RM	RM	RM	RM
Key management personnel compensation:				
Short term employee benefits	244,719	244,900	108,290	101,500

38. FINANCIAL INSTRUMENTS

The Group's and the Company's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk, liquidity and cash flow risks. The Group's and the Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

a. Financial Risk Management Policies

The Group's and the Company's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's and of the Company's businesses whilst managing their market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity and cash flow risks. The Group's and the Company's policies in respect of the major areas of treasury activity are as follows:-

(i) Market Risk

(a) Foreign Currency Risk

The Group and the Company are exposed to foreign currency risk on transactions and balances that are denominated in currencies other than RM. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The net unhedged financial assets/(liabilities) of the Group and of the Company not denominated in RM were as follows:-

Group 2016	Arab Emirates Dirham (AED) RM	Chinese Yuan Renmimbi (RMB) RM	Vietnamese Dong (VND) RM	Total RM
Financial Assets				
Trade receivables	-	-	71,583	71,583
Other receivables and deposits	89,161	323,145	4,119	416,425
Cash and bank balances	-	2,268	-	2,268
	89,161	325,413	75,702	490,276
Financial Liabilities				
Trade payables	269,845	-	4,205	274,050
Other payables and accruals	-	666,066	49,295	715,361
Short term borrowings	-	-	39,687	39,687
	269,845	666,066	93,187	1,029,098
Net currency exposure	(180,684)	(340,653)	(17,485)	(538,822)

Group 2015	Chinese Yuan Renmimbi (RMB) RM	Saudi Arabian Riyal (SAR) RM	Vietnamese Dong (VND) RM	Total RM
Financial Assets				
Trade receivables	-	-	59,737	59,737
Other receivables and deposits	282,178	620,900	-	903,078
Cash and bank balances	27,005	-	5,313	32,318
	309,183	620,900	65,050	995,133
Financial Liabilities				
Trade payables	-	-	19,065	19,065
Other payables and accruals	3,744,887	-	519	3,745,406
Short term borrowings	-	-	36,164	36,164
	3,744,887	-	55,748	3,800,635
Net currency exposure	(3,435,704)	620,900	9,302	(2,805,502)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:-

	2016 RM Increase/ (Decrease)	2015 RM Increase/ (Decrease)
Effects on profit after tax/equity		
Strengthened by 10%		
- AED	(13,732)	-
- RMB	(481,890)	(257,678)
- SAR	-	46,568
- VND	(1,329)	698
Weakened by 10%		
- AED	13,732	-
- RMB	481,890	257,678
- SAR	-	(46,568)
- VND	1,329	(698)

(b) *Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposures to interest rate risk arise mainly from interest bearing borrowings. The Group's and the Company's policies are to obtain the most favourable interest rates available. Any surplus funds of the Group and of the Company will be placed with licensed financial institutions to generate interest income.

Fair Value Sensitivity Analysis For Fixed Rate Instrument

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the end of the reporting period would not affect profit or loss.

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis on the floating rate instruments to a reasonably possible change in the interest rate as at the end of the reporting period, with all other variables held constant:

	Group	
	2016 RM Increase/ (Decrease)	2015 RM Increase/ (Decrease)
Effects on profit after tax/equity		
Increase of 100 basis points (bp)	(29,441)	(47,107)
Decrease of 100 bp	29,441	47,107

(c) *Equity Price Risk*

The Group and the Company are exposed to equity price risk arising from their investment in quoted shares. The quoted shares in Malaysia are listed on Bursa Securities. These instruments are classified as available-for-sale financial assets. The Group and the Company do not have exposures to commodity price risk.

Equity Price Risk Sensitivity Analysis

A 10% increase in the market price of the quoted shares as at the end of the reporting period would have increased equity by RM672,768 (2015: RM665,842). A 10% decrease in market price would have had equal but opposite effect on equity.

(ii) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's and the Company's exposures to credit risk arise mainly from trade and other receivables. The maximum exposure to credit risk is represented by the carrying amount of these financial assets in the statements of financial position reduced by the effects of any netting arrangements with counterparties. The Group and the Company manage their exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. The Company only provides advances to subsidiary companies. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties and financial institutions.

The Group and the Company establish an allowance for impairment that represents their estimate of incurred losses in respect of the trade and other receivables as appropriate. The main component of this allowance is a specific loss component that relates to individually significant exposures. Impairment is estimated by management based on prior experience and the current economic environment.

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

Credit Risk Concentration Profile

The Group has no significant concentration of credit risk that may arise from exposure to a single receivable or to groups of receivables.

Exposure to Credit Risk

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets at the reporting date.

