GBG

GABUNGAN AQRS BERHAD

PROGRESSING FURTHER
amid the storm

Annual Report
2020

what's inside

003-008

ABOUT US

003 - Our Story
004 - Our Values
005 - Milestones
006 - Corporate Profile
007 - Corporate Information
008 - Group Corporate Structure

009

FINANCIAL HIGHLIGHTS

009 - Financial Highlights

010-011

AWARDS AND RECOGNITIONS

010 - Awards and Recognitions

014-042

FROM THE BOARD OF DIRECTORS

014 - Management Discussion & Analysis
025 - Project Updates
034 - Board of Directors
036 - Board of Directors' Profile

043-048

KEY SENIOR MANAGEMENT

043 - Key Senior Management
044 - Key Senior Management's Profile

049-095

SUSTAINABILITY REPORT

050 – About this Sustainability Report
052 – Message from the Group CEO
053 – 2020 Sustainability Highlights
054 – Industry Awards and Market Recognitions
055 – Our Sustainability Approach
056 – Governance of sustainability
059 – Stakeholder Participation in Our Sustainability Journey
061 – Assesing and Prioritising Material Topics
064 – Marketplace
067 – Environment
075 – Community
078 – Workplace
082 – Operations
089 – UN Sustainable Development Goals Index
090 – Global Reporting Index Content

Feature in this Annual Report

Follow the steps below to scan the QR code reader in 3 easy steps

Download the "QR Code Reader" on App Store or Google Play

Run the QR Code Reader app and point your camera to the QR Code

Get access to the documents related to GBG's Annual Report 2020.

096-116

GOVERNANCE

096 - Corporate Governance Overview Statement
110 - Audit Committee Report
114 - Statement on Risk Management and Internal Control
116 - Directors' Responsibility Statement

117-218

FINANCIAL REPORTS

118 - Directors' Report
124 - Statement by Directors
124 - Statutory Declaration
125 - Independent Auditors' Report
130 - Statements of Profit or Loss and Other Comprehensive Income
131 - Statements of Financial Position
133 - Consolidated Statement of Changes in Equity
135 - Statement of Changes in Equity
136 - Statements of Cash Flows
140 - Notes to the Financial Statements

219-244

ADDITIONAL INFORMATION

219 - List of Properties
221 - Statistics of Shareholdings
224 - Statistics of Warrantholdings
227 - Additional Compliance Information Disclosures
228 - Notice of 11th Annual General Meeting
235 - Statement Accompanying Notice of Annual General Meeting
246 - Abbreviations
Proxy Form

2020 was an unprecedented year with a multitude of challenges faced that were brought by the onslaught of the pandemic. Nevertheless, Gabungan AQRS Berhad managed to sail through the challenging period, and expects to emerge as a stronger organisation in the future as economic and social activities normalise.

ACKNOWLEDGEMENT

The Board of Directors would like to give their utmost appreciation to members of Team GBG for their effort and contibution to the publication of our Annual Report. Each team member, particularly those listed below, have given their tremendous dedications to the publication of this report.

- Ow Yin Yee
- Ridhwan Effendy
- Ooi Li Ann
- Lee Wei Boon
- Gan Chee Keng
- Solehin Zulkifli
- Nicholas Fam
- Aina Izzati
- Siti Masitah

Outstanding Opulence

We go to great lengths to endow our prestigious developments with coveted luxury. Thus our customers can constantly enjoy the finer things in life.

E'Island Lake Haven, Puchong

OUR **STORY**

vision

Gabungan AQRS Berhad (**"GBG"**) is moving forward to be one of the leading construction companies with the expertise in the construction of infrastructures and purpose-built buildings. We would continue to refine our expertise and grow, in line with the country's infrastructure development, which continues to be enhanced as the country moves to be a fully-developed nation.

mission

At GBG, we are committed to:

Instilling a professional organisation culture with employees that are highly committed, rightly experienced and efficient; formulas for us to deliver quality projects to our clients

---

Ensuring that we would be able to attract top industry talents, leading to a high quality client base, whilst creating value to our stakeholders and shareholders

