

BinaPuri Holdings Bhd

SINCE 1975



LRT Station Awan Besar



Melawati Mall



klia2



Pusat Pentadbiran Negeri Sabah



KK Times Square



LATAR Expressway



Power Generation, Indonesia



LKIM, Kuching, Sarawak



ANNUAL REPORT **2016**

**MALAYSIA'S LANDMARK
BUILDER SINCE 1975**

40th
anniversary
1975-2015

Pusat Pentadbiran Negeri Sabah





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**MALAYSIA'S
LANDMARK BUILDER
SINCE 1975**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Sixth Annual General Meeting of Bina Puri Holdings Bhd. ("Bina Puri" or "the Company") will be held at Ground Floor, Wisma Bina Puri, 88, Jalan Bukit Idaman 8/1, Bukit Idaman, 68100 Selayang, Selangor Darul Ehsan on Wednesday, 21 June 2017 at 11:00 a.m. to transact the following business:-

ORDINARY BUSINESS

1. To receive the Audited Accounts for the year ended 31 December 2016 and the Reports of Directors and Auditors thereon.
2. To re-elect the following Directors who retire pursuant to Article 80 of the Company's Articles of Association:
 - 2.1 Tan Sri Dato' Ir. Wong Foon Meng
 - 2.2 Tan Sri Datuk Tee Hock Seng, JP
 - 2.3 Dr Tan Cheng Kiat
3. To ratify and approve directors' annual fees of RM462,000.
4. To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration.

Ordinary Resolution 1
Ordinary Resolution 2
Ordinary Resolution 3

Ordinary Resolution 4

Ordinary Resolution 5

SPECIAL BUSINESS

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

5. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS

"THAT, subject to the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company and/or its subsidiary companies be and are hereby authorised to enter into recurrent related party transactions of a revenue or trading nature set out in paragraph 2.5 of the Circular to Shareholders of the Company dated 28 April 2017 which are necessary for their day-to-day operations with:

- 5.1 Sea Travel and Tours Sdn. Bhd.
- 5.2 Kumpulan Melaka Bhd.
- 5.3 Ideal Heights Properties Sdn. Bhd.
- 5.4 Dimara Building System Sdn. Bhd.
- 5.5 Dimara Construction Sdn. Bhd.
- 5.6 Dimara Holdings Sdn. Bhd.

Ordinary Resolution 6
Ordinary Resolution 7
Ordinary Resolution 8
Ordinary Resolution 9
Ordinary Resolution 10
Ordinary Resolution 11

subject further to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public;
- (b) appropriate disclosure is made in the annual report in accordance with Paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of the Bursa Securities, which requires an actual breakdown of the aggregate value of the recurrent related party transactions entered into during the financial year, including amongst others, the type of recurrent related party transactions and the names of the related parties involved in each type of the recurrent related party transactions entered into and their respective relationships with the Company and that such approval shall, subject to annual renewal, continue to be in force until:

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

- i. the conclusion of the next annual general meeting of the Company (unless by a resolution or resolutions passed at the said annual general meeting, the authority is renewed);
 - ii. the expiry of the period within which the next annual general meeting of the Company following the forthcoming annual general meeting at which this mandate is approved, is required to be held pursuant to Section 340(2) of the Companies Act 2016, without regard to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016; or
 - iii. revoked or varied by a resolution or resolutions passed by the shareholders of the Company in general meeting, whichever is the earliest; and
- (c) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by these ordinary resolutions."

6. AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 75 AND SECTION 76 OF THE COMPANIES ACT 2016

"THAT pursuant to Section 75 and Section 76 of the Companies Act 2016 and approvals of the relevant government and/or regulatory bodies, the Directors be and are hereby empowered to allot and issue shares in the Company from time to time until the conclusion of the next annual general meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities."

Ordinary Resolution 12

7. PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK")

"THAT, subject to the Companies Act 2016, rules, regulations and orders made pursuant to the Companies Act 2016, provisions of the Company's Memorandum and Articles of Association and the Main Market Listing Requirements of Bursa Securities and any other relevant authorities, the Company be and is hereby authorised to purchase and/or hold such amount of ordinary shares in the Company through Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that:

Ordinary Resolution 13

- (a) the aggregate number of shares so purchased and/or held pursuant to this ordinary resolution ("Purchased Shares") does not exceed ten percent (10%) of the total number of issued shares of the Company as at the point of purchase; and
- (b) the maximum amount of funds to be allocated for the Purchased Shares shall not exceed the aggregate of the retained profits of the Company;
- (c) the Directors be and are hereby authorised to decide at their discretion either to retain the Purchased Shares as treasury shares or cancel them or to retain part of the Purchased shares as treasury shares and cancel the remainder or to resell them or to distribute the treasury shares as share dividends or in any other manner as may be permitted and prescribed by the rules of Bursa Securities and any other relevant authorities.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

AND THAT the authority conferred by this ordinary resolution shall be effective immediately upon passing of this ordinary resolution and shall continue in force until the conclusion of the next annual general meeting of the Company or the expiry of the period within which the next annual general meeting of the Company is required by law to be held (whichever is earlier), unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting, but shall not prejudice the completion of purchase(s) by the Company before that aforesaid expiry date and in any event in accordance with the provisions of the Listing Requirements and other relevant authorities."

8. To transact any other business of which due notice shall have been given.

By Order of the Board

TOH GAIK BEE
MAICSA 7005448
Group Company Secretary

Selangor Darul Ehsan
Date: 28 April 2017

Notes:

1. A proxy may but need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.
2. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.
3. In the event the Member duly executes the Form of Proxy but does not name any proxy, such Member shall be deemed to have appointed the Chairman of the meeting as his proxy.
4. A Member of the Company who is entitled to attend and vote at a meeting of the Company or at a meeting of any class of Members of the Company, may appoint not more than two (2) proxies to attend and vote instead of the Member at the meeting.
5. Where a Member or the authorised nominee appoints two (2) proxies or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
6. Where a Member is an authorised nominee as defined under the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
7. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

An exempt authorised nominee refers to an authorised nominee defined under Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act.
8. To be valid the proxy form duly completed must be deposited at the Registered Office of the Company at Wisma Bina Puri, 88, Jalan Bukit Idaman 8/1, Bukit Idaman, 68100 Selayang, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
9. Only members whose names appear in the Record of Depositors as at 15 June 2017 shall be eligible to attend the Twenty-Sixth Annual General Meeting or appoint proxy(ies) to attend and vote on his behalf.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

Explanatory Notes on Ordinary Business:

Item 1 of the Agenda

This agenda item is meant for discussion only as under the provisions of Section 340(1)(a) of the Companies Act 2016 and the Company's Articles of Association, the audited accounts do not require the formal approval of shareholders and hence, the matter will not be put forward for voting.

Re-election of directors

Tan Sri Dato' Ir. Wong Foon Meng, Tan Sri Datuk Tee Hock Seng, JP and Dr Tan Cheng Kiat are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at this Annual General Meeting.

Explanatory Notes on Special Business:

Proposed renewal of shareholders' mandate for recurrent related party transactions

The ordinary resolutions 6, 7, 8, 9, 10 and 11, if passed, will authorise the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, particulars of which are set out in paragraph 2.5 of the Circular to Shareholders on recurrent related party transactions dated 28 April 2017 despatched with the Annual Report 2016.

Authority to allot shares pursuant to section 75 of the Companies Act 2016

The ordinary resolution 12, if passed, will give the Directors the authority to allot and issue ordinary shares from the unissued share capital of the Company up to an amount not exceeding 10% of the Company's total number of issued shares for the time being for such purposes as the Directors consider would be in the interests of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next annual general meeting.

The Company had successfully placed out 21,684,800 new Bina Puri Shares pursuant to the Private Placement, which raised cumulative gross proceeds of approximately RM10.8 million as detailed in the table below. The Company has utilised the proceeds in the following manner:

	Amount raised from the Private Placement (RM'000)	Amount utilised (RM'000)	Amount unutilised (RM'000)
Working capital requirements	8,716	8,716	—
Repayment of bank borrowings	2,049	2,049	—
Expenses in relation to the Private Placement	77	77	—
Total	10,842	10,842	—

The renewal of this mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to, placement of shares, funding future investment project(s), working capital and/or acquisition(s).

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

Proposed Renewal of Share Buy-back

The ordinary resolution 13, if passed, will empower the Directors to purchase the Company's shares through Bursa Securities of up to 10% of the total number of issued shares of the Company.

The details of the Proposed Renewal of Share Buy-Back are contained in the Share Buy-Back Statement on page 7 of the annual report.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(pursuant to paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Securities)

DETAILS OF INDIVIDUALS WHO ARE STANDING FOR ELECTION AS DIRECTORS

No individual is seeking election as a Director at the Twenty-Sixth Annual General Meeting of the Company.

SHARE BUY-BACK STATEMENT

PROPOSED RENEWAL OF AUTHORITY FOR BINA PURI HOLDINGS BHD. ("BINA PURI") TO PURCHASE ITS OWN SHARES OF UP TO TEN PERCENT (10%) OF ITS TOTAL NUMBER OF ISSUED SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK")

1. INTRODUCTION

On 28 June 2016, the Company had obtained approval from the shareholders of the Company to purchase its own shares of up to ten percent (10%) of the total number of issued shares of the Company. The said authority will lapse at the conclusion of this forthcoming Annual General Meeting ("AGM").

The Company has intention to renew the authority to purchase its own shares by way of an ordinary resolution.

The purpose of this Statement is to provide shareholders with the relevant information on the Proposed Renewal of Share Buy-Back and to seek their approval for the ordinary resolution pertaining to the same to give effect to the Proposed Renewal of Share Buy-Back to be tabled at the forthcoming AGM. The notice of the AGM together with the Proxy Form are set out in this Annual Report.

2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK

The Board proposes to seek shareholders' approval for a renewal of the authority to purchase and/or hold in aggregate of up to 10% of the total number of issued shares of the Company at any point of time through Bursa Malaysia Securities Berhad ("Bursa Securities").

Based on the Company's total number of issued shares of 254,273,650 ordinary shares as at 31 March 2017 and an outstanding 17,427,800 ESOS options, a total of 28,633,160 Bina Puri shares may be purchased by the Company pursuant to the Proposed Renewal of Share Buy-Back, assuming full exercise of outstanding ESOS options granted under the Company's existing ESOS and issuance of the remaining 14,630,145 placement shares pursuant to the Company's private placement exercise which was announced on 7 October 2016 ("Placement Shares").

Such authority, if so approved, would be effective upon the passing of the ordinary resolution for the Proposed Renewal of Share Buy-Back until:-

- (i) the conclusion of the next AGM of Bina Puri following the general meeting at which the ordinary resolution for the Proposed Renewal of Share Buy-Back is passed, at which time such authority shall lapse unless it is renewed by ordinary resolution passed at the next AGM; or
- (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting of the Company,

whichever occurs first.

The purchase of shares under the Proposed Renewal of Share Buy-Back will be carried out through Bursa Securities via stockbrokers appointed by the Board.

The Board proposes to allocate an amount of up to the retained profits of the Company for the purchase of its own shares subject to the compliance with Section 127 of the Companies Act 2016 ("Act") and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase. Based on the latest audited financial statements of Bina Puri as at 31 December 2016, the retained profits amounted to approximately RM77.5 million.

The Proposed Renewal of Share Buy-Back will allow the Board to exercise the power of the Company to purchase its own shares at any time within the abovementioned period using the internal funds of the Group and/or external borrowings. The amount of internally generated funds and/or external borrowings to be utilised will only be determined later, depending on, amongst others, the availability of funds at the time of purchase, the actual number of shares to be purchased and other relevant cost factors. The actual number of shares to be purchased and the timing of such purchase will depend on, amongst others, the market conditions and sentiments of the stock market as well as the retained profits and the financial resources available to the Group.

SHARE BUY-BACK STATEMENT (Cont'd)

2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK (CONT'D)

If the Company purchases its own shares using external borrowings, the Board will ensure that the Group has sufficient funds to repay the external borrowings and that the repayment would not have any material effect on the cash flow of the Group.

Bina Puri may only purchase its own shares at a price which is not more than 15% above the weighted average market price of the Bina Puri shares for the 5 market days immediately preceding the date of the purchase.

The Company may only resell the purchased shares held as treasury shares at a price, which is:-

- (a) not less than the weighted average market price of the shares for the 5 market days immediately prior to the date of the resale; or
- (b) a discounted price of not more than 5% to the weighted average market price of the shares for the 5 market days immediately prior to the date of the resale, provided that the resale takes place no earlier than 30 days from the date of the purchase; and the resale price is not less than the cost of purchase of the shares being resold.

The Company shall, upon each purchase or re-sale of shares, make the necessary announcements to Bursa Securities.

In accordance with Section 127 of the Act, the Directors of the Company may deal with the purchased shares pursuant to the Proposed Renewal of Share Buy-Back, in the following manner:-

- (i) to cancel the purchased shares;
- (ii) to retain the purchased shares as treasury shares for distribution as share dividends to the shareholders and/or resell through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently; or
- (iii) retain part of the purchased shares as treasury shares and cancel the remainder.

The decision whether to retain the purchased shares as treasury shares, to cancel the purchased shares, distribute the treasury shares as share dividends or to resell the treasury shares on Bursa Securities will be made by the Board at the appropriate time. The distribution of treasury shares as share dividends may be applied as a reduction of the retained profits of the Company.

While the purchased shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in any distribution and otherwise are suspended. The treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

The Company will make an immediate announcement to Bursa Securities of any purchase and resale of the shares and whether the purchased shares will be cancelled or retained as treasury shares or a combination of both.

The Proposed Renewal of Share Buy-Back will be carried out in accordance with the prevailing laws at the time of the purchase including compliance with the 25% public shareholding spread as required by the Main Market Listing Requirements of Bursa Securities.

As at 31 March 2017, the public shareholding spread of the Company based on the total number of issued shares of 254,273,650 ordinary shares was 60.22%. The Board will endeavour to ensure that the Company complies with the public shareholding spread requirements and shall not buy back the Company's own shares if the purchase would result in the public shareholding spread requirements not being met.

The Company resold 790,000 Bina Puri shares on Bursa Securities during the financial year ended 31 December 2016.

SHARE BUY-BACK STATEMENT (Cont'd)

3. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK

The Proposed Renewal of Share Buy-Back, if implemented, will enable Bina Puri to utilise any of its surplus financial resources, which is not immediately required for other uses, to purchase its own shares from the market. The Proposed Renewal of Share Buy-Back is expected to stabilise the supply and demand, as well as the price of Bina Puri shares.

If the Bina Puri shares purchased are subsequently cancelled, the Proposed Renewal of Share Buy-Back may strengthen the Earnings Per Share ("EPS") of the Bina Puri Group. Consequently, long-term and genuine investors are expected to enjoy a corresponding increase in the value of their investments in the Company.

The purchased shares can also be held as treasury shares and resold on Bursa Securities at a higher price therefore realising a potential gain. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

The Proposed Renewal of Share Buy-Back is not expected to have any potential material disadvantage to the Company and its shareholders, and it will be implemented only after due consideration of the financial resources of the Bina Puri Group, and of the resultant impact on the shareholders of the Company. The Board will be mindful of the interests of Bina Puri and its shareholders in undertaking the Proposed Renewal of Share Buy-Back.

4. ADVANTAGES AND DISADVANTAGES

The potential advantages of the Proposed Renewal of Share Buy-Back are as follows:-

- (i) allows the Company to take preventive measures against speculation particularly when its shares are undervalued, which would in turn, stabilise the market price of Bina Puri shares and hence, enhance investors' confidence;
- (ii) allows the Company flexibility in achieving the desired capital structure, in terms of debt and equity composition and size of equity;
- (iii) if the purchased shares which are retained as treasury shares are resold at a higher price, it will provide the Company with opportunities for potential gains; and
- (iv) If the treasury shares are distributed as dividends by the Company, it may then serve to reward the shareholders of the Company.

The potential disadvantages of the Proposed Renewal of Share Buy-Back are as follows:-

- (i) reduce the financial resources of the Company which may otherwise be retained and used for the businesses of the Group. Nevertheless, the Board will be mindful of the interests of the Group and its shareholders in undertaking the Proposed Renewal of Share Buy-Back; and
- (ii) as the Proposed Renewal of Share Buy-Back can only be made out of retained earnings, it may result in the reduction of financial resources available for distribution as dividends and bonus issues to the shareholders of the Company.

5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK

The effects of the Proposed Renewal of Share Buy-Back on the share capital, shareholding structure, net assets, earnings and working capital of the Company are set out below based on the following scenarios:-

- | | | |
|------------------|---|--|
| Minimum scenario | : | Assuming none of the outstanding ESOS options granted are exercised and none of the remaining Placement Shares are issued. |
| Maximum scenario | : | Assuming full exercise of the ESOS options granted and issuance of remaining Placement Shares. |

SHARE BUY-BACK STATEMENT (Cont'd)

5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK

5.1 Share Capital

The proforma effects of the Proposed Renewal of Share Buy-Back on the total number of issued shares of the Company are set out below:-

	Minimum scenario No. of shares '000	Maximum scenario No. of shares '000
Total number of issued shares*	254,274	254,274
Assuming full exercise of the ESOS options granted **		17,428
	254,274	271,702
Assuming issuance of remaining Placement Shares		14,630
	254,274	286,332
Maximum number of purchased shares are cancelled pursuant to the Proposed Renewal of Share Buy-Back	(25,427)	(28,633)
Upon completion of the Proposed Renewal of Share Buy-Back	228,847	257,699

Notes:-

* As at 31 March 2017

** As at 31 March 2017, Bina Puri has 17,427,800 ESOS options granted but not exercised

On the other hand, if the Bina Puri Shares purchased are retained as treasury shares, resold or distributed to its shareholders, the Proposed Renewal of Share Buy-Back will have no effect on the existing issued and fully paid-up shares of Bina Puri.