Ageing Analysis

The ageing analysis of the Group's trade receivables at the reporting date is as follows:-

	Group	
	2016	2015
	RM	RM
Not past due	1,178,772	2,269,524
Past due but not impaired:		
- less than 3 months	2,050,725	2,116,671
- 3 to 6 months	3,331,688	1,687,016
- more than 6 months	3,448,258	8,057,717
	8,830,671	11,861,404
Retention sums	5,168,104	6,921,046
Impaired	5,379,551	8,004,011
	20,557,098	29,055,985

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due of more than 6 months, which are deemed to have higher credit risk, are monitored individually.

Trade receivables that are neither past due nor impaired are regular customers of the Group.

Trade receivables that are past due but not impaired are unsecured in nature. They are creditworthy receivables.

Trade receivables that were individually impaired were those in financial difficulties and have defaulted in payments.

(iii) Liquidity and Cash Flow Risks

Liquidity and cash flow risks is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group's and the Company's exposures to liquidity and cash flow risks arise mainly from general funding and business activities. The Group and the Company practise risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following tables set out the maturity profile of the financial liabilities as 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):

Group 2016	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 2 Years RM	2 - 5 Years RM
Trade payables	-	6,006,310	6,006,310	6,006,310	-	-
Other payables and accruals	-	12,915,207	12,915,207	12,915,207	-	-
Amount owing to a director	-	6,064,230	6,064,230	6,064,230	-	-
Finance lease liabilities	2.68 - 3.65	263,226	277,769	126,648	116,545	34,576
Short term borrowings	2.81 - 8.00	5,207,436	5,207,436	5,207,436	-	-
		30,456,409	30,470,952	30,319,831	116,545	34,576

Group 2015	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 2 Years RM	2 - 5 Years RM
Trade payables	-	3,134,036	3,134,036	3,134,036	-	-
Other payables and accruals	-	14,426,965	14,426,965	14,426,965	-	-
Finance lease liabilities	4.48 - 6.38	375,137	404,417	126,648	126,648	151,121
Short term borrowings	2.81 - 8.00	1,614,684	1,614,684	1,614,684	-	-
		19,550,822	19,580,102	19,302,333	126,648	151,121

Company	Weighted Average Effective Rate	Carrying Amount	Contractual Undiscounted Cash Flows	Within 1 Year
2016	%	RM	RM	RM
Other payables and accruals	-	7,291,657	7,291,657	7,291,657
Amount owing to subsidiary companies	-	7,942,322	7,942,322	7,942,322
Amount owing to a directors	-	4,864,230	4,864,230	4,864,230
Short term borrowings	2.81 - 8.00	608,730	608,730	608,730
		20,706,939	20,706,939	20,706,939
2015				
Other payables and accruals	-	2,365,493	2,365,493	2,365,493
Amount owing to subsidiary companies	-	6,583,987	6,583,987	6,583,987
		8,949,480	8,949,480	8,949,480

(b) Capital Risk Management

The Group and the Company manage their capital to ensure that the Group and the Company will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Company may make adjustments to the capital structure in view of changes in economic conditions, such as issuing new shares.

The Group and the Company manage their capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt for the Group is calculated as finance lease liabilities, trade and other payables, accruals, amount owing to a director and short term borrowings less fixed deposits with licenced banks and cash and bank balances. Net debt for the Company is calculated as other payables and accruals plus amount owing to subsidiary companies and short term borrowings less fixed deposits with licenced banks and cash and cash equivalents.

The debt-to-equity ratios of the Group and of the Company as at the end of the financial year were as follows:

	Group 2016 RM	*Group* 2015 RM	*Company* 2016 RM	*Company* 2015 RM
Trade payables	6,006,310	3,134,036	-	-
Other payables and accruals	12,915,207	14,426,965	7,291,657	2,365,493
Amount owing to subsidiary companies	-	-	7,942,322	6,583,987
Amount owing to a director	6,064,230	-	4,864,230	-
Finance lease liabilities	263,226	375,137	-	-
Short term borrowings	5,207,436	1,614,684	608,730	-
	30,456,409	19,550,822	20,706,939	8,949,480
Less: Fixed deposits with licensed banks	(2,944,130)	(4,710,666)	-	-
Cash and bank balances	(797,436)	(509,199)	(5,407)	(135,190)
Net debt	26,714,843	14,330,957	20,701,532	8,814,290
Total equity	62,325,901	57,246,551	26,321,606	50,491,604
Debt-to-equity ratio	0.43	0.25	0.79	0.17