Our **Values**

Integrity

- We aim to create a collaborative, respectful and nurturing work environment and actively contribute to nation building within the communities where we operate
- We ensure the continued success and sustainability of our people, our clients and partners, with trust in both reputation and service quality

Competence Driving Operation Excellence

- A committed team has ensured for projects to be executed efficiently
- Commitments shown have built a strong sense of business trust with clients, which would be an asset when undertaking future projects

Commitment

- We strive to ensure that a professionally run organisation would continuously move the Group to achieve better standards in quality and to deliver extraordinary products on time and within budget

Innovativeness

- We will go beyond expectations in product design, product development, customer service and sales, to ensure a continuous stream of recurring customers

MILESTONES

2012

JULY 2012

Listed on Bursa Malaysia

SEP 2012

Secured MRT V1 contract worth RM303.5 million

2016

APR 2016

- Appointment of Dato' Azizan Jaafar as Group CEO
- Transformation Plan Initiated

AUG 2016

Secured SUKE sub contract worth RM628 million

2017

Grade Registered G7 for year (2018 to 14.01.20)
by SME Corp Malaysia and CIDB Malaysia

Malaysia Best Employer Brand Award 2018
by 13th Employer Branding Awards

Best Under Billion Award 2018
– Best Turnaround Story
by Focus Malaysia

Best CEO for Investor Relations 2018 (Small Cap)
by Malaysia Investor Relations Association

OCT 2017

Appointed main contractor for package GS04 of LRT3

3Q 2017

Appointed turnkey contractor for PR1MA Gambang a sum of RM424 million

2018

JUNE 2018

Secured the SUKE Toll Plaza contract worth RM60 million

2019

Malaysia Best Employer Brand Award 2019
by 14th Employer Branding Awards

Best CEO for Investor Relations 2019 (Small Cap)
by Malaysia Investor Relations Association

2Q 2019

Relaunch of the property development division

DEC 2019

Secured 185 units in property sales worth RM84.7 million

2020

JUNE 2020

Secured a RM36.73 million contract to undertake drainage works for the East Coast Rail Link (ECRL) project in Pahang.

OCT 2020

Signed an Articles of Agreement with MRCBGK for GS04 of LRT3 for a lump-sum contract sum of RM710 million

DEC 2020

Secured 358 units in property sales worth RM224.4 million

CORPORATE PROFILE

Gabungan AQRS Berhad has been listed as a construction company on Bursa Malaysia since 2012. The Group has its roots of the amalgamation of four companies that were involved in the construction and property development industries. Today, the Group, via its subsidiaries and associates, primarily, Gabungan Strategik Sdn Bhd, AQRS The Building Company Sdn Bhd and SEDCO Precast Sdn Bhd; undertake the businesses of construction, property development and IBS Manufacturing.

TRANSFORMATION THAT CREATED A STRONGER ORGANISATION

Led by its Group CEO and the current single largest-shareholder, in 2016, the Group underwent a major transformation drive which saw a multitude of changes to the organisation. The transformation had to be initiated as the Group was facing multiple operational and financial headwinds.

The entire transformation exercise had completed in 2017, which equates to a total rebirth of the organisation.

Today, the Group having achieved leaps and bounds in change, and results of the transformation continues to be seen within the organisation.

Fast forward to today, the Group is undertaking civil infrastructures and building projects that are worth in excess of three billion ringgit. Amongst the notable jobs that the Group is undertaking and/or completed are the Light Rail Transit 3 ("**LRT 3**"), the Sungai Besi Ulu Kelang Expressway ("**SUKE**"), Pusat Pentadbiran Sultan Ahmad Shah ("**PPSAS**"), East Coast Rail Link ("**ECRL**") and MRT Line 1.

Our IBS Manufacturing arm, SEDCO Precast Sdn Bhd, is currently the largest precast concrete manufacturer in Sabah. Operating on a 18.67 acres parcel of freehold industrial land in Tuaran (Sabah), the facility has been producing precast concrete products that have been recognised by international standards. The concrete products have been supplied for the construction of key buildings, schools and infrastructures within the State.