The actual number of Bina Puri shares to be purchased will depend on, inter alia, market conditions and sentiments of Bursa Securities as well as the retained profits and financial resources available to the Company at the time of the purchase(s).

5.2 Substantial Shareholders' and Directors' Shareholdings

The proforma effects of the Proposed Renewal of Share Buy-Back on the shareholdings of the Directors and substantial shareholders of the Company are set out below based on the Register of Substantial Shareholders and Register of Directors as at 31 March 2017:-

SHARE BUY-BACK STATEMENT (Cont'd)

5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK (CONT'D)

5.2 Substantial Shareholders' and Directors' Shareholdings (Cont'd)

(i) Minimum Scenario

	As at 31 March 2017			After the Proposed Renewal of Share Buy-Back [^]		
	Direct No. of shares	%	Indirect No. of shares	Direct No. of shares	%	Indirect No. of shares
Substantial shareholders						
Jentera Jati Sdn. Bhd.	20,388,000*	8.02	—	20,388,000*	8.91	—
Tan Sri Datuk Tee Hock Seng, JP	18,489,778*	7.27	4,888,925**	18,489,778*	8.08	4,888,925**
Ng Keong Wee	14,093,600	5.54	—	14,093,600	6.16	—
Directors						
Tan Sri Dato' Ir Wong Foon Meng	—	—	—	—	—	—
Tan Sri Datuk Tee Hock Seng, JP	18,489,778*	7.27	4,888,925**	18,489,778*	8.08	4,888,925**
Dr Tony Tan Cheng Kiat	9,668,902*	3.80	—	9,668,902*	4.23	—
Datuk Matthew Tee Kai Woon	4,488,925	1.77	18,889,778***	4,488,925	1.96	18,889,778***
Datuk Henry Tee Hock Hin	5,594,668	2.20	—	5,594,668	2.44	—
Tay Hock Lee	1,807,707	0.71	—	1,807,707	0.79	—
Dato' Yeow Wah Chin	—	—	—	—	—	—
Ir. Ghazali Bin Bujang	—	—	—	—	—	—
Mohd Najib Bin Abdul Aziz	—	—	—	—	—	—
Dato' Tan Seng Hu	—	—	—	—	—	—
We Her Ching	104,900	0.04	—	104,900	0.05	—

Notes:-

* including shares held through nominee company.

** indirect interest - 340,000 Shares held by RHB Nominees (Tempatan) Sdn. Bhd., Bank of China pledged securities account for Tee Hock Seng Holdings Sdn. Bhd., 60,000 Shares held by Tee Hock Seng Holdings Sdn. Bhd. and 4,888,925 Shares held by Tan Sri Datuk Tee Hock Seng, JP's son, Datuk Matthew Tee Kai Woon.

*** indirect interest - 18,489,778 Shares held by Datuk Matthew Tee Kai Woon's father, Tan Sri Datuk Tee Hock Seng, JP, 340,000 Shares held by RHB Nominees (Tempatan) Sdn. Bhd., Bank of China pledged securities account for Tee Hock Seng Holdings Sdn. Bhd. and 60,000 Shares held by Tee Hock Seng Holdings Sdn. Bhd.

[^] Assuming that the Proposed Renewal of Share Buy-Back is implemented in full, i.e. up to ten percent (10%) of the total number of issued shares, the purchased shares are acquired from public shareholders and the purchased shares are cancelled.

SHARE BUY-BACK STATEMENT (Cont'd)

5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK (CONT'D)

5.2 Substantial Shareholders' and Directors' Shareholdings (Cont'd)

(ii) Maximum Scenario

	As at 31 March 2017			(I) Assuming full exercise of the ESOS options granted [#]		
	Direct No. of shares	%	Indirect No. of shares	Direct No. of shares	Indirect No. of shares	%
Substantial shareholders						
Jentera Jati Sdn. Bhd.	20,388,000*	8.02	—	20,388,000*	—	—
Tan Sri Datuk Tee Hock Seng, JP	18,489,778*	7.27	4,888,925**	18,489,778*	4,888,925**	1.80
Ng Keong Wee	14,093,600	5.54	—	14,093,600	—	—
Directors						
Tan Sri Dato' Ir Wong Foon Meng	—	—	—	—	—	—
Tan Sri Datuk Tee Hock Seng, JP	18,489,778*	7.27	4,888,925**	18,489,778*	4,888,925**	1.80
Dr Tony Tan Cheng Kiat	9,668,902*	3.80	—	10,797,902*	—	—
Datuk Matthew Tee Kai Woon	4,488,925	1.77	18,889,778***	4,488,925	18,889,778***	6.95
Datuk Henry Tee Hock Hin	5,594,668	2.20	—	6,623,668	—	—
Tay Hock Lee	1,807,707	0.71	—	2,522,207	—	—
Dato' Yeow Wah Chin	—	—	—	—	—	—
Ir. Ghazali Bin Bujang	—	—	—	—	—	—
Mohd Najib Bin Abdul Aziz	—	—	—	—	—	—
Dato' Tan Seng Hu	—	—	—	—	—	—
We Her Ching	104,900	0.04	—	933,900	—	—

SHARE BUY-BACK STATEMENT (Cont'd)

5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK (CONT'D)

5.2 Substantial Shareholders' and Directors' Shareholdings (Cont'd)

(ii) Maximum Scenario (Cont'd)

	(II)			(III)		
	After (I) and Assuming Issuance of Remaining Placement shares			After (II) and the Proposed Renewal of Share Buy-Back [^]		
	Direct No. of shares	%	Indirect No. of shares	Direct No. of shares	Indirect No. of shares	%
Substantial shareholders						
Jentera Jati Sdn. Bhd.	20,388,000*	7.12	—	20,388,000*	—	—
Tan Sri Datuk Tee Hock Seng, JP	18,489,778*	6.46	4,888,925**	18,489,778*	4,888,925**	1.90
Ng Keong Wee	14,093,600	4.92	—	14,093,600	—	—
Directors						
Tan Sri Dato' Ir Wong Foon Meng	—	—	—	—	—	—
Tan Sri Datuk Tee Hock Seng, JP	18,489,778*	6.46	4,888,925**	18,489,778*	4,888,925**	1.90
Dr Tony Tan Cheng Kiat	10,797,902*	3.77	—	10,797,902*	—	—
Datuk Matthew Tee Kai Woon	4,488,925	1.57	18,889,778***	4,488,925	18,889,778***	7.33
Datuk Henry Tee Hock Hin	6,623,668	2.31	—	6,623,668	—	—
Tay Hock Lee	2,522,207	0.88	—	2,522,207	—	—
Dato' Yeow Wah Chin	—	—	—	—	—	—
Ir. Ghazali Bin Bujang	—	—	—	—	—	—
Mohd Najib Bin Abdul Aziz	—	—	—	—	—	—
Dato' Tan Seng Hu	—	—	—	—	—	—
We Her Ching	933,900	0.33	—	933,900	—	—

Notes:-

* including shares held through nominee company.

** indirect interest - 340,000 Shares held by RHB Nominees (Tempatan) Sdn. Bhd., Bank of China pledged securities account for Tee Hock Seng Holdings Sdn. Bhd., 60,000 Shares held by Tee Hock Seng Holdings Sdn. Bhd. and 4,888,925 Shares held by Tan Sri Datuk Tee Hock Seng, JP's son, Datuk Matthew Tee Kai Woon.

*** indirect interest - 18,489,778 Shares held by Datuk Matthew Tee Kai Woon's father, Tan Sri Datuk Tee Hock Seng, JP, 340,000 Shares held by RHB Nominees (Tempatan) Sdn. Bhd., Bank of China pledged securities account for Tee Hock Seng Holdings Sdn. Bhd. and 60,000 Shares held by Tee Hock Seng Holdings Sdn. Bhd.

Assuming 17,427,800 ESOS options were granted and exercised under the Company's ESOS.

^ Assuming that the Proposed Renewal of Share Buy-Back is implemented in full, i.e. up to ten percent (10%) of the total number of issued shares, the purchased shares are acquired from public shareholders and the purchased shares are cancelled.

SHARE BUY-BACK STATEMENT (Cont'd)

5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK (CONT'D)

5.3 Net Assets

The effect of the Proposed Renewal of Share Buy-Back on the consolidated net assets of the Company will depend on the actual number of shares purchased, the purchase prices of the shares, the effective cost of funding or any loss in interest income to the Company, and the treatment of the shares so purchased.

The Proposed Renewal of Share Buy-Back will reduce the consolidated net assets per share when the purchase price exceeds the consolidated net assets per share of the Company at the time of purchase. On the contrary, the consolidated net assets per share will increase when the purchase price is less than the consolidated net assets per share of the Company at the time of purchase.

If the shares purchased under the Proposed Renewal of Share Buy-Back are held as treasury shares and subsequently resold on Bursa Securities, the consolidated net assets per share would increase if the Group realise a gain from the resale or vice versa. If the treasury shares are distributed as share dividends, it will decrease the consolidated net assets by the cost of the treasury shares redistributed.

5.4 Earnings

The effect of the Proposed Renewal of Share Buy-Back on the consolidated earnings per share of the Company will depend on the purchase prices paid for the shares, the effective funding cost to the Group to finance the purchase of the shares or any loss in interest income to the Group if internally generated funds are utilised to finance the purchase of the shares.

Assuming that any shares so purchased are retained as treasury shares as per Section 127 of the Act and resold on Bursa Securities, the effects on the consolidated earnings of the Company will depend on the actual selling price, the number of treasury shares resold and the effective gain or interest savings arising from the exercise.

5.5 Working capital

The implementation of the Proposed Renewal of Share Buy-Back is likely to reduce the working capital of the Group, the quantum being dependent on the number of the purchased shares, the purchase price(s) and the amount of financial resources to be utilised for the purchase of the shares.

For the purchased shares retained as treasury shares as per Section 127 of the Act, upon its resale, the working capital of the Company will increase. Again, the quantum of the increase in the working capital will depend on the actual selling price of the treasury shares resold, the effective gain or interest saving arising and the gain or loss from the disposal.

6. IMPLICATION OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS, 2016 ("CODE") AND RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS ("RULES")

Pursuant to the Code, a person and/or any person acting in concert with him will be required to make a mandatory offer for the remaining shares not already owned by him/them if his and/or their holding of voting shares in a company is increased beyond 33% or, if his and/or their holding of voting shares is more than 33% but less than 50%, his and/or their holding of voting shares is increased by more than 2% in any 6 months period. However, an exemption from undertaking a mandatory offer when the company purchases its own voting shares may be granted by the Securities Commission Malaysia under Rule 4.15 of the Rules.

The Board takes cognizance of the requirements of the Code and the Rules and will be mindful of the requirements when making any purchases of shares pursuant to the Proposed Renewal of Share Buy-Back.

SHARE BUY-BACK STATEMENT (Cont'd)

7. DIRECTORS' RECOMMENDATION

The Board, after having considered all aspects of the Proposed Renewal of Share Buy-Back and after careful deliberation, is of the opinion that the Proposed Renewal of Share Buy-Back is in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the relevant resolutions in relation to the Proposed Renewal of Share Buy-Back to be tabled at the forthcoming AGM.

8. DISCLAIMER STATEMENT

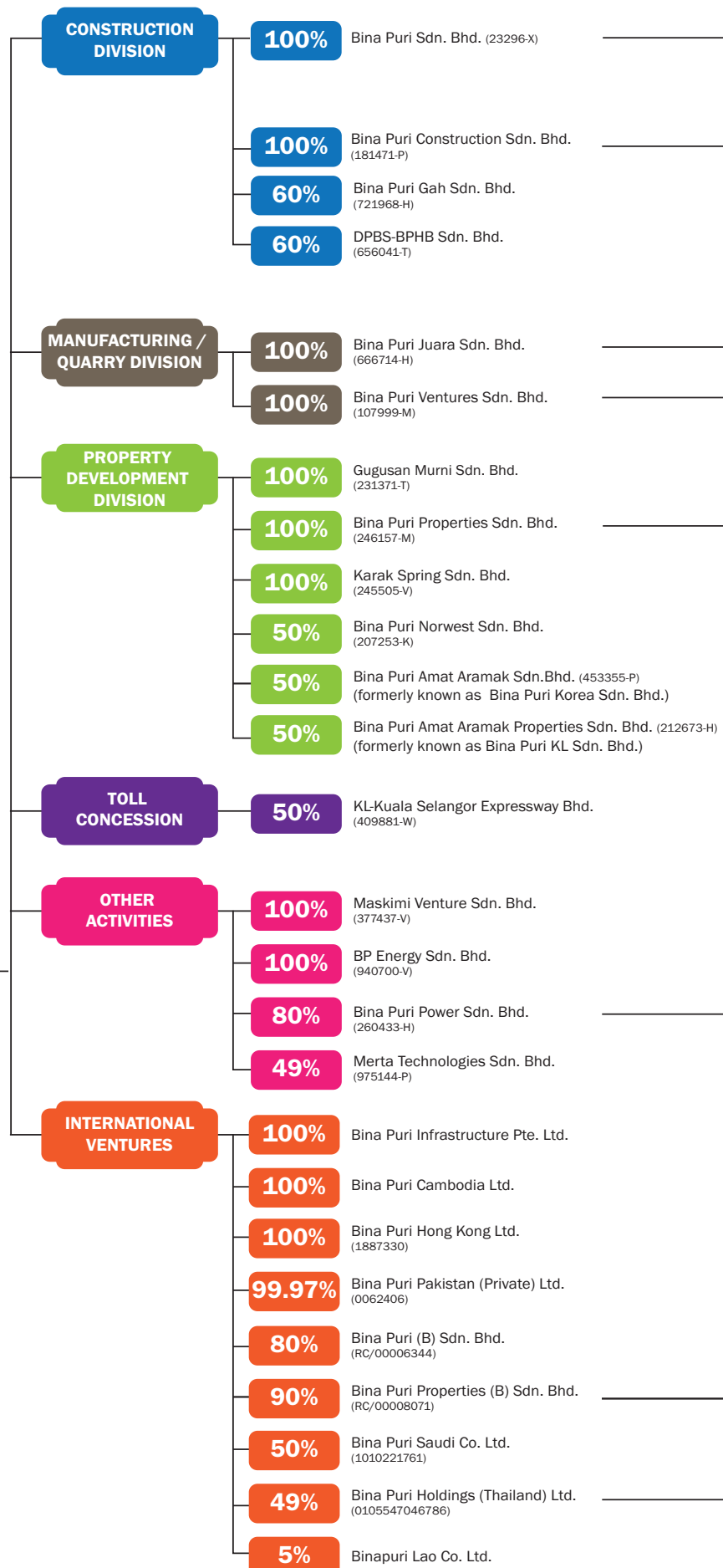
Bursa Securities has not perused this Statement prior to its issuance as it is exempted pursuant to the provisions of Practice Note 18 of the Main Market Listing Requirements of Bursa Securities. Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

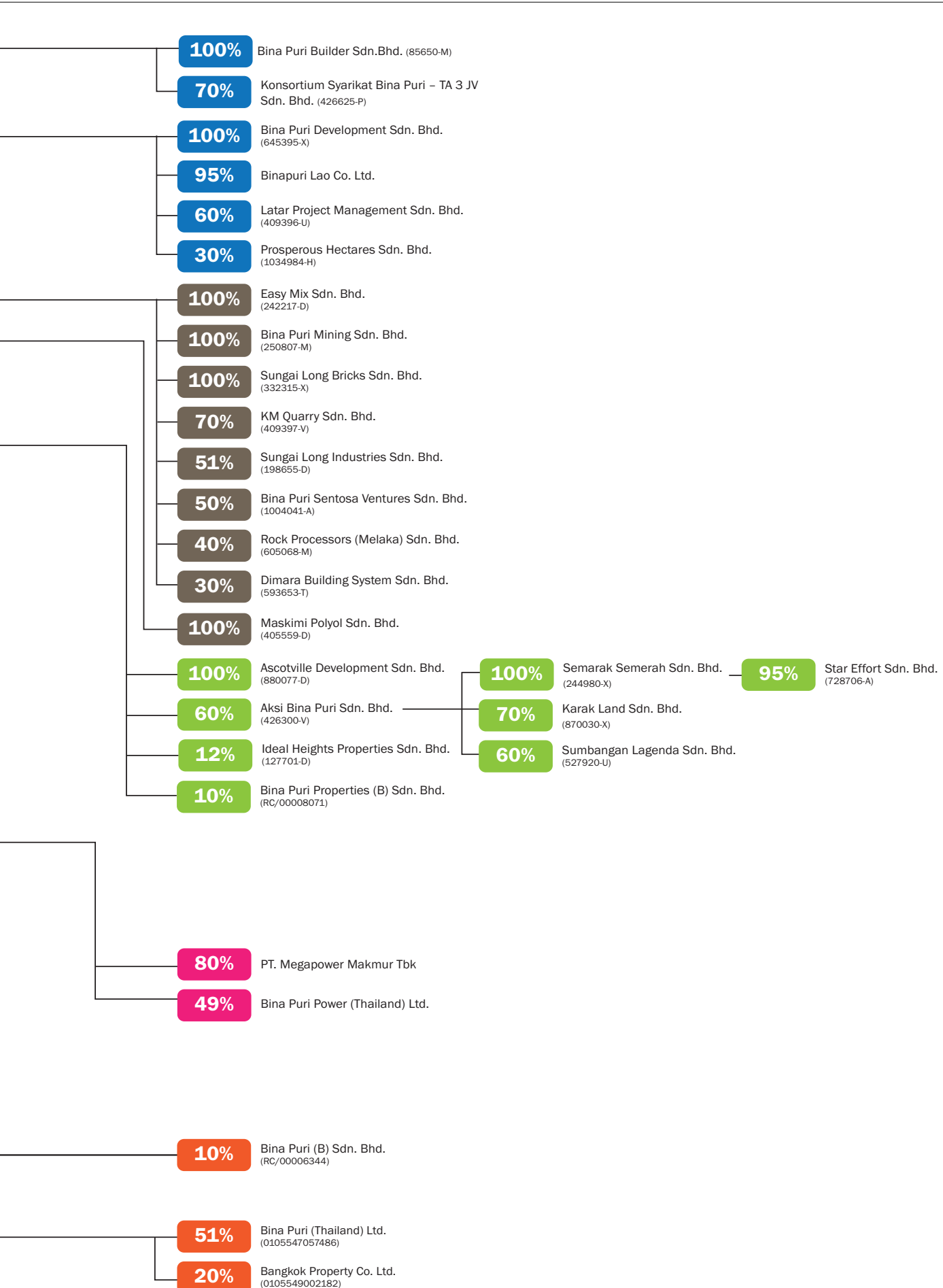
GROUP CORPORATE STRUCTURE



Holdings Bhd.