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

(c) Classification of Financial Instruments

	Group 2016 RM	*Group* 2015 RM	*Company* 2016 RM	*Company* 2015 RM
Financial Assets				
Available-for-sale financial assets	6,727,677	9,058,421	6,727,677	9,058,421
Loans And Receivables				
Trade receivables	12,843,327	19,422,669	-	-
Other receivables and deposits	11,643,872	7,330,236	35,000	1,703
Amount owing by subsidiary companies	-	-	69,787	14,764,070
Fixed deposits with licensed banks	2,944,130	4,710,666	-	-
Cash and bank balances	797,436	509,199	5,407	135,190
	28,228,765	31,972,770	110,194	14,900,963
Financial Liabilities				
Other Financial Liabilities				
Trade payables	6,006,310	3,134,036	-	-
Other payables and accruals	12,915,207	14,426,965	7,291,657	2,365,493
Amount owing to subsidiary companies	-	-	7,942,322	6,583,987
Amount owing to a director	6,064,230	-	4,864,230	-
Finance lease liabilities	263,226	375,137	-	-
Short term borrowings	5,207,436	1,614,684	608,730	-
	30,456,409	19,550,822	20,706,939	8,949,480

(d) Fair Values of Financial Instruments

The carrying amounts of the financial assets and financial liabilities of the Group and of the Company reported in the financial statements approximated their fair values due to the short term nature, except for:

(i) Quoted shares in available-for-sale financial assets

Quoted shares in available-for-sale financial assets are carried at fair value by reference to their quoted closing prices at the end of the reporting period.

(ii) Unquoted shares in available-for-sale financial assets

It was not practicable to estimate the fair value of investment in unquoted shares due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

(iii) Non-current portion of finance lease liabilities

	Group Carrying amount RM	Fair value RM
2016		
Financial liabilities		
Finance lease liabilities (non-current portion)	145,959	133,334
2015		
Financial liabilities		
Finance lease liabilities (non-current portion)	263,226	250,927

The fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at market rate of interest at the end of the financial year.

Fair value estimates are made at a specific point in time and based on relevant market information and information about the financial instruments. These estimates are subjective in nature, involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(e) Fair Value Hierarchy

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

(i) Level 1: fair value is derived from quoted prices (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

(ii) Level 2: fair value is estimated using inputs other than unquoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

(iii) Level 3: fair value is estimated using unobservable inputs for the financial assets and liabilities.

	Group and Company 2016 RM	2015 RM
Level 1		
Quoted shares	6,727,677	6,658,421

The Group and the Company do not have any financial liabilities carried at fair value nor any financial instruments classified as Level 2 and Level 3 as at 31 December 2016.

39. CONTINGENT LIABILITIES

(a) Corporate Guarantees

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
(i) Secured:				
Performance and financial guarantees issued by the licensed banks to third parties	6,209,206	5,826,325	-	-
(ii) Unsecured:				
Corporate guarantees given to licensed banks for credit facilities granted to subsidiary companies	-	-	50,500,000	50,500,000
Corporate guarantees given to performance for project granted to subsidiary companies	-	-	43,042,826	43,042,826

The above bank guarantees and letters of credit are secured on the freehold land and buildings, leasehold buildings and fixed deposits with licensed banks of the Group.

(b) During the year, the Group was sued by a third party fertiliser company ("Plaintiff") for infringement of rights for the used of the brand name where the Plaintiff had claimed for damages of RM2,119,330 against the Group. The directors have assessed the on-going suit and have provided RM300,000 as potential loss.

40. CAPITAL COMMITMENTS

	Group	
	2016	2015
	RM	RM
Approved and contracted but not provided for		
- leasehold land	1,400,000	-

41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

a. On 21 January 2016, the Company announced that the Company had disposed off 250 ordinary shares representing 17.65% of the entire issued capital of Unilink Development Limited for a cash consideration of USD551,724 equivalent to RM2,400,000 to Toch Pte Ltd.

b. On 3 June 2016, the Company announced that the Group proposed to undertake the following proposals:-

   (i) Proposed establishment and implementation of an employees' share option scheme ("ESOS") for the eligible employees and directors of the Group (excluding dormant subsidiary companies, if any) ("Proposed ESOS"); and

   (ii) Proposed variation of terms of the sale and purchase agreement entered into between Chai Fook Yoon and Tan Bee Leng (collectively, the "Vendors") and MOne, a wholly owned subsidiary company of the Company on 30 December 2014 (as supplemented on 30 April 2015), for the proposed acquisition of two parcels of land in Kuala Krai, Kelantan ("Proposed Variation").

   Collectively the above referred to as Proposals.

   On the same date, the Company announced that a consortium comprising 3 parties namely, MESB, which is a wholly owned subsidiary company of the Company, Halimuza Corporation Sdn Bhd and Polymeur Sun Singapore Pte Ltd which is the technical partner for the project, was set up to replace the joint venture company for submission of tender to the Energy Commission for a solar photovoltaic plant for commercial operation in 2017 and 2018. The consortium which does not have any shareholding structure was set up to put the Group in a better position to secure the project from the Energy Commission.

