

LETTER FROM THE CHAIRMAN

DEAR VALUED SHAREHOLDERS,
**WE HAVE HAD A VERY
 ACTIVE AND SUCCESSFUL
 YEAR 2016.**

CREDITABLE PERFORMANCE

Despite a continued tough market, our commendable results in the year 2016 reflect the actions in innovation and recasting our strategic focus as well as the skill of management in taking the right actions to drive great performance in a challenging economic environment.

The Group's sales recorded a historical high of RM1.238 billion in the year 2016 while revenue surged by 46% and profit before taxation up by 32%. We have significantly outperformed the market benchmark in the year 2016.

SHAREHOLDERS' VALUE CREATION

The Board has declared a Single Tier Interim Dividend of 2 sen payable on 24 July 2017 for the financial year 31 December 2016.

The Board has also recommended a Single Tier Final Dividend of 2 sen per share to be paid in August 2017 subject to the shareholders' approval at the forthcoming Annual General Meeting. I am delighted to note that dividend declared for the financial year ended 31 December 2016 totalling 10 sen per share (inclusive of the proposed Final Dividend of 2 sen per share).

CORPORATE STRATEGY

The Group has continued our land bank acquisition initiatives mainly through joint venture with land owners, our performance in year 2016 continued to show a good momentum in our consistent and successful strategy with strong customers' demand for our products. This enables us to rescale and reposition our business amidst challenging environment.

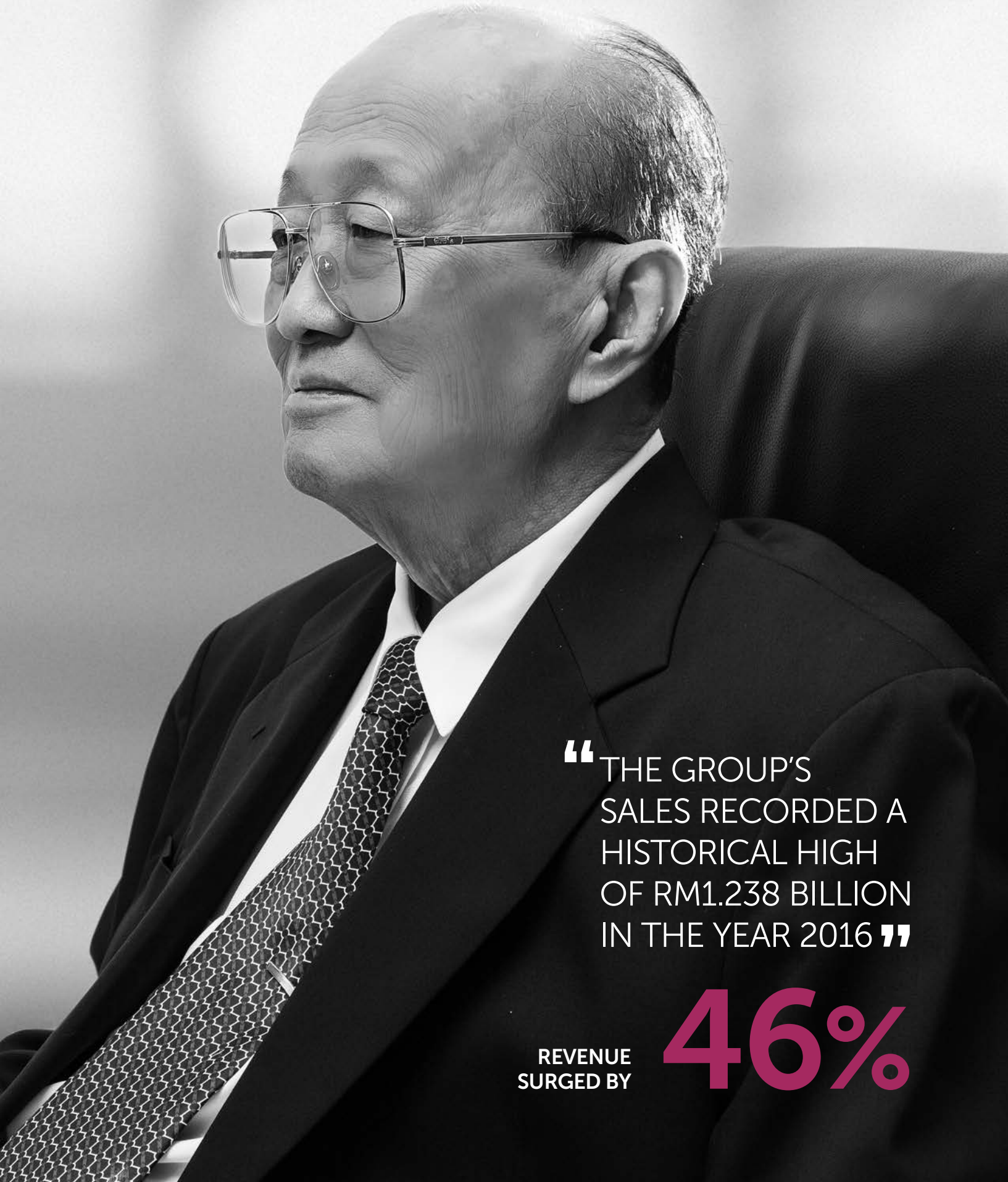
The success of our business is a testament to the robustness of our strategies and with this in mind, the Board is confident that the plans being executed by the Group is poised to take advantage of the growing opportunities ahead.