(207184-X)





CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Ir. Wong Foon Meng
Tan Sri Datuk Tee Hock Seng, JP
Dr. Tony Tan Cheng Kiat
Datuk Matthew Tee Kai Woon
Datuk Henry Tee Hock Hin
Tay Hock Lee
Dato' Yeow Wah Chin
Ir. Ghazali Bin Bujang
Mohd Najib Bin Abdul Aziz
Dato' Tan Seng Hu
We Her Ching

Chairman/Independent Non-Executive Director
Group Managing Director
Founder Director
Group Executive Director
Executive Director
Non-Independent Non-Executive Director
Independent Non-Executive Director
Independent Non-Executive Director
Independent Non-Executive Director
Alternate Director to Dr Tony Tan Cheng Kiat
Alternate Director to Datuk Henry Tee Hock Hin

BOARD COMMITTEES

Group Executive Committee

Tan Sri Datuk Tee Hock Seng, JP	(Chairman)
Dr. Tony Tan Cheng Kiat	(Member)
Datuk Henry Tee Hock Hin	(Member)
Datuk Matthew Tee Kai Woon	(Member)
Datuk Tan Kwe Hee	(Member)
Vincent Tee Hock Chun	(Member)

Audit Committee

Dato' Yeow Wah Chin	(Chairman)
Ir. Ghazali Bin Bujang	(Member)
Mohd Najib Bin Abdul Aziz	(Member)

Remuneration Committee

Tan Sri Dato' Ir. Wong Foon Meng	(Chairman)
Dato' Yeow Wah Chin	(Member)
Ir. Ghazali Bin Bujang	(Member)
Mohd Najib Bin Abdul Aziz	(Member)
Tan Sri Datuk Tee Hock Seng, JP	(Member)

Nomination Committee

Tan Sri Dato' Ir. Wong Foon Meng	(Chairman)
Dato' Yeow Wah Chin	(Member)
Ir. Ghazali Bin Bujang	(Member)
Mohd Najib Bin Abdul Aziz	(Member)

GROUP COMPANY SECRETARY

Toh Gaik Bee
 MAICSA 7005448

REGISTERED OFFICE

Wisma Bina Puri
 88, Jalan Bukit Idaman 8/1
 Bukit Idaman, 68100 Selayang
 Selangor Darul Ehsan
 Tel: 03 6136 3333
 Fax: 03 6136 9999
 E-mail: corpcomm@binapuri.com.my
 Website: www.binapuri.com.my

SHARE REGISTRAR

Systems & Securities Sdn. Bhd. (17394-P)
 Plaza 138, Suite 18.03
 18th Floor, 138, Jalan Ampang
 50450 Kuala Lumpur
 Tel : 03 2161 5466
 Fax: 03 2163 6968

AUDITORS

Messrs Baker Tilly Monteiro Heng
 Baker Tilly MH Tower
 Level 10, Tower 1, Avenue 5
 Bangsar South City
 59200 Kuala Lumpur
 Tel: 03 2297 1000
 Fax: 03 2282 9980

PRINCIPAL BANKERS

Bangkok Bank Berhad (299740-W)
 CIMB Bank Berhad (13491-P)
 Malayan Banking Berhad (3813-K)
 RHB Bank Berhad (6171-M)
 United Overseas Bank (Malaysia) Bhd. (271809-K)

STOCK EXCHANGE LISTING

The Main Board of Bursa Malaysia Securities Berhad
 Stock name : BPuri
 Stock code : 5932
 Listing date : 6 January 1995

PROFILE OF DIRECTORS



**TAN SRI DATO'
IR WONG FOON MENG**

Chairman/Independent
Non-Executive Director

Tan Sri Dato' Ir Wong Foon Meng, Malaysian, aged 63, was appointed as Chairman/Non-Executive Director of the Company on 1 June 2010 and redesignated as Independent Non-Executive Director on 20 April 2013. He graduated in mechanical engineering from the University of Technology Malaysia in 1978. He spent his early career in Government service where he held various positions at technical and administrative level. He had a distinguished career during his 13 years' service and had been attending various technical trainings, conferences and management courses at international level among others in Thailand, Philippines, Japan, France, Yugoslavia and USA. He had also been accorded the Excellence Service Award by the Ministry of Science, Technology and Environment in 1982. His last position held was as the Regional Director of Department of Environment for Terengganu and Kelantan before he left the service to be in the private practice in 1991.

He was elected as a State Assemblyman in Terengganu in 1995 and subsequently appointed as a member of the State Executive Council (EXCO). He was appointed as Senator and elected as Deputy President of the Senate of Parliament of Malaysia in 2004. He was then elected as the President of the Senate from July 2009 until April 2010. During his tenure with the Parliament, he had fostered close bilateral relationships with the Governments and Parliaments of countries in Asia, Africa, Europe as well as South America.

Tan Sri Dato' Ir Wong Foon Meng's extensive experience in the public sector, executive and legislative experience at state and federal level, as well as corporate experience in the later years has enabled him to lead and share his experience with the Board. He does not have any securities holdings in the Company or in any of its subsidiaries.

He is the Chairman of the Nomination Committee and Remuneration Committee.

PROFILE OF DIRECTORS (Cont'd)



**TAN SRI DATUK
TEE HOCK SENG, JP**
Group Managing Director

Tan Sri Datuk Tee Hock Seng, JP, Malaysian, aged 68, was appointed to the Board on 5 November 1990 and was subsequently appointed as the Group Managing Director on 22 November 1994. He is an experienced entrepreneur with more than 40 years business acumen in trading, construction and development. He is responsible for the day-to-day operations of the Group.

Currently, he is an Exco member of Malaysia South-South Association and Perdana Leadership Foundation. He is a Director of Malaysian South-South Corporation Bhd. and Malaysian Industry-Government Group for High Technology (MiGHT).

He also serves as the Honorary President of The Federation of Hokkien Associations of Malaysia, Honorary Chairman of the Malaysia Quarries Association, Honorary Chairman of The International Fellowship of Eng Choon Associates, President of the Kuala Lumpur Eng Choon Hoey Kuan, Chairman of the Chinese Maternity Hospital (CMH) and Deputy President of Tung Shin Hospital and Chairman, Board of Governors of SMJK Confucian. He is also the Honorary Chairman of the Young Malaysians Movement and The Federation of Malaysian Clans & Guilds Association as well as an elder of Elim Chapel.

He was appointed a member of the Senate (Ahli Dewan Negara), Parliament of Malaysia on 15 July 2008 for a duration of three years and had served as Treasurer-General of Malaysian Chinese Association (MCA) from 2008 to 2010.

A respected individual in the construction industry, he was accorded the “Most Prominent Player” by the Construction Industry Development Board in 2005, being one of the highest individual award recognised by the industry.

As at 31 March 2017, he held 18,889,778 ordinary shares of the Company and did not have any securities holdings in any of its subsidiaries.

Except for recurrent related party transactions of a revenue or trading nature which are necessary for day-to-day operations of the Company and its subsidiaries and for which he is deemed to be interested as disclosed on page 200 of the Annual Report, there are no other business arrangements with the Company in which he has personal interests.

He is also the Chairman of the Group Executive Committee and a member of the Remuneration Committee.

PROFILE OF DIRECTORS (Cont'd)

DR TONY TAN CHENG KIAT
Founder Director

Dr Tony Tan Cheng Kiat, Malaysian, aged 69, founded Bina Puri Sdn. Bhd. in 1975 and has been the Executive Chairman since its inception. He was appointed to the Board of the Company on 5 November 1990. He is responsible for the growth and ongoing development of the Company's business. He was instrumental in the development of a number of major projects throughout Malaysia for the Group. He holds a doctorate in Business Administration and is also a licensed builder. He has been successful as a private property developer in Australia. With his wide experience, he has brought much progress to the Group.

As at 31 March 2017, he held 9,668,902 ordinary shares of the Company and did not have any securities holdings in any of its subsidiaries.

Except for recurrent related party transactions of a revenue or trading nature which are necessary for day-to-day operations of the Company and its subsidiaries and for which he is deemed to be interested as disclosed on page 200 of the Annual Report, there are no other business arrangements with the Company in which he has personal interests.

Dr Tony Tan is a member of the Group Executive Committee.

PROFILE OF DIRECTORS (Cont'd)



DATUK MATTHEW TEE KAI WOON
Group Executive Director

Datuk Matthew Tee Kai Woon, Malaysian, aged 42, joined the Company in December 2003 as Special Assistant to the Group Managing Director. He was appointed as Executive Director on 1 December 2009 and was redesignated as Group Executive Director on 7 March 2013.

He is a Chartered Accountant and holds a Bachelor of Commerce (Accounting and Marketing) from the University of Auckland, New Zealand. He has been a member of the Malaysian Institute of Accountants (MIA) since 2002 and was duly awarded the status, Fellow Certified Practising Accountant (FCPA) by CPA Australia in March 2016. He is also a Certified Financial Planner (Financial Planning Association of Malaysia).

Previously, he was the Administrator of the Chinese Maternity Hospital from 2001 to 2003 and was once attached to PricewaterhouseCoopers in the audit department from 1999 to 2001. He was also a Business Services Accountant with Marsden B. Robinson Chartered Accountants (New Zealand) from 1998 to 1999.

Datuk Matthew Tee is the Immediate Past President of the Master Builders Association Malaysia (MBAM) and has served as President from 2012 to 2016. Previously, he served as a Board member of Construction Industry Development Board Malaysia (CIDB Malaysia) from 2013 to 2016 and Construction Labour Exchange Centre Berhad (CLAB) from 2012 to 2016.

At present, he sits in the Board of Advisory of CLAB as well as a member of the Advisory Committee on Hotel and Tourism Management by the Chinese University of Hong Kong for the term 2017-2018. He is also the Honorary Treasurer General of Malaysian Steel Structural Association (MSSA) and the First Vice President of the International Federation of Asian and Western Pacific Contractors' Association (IFAWPCA). He was nominated by the Prime Minister of Malaysia as a Member of National Science Council (NSC) for the term 2016-2017.

On 24 January 2017, he was appointed as an Independent Non-Executive Director of Chin Teck Plantations Berhad. He also holds directorships in other companies.

Except for recurrent related party transactions of a revenue or trading nature which are necessary for day-to-day operations of the Company and its subsidiaries and for which he is deemed to be interested as disclosed on page 200 of the Annual Report, there are no other business arrangements with the Company in which he has personal interests.

As at 31 March 2017, he held 4,488,925 ordinary shares of the Company and did not have any securities holdings in any of its subsidiaries. He is a member of the Group Executive Committee.

PROFILE OF DIRECTORS (Cont'd)

DATUK HENRY TEE HOCK HIN
Executive Director

Datuk Henry Tee Hock Hin, Malaysian, aged 59, was appointed to the Board of the Company on 5 November 1990. He has held the position of Managing Director of Bina Puri Construction Sdn. Bhd. since 22 August 1996. He is responsible for the overall management of projects and operations. He has wide exposure and experience in the management of civil and building construction overseas and in both East and West Malaysia. He represents the Company on the Board of a number of its subsidiaries.

As at 31 March 2017, he held 5,594,668 ordinary shares of the Company and did not have any securities holdings in any of its subsidiaries.

Except for recurrent related party transactions of a revenue or trading nature which are necessary for day-to-day operations of the Company and its subsidiaries and for which he is deemed to be interested as disclosed on page 200 of the Annual Report, there are no other business arrangements with the Company in which he has personal interests.

Datuk Henry Tee is a member of the Group Executive Committee.

PROFILE OF DIRECTORS (Cont'd)**TAY HOCK LEE**

Non-Independent Non-Executive Director

Tay Hock Lee, Malaysian, aged 63, was appointed to the Board of the Company on 5 November 1990. He has more than 20 years' experience in the building and civil engineering industry. He is a director of Ideal Heights Holdings Bhd. and also holds directorships in several other companies.

As at 31 March 2017, he held 1,807,707 ordinary shares of the Company and did not have any securities holdings in any of its subsidiaries.

Except for recurrent related party transactions of a revenue or trading nature which are necessary for day-to-day operations of the Company and its subsidiaries and for which he is deemed to be interested as disclosed on page 200 of the Annual Report, there are no other business arrangements with the Company in which he has personal interests.

PROFILE OF DIRECTORS (Cont'd)



DATO' YEOW WAH CHIN

Independent Non-Executive Director

Dato' Yeow Wah Chin, a Malaysian, aged 57 was appointed to the Board on 31 May 2013. A lawyer by profession, Dato' Yeow holds a Bachelor of Economics (Hons) degree from University Kebangsaan Malaysia in 1984 and worked with Maybank for a number of years before he went for further studies to read law at the University College of Wales, Aberystwyth, United Kingdom in September, 1989 where he graduated with LLB (Hons) degree in 1991. Upon his return he sat and passed his Certificate in Legal Practice and continued to serve Maybank for two years before setting up his own legal practice, Messrs Yeow & Salleh in 1994.

He specialises in banking and commercial law. He had served as a member of Advocates and Solicitors' Disciplinary Committee for some years and had also served as a committee member of the Conveyancing Practice Committee of the Bar Council. As an experienced practising lawyer, he has also been appointed to serve as Legal Advisor for Society of Interpreters of the Deaf in Selangor and Wilayah Persekutuan and Yeow See Association in Melaka.

He does not have any securities holdings in the Company or in any of its subsidiaries. He is the Chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee.

PROFILE OF DIRECTORS (Cont'd)**IR GHAZALI BIN BUJANG**

Independent Non-Executive Director

Ir Ghazali Bin Bujang, Malaysian, aged 66, was appointed to the Board of the Company on 31 May 2013. He is an engineer by profession and is currently the Executive Chairman of Ghazali & Associates Sdn. Bhd. He graduated with a Bachelor of Engineering from the University of Liverpool, England in 1974 and obtained a Master of Science from the University of Leeds, England in 1979.

He is a member of the Board of Engineers, the Past President of the Association of Consulting Engineers Malaysia (1992-1994) and Honorary member of the Association of Consulting Engineers Malaysia.

He has vast experience in planning, engineering and management of infrastructure and development works. He also has a broad and balanced knowledge with respect to issues on economic and finance, technical and environmental relevant to development and infrastructure projects.

He does not have any securities holdings in the Company or in any of its subsidiaries. He is a member of the Audit Committee, Remuneration Committee and Nomination Committee.

PROFILE OF DIRECTORS (Cont'd)**MOHD NAJIB BIN ABDUL AZIZ**

Independent Non-Executive Director

Mohd Najib Bin Abdul Aziz, Malaysian, aged 44 was appointed to the Board on 31 May 2013. He is an accountant by profession and graduated from the University of New South Wales, Australia with a Bachelor of Commerce (Accounting) Degree. He is a member of the Institute of Chartered Accountants in Australia (ICAA) as well as a member of the Malaysian Institute of Accountants (MIA).

He is currently the Managing Director of Corporate-Pacific Holdings Sdn. Bhd. and an Independent Non-Executive Director of Tropicana Corporation Berhad. He was the Assistant Manager of Global Corporate Finance in Arthur Andersen & Co. and had held the position of Senior Consultant with the Corporate Recovery Division of KPMG for three years in Perth, Western Australia. He is also a director of several private limited companies.

He was previously an Independent Non-Executive Director of Kumpulan Jetson Berhad, ECM-Avenue Securities Sdn. Bhd. and Alam Flora Sdn. Bhd.

He does not have any securities holdings in the Company or in any of its subsidiaries. He is a member of the Audit Committee, Nominating Committee and Remuneration Committee.

PROFILE OF DIRECTORS (Cont'd)**DATO' TAN SENG HU**

Alternate Director to Dr Tony Tan Cheng Kiat

Dato' Tan Seng Hu, Malaysian, aged 41, was appointed as an Alternate Director to Dr Tony Tan Cheng Kiat, Founder Director on 18 March 2010. He graduated with a Bachelor of Arts, Business Administration, Human Resource and Personnel from the Washington State University in 2001 and obtained a Master of Science, Economics from the University of Idaho in 2003.

He has been involved in the construction industry for more than ten years and is currently managing his own project management company since 2006.