   On 3 August 2016, the Company announced that the listing application for the Proposed ESOS and the draft circular in relation to the Proposals have been submitted to Bursa Securities.

   On 1 November 2016, the Company announced that Bursa Securities had approved the listing of and quotation for such number of additional Company's shares representing 15% of the Company's issued and paid-up ordinary share capital (excluding treasury shares) at any point in time, from time to time, during the duration of the Proposed ESOS to be issued pursuant to the exercise of ESOS options issued pursuant to the Proposed ESOS.

c. On 12 March 2016, the Company announced that as at 12 March 2016, the aggregate value of securities purchased by the Group from 13 March 2015 to 12 March 2016 amounted to RM2,340,452.71 which represents 5.11% of the Group's audited net assets based on the financial years ended 31 December 2013 and 31 December 2014.

d. On 4 July 2016, the Company announced that further to the announcement dated 29 August 2014, the Board of Directors wishes to inform that the Share Sale Agreement ("SSA") between the Company and its wholly owned subsidiary company, MESB, and Metronic Integrated System Private Limited for the disposal of 70% interest in MEPL for a total consideration of Rs9,840,000 or RM526,203 has been mutually terminated in view of non-fulfilment of terms and conditions as stipulated in the SSA.

e. On 22 July 2016, the Company announced that the Company had acquired the remaining 25% equity interest in IPanel Malaysia Sdn Bhd ("IPANEL") by way of acquisition of 250,000 ordinary shares of RM1.00 each for a total nominal cash consideration of RM1.00 from IPanel Pte Ltd. Following the acquisition, IPANEL has become a wholly-owned subsidiary company of the Company.

   On 4 August 2016, the Company announced that its wholly owned subsidiary company has changed its name from IPANEL to MTwo with effect from 3 August 2016. The Certificate of Incorporation on Change of Name issued by the Companies Commission of Malaysia dated 3 August 2016 was received by the Company on 4 August 2016.

f. On 18 August 2016, the Company announced that its wholly owned subsidiary company, MESB has received a Letter of Acceptance dated 15 August 2016 from Samsung C&T (KL) Sdn. Bhd. notifying that MESB's offer of executing and completing ELV for the construction and completion of basement carparks, convention centre, podium, office tower and associated works for the mixed commercial development on Lot 91 Kuala Lumpur City Center is accepted subject to the terms and conditions stipulated in the subcontract.

g. On 9 September 2016, the Company announced that MTwo, a wholly-owned subsidiary company of the Company had on 9 September 2016 entered into a Joint Development Agreement with Y&S Mutiara Construction Sdn Bhd ("Y&S") to undertake the project known as "Cadangan pembangunan perumahan rakyat 1Malaysia (PRIMA) di atas tanah kerajaan seluas 88.0 ekar di Cherating, Mukim Sungai Karang, Daerah Kuantan, Pahang" by the Perbadanan Setiausaha Kerajaan Pahang. Y&S intends to collaborate through a joint venture with MTwo to carry out the development.

h. On 14 October 2016, the Company announced that the Company has vide Kuala Lumpur High Court suit WA – 22NCC – 345 – 10/2016 commenced legal action against Dato' Sri Dr. Pang Chow Huat, Kua Khai Shyuan, Wong Kok Seong, Pang Siaw Sian, Thu Soon Shien, Tan Chor How @ Christopher and MNC Wireless Berhad ("MNC") ("Defendants"). The Company filed an Ex-Parte Injunction Application dated 7 October 2016 against the Defendants for an injunction to restrain the Defendants from taking any steps to implement the proposed rights issue, establishment of an ESOS, increase in the authorised share capital of MNC and the amendments to the memorandum of association of MNC and to restraint the first defendant which is Dato' Sri Dr. Pang Chow Huat and/or his nominees and/or his associates from subscribing to the rights issue and ESOS.

   The hearing of the Injunction Application was fixed on 11 October 2016 and dismissed by the High Court on 12 October 2016. The Company will be applying for further interlocutory reliefs.

   On 17 February 2017, the Company announced that the Suit was struck off by the learned High Court Judge on 14 February 2017. The Company will seek legal opinion whether to appeal against the decision.

i. On 24 October 2016, the Company announced that the Company and one other shareholder of MNC had on 21 October 2016 given Special Notice to MNC of the Company's intention to move resolutions and convene an EGM of MNC to remove certain directors namely Kua Khai Shyuan, Wong Kok Seong, Pang Siaw Sian, Thu Soon Shien and Tan Chor How @ Christopher and to appoint the following persons as directors namely Nga Koo Koy, Eric Boon Chuan Kit, Ng Wee Peng, Tan Kian Hong and Raja Aida Jasmin Binti Raja Shahrome.