To continue leveraging on our existing construction strength and realising additional synergies from the complementary activities, we have reorganised the Construction Division to strengthen our capacity in construction segment while expanding and diversifying our clientele in year 2016.

CORPORATE DEVELOPMENTS

Land banking

In the year 2016, we had increased our land bank with a net acreage of 865 acres in the states of Johor and Selangor via joint venture with strategic land owners. Our total land bank as at 31 December 2016 expanded by 23.1% to 3,532 acres with estimated future gross development value of RM27.4 billion. This resource will drive our next stage of growth.



“THE GROUP'S SALES RECORDED A HISTORICAL HIGH OF RM1.238 BILLION IN THE YEAR 2016”

REVENUE SURGED BY

46%

LETTER FROM THE CHAIRMAN

(CONT'D)

Recognition

LBS once again in year 2016 won several awards from few prestigious organisations. With the recognition of these awards, it is not only indicates the strength of our team, but served as a great encouragement for us to attain even better performance for the years to come. For more details of our awards garnered, may I refer you to the Awards & Accolades section on page 46 of this Annual Report.

Commitment to Sustainability

We continue with endeavor towards enhancement of our Sustainability responsibilities with target to move from a tactical approach of 'corporate responsibility' (CR) to pursuing a more structured CR strategy in business sustainability. In December 2016, we have established our Sustainability Committee to shoulder the responsibility of scrutiny, review and reinforce the entire framework including policies, strategies, and approaches.

The formation of Sustainability Committee shows the very first step of the Group's promising direction towards better environment, social and governance (ESG). We know that the path towards sustainability is a long journey and we are only at the very beginning. With efforts and support from all stakeholders, we believe we could perform better.



WHILE WE STRENGTHEN OUR Foothold IN EXISTING BUSINESSES WHICH HAVE SHOWN GREAT POTENTIAL IN GENERATING STRONG INCOME, WE WILL ALSO SEEK FOR NEW POTENTIAL BUSINESS OPPORTUNITIES TO EXPAND OUR PORTFOLIO.



LETTER FROM THE CHAIRMAN (CONT'D)

Currently the governance aspect has been covered under our disclosure on Corporate Governance Statement, Audit Committee Report and Statement on Risk Management and Internal Control while social and environment aspects are shown in Sustainability Statement. The Committee has its first meeting in March 2017, and we are confident to have more structural and comprehensive information in our next reporting for sustainability.

Health and Safety

Health and safety are fundamental in sustaining our human capital and the Group believes that all employees have the right to a safe and healthy working environment. In year 2016, there were zero fatalities and occupational diseases involving the Group's employees.

Our effort in the occupational health and safety aspect has not gone unnoticed. In year 2016, our Construction Division won the prestigious Gold Award 2016 under the 12th MOSPHA OSH Excellent Award 2016 from the Malaysia Occupational Health & Safety Practitioner's Association.

Achievement

Here, I would like to take the opportunity to express my most sincere congratulations to our Executive Director, Datuk Wira Lim Hock Guan who has been awarded with



the prestigious Asia Pacific Entrepreneurship Award 2016 in Property Development Industry for his outstanding leadership and distinguished effort in the construction, property and building materials industry.

2017 CHALLENGES

Looking forward, the Group will further improve its overall execution competency and operational efficiency in the accelerating stringent business environment. Enhancing our competitiveness in the market will be our next focus.

While we strengthen our foothold in existing businesses which have shown great potential in generating strong income, we will also seek for new potential business opportunities to expand our portfolio. Under the uncertain global economic conditions, the Group will remain selective and cautious when formulating its development strategies, and will strive for a balance between business diversification and risk mitigation in the year 2017.

We will continue emphasizing on affordable segment, which is expected to remain as driving force in the property market in the near to medium term supported by the country's young demographic and coupled with the government's vigorous initiatives in helping the Malaysian in the low and medium income groups to buy their house.

APPRECIATION

The Board and I would like to thank all our valued customers, shareholders, business associates, bankers and the relevant government authorities for their continued support to the Group.

I extend my appreciation to our Directors for their guidance in navigating the Company through these challenging times. I also wish to express my gratitude to our management team and staff for their commitment and dedication in continuing to deliver meaningful returns to our shareholders.

It has been a challenging year but also a successful one and I look forward to the future with confident.

DATO' SERI LIM BOCK SENG

Chairman

19 April 2017