Dato' Tan is the Managing Director of Raya International Berhad. He is the Non-Independent Non-Executive Director of SHH Resources Holdings Berhad and sits on the board of several private limited companies.

He does not have any securities holdings in the Company or in any of its subsidiaries.

PROFILE OF DIRECTORS (Cont'd)

KEY SENIOR MANAGEMENT



WE HER CHING

Alternate Director to Datuk Henry Tee Hock Hin
Group Chief Operating Officer, Contract and
Administration

We Her Ching, Malaysian, aged 57, was appointed as an Alternate Director to Datuk Henry Tee Hock Hin, Executive Director on 6 June 2011. He graduated with a Bachelor of Applied Science (Construction Management and Economics) and is a member of The Chartered Institute of Building (MCIQB). He is the Group Chief Operating Officer, Contract and Administration of Bina Puri Holdings Bhd. since 1 October 2002.

Mr. We joined Bina Puri Sdn. Bhd. in 1986 and has extensive experience in the construction industry. He is responsible for the overall management and operations of projects within the construction arm. He sits on the Board of a number of its subsidiaries.

As at 31 March 2017, he held 104,900 ordinary shares of the Company and did not have any securities holdings in any of its subsidiaries.

Notes:-

1. Family relationship

- Tan Sri Datuk Tee Hock Seng, JP, Tay Hock Lee and Datuk Henry Tee Hock Hin are brothers.
- Dr Tony Tan Cheng Kiat is the uncle of Tan Sri Datuk Tee Hock Seng, JP, Tay Hock Lee and Datuk Henry Tee Hock Hin.
- Datuk Matthew Tee Kai Woon is the son of Tan Sri Datuk Tee Hock Seng, JP, the nephew of Tay Hock Lee and Datuk Henry Tee Hock Hin and the grandnephew of Dr Tony Tan Cheng Kiat.
- Dato' Tan Seng Hu is the son of Dr Tony Tan Cheng Kiat, the cousin of Tan Sri Datuk Tee Hock Seng, JP, Tay Hock Lee and Datuk Henry Tee Hock Hin and the uncle of Datuk Matthew Tee Kai Woon.

Save as disclosed, none of the Directors has any family relationship with any Directors and/or major shareholders of the Company.

2. Conflict of Interest

None of the Directors has any conflict of interest with the Company.

3. Conviction for offences

None of the Directors has been convicted of any offences within the past five years other than traffic offences, if any.

KEY SENIOR MANAGEMENT (Cont'd)

David Lee Tuck Wai, Malaysian, aged 53, was appointed as Group Chief Financial Officer of the Company on 1 November 2007 after serving as Senior Manager, Group Finance since 1 December 1999. He joined a subsidiary company as Finance Manager in 1997.

He is a member of the Association of International Accountants and graduated from Tunku Abdul Rahman College with a Diploma in Commerce (Financial Accounting). Prior to joining Bina Puri Group, he gained experience by working with two major accounting firms from 1988 to 1997.

Other than as disclosed, he does not have any family relationship with any Directors and/or major shareholders of the Company. He has no personal interest in any business arrangements involving the Company. He has had no convictions for any offences within the past five years.

KK Times Square (Phase II) Kota Kinabalu, Sabah





CHAIRMAN'S STATEMENT

To our dear shareholders, on behalf of the Board of Directors of Bina Puri Holdings Bhd, I present to you the Annual Report and Audited Financial Statements for the financial year ended 31 December 2016.

The Malaysian economy closed on a good note during a difficult year. Our GDP recorded a better-than-expected growth rate of 4.5% for the year 2016. This robust result was underpinned by resilient private consumption and an acceleration in fixed investment. Exports also showed a significant improvement, thanks to a weaker ringgit. However, the external sector's net contribution to growth remained stable as imports also gained steam.

Bina Puri continues to surge forward with a commendable performance for the financial year ended 31 December 2016. With prudent decision-making and risk management by our management and great dedication by our staff, Bina Puri has once again managed to register a laudable performance in 2016 with total revenue of RM1.0 billion, a slight dip as compared to the RM1.2 billion registered in 2015. Profit before tax stood at RM26.8 million for the year under review against the RM35.7 million reported for the previous year. We also have a very healthy book order of nearly RM 3.1 billion, whilst our total unbuilt projects as at December 2016 stands at a resounding of RM1.9 billion.

1,000 units of Houses at Kg. Lugu, Brunei



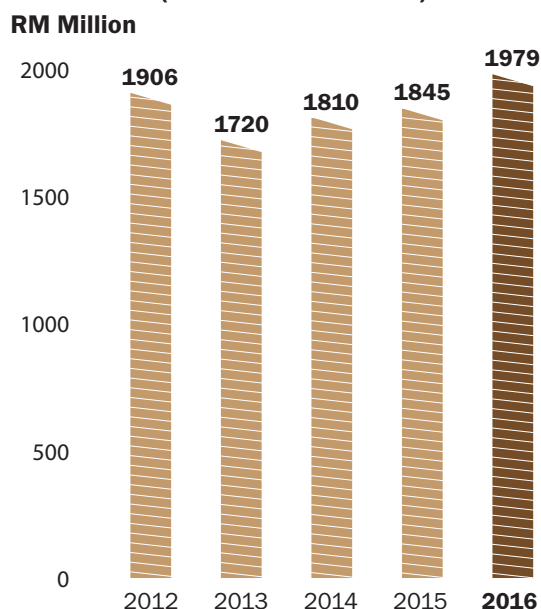
CHAIRMAN'S STATEMENT (Cont'd)



TAN SRI DATO' IR WONG FOON MENG
PSM, DPMT, JMN
Chairman

CHAIRMAN'S STATEMENT (Cont'd)

Unbuilt Book Order from year 2012 to 2016 (As at December 2016)



SEGMENTAL BUSINESS OVERVIEW

The group continues to derive its earnings from the various sectors within the group, i.e. construction, property development, quarry and ready mix concrete and power generation.

Our Construction Division remains at the forefront of the group and is the main pillar of Bina Puri. As a key player in the local construction industry, we stand to continue to benefit from the 11th Malaysian Plan and Budget 2017 which include some mega projects planned by the Government. As in the

past, we continue to bid for projects from both the public sector and private sector. The latest project we have secured was the Pan Borneo Highway in Sarawak – Phase 1, valued at RM1.3 billion. Together with our JV partners, PPES Works Sarawak, we are to construct the 64km highway from Sg Awik Bridge to Bintangor Junction.

The Malaysian construction industry continues to grow, with strong support from the government. During the presentation of the budget 2017, our Prime Minister announced several potential projects such as the implementation of the new 600km East Coast Rail Line connecting Klang Valley to the East Coast. This would eventually link major townships such as Port Klang, Gombak, Bentong, Mentakab, Kuantan, Kemaman, Kerteh, Kuala Trengganu, Kota Bharu and Tumpat. A staggering sum of RM55.0 billion has been allocated for this project alone. The construction industry in Malaysia is expected to grow by 10.3 % in 2017.

Pan Borneo Highway ground breaking ceremony



Pan Borneo Highway Alignment



CHAIRMAN'S STATEMENT (Cont'd)

Bina Puri's diversification into other sectors has proven to have been successful and continues to improve the overall performance of the group.

The Property Division has also emulated the success of the Construction division. Building on the achievement of previous projects, namely The Main Place Mall in USJ 21, Subang Jaya and Puri Tower in Puchong, this division will continue to strongly contribute to the Group's revenue.



The Main Place Mall in USJ 21

Our latest development through our subsidiary, Karak Land Sdn Bhd is The Valley@Bentong, Pahang which is located on a land size of 1,593 acres in Karak, Bentong. The land development is divided into 3 phases and currently we have started work on Phase 1 which comprises of a Club House and 159 units of Homestead Lot for sale with Gross Development Value (GDV) expected at RM163 million. The marketing effort has thus far received positive feedback and promising inquiries from potential buyers. We are confident that this development will contribute materially towards the revenue of the company.

The Quarry and Ready Mix Concrete Division recorded revenue of RM88.2 million and a loss before tax of RM4.3 million for the year in review compared to revenue of RM104.0 million and loss before tax of RM1.6 million in the previous corresponding period. This loss is primarily driven by the non-renewal of the quarry land lease in Hulu Langat and losses incurred by an associated company in the steel engineering work, which had ceased operation during the year.

Nevertheless, the ready-mix concrete has recorded higher sales with operations in Klang Valley (Hulu Langat, Kajang, Melawati), Melaka and we are looking to expanding into other regions such as in Johor and Kedah.

The Power Supply division continues to grow and improve on its overall performance and contribution towards the Group. With the primary activity of providing electricity power to PT Perusahaan Listrik Negara (State Electricity Company owned

by Indonesia government) and PLTM Bantaeng, Bina Puri Power Sdn Bhd through PT Megapower Makmur, continues to tap on the potential growth in this division.



Megapower HQ in Jakarta

We are currently operating a total of 33 MW capacity of micro diesel generated power plants in 8 locations in Indonesia, including PLTD Toboali, PLTD Toboali II, PLTD Mentok and PLTD Pilang in Kepulauan Bangka Belitung; as well as PLTD Bengkalis, PLTD Selat Panjang, PLTD Siak and PLTD Sg. Apit in Provincial & Kepulauan Riau. The improved performance was mainly contributed by the new diesel power plants supply contract secured and in operation, as well as the mini hydro power plant with the capacity of 4,200 KW in Sulawesi that commenced operations in June 2016.

The Group is fortunate to have a stable and steady flow of income from the various divisions. This recurring income helps sustain the company whilst we venture into other projects to further enhance the profitability of the Group.



Taman Rimba Templer Toll

CHAIRMAN'S STATEMENT (Cont'd)



ACHIEVEMENTS AND AWARDS

Over the years, our contributions and achievements were acknowledged by the various awards and titles received by the company and individuals within the group. 27th September 2016 was yet another such day when we saw Bina Puri record another mile-stone in terms of achievements received. During the Malaysian Construction Industry Excellence Awards (MCIEA) 2016, we were honoured with the International Achievement Award Special Mention for our Skim Tanah Kurnia Rakyat Jati Kampung Lugu, Brunei Darussalam. This was followed by our Group Executive Director, YBhg. Datuk Matthew Tee being conferred the Darjah Pangkuan Seri Melaka (D.P.S.M) title in October 2016.



Tuan Yang Terutama Yang Di-Pertua Negeri Melaka conferred the award to YBhg. Datuk Matthew Tee

OUR BUSINESS OUTLOOK AND PROSPECTS

After a lacklustre outturn in 2016, global economic activities are projected to pick up pace in 2017 and 2018, especially in emerging market and developing economies. However, there is a wide dispersion of possible outcomes around the projections, given uncertainty surrounding the policy stance of the incoming U.S. administration and its global ramifications. Locally, our economy is expected to continue to grow as projected by the International Monetary Fund. The GDP is projected to grow by 4.3-4.6%. All local sectors should continue to grow with the prudent economic policies put in place by the Malaysian Government and Bank Negara.

The Group will continue to focus on and develop its major business segments – construction and property development. The current value RM3.1 billion of contract works in progress for the construction of several projects which include civil work for the RAPID Steam Cracker Complex and Main Control building and laboratory building and 2 Blocks of 23 storey office building in Medini Johor, Movenpick Hotel Resort in Terengganu, Bunus Regional Sewerage Treatment in Kuala Lumpur, Melawati Mall in Taman Melawati, Kuala Lumpur, Pusat Pentadbiran Negeri Sabah in



Access road to PPNS

CHAIRMAN'S STATEMENT (Cont'd)

Kota Kinabalu, Sabah, LKIM Fishery Complex in Kuching, Sarawak, the Malaysian Embassy in Moscow, Russia and 1,000 units of houses at Kg. Lugu, Brunei. The present on-going projects are expected to provide a steady stream of revenue for the Group over the next three years.

Malaysian Embassy in Moscow



For the property development business segment, several projects have been launched which include The Opus at Jalan Tallala, Kuala Lumpur, The Jesselton series, One Jesselton and Jesselton View Condominium in Kota Kinabalu, Sabah.

The Group continues on other development projects in Klang Valley, Johor Bahru, Pahang and East Malaysia with an estimated projected gross development valued at RM3.1 billion.

In addition to the above, the Group continues to explore other business opportunities that would contribute more recurring income to the Group in the future.

DIVIDENDS PAYABLE TO OUR VALUED SHAREHOLDERS

No dividend has been declared for the financial period under review.

One Jesselton Condominium



Cheras Pertama



ACKNOWLEDGEMENT

Once again, on behalf of the Board of Directors, I express our deepest appreciation to our worthy and reliable management team and employees, for their continuous dedication, commitment and support. I would also wish to record our sincere appreciation to our financiers, business partners and relevant approving authorities, for their continuous support and cooperation.

Finally, to all our valued shareholders, thank you once again for your continued support and confidence in us.

TAN SRI DATO' IR WONG FOON MENG

Chairman, Bina Puri Holdings Bhd
PSM, DPMT, JMN

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION AND ANALYSIS

LKIM Fishery Complex in Kuching, Sarawak



OVERVIEW

As expected Malaysia's economy maintained a steady growth rate in 2016 despite decrease in the revenue from a weaker commodities market and concerns over global political uncertainty. Ringgit Malaysia has depreciated by 6.5% since 2015. While analysts forecasts the Ringgit will stabilise in the new year on the back of high investment ratings from credit agencies and the popularity of the central bank – Bank Negara Malaysia (BNM) – among foreign investors. BNM has also stated that its approach to the rate will ensure steady growth amid stable inflation, supported by what it said will be healthy financial intermediation in the economy.

Bina Puri, despite the challenging scenario and increasingly stiff competition, managed to perform reasonably and remain profitable in the various divisions within the Group.

Both the pertinent figures for the financial year ending 2016 showed a slight dip as compared to the previous year. Revenue recorded for the year in review stood at RM1.0 billion as compared to the RM1.2 billion recorded in the previous year. Profit before tax was RM26.8 million against the RM35.7 million reported in the previous year's financial accounts.

With the necessary steps already in place by the Management to address this drop, I am confident we will be able to overcome these issues together and with our dedicated work force, produce even better results in the years to come.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)



TAN SRI DATUK TEE HOCK SENG
PSM, PGDK, ASDK, JP
Group Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

CONSTRUCTION DIVISION

In Malaysia, as always, construction was one of the best-performing sectors in 2016. As an area of specific focus under the 11th Malaysia Plan – which covers 2016-2020 – the sector has benefitted from high levels of state spending in recent years, recording 8.9% growth in the first half of 2016. According to data from the Department of Statistics Malaysia, the value of construction work in the third quarter reached RM31.9 billion, representing a 10.7% year on year increase.

Our construction division, since the inception of Bina Puri, has always been the corner stone of the Group. We continue to perform well in this division with a recorded revenue of RM463 million and profit before tax of RM6.4 million as compared to the previous corresponding year of RM1.0 billion and RM7.5 million respectively.

The result was mainly attributable to progressive profit recognised from projects secured, among which include the Rapid Steam Cracker Complex and Main Control building and laboratory building and 2 Blocks of 23 storey office Building in Johor, Movenpick Hotel Resort in Terengganu, Pusat Pentadbiran Negeri Sabah in Kota Kinabalu, Sabah, LKIM Fishery Complex in Kuching, Sarawak, Melawati Mall in Kuala Lumpur, the Malaysian Embassy in Moscow, Russia, 1,000 units of Houses at Kg. Lugu, Brunei and the completion of KLIA 2 project.

Pusat Pentadbiran Negeri Sabah



Melawati Mall



As announced in the Budget 2017 by the Prime Minister in October 2016, the Malaysian Government will also continue to support and provide homes for the people in more strategic locations, through the Projek Perumahan Rakyat 1Malaysia (PR1MA), where it aims to build more than 30,000 houses with the selling price ranging between RM150,000 and RM300,000.