On 7 November 2016, the Company announced that the Company has revoke the Special Notice and the calling for an EGM of MNC for removal of directors pursuant to Section 145 of the Companies Act, 1965 and calling off of the EGM.

On 8 November 2016, the Company announced that in light of the recent rights issue with free warrants exercise carried out by MNC, of which the said rights and warrants are due to be listed on 11 November 2016, the board of directors had taken the commercial decision to re-consider the Company's intention previously to call for an Extraordinary General Meeting ("EGM") for purposes of removal of directors, in order to allow the Board of MNC to carry out its business expansion plans pursuant to the rights issue as announced by MNC. The board of directors may re-consider similar proposals in the future in the event that the Company considers expedient or necessary to do so accordingly.

j. On 10 November 2016, the Company announced that as at 7 November 2016, the aggregate value of NETX's shares disposed by the Company during the period from 5 April 2016 to 7 November 2016 amounted to RM2,079,733 ("Disposal") which represents 3.63% of Company's audited net assets as at 31 December 2015. The total number of NETX's shares disposed was 70,000,000 shares. The expected realised loss from the Disposal is RM2,420,267. The intended application of the net proceeds arising from the Disposal is solely for the working capital and the time frame for full utilisation of proceeds is within twelve months.

42. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

a. The Companies Act 2016 came into effect on 31 January 2017 (except for Section 241 and Division 8 of Part III of the said Act) and replaces the existing Companies Act, 1965.

   Amongst the key changes introduced under the Companies Act 2016 that will affect the financial statements of the Group and of the Company upon its initial adoption are:-

   i. Removal of the authorised share capital;
   ii. Ordinary shares will cease to have par or nominal value; and
   iii. Share premium account and capital redemption reserve will become part of the share capital.

   The adoption of the Companies Act 2016 is to be applied prospectively. Therefore, the changes in the accounting policies and the possible impacts on the financial statements upon its initial adoption will be disclosed in the financial statements of the Group and of the Company for the financial year ending 31 December 2017.

b. On 12 January 2017, the Company announced that the aggregate value of securities disposed by the Company from 1 April 2016 to 10 January 2017 amounted to RM3,200,444 which represents 5.60% of the Group's audited net assets as at 31 December 2015.

c. On 22 February 2017, the Company announced that the Company had entered into Memorandum of Understanding with World Housing Mering (M) Sdn Bhd to approach the future business in solar photovoltaic plant.

d. On 10 March 2017, the Company announced the proposal to undertake a private placement of new ordinary shares in the Company of up to ten percent (10%) of the total number of issued shares of the Company (excluding treasury shares) to third party investor(s) to be identified later and at issue price to be determined later.

   On 17 March 2017, the Company announced that Bursa Securities had approved the listing and quotation of up to 75,839,750 new ordinary shares of the Company to be issued pursuant to the Proposed Private Placement.

e. On 13 March 2017, the Company announced that the final copy of the By-Laws of the ESOS has been submitted to Bursa Securities on 13 March 2017. Accordingly, the effective date of implementation of the ESOS shall be on 13 March 2017.

f. On 22 March 2017, the Company announced that its wholly owned subsidiary company, MOne and Northern Paradise Sdn Bhd ("NPSB") have mutually agreed to terminate the joint venture through the execution of an Agreement to Terminate Joint Venture Agreement dated on 17 March 2017.

g. On 27 March 2017, the Company announced that MOne had on 20 March 2017 entered into four (4) sale and purchase agreements ("SPA") with NPSB for the proposed acquisition of four (4) plots of leasehold lands (Pajakan 99 tahun) held under the following titles:-

   (i) H.S.(M) 555 No. PT 37962 Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan measuring approximately 520.24 square metres in area;

   (ii) H.S.(M) 556 No. PT 37963 Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan measuring approximately 520.24 square metres in area;

   (iii) H.S.(M) 557 No. PT 37964 Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan measuring approximately 627.5395 square metres in area; and

   (iv) H.S.(M) 558 No. PT 37965 Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan measuring approximately 594.7458 square metres in area;

   for an aggregate cash consideration of RM7,800,000.

43. COMPARATIVE FIGURES

The financial statements of the Group and of the Company for the financial year ended 31 December 2015 were audited by another firm of Chartered Accountants. Certain comparative figures have been reclassified in order to conform with the current year's presentation as follows:

	Group		*Company*	
	As restated 2015 RM	As previously reported 2015 RM	As restated 2015 RM	As previously reported 2015 RM
Statements of financial position (extract):				
Current assets				
Other receivables and deposits	-	-	1,703	-
Other receivables	-	-	-	14,765,773
Amount owing by subsidiary companies	-	-	14,764,070	-
Current liabilities				
Trade payables	3,134,036	16,183,538	-	-
Amount owing to contract customers	13,049,502	-	-	-
Other payables and accruals	-	-	2,365,493	-
Other payables	-	-	-	8,949,480
Amount owing to subsidiary companies	-	-	6,583,987	-
Finance lease liabilities	111,911	-	-	-
Short term borrowings	1,614,684	-	-	-
Loans and borrowings	-	1,726,595	-	-
Statements of profit or loss and other comprehensive income (extract):				
Administrative expenses	-	-	(704,729)	(504,545)
Other operating expenses	-	-	(3,620,718)	(3,820,902)
Statements of cash flows (extract):				
Cash flows from operating activities	(3,964,030)	(4,166,355)	(8,045,124)	(8,045,051)
Cash flows from investing activities	1,544,873	1,233,700	2,129,849	2,129,776
Cash flows from financing activities	3,359,453	3,872,951	-	-

44. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 14 April 2017 by the Board of Directors.

SUPPLEMENTARY INFORMATION ON THE DISCLOSURES OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the accumulated losses of the Group and of the Company at the end of the reporting period into realised and unrealised losses is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		*Company*	
	2016 RM	2015 RM	2016 RM	2015 RM
Total accumulated losses of the Group and of the Company				
- Realised	(22,806,742)	(26,042,214)	(49,518,144)	(25,348,146)
- Unrealised	3,719,708	2,118,126	-	-
	(19,087,034)	(23,924,088)	(49,518,144)	(25,348,146)
Less: Consolidation adjustments	(17,982,484)	(8,140,461)	-	-
Accumulated losses of the Group and of the Company	(37,069,518)	(32,064,549)	(49,518,144)	(25,348,146)

LIST OF PROPERTIES
AS AT 31 DECEMBER 2016

Location	Description Existing use	Land area sq. ft	Built - up area sq. ft	Date of certificate of fitness	Approximate age of building / Tenure	Net book value as at 31.12.2016 RM'000	Last date of revaluation or if none, date of acquisition
Metronic Engineering Sdn Bhd No. 2 Jalan Astaka U8/83 Bukit Jelutong Seksyen U8 40150 Shah Alam Selangor Darul Ehsan	3-storey semi-detached office cum factory	23,838	25,112	Friday, 17 November, 2000	16 years / Freehold	8,753	Friday, 5 October, 2012
No. 4 Jalan Astaka U8/83 Bukit Jelutong Seksyen U8 40150 Shah Alam Selangor Darul Ehsan	3-storey semi-detached office cum factory	16,948	18,621	Friday, 17 November, 2000	16 years / Freehold	6,419	Friday, 5 October, 2012
Lot 1888 College Heights Garden Resort Nilai Seremban	Vacant residential land	12,340	N/A	N/A	N/A / Freehold	290	Friday, 28 August, 1998
Unit no. 3F-47 3rd Floor Lot 1 JB Water Front City Jalan Tun Sri Lanang 80000 Johor Bahru Johor	Shop lot for investment purposes	N/A	475	Friday, 23 February, 2001	16 years / Leasehold for 99 years expiring on 4 December 2095	85	Saturday, 20 February, 1993
No: 19 Jalan Kemboja 4C/12 Section BS8, Bukit Sentosa III 48300 Rawang Selangor	single storey terrace house	2,131.25 (198 square metres)	2,691	N / A	Freehold Geran 80986, Lot 12604 Mukim Serendah Daerah Ulu Selangor Negeri Selangor	105	Thursday, 20 September, 2012
Metronic Microsystem (Beijing) Company Limited PRC No 18 Level 8 Top Fine International Centre Dong San Huan Middle Road Chao Yang District Beijing PRC	Office	N / A	7,540 (700.53 square metres)	Friday, 28 November, 2003	15 years / Leasehold for 50 years expiring on 5 February 2052	17,656	Tuesday, 29 November, 2016

ANALYSIS OF SHAREHOLDINGS
AS AT 5 APRIL 2017

SHARE CAPITAL

Issued and Fully Paid-up Capital	:	RM75,839,750.30 divided into 758,397,503
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

SHAREHOLDING DISTRIBUTION SCHEDULE

No. of Shareholders	Size of Shareholdings	No. of Shares Held	% of Shares
661	Less than 100	33,242	*
234	100 to 1,000	101,745	0.01
953	1,001 to 10,000	6,742,364	0.89
2,358	10,001 to 100,000	109,191,749	14.40
868	100,001 to less than 5% of issued shares	545,162,103	71.88
2	5% and above of the issued shares	97,166,300	12.81
5,076	**TOTAL**	**758,397,503**	**100.00**