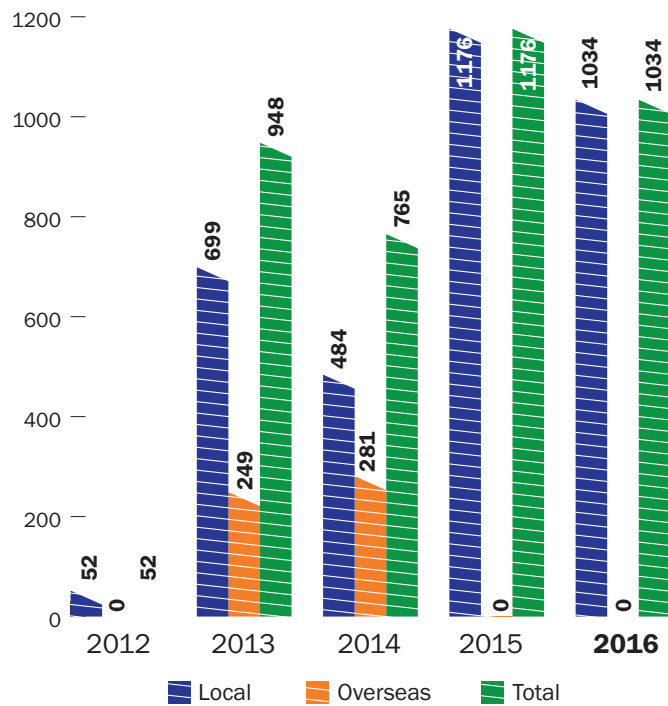
LKIM Kuching, Sarawak



We are already taking advantage of this scheme, and currently working very closely with PR1MA for a housing project in Masai, Johor. It is the construction of 994 units of PR1MA Homes and shop lots at a contract value of RM262 million. We are expecting the construction works to start within the first half of 2017 after obtaining approvals from the authority. We shall keep the good rapport with PR1MA and will look out for other potential locations for PR1MA Homes development as well as other projects announced by the government.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

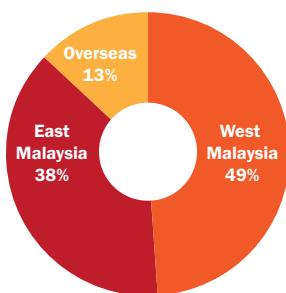
Annual Projects Secured (2012-2016) (RM' Million)



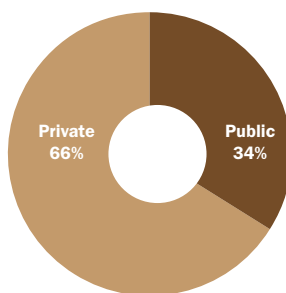
*Table of local & Overseas Projects

Project Secured from year 2012 to 2016

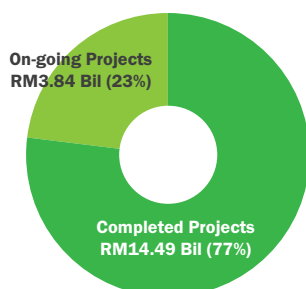
Geographical Breakdown



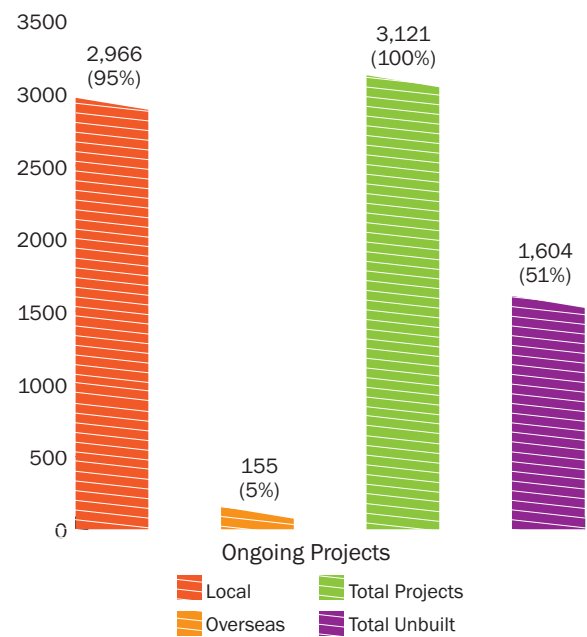
Public vs. Private



Bina Puri Projects Since 1975 - 2016



Current Ongoing Projects @ March 2017 (RM' Million)



MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

LIST OF NEW PROJECT SECURED

New Major Projects Secured (2016-2017)

1. Development of 4 Blocks PR1MA Homes Comprising of 994 Units Apartments and 20 Units of shops situated at Masai Plentong, Johor Bharu, Johor	RM262 million
2 The Construction of pipe sleeper and underground services for Package-22 RAPID, Pengerang Johor.	RM73 million
3 Construction of 440 units of 5-storey of walkup apartment for Program Perumahan Rakyat (PPR) di Pitas, Sabah.	RM80 million
4 Construction of Pan Borneo Highway the State of Sarawak, Malaysia, (Phase 1; Sg. Awik Bridge to Bintangor Junction)	RM602million
5 The construction of building plant & non-plant (Part A) at Package-22, RAPID Project, Pengerang, Johor	RM18 million
Total	RM1,034 billion

PROPERTY DIVISION

The Malaysian property market continues with slower market activities across the country. This can be attributed to various factors. Banks continue to impose very strict measures for the public to obtain housing/property loans, the ever rising cost of raw materials and labour which in return increases the price of properties especially in the main cities in the country. Another factor for the slowdown is the 'wait and see' attitude of purchasers expecting prices of property to reduce or the 'property bubble to burst'.



**One Jesselton @ Kepayan
Condominium, Kota Kinabalu**



In spite of all these obstacles faced by the property division, we managed to record commendable revenue of RM90.1 million and profit before tax of RM24.1 million for the year ended 31 December 2016 as compared to the previous corresponding year of RM80.5 million and RM37.1 million respectively. This was mainly contributed from sales of development properties for Main Place Residence in USJ 21, The Opus at Jalan Tallala in Kuala Lumpur, Laman Vila in Mont'Kiara North, Jesselton View and One Jesselton in Kota Kinabalu.

The Group continues with other developments projects in Klang Valley, Johor Bahru, Pahang and East Malaysia. Our latest project, The Valley@Bentong, Pahang is located just a short 7km away from Karak Town and the exit to the Karak Expressway, which connects Kuantan and Kuala Lumpur. It is conveniently nestled among a triptych of prominent destinations including the Genting Highlands and Bukit Tinggi – another popular tourist spot. Kuala Lumpur is just an hour drive whilst Kuantan, the liveliest spot in the East Coast of Peninsular Malaysia is only within 2 hours travelling time.

The on-going projects at hand under the property division have an estimated projected gross development value of RM3.1 billion.

Together with the on-going projects illustrated in the table below, we see great potential in this division and are confident that this indeed will be a great source of profit for the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

List of on-going and upcoming property development projects line up:-

Project	Expected GDV (RM Million)
KLANG VALLEY	
Laman Villa @ Mont Kiara North 22 units of 3 & 4 Storey of Link Bungalow	108.0
The Opus, Kuala Lumpur 2 blocks of 32-storey Service Apartment	400.5
Riveria Sentral@KL, Brickfield, Kuala Lumpur	1,288.6
398 units Condominium in Cheras Pertama	250.34
The Valley, Karak@ Bentong, Pahang	163.0
SOUTHERN REGION	
Petrie Villa @ Johor Bahru (23 units of 4-storey pool villas)	110.4
Phase 1A1 of Taman Nusa Damai (part of Lake Hill Resort City Development), Masai, Johor Darul Takzim	204.0
SABAH	
Jesselton View @ Kota Kinabalu (80 units of 5 & 11 storey Apartment)	66.6
One Jesselton @ Kepyayan Condominium, Kota Kinabalu (125 units of 11-storey condominium)	110.6
8 Avenue, Kota Kinabalu, Sabah (28-storey Condominium & 2 Levels of Commercial Retails)	265.8
THAILAND	
Bangkok Marina Resort and Spa, Thailand	200.0
Total Expected GDV	3.160 billion

QUARRY AND READY MIX CONCRETE DIVISION

In spite of taking the necessary precaution and measures to ensure this division remains profitable to the Group, external forces beyond our control took a toll on the Quarry and Ready Mix Concrete Division. The decision taken by the Selangor State Government to cease the Hulu Langat quarry land lease which has been given to Sungai Long Industries Sdn Bhd since 1991 was a big blow to the division coupled with the losses incurred by an associated company in the steel engineering work which ceased operations during the year affected us badly. The quarry and ready mix concrete division recorded revenue of RM88.2 million and loss before tax of RM4.3 million as compared to the previous corresponding period of RM104.0 million and RM1.6 million respectively.



To ensure we remain relevant and competitive in this industry, we have already put in place the necessary action to expand our business to other regions in the country, namely down south in Johor and Melaka and also up north in Kedah. However, Klang Valley will remain our main target with the increase in demand and sales in areas such as Melawati, Kajang and Hulu Langat and the surrounding areas of Kuala Lumpur city centre.

POWER SUPPLY DIVISION

With our 80% stake in PT Megapower Makmur, the power supply arm of the Bina Puri Group continues to generate a positive income for the Group.



MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)



Power generation station , Indonesia

For the current year under review, the power supply division managed to increase its revenue to RM18.5 million as compared to the RM15.7 million registered the previous year. With good management decisions and increased productivity the profit before tax derived from these power stations rose to RM7.2 million against the RM4.2 million from the financial year ending 2015.

We are at the final stages of being listed on the IDX (Indonesia Stock Exchange) and can look forward to huge potential growth and have an even bigger presence in Indonesia. This will indeed be a huge boost for our Power Supply Division as we realise the value of our Indonesian Investment and bring back real money from this Division.

HOSPITALITY DIVISION

The Hospitality division continues to manage the 72 units in the Puni Indah Residence at Jalan Ong Sum Ping, Bandar Seri Begawan, Brunei. Occupancy at this residence is at its full capacity. This high end service apartments were given a face lift in 2015 and is one of the landmarks in terms of luxury living in our neighbouring country. The lease for these units ranging from 3,000 to 3,100 sq feet will only expire in 2031. We continuously seek similar opportunities elsewhere to emulate the success of this prestigious Puni Indah Residence.

RECURRING INCOME

The Group had in 2013 invested RM16 million into a project to develop and construct for Chha Yong Association KL two blocks of shop offices in Jalan Pasar, Kuala Lumpur. This investment will entitle the Group to a 14 years income running up to April 2027.

RETAIL PROPERTY – MAIN PLACE MALL

Since its official launch in March 2014, The Main Place Mall located in USJ 21 has attracted customers from various ranges of businesses. Currently at 91.3% occupancy, this NLA

230,000 sqft continues to generate a strong recurring income to the Group. Rental has been profitable with income for year ending 2016 stood at RM2.0 million.

HIGHWAY CONCESSION – LATAR

Officially opened in June 2011, the KL-Kuala Selangor Expressway Bhd, the concessionaire for KL-Kuala Selangor Expressway (LATAR), was responsible for the construction of the 33 km toll expressway with dual carriageway with value in excess of RM958million, spanning from the north of Templer Park, Rawang, in the District of Gombak to Assam Jawa town in the District of Kuala Selangor.

With 5 interchanges located at Ijok, Puncak Alam, Templer Park, Kuang and Kundang, as well as 3 toll plazas located at Assam Jawa, Kuang and Taman Rimba Templer, traffic easily disperses in and out of the expressway. LATAR also provides links between major road networks within the Klang Valley by linking the East Coast Expressway (LPT1), the North South Expressway (PLUS) and the future West Coast Expressway (WCE).

FUTURE PROSPECTS

Although Construction and Property Development have been the main primary focus of the Group, our other major business segments continue to show promising future and huge potential for the years to come. The Management team have begun to put into place plans for further improvement for all divisions within the Group.



Main Place Residence Mall

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

UITM Kota Samarahan, Kuching, Sarawak



We have to date enough projects to sustain us for the next 3 years amounting to RM2.0 billion in the construction sector alone. The property division has also various on-going projects in the Klang Valley, Johor Bahru, Pahang and East Malaysia with a gross development value of RM3.1 billion.

Whilst the Power supply Division has a comfortable flow of income for years to come with the agreement in force expiring in the year 2030 from generating hydro power and will continue to grow with the listing exercise completed in the near future. This will further enhance this division to put it on par with the construction and property division and we are confident of seeing this division growing and eventually become the additional driving force within the Group.

Although the Quarry and Ready Mix Concrete Division suffered a major set-back in 2016, we are confident of taking the necessary steps and actions to ensure productivity levels improve and marketing strategies implemented are put to practice. This will in turn make this division a more profitable arm of the Group.

In spite of all the challenges faced by the various divisions and the Group as a whole, our performance for the year ended 2016 was a testimony that together we can overcome any

obstacle when we stand united. Although there is still much room for improvement, we must work even harder to further better ourselves.

APPRECIATION

On behalf of the Board of Directors, I take this opportunity to thank the Management and staff for their continuous commitment, loyalty and diligent work. For the group to grow and be competent we must have the support of our clients, financiers, suppliers, business partners and all the relevant authorities.

To my fellow board members, my heartfelt thanks for your wise counsel and support in helping the Group stay true to our vision and mission. Last but not least, to our dear shareholders, your trust and confidence in us all these years is most appreciated and rest assured we will work even harder to further improve on our overall performances in the future.

TAN SRI DATUK TEE HOCK SENG

PSM, PGDK, ASDK, JP

Group Managing Director

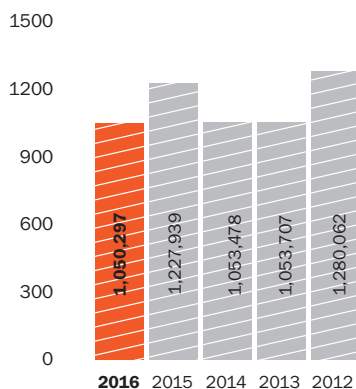
Angkasa Apartments,
Kota Kinabalu, Sabah



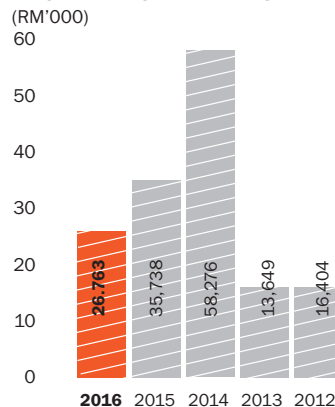
GROUP FINANCIAL HIGHLIGHTS

	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000
Revenue	1,050,297	1,227,939	1,053,478	1,053,707	1,280,062
Profit before taxation	26,763	35,738	58,276	13,649	16,404
Profit attributable to the shareholders of the Company	1,070	3,373	6,473	5,232	5,110
Dividend paid (Net)	–	4,346	2,669	1,997	1,861
Issued share capital	121,437	115,319	88,956	157,116	124,416
Shareholders' equity	222,992	216,479	193,751	170,533	135,380
Total assets employed	1,694,695	1,788,566	1,471,354	1,339,736	1,022,186
Net earnings per share (sen)	0.45	1.60	3.75	3.85	4.12
Net assets per share (RM)	0.92	0.94	1.09	1.09	1.09
Share price (RM)					
- High	0.50	0.65	0.782	0.875	1.05
- Low	0.36	0.33	0.50	0.57	0.80

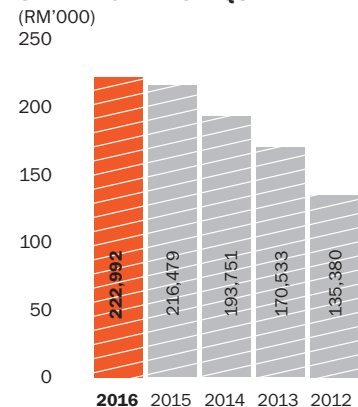
REVENUE (RM'000)



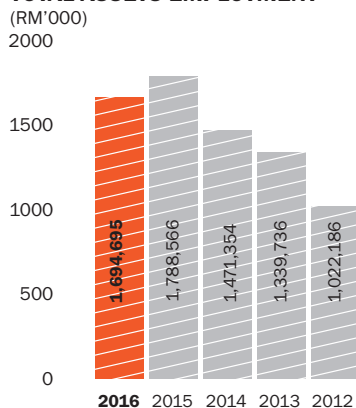
PROFIT BEFORE TAXATION



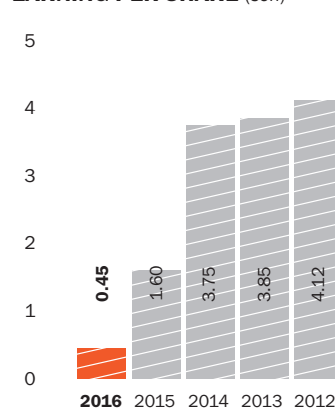
SHAREHOLDERS' EQUITY



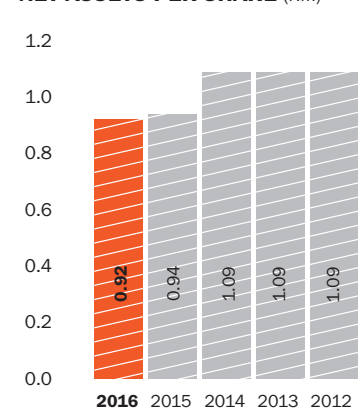
TOTAL ASSETS EMPLOYMENT



EARNING PER SHARE (sen)



NET ASSETS PER SHARE (RM)



CALENDAR OF EVENTS



22nd April 2016

Bina Puri Sdn Bhd becomes the Project Management Consultant for Arus Sutera Sdn Bhd to carry out the Proposed Design, Build and Complete 440 units of 5-storey Walk-Up Flats and Associated Works for Program Perumahan Rakyat (PPR) in Pitas, Sabah. The project is for the Kementerian Kesejahteraan Bandar, Perumahan Dan Kerajaan Tempatan Sabah with contract value of RM80.0 million and 42 months construction period.

28th April 2016

Full completion of the LRT Ampang (AMG) Line Extension Project (Package B)



9th June 2016

Bina Puri Sdn Bhd accepted a Letter of Award from Punj Lloyd Sdn. Bhd. to construct pipe sleeper and underground services at the Refinery and Petrochemical Integrated Development (RAPID) Project site for a contract sum of RM73 million. The work is to be completed within 18 months. The scope of work includes supply all materials and construction of underground services which include but not limited to piping for sewage, water supply, manhole, drainage and all other safety features, and levelling and grading work for above ground at the refinery tank farm.

26th June 2016

Karak Land Sdn Bhd, a unit of Bina Puri Group signed a MoU with Koperasi Petani Muda Malaysia Berhad (KPM) to develop a 150-acres land in The Valley project at Bentong, Pahang. The purpose of the MoU was to help the young farmers who interested in venturing into agriculture and agro-tourism sectors in Malaysia. Karak Land Sdn Bhd was represented by YBhg Datuk Matthew Tee while KPM was represented by its president, YB Senator Datuk Chong Sin Woon, who is also the Deputy Minister of Education Malaysia. This event was witnessed by YB Dato' Sri Liow Tiong Lai, the Minister of Transport Malaysia and YBhg Tan Sri Datuk Tee Hock Seng, JP.