** Less than 0.01%*

LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

	Name of Shareholders	No. of Shares Held	Percentage (%)
1.	Kenanga Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Teoh Teik Soon*	58,566,000	7.72
2.	Alliancegroup Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Tan Lian Hong (8092237)*	38,600,300	5.09
3.	Tan Lay Yong	26,082,500	3.44
4.	Chew Hun Seng	18,000,000	2.37
5.	Maybank Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Tan Lian Hong*	15,000,075	1.98
6.	Maybank Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Tan Kian Hong*	12,592,100	1.66
7.	Alliancegroup Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Tan Hong Hong*	12,531,200	1.65
8.	Chew Hun Seng	9,700,000	1.28
9.	Lee Pei Mei	9,200,000	1.21
10.	Gan Siew Liat	9,000,000	1.19
11.	Kenanga Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Ng Wang @ Ng Chiang Chin*	7,500,000	0.99
12.	Ong Yew Beng	7,000,000	0.92
13.	CIMSEC Nominees (Tempatan) Sdn Bhd *- Exempt An for CIMB Securities (Singapore) Pte Ltd (Retail Clients)*	6,912,857	0.91

ANALYSIS OF SHAREHOLDINGS
AS AT 5 APRIL 2017
(CONT'D)

LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER) (CONT'D)

	Name of Shareholders	No. of Shares Held	Percentage (%)
14.	HSBC Nominees (Asing) Sdn Bhd *- Exempt An for Credit Suisse (SG BR-TST-Asing)*	6,800,000	0.90
15.	CIMSEC Nominees (Tempatan) Sdn Bhd *- CIMB for Ng Tek Che (PB)*	6,500,000	0.86
16.	Affin Hwang Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Chung Kin Chuan*	6,001,000	0.79
17.	SJ Sec Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Tan Chor How Christopher (SJ10)*	5,867,425	0.77
18.	Wong Sek Hin	4,600,000	0.61
19.	Lau Jit Weng	4,500,000	0.59
20.	Kamaruzzaman Bin Shariff	3,714,285	0.49
21.	MD Wira Dani Bin Abdul Daim	3,714,285	0.49
22.	Azizan Bin Osman	3,500,000	0.46
23.	Lim Thiam Huat	3,500,000	0.46
24.	Chua Lee Guan	3,400,000	0.45
25.	Ng Siew Chee	3,200,000	0.42
26.	Tan Hong Hong	3,200,000	0.42
27.	Maybank Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Wee Chia Pey*	3,151,000	0.42
28.	Tan Ou Seng	3,100,000	0.41
29.	Genting Perwira Sdn Bhd	3,064,285	0.40
30.	RHB Capital Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Phoa Boon Ting (CEB)*	3,060,000	0.40
	TOTAL	**301,557,312**	**39.76**

SUBSTANTIAL SHAREHOLDERS

	NAME OF SHAREHOLDERS	NO. OF SHARES HELD DIRECT	%	INDIRECT	%
1.	Tan Lian Hong	53,600,375	7.07	–	–

DIRECTORS' SHAREHOLDINGS

	NAME OF SHAREHOLDERS	NO. OF SHARES HELD DIRECT	%	INDIRECT	%
1.	Patrick Chin Hau Yui	–	–	–	–
2.	Koh Wai Chee	–	–	–	–
3.	Kua Khai Shyuan	–	–	–	–
4.	Khor Ben Jin	–	–	–	–
5.	Tan Kian Hong (Resigned on 10.04.2017)	14,041,900	1.85	–	–

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourteenth Annual General Meeting ("14th AGM") of **METRONIC GLOBAL BERHAD** will be held at Kayangan Suites, 20km Jalan Pontian Lama, 81110 Pulai, Johor Darul Takzim on **Wednesday, 31 May 2017** at **11.00 a.m.** for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2016 together with the Directors and Auditors Reports thereon. ***(Explanatory Note 9)***

2. To approve the payment of Directors' fees of RM107,000.000 for the financial year ended 31 December 2016. ***(Ordinary Resolution 1)***

3. To re-elect the following Directors retiring pursuant to Article 79 of the Company's Articles of Association.
   i) Mr Patrick Chin Hau Yui ***(Ordinary Resolution 2)***
   ii) Mr Khor Ben Jin ***(Ordinary Resolution 3)***
   iii) Mr Kua Khai Shyuan ***(Ordinary Resolution 4)***
   iv) Mr Koh Wai Chee ***(Ordinary Resolution 5)***

4. To re-appoint Messrs Siew Boon Yeong & Associates as Auditors of the Company for the financial year ending 31 December 2017 and to authorise the Board of Directors to fix their remuneration. ***(Ordinary Resolution 6)***

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution:

5. **Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016** ***(Ordinary Resolution 7)***

   "**THAT**, pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue and allot shares of the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit, provided that the aggregate number of shares issued pursuant to this resolution shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company and the Directors be and are also empowered to obtain approval for the listing and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

6. To transact any other business of the Company for which due notice shall have been received in accordance with the Companies Act 2016.