CALENDAR OF EVENTS (Cont'd)



28th June 2016

Bina Puri Holdings Bhd held its 25th Annual General Meeting (AGM) at Wisma Bina Puri, Selayang, Selangor. The AGM was in relation to the proposed renewal of shareholders' mandate for the company and its subsidiaries to enter into recurrent related party transactions of a revenue of trading nature with related parties. YBhg. Tan Sri Dato' Ir. Wong Foon Meng chaired the function at the presence of all the directors and more than 200 shareholders.

The AGM, was followed by the Extraordinary General Meeting (EGM). At the EGM, the meeting approved the resolution of proposed listing of PT MegaPower Makmur on the Indonesia Stock Exchange.

4th July 2016

Bina Puri Sdn Bhd accepted the Letter of Award from Punj Lloyd Sdn. Bhd. for the Execution of Package- Building Plant & Non-Plant (PART-A) for Package 22 at the Refinery and Petrochemical Integrated Development (RAPID) Project for a contract sum of RM18 million. The work is to be completed within 11 months with the scope of work includes of Civil, Structural and Architectural Works for Buildings (i.e. Sub-Station, Field Auxiliary Room & Operator Shelter Building), Pump Stations and Foundation of Vessel & Packages.



25th September 2016

KL – Kuala Selangor Expressway Berhad (LATAR), an associate company of Bina Puri Holdings Bhd, successfully organized the LATAR 99KM Healthy Ride. The Works Minister of Malaysia YB Dato' Haji Fadhillah Yusof flagged off the 1,900 local and international cyclists who took part in the ride. The cycling event was a catalyst that would popularize Kuala Selangor as a sports and eco-tourism destination.

27th September 2016

Bina Puri Holdings Bhd marked another great achievement when it was awarded the International Achievement Award Special Mention in the Malaysian Construction Industry Excellence Awards (MCIEA) 2016 for the project of Skim Tanah Kurnia Rakyat Jati Kampung Lugu, Brunei Darussalam undertaken by its unit, Bina Puri (Brunei) Sdn Bhd. The ceremony was held in Kuala Lumpur, officiated by the Minister of Works Malaysia YB Dato' Seri Hj. Fadhillah Hj. Yusof. YBhg. Datuk Matthew Tee, the Group Executive Director of Bina Puri received the award on behalf of the Group.



CALENDAR OF EVENTS (Cont'd)



4th October 2016

YB Tan Sri Datuk Amar Dr. James Jemut Masing, Deputy Chief Minister of Sarawak made an official visit to the Fisheries Development Authority of Malaysia (LKIM) Port at Tanjung Bako, Sarawak. This is his first official visit to the fishery complex there. He was welcomed by YB Dato' Sri Hj. Irmohizam Bin Hj. Ibrahim, Chairman of LKIM.

10th October 2016

Bina Puri Holdings Bhd and CCCC Dredging (Group) Co. Ltd. from China signed an agreement to form a consortium for the development of Kuantan Waterfront Resort City (KWRC) project in Pahang. Bina Puri Holdings Bhd was represented by its Group Managing Director, YBhg. Tan Sri Datuk Tee Hock Seng, JP whilst CCCC Dredging (Group) Co. Ltd. was represented by its General Manager Southeast Asia Region, Mr. Yan Yongtong. The signing ceremony was witnessed by YB Dato' Sri Liow Tiong Lai, Minister of Transport Malaysia.



16th October 2016

Bina Puri Sdn Bhd together with PPESW held a ground breaking ceremony for the newly secured project of the Development and Upgrading of the Proposed Pan Borneo Highway in the State of Sarawak, Malaysia - Phase 1, Package Contract - WPC-06 (Sg Awik Bridge to Bintangor Junction) from Lebuhraya Borneo Utara Sdn Bhd. The total contract sum is RM1.36 billion with 47 months contract period. Bina Puri holds a 30% share of this amount.

27th October 2016

KL - Kuala Selangor Expressway Berhad (LATAR), an associate company of Bina Puri Holdings Bhd, won the 3rd place in the Annual Productivity & Innovation Conference and Exposition (APIC) 2016 under the service industry category. APIC 2016 was organized by the Malaysia Productivity Corporation (MPC), had its objectives to showcase best practices and practical applications of excellent practices on productivity and innovation. The national level was held from 25th to 27th October 2016 at Putrajaya. LATAR was represented by Technovators, the team of Innovative and Creative Group (KIK) which had won several KIK conventions and had also achieved other great recognition prior to this.



CALENDAR OF EVENTS (Cont'd)



3rd February 2017

Bina Puri (B) Sdn Bhd, a subsidiary of Bina Puri Holdings Bhd has successfully completed another Projek Perumahan Negara Kg. Lugu “Design & Build Of Earthwork, Infrastructure & 1,000 Units Of High Density Development Including Master Planning At Kg. Lugu National Housing Scheme, Negara Brunei Darussalam”. The project comprises the Construction of 1,000 unit Cluster houses including Earthworks, Roads and Car parks, Drainage, Sewerage and Manholes, Mechanical & Electrical and all necessary Pipe sleeves including provision of all temporary works required at a contract value of BND109.5 million / RM273.7 million.

28th February 2017

Bina Puri Holdings Bhd successfully obtained the Certificate of Practical Completion for the 13-storey shopping complex of Melawati Mall at Bandar Ulu Kelang, Setapak. The shopping complex which owned by Sime Darby Capitaland (Melawati Mall) Sdn Bhd, comprises of 8-storey commercial spaces from ground level to level 7, and 5-storey of carpark area from basement 1 & 2, and from level 8 to level 10.



12th March 2017

Bina Puri Holdings Bhd received “The Inaugural Malaysian Brand Award” at the Third Malaysia Golden Entrepreneur Award and the Inaugural Malaysian Brand Award. The award was received by Group Executive Director, YBhg Datuk Matthew Tee Kai Woon, presented by YB Datuk Seri Ir Dr Wee Ka Siong, Minister in the Prime Minister Department. The award was a recognition of the Malaysian brands, their business activities and contribution to Malaysian economy.

31st March 2017

The LKIM fishery complex project was successfully completed by Bina Puri Construction Sdn Bhd. The project was to plan, design and build a fishery complex in Kuching, Sarawak, at a contract value of RM247.8 million. The complex is expected to create a buoyant fishery industry for the state as it would integrate the upstream and downstream economic activities of the fishery industry in a one-stop centre.



CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate citizen, Bina Puri Group has always taken upon itself to contribute towards the strengthening of society as a whole. As in the past, we have once again come forward willingly to reward those under our own wings as well as contributing towards deserving parties in areas of educating the younger generation and those in dire need of some assistance.

Encouraging Education Excellence and Promoting Knowledge

Education is key in creating a well informed and civilized society, thus Bina Puri continues to contribute generously to various schools and educational bodies in order to improve the quality of education given to our younger generation. This year, the recipients of our financial assistances were SMJK Confusion, KL, SRJK (C) Tsun Jin and the United Chinese School Committees' Association of Malaysia.

The Perdana Leadership Foundation also continued to receive our financial assistance to pursue its research programmes.

Community and Humanitarian Aids

Concerning the underprivileged society, Bina Puri Group channeled its financial aids to orphans, disabled people and old folks at shelter homes such as Happy Senior Cultural & Arts studies, and Yayasan Sunbeams Home.

Whilst at the international front, Bina Puri provides funds to Kiwanis International Foundation, through its "Eliminate Project" to support the United Nations Children Fund (UNICEF) in its efforts to eliminate Maternal and Neonatal Tetanus (MNT) around the world.

For the sports development, we sponsored various organizations such as the Olympic Council of Malaysia and Chinwoo Athletic Association. In addition, we are proud to be the sponsor of LATAR 99KM Health Ride, organized by our associate company, KL-Kuala Selangor Expressway Berhad (LATAR).

In basketball, Bina Puri's sponsored team, KL Bina Puri Women Basketball Team is the champion in the Malaysia Women Basketball League 2016.

Being an active member in the construction industry, we also supported various industrial NGOs. These include Master Builders Association Malaysia (MBAM), Malaysia Structural Steel Association (MSSA) and Real Estate And Housing Developers' Association Malaysia (REHDA).

Human Capital

Our employees will always remain our most valuable asset. Thus, their welfare is our priority, and through our dedicated programmes and activities, Bina Puri continues to reward our staff for their loyalty and effort that have contributed to our success.

The Undergraduate Scholarship Awards is among one of our staff welfare programme, which is uniquely designed to recognize academic excellence among our staff's children studying in local and foreign universities.



CORPORATE SOCIAL RESPONSIBILITY (Cont'd)



For our staff whose children are still in primary and secondary school, we extended with cash incentives those who excelled in their SPM, PT3 and UPSR examinations .

For our staff themselves, those who excelled and successfully completed their studies in Diploma, Bachelor, Master or PhD were also rewarded under the Bina Puri Education Incentives.

Other programmes designed to appreciate our staff include the Best Employees Awards, birthday celebrations, festive celebrations and others.

In promoting a healthy lifestyle and to strengthen staff bonding, many activities were successfully executed by our dynamic and energetic Kelab Sukan & Sosial Bina Puri (KSSBP). In 2016, the club organized outing trips to Thailand, Indonesia, Japan and to various local tourist attraction venues in Pahang and Sabah. Other activities organized include futsal tournament, badminton and ping pong tournaments, fishing competition and paintball.



Environmental Projects in the Community

For the construction industry, we have taken the responsibility to ensure that all our staff as well as the subcontractors abide by the Environmental Policies ensuring all wastes at the work sites are properly collected and stored; for instance the used oil drums are relocated into the oil storage area while the contaminated soil are cleaned up according to the Environmental Quality (Scheduled Wastes) Regulations 2005.

Our project team has always put their efforts to ensure our project sites are in good housekeeping condition and clean.

For instance, maintaining the cleanliness of public drainage. This exercise is performed on a weekly basis mainly to prevent a clogged drainage system that can cause flash floods and infectious diseases. Thus, Bina Puri has always committed to continue its effort in helping to protect the environment.

Property developments by Bina Puri Properties Sdn Bhd, for instance Laman Villa @ Mont' Kiara North and Puri Tower @ Puchong, are equipped with solar energy. The roof top is fitted with solar panels that generate electricity and are connected to the national grid. Receipts from this energy-saving installation will be ploughed back for general maintenance of the said properties.

In promoting eco-friendly development, Bina Puri initiated a farmstead project, The Valley @ Bentong, Pahang, with the concept of modern lifestyle in a green undisturbed mother nature environment.

Ampang LRT Extension



AUDIT COMMITTEE REPORT

A. COMPOSITION, COMPLIANCE AND ATTENDANCE

Members of the Committee	Designation in the Company	No. of meetings attended
Dato' Yeow Wah Chin, Chairman	Independent Non-Executive Director	5/5
Ir. Ghazali Bin Bujang	Independent Non-Executive Director	5/5
Mohd Najib Bin Abdul Aziz	Independent Non-Executive Director	5/5

- (a) The Audit Committee shall be appointed by the Directors from amongst their numbers via a Directors' resolution and shall consist of not less than three (3) members. All the Audit Committee members must be non-executive directors with a majority of them being Independent Directors. The composition of the Audit Committee shall meet the independence requirements of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and other rules and regulations of the Securities Commission.
- (b) At least one member of the Audit Committee:
- is a member of the Malaysian Institute of Accountants (MIA); or
 - if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and
 - must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
 - fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.
- (c) In the event of any vacancy in the Audit Committee, the Directors shall within three (3) months of that event, appoint such new members to make up the minimum number of three (3) members.
- (d) An Alternate Director shall not be appointed as a member of the Audit Committee.
- (e) The member of the Audit Committee that meets the requirement for having the necessary accounting qualification is En. Mohd Najib Bin Abdul Aziz.

B. TERMS OF REFERENCE

The Terms of Reference of the Audit Committee are consistent with the MMLR of Bursa Malaysia and the MCCG 2012 and all the requirements under the Terms of Reference are fully complied with.

The Terms of Reference of the Audit Committee are accessible to the public for reference on Bina Puri corporate website.

C. MEETINGS

The Committee will meet at least four (4) times a year and such additional meetings as the Chairman shall decide in order to fulfil its duties. The external auditors may request a meeting if they consider that one is necessary.

The quorum for each meeting shall be two (2) members and the majority of members present must be Independent Non-Executive Directors.

The authorised officers and a representative of the external auditors may attend meetings at the invitation of the Committee. Other Board members shall also have the right of attendance upon the invitation of the Committee. If necessary, the Committee shall meet with the external auditors without executive Board members present.

AUDIT COMMITTEE REPORT (Cont'd)

C. MEETINGS (CONT'D)

The Secretary to the Committee shall be the Company Secretary or any other person appointed by the Committee.

The Secretary shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it to the Committee members prior to each meeting. The Secretary will also be responsible for keeping the minutes of the meeting of the Committee and circulating to the Committee members and to other members of the Board.

A resolution in writing signed or approved by letter by all the members of the Audit Committee who are sufficient to form a quorum shall be valid and effectual as if it had been passed at a meeting of the Audit Committee duly called and constituted. All such resolution shall be described as "Audit Committee Circular Resolution" and shall be forwarded or otherwise delivered to the Secretary without delay and shall be recorded by the Secretary in the Company's minutes book. Any such resolution may consist of several documents in like form, each signed by one (1) or more members.

D. SUMMARY OF ACTIVITIES

The following activities were carried out by the Audit Committee during the year review:

1. Financial Reporting

- reviewed the quarterly financial results, announcement, annual report and audited financial statements of the Company and the Group for financial year ended 2016 prior to recommending to the Board for consideration and approval; and
- The review also involved discussion with Management and the external auditors to ensure they were drawn up in accordance with the applicable accounting standards approved by MASB and other legal requirements.
- The quarterly financial statements for the first, second, third and fourth quarters of 2016, which were prepared in compliance with the Malaysian Financial Reporting Standard ("MFRS") 134 Interim Financial Reporting, International Accounting Standards 34 Interim Financial Reporting and paragraph 9.22, including Appendix 9B of the MMLR, were reviewed at the AC meetings on 20 April 2016, 17 May 2016, 16 August 2016, 21 November 2016 and 23 February 2017, respectively.

On 23 February 2017, the AC reviewed the quarterly financial statements for the fourth quarter of 2016 and the annual unaudited financial statements for 2016.

2. Internal Audit

- Reviewed and approved the annual audit plan proposed by the internal auditors to ensure the adequacy of the scope and coverage of work;
- Reviewed the internal audit reports presented by the internal auditors on their findings and recommendations including Management's response;
- Considered internal auditors' recommendations and the Management's response with respect to system and control weaknesses, before proposing those system and control weaknesses be rectified and recommendations to be implemented; and
- Considered and recommended to the Board for approval of the audit fees payable.

3. External Audit

- Reviewed the external auditors' report on the final audit report for the financial year ended 31 December 2016 and Statement of Risk Management and Internal Control ("SORMIC") in February 2016 before recommending to the Board for approval.
- Reviewed the Internal Control Memorandum, together with Management's response to the findings of the external auditor.
- Reviewed the 2016 external auditors' audit plan for Bina Puri Group, encompassing the nature and scope for the year's audit and engagement strategy in August 2016 prior to its implementation.

AUDIT COMMITTEE REPORT (Cont'd)

D. SUMMARY OF ACTIVITIES (CONT'D)

The following activities were carried out by the Audit Committee during the year review: (Cont'd)

3. External Audit (Cont'd)

- Reviewed the terms of engagement of the external auditors for the 2016 statutory audit and SORMIC, upon confirmation of its independence and objectivity in August 2016, prior to tabling for the Board's approval. The engagement of the external auditors for the Group was supervised and processed under the Group's umbrella to streamline their terms of engagement
- Reviewed and approved the non-audit services provided by the external auditors while ensuring there was no impairment of independence or objectivity. This includes monitoring the fee of the total non-audit work carried out by the external auditors so as not to jeopardise the external auditors' independent status. In the financial year 2016, the Company did not engage the external auditors for any non-audit projects.
Audit Committee also diligently exercised its right to hold annual meetings with the external auditors without the Management's presence on one separate occasion on 24 February 2016. These sessions were held to enable an open discussion with the Audit Committee and ensure the external auditors were not restricted in their scope of audit.
- Reviewed, assessed and monitored the performance, suitability and independence of the external auditors. The Audit Committee undertook an annual assessment to assess the performance, suitability and independence of the external auditors based on, amongst others, the quality of service, sufficiency of resources, communication and interaction, as well as independence, objectivity and professional scepticism.

The external auditors also provide an annual confirmation of their independence in accordance with the terms of all professional and regulatory requirements, including the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants. The engagement and concurring partners responsible for the Group audit are rotated at least every five (5) financial years.

Following the review of the external auditors' effectiveness and independence, the Audit Committee is satisfied with the performance and the audit independence of the external auditors. Accordingly, it was recommended to the Board to re-appoint Baker Tilly Monteiro Heng as auditors of the Company as well as the proposed audit fee for approval. A resolution for their re-appointment will be tabled for approval at the forthcoming Annual General Meeting.

The Board is in the midst of formalising External Auditors Assessment Policy to enhance the External Auditors assessment processes and procedures. This Policy provides a structured, formalised/ documented assessment, review and supervision of the performance, suitability and independence of External Auditors, to facilitate accountability and transparency of the Group's dealing with its External Auditors.

- Considered and recommended to the Board for approval of the audit fees payable.

4. Others

- Reviewed the Audit Committee Report and its recommendation to the Board for inclusion in the Annual Report;
- Reviewed the SORMIC and Statement on Corporate Governance and its recommendation to the Board for inclusion in the Annual Report;
- Reviewed related party transactions that may arise within the Company or the Group; and
- Verified the allocation of options shares pursuant to the ESOS to eligible employees had been made in accordance with criteria as stipulated in the ESOS by-laws of the Company. The Audit Committee is satisfied that the allocation of options pursuant to the Company's ESOS during the financial year ended 31 December 2016 is in accordance with the criteria set out in the ESOS by-laws.

The Committee discharged its duties and responsibilities in accordance with its Terms of Reference.

AUDIT COMMITTEE REPORT (Cont'd)

E. INTERNAL AUDIT FUNCTION

The Company has outsourced the internal audit function to BDO Governance Advisory Sdn. Bhd. ("BDOGA"). The cost incurred for the internal audit function in respect of the financial year ended 31 December 2016 was RM68,742 (2015: RM57,775).

The role of the internal audit function is to assist the Audit Committee and the Board of Directors in monitoring and managing risks and internal controls of the Group. A systematic and disciplined approach is used to evaluate and improve the effectiveness of risk management, operational and internal controls and compliance with laws and regulations.

The internal audit was carried out in accordance with the Institute of Internal Auditors' guidance on risk based internal auditing. The internal audit approaches are as follows:-

- Meeting with key staff to gain an understanding of the risks along with the processes reviewed, and the controls put in place;
- Reviewing key documents that support the processes and controls in place;
- Performing walkthrough test and test of control, and in particular management oversight controls, in order to provide assurance as to the design and operational effectiveness of the internal control; and
- Comparing existing processes with established best practices.

The internal audit activities are carried out based on a risk-based audit plan, which include both assurance and consulting activities approved by the Audit Committee, in order to achieve the following objectives:

- Compliance with legislation, regulations, policies and procedures;
- Economy and efficiency of operations;
- Safeguarding of assets;
- Reliability and integrity of financial and operational information; and
- Achievement of operational objectives.

BDOGA has direct access to the Audit Committee and the Managing Director. In order for the function to carry out its responsibilities, it shall have full access to all records, properties and personnel of the Group.

Summary of Activities

During the financial year ended 31 December 2016, BDOGA carried out the following activities:

- a) Prepared the annual audit plan for the approval of the Audit Committee.
- b) Issued audit reports to the Committee and management identifying control weaknesses and issues as well as highlighting recommendations for improvements.
- c) Acted on suggestions made by Committee and/or senior management on concerns over operations or controls and significant issues pertinent to the Company or the Group.
- d) The internal audit review undertaken by BDOGA for the financial year 2016 included the following:
 - i. Internal Control Review ("ICR") on Project Management for LKIM Fishery Complex in Kuching;
 - ii. ICR on Project Management for Pengerang Integrated Petroleum Complex in Johor; and
 - iii. ICR on Project Oversight and Cost Control in Corporate Office.

All findings and recommendations arising from the ICRs for financial year 2016 were tabled to the Audit Committee and the reviews were conducted based on an internal audit plan approved by the Audit Committee.

F. REVIEW OF THE AUDIT COMMITTEE

The nominating committee, as required of a listed issuer, reviews the term of office and performance of an Audit Committee and each of its members annually to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

CORPORATE GOVERNANCE STATEMENT

The Board recognises the need for companies to be more efficient and well-managed, and continues to implement the recommendations of the Malaysian Code on Corporate Governance 2012 (“the Code”). The Code sets out principles and best practices on structures and processes that companies may use in their operations towards achieving an optimal governance framework.

The Board realises that good governance practices are important to safeguard the interests of all stakeholders and enhance shareholders’ value. The Group will continue to strengthen its compliance with the eight (8) principles and the corresponding twenty six (26) Recommendations laid out in the Code.

1. BOARD OF DIRECTORS

The Board comprises members with a wide range of business, legal, financial and technical background to lead the Group. The following considerations have been applied in ensuring the effectiveness of the Board.

(a) Roles and Responsibilities of the Chairman and the Managing Director

The role of the Independent Non-Executive Chairman and the Group Managing Director (“GMD”) are distinct and separate to ensure that there is a balance of power and authority.

The Chairman leads and ensures the effectiveness of the board by among others, encouraging healthy debates by all directors, allowing sufficient time for discussion of issues and ensuring that the board’s decisions fairly reflect board consensus.

The GMD has overall responsibility for the day-to-day management of the business and implementation of the Board’s policies and decisions. The GMD is responsible to ensure due execution of strategic goals, effective operations within the Group, and to explain, clarify and inform the Board on key matters pertaining to the Group.

(b) Roles and Responsibilities of the Board

The Board delegates certain roles and responsibilities to the Board Committees noted below whilst, amongst others, assuming the roles and responsibilities as stated below:

(i) Formulating and reviewing strategic plan for the Group quarterly;

The Board reviews and approves the annual corporate plan for the Group which includes overall corporate strategy, operational plan and the budget. These plans include consideration on the environmental condition, changes to rules and regulations, and incorporate environmental and social responsibility strategies which underpin the sustainability of the business.

The Board also intends to take steps to formalise a Sustainability Policy which sets out the business strategy that drives long-term corporate growth and profitability, by including environmental and social considerations in the business model. The Board will take steps to make available the policies on Bina Puri’s corporate website.

(ii) Overseeing the conduct of the businesses and financial performance of the Group;

Guidance is provided to management through frequent meetings and reporting whilst line managers are given sufficient level of autonomy to make decisions. The skillset and experience of the Directors enable in-depth discussion and examination of issues on performance, strategy, compliance and resources are discussed and examined in depth in order to take into consideration the long-term interest of the Group’s stakeholders.

(iii) Identifying and managing the principal risks of all aspects of the Group’s operations and affairs;

The Board with the assistance from management, regularly review, identify, evaluate, monitor and manage the principal risks faced by the Group.

Details of the Risk Management are further discussed in the Statement on Risk Management and Internal Control.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

1. BOARD OF DIRECTORS (CONT'D)

(b) Roles and Responsibilities of the Board (Cont'd)

- (iv) Ensuring all senior management positions are held by candidates of sufficient caliber and that succession programmes for senior management are in place;

The Board has established a formal organisation structure for the Group with delineated lines of authority, responsibility and accountability. The organisation structure is formed by focusing both on performance delivery and business continuity through succession planning. It fosters and promotes the continual development of Executive Directors and key employees, and ensures that key positions maintain some measure of continuity, thus enabling the Group to achieve business objectives.

- (v) Ensuring that effective communication with its shareholders and stakeholders is in place; and

The Board strives to ensure that all shareholders have ready and timely access to all publicly available information of the Group and promote effective communication with shareholders so as to enable them to engage actively with the Group and exercise their rights as shareholders in an informed manner.

The Board also strives to ensure that the Group's disclosed information is compliant to legal, listing authority and stock exchange requirements, especially price-sensitive information.

- (vi) Ensuring that a sound framework of reporting on management information and internal controls is in place.

The Board's function in fulfilling the above responsibility is supported and reinforced through the various Committees established at both the Board and the management's level. Aided by independent outsourced Internal Audit and External Audit functions, the active functioning of these Committees through periodical meetings and discussions would provide a check and balance and reasonable assurance on the adequacy of the Group's internal controls.

Details on the Internal Audit and External Audit functions are further discussed in the Statement on Risk Management and Internal Control and Audit Committee Report.

Formal Schedule of Matters

The Board reserves certain powers for itself and delegates certain matters, such as the day-to-day management of the Group to the management, with strict approving authority limits. These are matters pertaining to:

- annual budget;
- credit policy;
- expenditure within the normal course of business;
- capital expenditures;
- company financing; and
- disposal of assets.

Board Charter

Board Charter will be in place to assist the Board in discharging its duties effectively. The responsibilities of the Chairman and the Managing Director are separated and clearly defined within the Board Charter.

The Charter will be adopted in year 2017 and reviewed from time to time to ensure its consistency with the Board's objectives and current laws and practices.

Once the Board Chart is adopted, it will be accessible through Bina Puri's corporate website.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

1. BOARD OF DIRECTORS (CONT'D)

(b) Roles and Responsibilities of the Board (Cont'd)

Code of Conduct and Ethics

Code of Conduct and Ethics defines the standards of conduct that are expected of Directors and employees to help them make the right decision in the course of performing their jobs to the highest standards of ethic, integrity and governance.

Details of the Code of Conduct and Ethics are set out in the Company's staff Handbook which includes observation of secrecy, duties, work ethics, conflict of interest, time recording and dress code.

Employees are aware of the importance of discipline and disciplinary actions will be taken for misconduct. While there is no formalised whistle blowing policy, appropriate feedback and informations can be channelled to the Group Managing Director and Group Executive Director.

Gender Diversity Policy

The Board takes heed of the Code with regard to Board gender diversity. The Group currently has no female Director on the Board.

The Nominating Committee is instrumental to assess and evaluate the board composition on merit based, however, for future vacancy, suitable women directors who can bring value, skills and expertise to the Board shall be given equal and serious consideration.

(c) Board Composition

The Board's composition represents a mix of knowledge, skills and expertise vital to the successful direction of the Group.

The Board currently has nine (9) members comprising five (5) Non-Executive Directors and four (4) Executive Directors make up of an Independent Non-Executive Chairman, a Group Managing Director, a Founder Director, two (2) Executive Directors and four (4) Independent Non-Executive Directors. The Board has at least one third (1/3) of Independent Non-Executive Directors as required by the MMLR of Bursa Malaysia Securities Berhad.

(d) Board Meetings

The Board meeting calendar scheduling the meeting dates of the Board, Board Committees and AGM for each financial year were fixed in advance for the whole year to ensure all Board and Committees Members' dates are booked and also to enable the Management's planning for the whole financial year.

The Board meets at least four (4) times a year with additional meetings being convened where necessary. The Board obtains the commitment from Directors to devote sufficient time and efforts to carry out their responsibilities at the time of their appointment. Each Director is expected to commit time as and when required to discharge the relevant duties and responsibilities, besides attending meetings of the Board and Board Committees. Board meetings for the ensuing financial year are scheduled in advance before the end of the current financial year so that the Directors are able to plan and schedule ahead for their attendance to the Board meetings in the coming year.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

1. BOARD OF DIRECTORS (CONT'D)

(d) Board Meetings

For the financial year 2016, the Board met four (4) times. Details of attendance of Directors at the Board Meetings are as follows:-

Attendance at Board Meetings

Directors	No. of meetings attended
Tan Sri Dato' Ir Wong Foon Meng	4/4
Tan Sri Datuk Tee Hock Seng, JP	4/4
Dr. Tony Tan Cheng Kiat	4/4
Datuk Matthew Tee Kai Woon	4/4
Datuk Tan Kwe Hee (Retired on 28 June 2016)	2/2
Datuk Henry Tee Hock Hin	4/4
Tay Hock Lee	3/4
Dato' Yeow Wah Chin	4/4
Ir. Ghazali Bin Bujang	4/4
Mohd Najib Bin Abdul Aziz	4/4

All Directors have complied with the minimum requirements on attendance at Board meetings as stipulated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") (minimum 50% attendance).

(e) Appointment and Re-election of the Board of Directors

The Board is responsible for the appointment of Directors. It has formulated the terms of reference of the Nomination Committee and has identified the composition of the Committee members. It is the Board's policy for Directors to notify the Chairman before accepting any new directorships notwithstanding that the Listing Requirements allow a Director to sit on the board of 5 listed issuers.

The Board is in the midst of formalising a Boardroom Appointment and Performance Evaluation processes and will be adopted in the year 2017. The processes will be as follow:

Boardroom Appointments

The selection, nomination and appointment of suitable candidates to the Board follow a transparent process.

Review of candidates for Board appointment has been delegated to the NC. NC is also responsible to review the existing composition of the Board, identifying the gaps and subsequently review and recommend to the Board a suitable candidate with the relevant skillsets, expertise and experience.

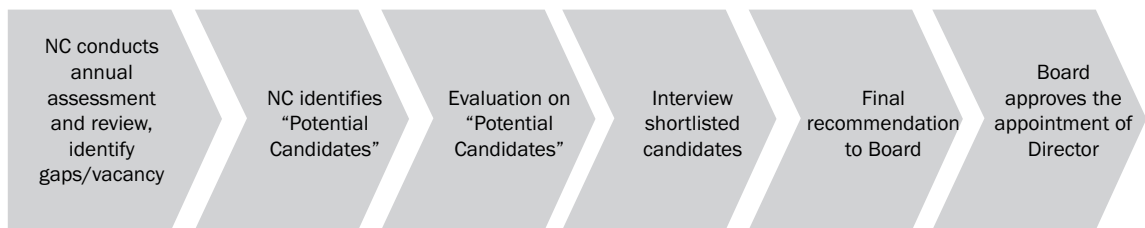
CORPORATE GOVERNANCE STATEMENT (Cont'd)

1. BOARD OF DIRECTORS (CONT'D)

(e) Appointment and Re-election of the Board of Directors (Cont'd)

Boardroom Appointments (Cont'd)

Bina Puri's Boardroom appointment process is as follows:



Boardroom Membership Criteria

In reviewing and recommending to the Board any new Director appointments, the NC considers:

- Age, skills, knowledge, expertise, experience, professionalism, integrity, capabilities and such other factors which would contribute to the Board's collective skills;
- Competing time commitments if the candidate has multiple board representations;
- Composition requirements for the Board and Committees; and
- Independence, for the appointment of an Independent Non-Executive Director.

(f) Board Performance Evaluation

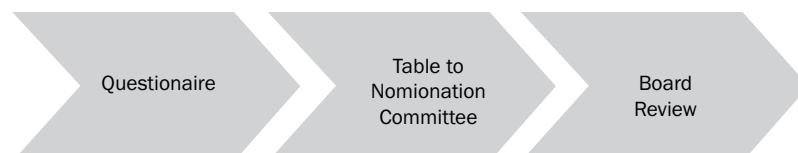
The purpose of the Board Evaluation is to assess the processes by which the Board fulfils its responsibilities, including those provided by the MCCG 2012 and outlined by the Board Charter.

The Board, through its Nomination Committee, undertakes an evaluation each year in order to assess how well the Board, its committees, the Directors and the Chairman are performing including assessing the independence of Independent Directors after taking into account the individual Director's capability to exercise independent judgement at all times.

The evaluation covers the Directors's composition, skills mix, experience, communication, roles and responsibilities, effectiveness as well as conduct. All Directors complete a questionnaire regarding the Board and Committees' processes, their effectiveness and where improvements may be considered.

The outcome of the evaluation exercise is reported to the Nomination Committee and then to the Board for review.

The Director Performance Evaluation Process is as follow:



CORPORATE GOVERNANCE STATEMENT (Cont'd)

1. BOARD OF DIRECTORS (CONT'D)

(f) Board Performance Evaluation (Cont'd)

The criteria used in the Director Assessment process:

- Integrity, Commitment and Ethics
- Governance
- Strategic Perspective
- Adding Value
- Judgement and Decision Making
- Teamwork
- Communication
- Commitment

Individual board members' performances are tied to a full board assessment process. Board members rate their own performance at the same time that they rate board performance.

The main elements used in the Board and Committee assessment process:

1. Board Mix and Composition

Composition, constitution and diversity and that of its Committees, competencies of the members, review of Board and Committee charters and frequency of meetings.

2. Skills and Expertise

Determination of the skill, knowledge and expertise a board should ideally hold, those it holds currently and the identified gaps.

3. Dynamics and Functioning of the Board

Availability of timely and accurate information, interaction and communication with senior management, setting of Board agenda, cohesiveness and the quality of participation of members in meetings.

(g) Reinforce independence

The Board has considered the independence of each Independent Non-Executive Director in office as at the date of Annual Report and has concluded that the independence criteria as set out by Main LR have been met satisfactorily. The Board is generally satisfied that each Independent Non-Executive Director remains independent in character and judgement and is free from relationships or circumstances which are likely to affect or could appear to affect the Director's judgement.

Retention of independent directors after serving a cumulative term of nine (9) years are subject to shareholders' approval in line with the recommendation of the Code.

To enhance the current process, Directors will be required to declare formally on an annual basis his/her independence commencing from financial year 2017.

(h) Group Executive Committee

The Group Executive Committee was established in January 1997 and its members consist of the Executive Directors. The Group Executive Committee facilitates timely and appropriate decision-making within the framework of achieving the Corporate Vision and Mission of Bina Puri Group.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

1. BOARD OF DIRECTORS (CONT'D)

(i) Audit Committee

Please refer to the Audit Committee report on pages 55 to 58

(j) Nomination Committee

The Board has a Nomination Committee represented by Non-Executive Directors, all of whom are independent. The Nomination Committee is responsible for nominating to the Board individuals as Directors and for assessing the Directors on an ongoing basis.

The Nomination Committee's Terms of Reference will be available on Bina Puri's corporate website. The Terms of Reference discloses the following in compliance to listing requirements:

- i) Board composition
- ii) Objectives of the committee
- iii) Meetings and access to information
- iv) Authority
- v) Duties and Responsibilities

In the process of selecting and evaluating candidates, the Nomination Committee takes into consideration suitability for the role, Board balance and composition, mix of skills, experience, knowledge and other qualities as well as diversity in terms of gender, age, ethnicity and cultural background.

An assessment mechanism will be in place to assess on an annual basis, the effectiveness of the Board as a whole and the Board Committees and the contribution of each individual Director. The annual assessment enables the Board to ensure that each of the Board members including the Group Managing Director, Chief Operating Officers or Chief Financial Officer have the character, experience, integrity, competence and time to effectively discharge their respective roles.