By Order of the Board
METRONIC GLOBAL BERHAD

WONG YUET CHYN (MAICSA 7047163)
Company Secretary

Kuala Lumpur
28 April 2017

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

Notes:-

1. A member of the Company entitled to attend and vote at this meeting may appoint one or more proxy to attend and vote in his stead. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a General Meeting of the Company shall have the same rights as the member to speak at the General Meeting.

2. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

3. Where a Member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ('omnibus account') there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

4. Where a member is an authorised nominee as defined under the Central Depositories Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

5. 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, either under the common seal or under the hand of an officer or attorney duly authorised.

6. To be valid the proxy form duly completed must be deposited at the registered office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

7. In respect of deposited securities, only Members whose names appear in the Record of Depositors on 24 May 2017 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 14th AGM.

8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

Explanatory Note on Ordinary Business

9. **Audited Financial Statements for financial year ended 31 December 2016**
The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

Explanatory Note on Special Business

10. **Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016**
Ordinary Resolution 7 is proposed for the purpose of obtaining a renewed General Mandate ("General Mandate"), which if passed, will empower the Directors of the Company, pursuant to Sections 75 and 76 of the Companies Act 2016 to issue and allot new ordinary shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued and paid-up capital of the Company for the time being as the Directors may consider such action to be in the interest of the Company. The General Mandate, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company, or during the expiration of period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

    As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting of the Company held 26 May 2016 and which will lapse at the conclusion of this 14th AGM.

    The General Mandate, if granted, will provide flexibility to the Company for any possible fund raising activities, including but not limited to, further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisitions.

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

Statement Accompanying Notice of Annual General Meeting Pursuant to Paragraph 8.27 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR")

1. **Details of individuals who are standing for election as Directors (excluding Directors standing for re-election)**

   No individual is seeking election as a Director at the 14th AGM of the Company.

2. **General mandate for issue of securities in accordance with Paragraph 6.03(3) of MMLR**

   The details of the proposed authority for Directors of the Company to issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in Explanatory Note 10 of the Notice of AGM.

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METRONIC

METRONIC GLOBAL BERHAD

(632068-V)
(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.				–				–									
No. of Shares Held																	

I/We ___________________________________(NRIC No./Passport No./Co No) ______________________________)
(FULL NAME IN BLOCK LETTERS)

of ____
(ADDRESS)

being a member/members of **METRONIC GLOBAL BERHAD**, hereby appoint ______________________________

____ (NRIC No./Passport No ______________________________)
(FULL NAME IN BLOCK LETTERS)

of ____
(ADDRESS)

or failing him___________________________________ (NRIC No./Passport No. ______________________________)
(FULL NAME IN BLOCK LETTERS)

of ____
(ADDRESS)

or failing him, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Fourteenth Annual General Meeting ("14th AGM") of the Company to be held at **Kayangan Suites, 20km Jalan Pontian Lama, 81110 Pulai, Johor Darul Takzim** on **Wednesday, 31 May 2017** at **11.00 a.m.** and at any adjournment thereof.

	ORDINARY RESOLUTION	FOR	AGAINST
1.	Payment of Directors' fees of RM107,000.00 for the financial year ended 31 December 2016.		
2.	Re-election of Mr Patrick Chin Hau Yui		
3.	Re-election of Mr Khor Ben Jin		
4.	Re-election of Mr Kua Khai Shyuan		
5.	Re-election of Mr Koh Wai Chee		
6.	Re-appointment of Auditors		
7.	Authority to issue shares under Sections 75 and 76 of the Companies Act 2016		

(Please indicate with an "X" in the space provided on how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Dated this ___________ day of ______________________ 2017

____
Signature(s) of member(s)

Notes:-

1. A member of the Company entitled to attend and vote at this meeting may appoint one or more proxy to attend and vote in his stead. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a General Meeting of the Company shall have the same rights as the member to speak at the General Meeting.
2. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
3. Where a Member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ('omnibus account') there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
4. Where a member is an authorised nominee as defined under the Central Depositories Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
5. 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, either under the common seal or under the hand of an officer or attorney duly authorised.
6. To be valid the proxy form duly completed must be deposited at the registered office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
7. In respect of deposited securities, only Members whose names appear in the Record of Depositors on 24 May 2017 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 14th AGM.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

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AFFIX
STAMP

The Company Secretary

METRONIC GLOBAL BERHAD (632068-V)
No. 2-1, Jalan Sri Hartamas 8,
Sri Hartamas,
50480 Kuala Lumpur
Wilayah Persekutuan (KL)

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