(k) Remuneration Committee

The Group is in the midst of finalising the Remuneration Policy. The Remuneration Policy will be adopted to link the level of remuneration to the experience and level of responsibilities undertaken by a Non-Executive Director and to structure the component parts of remuneration so as to link rewards to corporate and individual performance of Executive Directors and ensure it was aligned with the business strategy and long-term objectives of the Group.

The performance of the Executive Director is measured based on the achievements of his annual Key Performance Indicator as well as the performance of the Group. The Group rewards its employees and the Executive Directors with options under the Employees' Share Option Scheme ("ESOS").

The details of the vesting of options under the ESOS are set out on page 78 under the Directors' Report of the Audited Financial Statements for the FY2016.

The details of remuneration of Directors during the financial year ended 31 December 2016 are as follows:

- (i) Aggregate remuneration of Directors categorised into appropriate components:

In RM '000	Salaries	Fees	EPF/Socso	Benefits- in-kind	Total
Executive Directors	3,309	48	336	45	3,738
Non-Executive Directors	192	414	24	—	630
Total	3,501	462	360	45	4,368

CORPORATE GOVERNANCE STATEMENT (Cont'd)

1. BOARD OF DIRECTORS (CONT'D)

(k) Remuneration Committee (Cont'd)

(ii) Aggregate remuneration of each Director

Range of remuneration	Executive	No. of Directors Non-Executive
Below RM50,000		1
RM50,001 – RM100,000		2
RM200,001 – RM250,000		2
RM250,001 – RM300,000		
RM600,001 – RM650,000	1	
RM700,001 – RM750,000	1	
RM1,050,001 – RM1,100,000	1	
RM1,300,001 – RM1,350,000	1	
Total	4	5

(l) ESOS Committee

The ESOS Committee was established on 20 November 2003 and is responsible for administering the ESOS of the Company.

(m) Directors' Training

The Board of Directors continues to evaluate and determine the training needs of its Directors to ensure continuing education to assist them in the discharge of their duties as Directors.

All Directors have attended the Directors' Mandatory Accreditation Programme organized by Bursa Securities.

During the financial year 2016, all Directors except Mohd Najib Bin Abdul Aziz, attended training on Key Amendments to Listing Requirement 2016. However, Mohd Najib Bin Abdul Aziz attended training on Companies Bill 2015 and Responsibilities of Company Directors during the financial year 2016.

(n) Qualified and Competent Company Secretary

The Board has direct access to the advice and services of the Company Secretary who is experienced, competent and knowledgeable on the laws and regulations, as well as directives issued by the regulatory authorities. The Company Secretary plays significant role in supporting the Board for ensuring that all governance matters and Board procedures are followed and that applicable laws and regulations are complied with.

The Company Secretary also highlighted all compliance and governance issues which they feel ought to be brought to the Board's attention.

The Company Secretary, who is MAISCA qualified, had and will constantly keep themselves abreast, through continuous training on the regulatory changes and development in corporate governance.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

2. ACCESS TO INFORMATION

All Directors are provided with the performance and progress reports on a timely basis prior to the scheduled Board meetings. The Company had moved towards electronic Board and Board Committee papers since 2011. All Board papers, including those on complicated issues or specific matters and minutes of all Board Committee meetings, are distributed within (7) days in advance to ensure Directors are well informed and have the opportunity to seek additional information, and are able to obtain further clarification from the Company Secretary, should such a need arise. The Company Secretary always ensures proper minutes of all deliberations and decisions of the Board and Board Committees are recorded. Where necessary, the services of other senior management or external consultants will be arranged to brief and help the Directors clear any doubts or concerns.

All Directors have access to the advice and services of an experienced and competent Company Secretary especially relating to procedural and regulatory requirements.

The Company Secretary always supports the Board in ensuring adherence to Board policies and procedures. The Directors may seek independent advice, where necessary, at the expense of the Company, so as to ensure that they are able to make independent and informed decisions.

3. ACCOUNTABILITY AND AUDIT

(a) Financial Reporting

The Board aims to present a fair and objective assessment of the financial position and prospects of the Group in the quarterly financial results, annual financial statements, Annual Report and all other reports or statements to shareholders, investors and relevant regulatory authorities. The Company has used appropriate accounting policies, consistently applied and supported by reasonable judgement and estimates.

(b) Risk Management and Internal Control

The Statement of Risk Management and Internal Control is set out in pages 70 to 74 of the Annual Report.

(c) Responsibility Statement by the Board of Directors

The Directors are collectively responsible for ensuring that the financial statements are drawn up in accordance with the requirements of the applicable Approved Accounting Standards in Malaysia, the provisions of the Companies Act, 1965 and the Main Market Listing Requirements of the Bursa Securities.

The Directors have to ensure that the financial statements for each financial year present a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the results and cash flows of the Group and the Company.

In preparing the financial statements, the Directors have:

- (i) selected suitable accounting policies and applied them consistently;
- (ii) made judgements and estimates that are reasonable and prudent;
- (iii) ensured that all applicable accounting standards have been followed; and
- (iv) prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future and that the Group and the Company have secured significant projects.

The Directors have also taken the necessary steps, as are reasonably open to them, to ensure that appropriate systems are in place for the assets of the Group and the Company to be adequately safeguarded through the prevention and detection of fraud and other irregularities and material misstatements.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

3. ACCOUNTABILITY AND AUDIT (CONT'D)

(d) Relationship with Auditors

The functions of the Audit Committee in relation to the external and internal auditors are disclosed in pages 55 to 58 of the Annual Report.

The Audit Committee will undertake an annual assessment on the performance of internal and external auditors, including the suitability and independence of the auditors, in accordance with the Group's policy. Both the internal and external auditors are independent.

4. SHAREHOLDERS' COMMUNICATION AND INVESTOR RELATIONS

(a) Dialogue with Investors

The Board recognises the importance of effective communication with its shareholders and investors. The information of the Company is communicated to them through the following means:

- (i) The Annual Report
- (ii) The various disclosures and announcements made to the Bursa Securities including the Quarterly Results and Annual Results; and
- (iii) BPHB website at www.binapuri.com.my

(b) Annual General Meeting

The notice of Annual General Meeting is sent out to the shareholders at least 21 days before the date of the meeting.

The Annual General Meeting serves as a principal forum for dialogue with shareholders. Extraordinary General Meetings are held as and when required.

During the AGM, the Board presents the progress and performance of the Group as contained in the Annual Report. Shareholders are encouraged to participate and are given every opportunity to raise questions and seek clarification during the session. The Managing Director and other Board members are available to respond to all shareholders' queries.

5. ADDITIONAL COMPLIANCE INFORMATION

(a) Share Buy-Back

During the financial year ended 31 December 2016, 790,000 treasury shares were resold on Bursa Securities.

(b) Options, Warrants or Convertible Securities Exercised

There were 3,250,000 options granted to the eligible employees and Directors of the Group during the financial year ended 31 December 2016. A total of 3,250,000 options were exercised during this period.

(c) American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR")

There was no ADR or GDR Programme sponsored by the Company.

(d) Sanctions and/or Penalties Imposed

There were no sanctions and/or penalties imposed on the Company or its subsidiaries, directors or management by the relevant regulatory bodies.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

5. ADDITIONAL COMPLIANCE INFORMATION

(e) Non-Audit Fees

The amount of non-audit fees paid to a company affiliated to the auditors' firm by the Company and its subsidiaries for the financial year ended 31 December 2016 was RM60,000.

(f) Variation of Results

The results for the financial year ended 31 December 2016 do not differ by 10% or more from the unaudited results previously released. The Company has not released or announced any estimated profit, financial forecast or projection during the said financial year.

(g) Profit Guarantee

The Company has not issued any profit guarantee in the financial year ended 31 December 2016.

(h) Material Contracts

None of the directors and major shareholders has any material contract with the Company and/or its subsidiaries during the financial year under review.

(i) Revaluation Policy on Landed Properties

The Group did not adopt a policy on regular revaluation of its landed properties.

(j) Private Placement

The Company had successfully placed out 21,684,800 new Bina Puri Shares pursuant to the Private Placement, which raised cumulative gross proceeds of approximately RM10.8 million as detailed in the table below. The Company has utilised the proceeds in the following manner:

	Amount raised from the Private Placement (RM'000)	Amount utilised (RM'000)	Amount unutilised (RM'000)
Working capital requirements	8,716	8,716	—
Repayment of bank borrowings	2,049	2,049	—
Expenses in relation to the Private Placement	77	77	—
Total	10,842	10,842	—

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code of Corporate Governance 2012 (“the Code”) stipulates that the Board of Directors (“the Board”) of listed companies should maintain a sound risk management framework and internal control system to safeguard shareholders’ investments and the Group’s assets. Pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“Guidelines”), the Board is pleased to provide the following statement, which outlines the main features and adequacy of the Group’s risk management and internal control for the year ended 31 December 2016.

BOARD’S RESPONSIBILITY

The Board recognises the importance of maintaining an effective risk management practice and a sound system of internal control of the Group as a whole. The Board also affirms its responsibility of reviewing the adequacy and integrity of these systems, so as to safeguard shareholders’ investments and the Group’s assets.

However, it should be noted that any system of internal control is designed to manage rather than to eliminate the risk of failure to achieve the Group’s strategic business and operational objectives. Accordingly, they can only provide reasonable and not absolute assurance against material misstatement or loss.

KEY RISK MANAGEMENT AND INTERNAL CONTROL FEATURES

The Group has a well-defined organisational structure with clearly defined lines of accountability, authority and responsibility to the Board, its committees and functional units. Key processes have been established in reviewing the adequacy and effectiveness of the risk management and internal control system including the following:

- The Group Executive Committee was established to manage the Group’s operating divisions in accordance with corporate objectives, strategies, policies, key performance indicators and annual budgets as approved by the Board. Further details on the Group Executive Committee are set out in the Corporate Governance Statement.
- The Audit Committee (“AC”) of the Group performs regular risk management assessments and through the Internal Audit Department, reviews the internal control processes, and evaluates the adequacy and effectiveness of the risk management and internal control system. The committee also seeks the observations of the independent external and internal auditors of the Group. Further details are set out in the Audit Committee Report.

Risk Management

The Group has an ongoing process for identifying, evaluating and managing key risks in the context of its business objectives. These processes are embedded within the Group’s overall business operations and guided by operational manuals and policies and procedures.

The Board assisted by management regularly review, identify, evaluate, monitor and manage the principal risks faced by the Group. In addition, the internal auditors, using a risk-based approach, annually review the operational procedures and processes to ensure the integrity of the system of internal control.

The Board is in the midst of formalising Risk Management Framework to enhance the Risk Management processes and procedures.

Despite the absence of formalised Risk Management Framework, through quarterly Board meeting discussion and operational meeting among project team, the Group had identified major risk areas of concern and mitigating actions were undertaken within appropriate timeframes. The Group’s significant risks identified for the financial year 2016 are outlined below:

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

Principal Risks	Description	Risk Mitigation Strategies
Economic risks	Slowdown in the local and global economy may affect the Property and Construction Division's order book replenishment and result in overcapacity situations in its capital resources.	<ul style="list-style-type: none"> • Securing long term BOT projects; • Exploring various business and geographical diversifications; • Regularly reviewing the business plans against performances to address any gaps or shortfalls; • Maintaining good relationships with contractors and suppliers in order to negotiate for more favourable terms; • Enhancing customer retention and also obtaining awards of projects from new customers; • Enhancing efficiency and productivity in its operations, particularly in project management; • Adopting innovative marketing strategies with appropriate product differentiation and flexibility in product offerings to suit the market demand for its properties.
Project Risk	These are risks associated with projects that are of specific nature, in particular, project management and construction risks in relation to both Construction and Property divisions, in both short and long term, potentially arising from delay in project completion, escalating construction costs, shortages of construction materials, supply chain efficiency and shortage of workers and experienced project managers.	<ul style="list-style-type: none"> • Develop an effective strategy for managing project risks • Develop a set of key criteria to manage the significant risks that are common within most projects. • Setting a project governance structure consisting of clear project definition and planning process • An effective talent management program. • Specific risks associated with project management are normally delegated to project managers for attention and action. • Frequent site visits by senior management and the contract officers and project management team
Financial Risk	This is related to the risk that the Group has to manage cash flow to meet its financial obligations. The financial risks are in relation to interest rates, foreign currency, liquidity and credit.	The Group constantly seeks to ensure that there is adequate cash flow for the development of the Group's businesses, at the same time taking into consideration the impact of currency fluctuation, interest rates, credit risks and other risks related to the external market.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

Key Elements of the Group's Internal Control System

Authority and Responsibility

i. Organisation Structure

The Group has a comprehensive organisational structure which organises business operations. Clear lines of reporting, authority and segregation of duties are well documented in the organisation chart. The structure promotes ownership and accountability and delegated authority for planning, executing, controlling and monitoring of business operations. This structure is subject to periodic review to incorporate any emerging business needs.

ii. Clear Description of Roles and Responsibilities

Each role in the organisation structure is supported by clear job description established, which are linked to the vision, mission and business strategies of the Group.

iii. Delegation Authority Limit ("DAL")

The Group DAL is subject to regular review and update to promote organisational efficiency and ensure it is aligned with the Board's risk appetite.

Policies and Procedures

Policies and Procedures are established to ensure consistency in complying with related Group's operations requirement. New and revised policies are formulated to cater business needs or risks arise and to support implementation of proper governance of the Group.

Policies and Procedures are subject to periodic review to ensure it remains effective and relevant to the business growth and transformation. The Group's Policies and Procedures are categorised as follows:

i. Board Policies

Board level policies comprise Board Charters, Terms of References of Board Committees to ensure proper working of the Board in the handling of risk and control matters of the Group.

These are further explained in detail in the Statement of Corporate Governance.

ii. Operational Policies and Procedures

Systematic documented standard operating policies and procedures that cover various operational areas which are subject to regular review and improvement. Other Policies and Procedures required by ISO 9001:2008 Quality Management System, are subject to regular review and improvement, to continually manage and controls the quality requirement of the Group's products and services.

Human Resource Management and Development

A standardised performance management system is developed to continually appraise and reward the employees of the Group in accordance with their performance. Emphasis is also placed on enhancing the quality and capability of human assets through training and development programs, which enhances their ability to meet their performance and job expectations.

Monitoring

i. Financial and Operational Review

The Group presents its financial results to the Audit Committee for review in each quarter before financial statement is tabled to the Board for approval and subsequent announcement to Bursa Malaysia. The quarterly review enables the AC to assess and deliberate the Group's financial results, operational performance and variances against budget to enable them to monitor and contribute towards improving the performance of the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

Key Elements of the Group's Internal Control System (Cont'd)

Human Resource Management and Development (Cont'd)

ii. Budgetary Review

The Group performs an annual budgeting and forecasting exercise, including the development of business plan and establishment of Key Performance Index ("KPI") of the Group. The KPI includes the respective performance of business division within the Group, which is measurable and evaluable. A comprehensive operating and capital expenditure requirement is tabled to the Board for approval prior to the commencement of a new financial year.

iii. Internal Audit Function

The Group had established an Audit Committee with the primary objective of assisting the Board to review the adequacy and integrity of the Group's internal control and management information systems. In discharging its duties, the internal audit function of the Group is outsourced to BDO Governance Advisory Sdn. Bhd. ("BDOGA").

BDOGA independently reviews the adequacy and integrity of the system of internal control and reports to the Audit Committee on a regular basis. The annual audit plan covering the key activities of the Group is tabled to the Audit Committee for discussion and approval.

For the year 2016, BDOGA has completed three (3) internal control reviews according to the approved annual audit plan. The findings arising from the internal control reviews together with recommendations, management responses and proposed action plans were promptly reported to the Audit Committee. The audit plan is further explained in detail in the Audit Committee Report.

The Audit Committee, on behalf of the Board, reviews the measures undertaken on internal control issues identified by BDOGA. The Board will discuss with the Audit Committee and management on matters relating to internal controls and deliberates on their recommendations for implementation.

iv. Other Reviews

Frequent site visits by senior management, contract officers and project management team are established in monitoring the progress of projects undertaken by the Group. The ongoing performance of each business operating unit is reviewed on a monthly basis and these performance reviews are escalated to the Board on a quarterly basis.

THE BOARD'S STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board believes that the risk management and system of internal control are in place for the year under review and up to the date of issuance of financial statements, are effective and adequate to safeguard shareholders' investment, the interest of regulators and employees and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

The Board has received assurance from the Group Managing Director and Group Chief Financial Officer that the Group's risk management and internal control system are operating adequately and effectively, in all material aspects throughout the year under review.

The Board is committed to continually strengthen the transparency and efficiency of the Group's operations and control environment. This will be supported by an assessment independent of operations on the adequacy and integrity of the controls by BDOGA. Other initiatives deemed necessary will be considered from time to time in order to ensure that the control environment remains reasonably secure.

The Statement on Risk Management and Internal Control does not deal with the associated companies and joint ventures as the Group does not have management control over their operations.

The internal control system is reviewed on an ongoing basis by the Board, Audit Committee and Management for the monitoring of compliance with policies and procedures. The Heads of Department as well as the respective Project Managers are involved in continually improving the control processes within their respective departments and projects.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the year ended 31 December 2016. Their review was performed in accordance with Recommended Practice Guide (Revised), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control, issued by the Malaysian Institute of Accountants.

Based on the review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and effectiveness of the Group's risk management and internal control system.

CONCLUSION

The Board recognises the ever changing dynamic business environment and will endeavour to continue improving and enhancing the existing system of risk management and internal controls to ensure their continued relevance.