VALUING GROWTH

GBG has considerable talents and a wealth of experience across a broad range of infrastructure projects. It is persistent about pursuing better standards in quality to deliver extraordinary products, on time and within budget.

Our capabilities have also been enhanced since the completion of our transformation. This is evidenced by our capabilities in securing new, high quality and prominent construction jobs. We have built our expertise in the construction or urban highways (the SUKE highway), urban railways (MRT & LRT 3) purpose-built iconic buildings (PPSAS) and national railways (ECRL).

GBG is committed to providing exceptional value to its employees, business partners, customers and shareholders by always challenging the norm and going beyond expectations in design, product development, customer service and sales. It aims to nurture and grow empowered communities; by creating a collaborative, respectful and nurturing work environment, and being active, contributing citizens in the communities in which it operates. It strives to ensure the continued success and sustainability of its people, clients and partners, their businesses and brands. GBG is in for the long-term; their aim is to leave a legacy that future generations will benefit from.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Y.M. Tunku Alizan bin Raja Muhammad Alias
Independent, Non-Executive Director and Chairman

Datuk Kamarudin bin Md. Ali
Senior Independent, Non-Executive Director

Dato' Azizan bin Jaafar
Executive Director and Group Chief Executive Officer

Dato' Ow Chee Cheoon
Executive Director and Group Deputy Chief Executive Officer

Ow Yin Yee
Executive Director and Group Chief Financial Officer

Muk Sai Tat
Independent, Non-Executive Director

Latifah binti Abdul Latiff
Independent, Non-Executive Director

AUDIT COMMITTEE

Chairman
Latifah binti Abdul Latiff

Member
Datuk Kamarudin bin Md. Ali
Muk Sai Tat

NOMINATION COMMITTEE

Chairman
Muk Sai Tat

Member
Datuk Kamarudin bin Md. Ali
Latifah binti Abdul Latiff

REMUNERATION COMMITTEE

Chairman
Datuk Kamarudin bin Md. Ali

Member
Muk Sai Tat
Latifah binti Abdul Latiff

RISK MANAGEMENT COMMITTEE

Chairman
Muk Sai Tat

Member
Y.M. Tunku Alizan bin Raja Muhammad Alias
Dato' Azizan bin Jaafar
Dato' Ow Chee Cheoon
Datuk Kamarudin bin Md. Ali
Latifah binti Abdul Latiff

FORM OF LEGAL ENTITY

Incorporated in Malaysia on 20 August 2010 as a private limited company Converted to a public limited company on 17 January 2011

COMPANY NUMBER

201001028608 [912527-A]

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Sector : Construction
Listing Date : 31 July 2012

	Shares	Warrants
Stock Name	: GBGAQRS	GBGAQRS-WB
Stock Code	: 5226	5226WB

SECRETARY

Ooi Li Ann
(SSM PC No.: 201908003060)
(MAICSA 7065065)

Chua Siew Chuan
(SSM PC No.: 201908002648)
(MAICSA 0777689)

Tan Ley Theng
(SSM PC No.: 201908001685)
(MAICSA 7030358)

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Telephone no. : 603-2084 9000
Facsimile no. : 603-2094 9940

REGISTERED OFFICE

G-58-1, Blok G, Jalan Teknologi 3/9
Bistari 'De' Kota, Kota Damansara
PJU 5, 47810 Petaling Jaya
Selangor Darul Ehsan
Telephone no. : 603-6141 8181
Facsimile no. : 603-6141 8872

PRINCIPAL OFFICE

G-58-G, Blok G, Jalan Teknologi 3/9
Bistari 'De' Kota, Kota Damansara
PJU 5, 47810 Petaling Jaya
Selangor Darul Ehsan
Telephone no. : 603-6141 8181
Facsimile no. : 603-6141 8871
e-mail address : enquiries@gbg.com.my

AUDITORS

BDO PLT (LLP0018825-LCA & AF0206)
Chartered Accountants
Level 8, BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Telephone no. : 603-2616 2888
Facsimile no. : 603-2616 3190 / 3191

PRINCIPAL BANKERS

Maybank Islamic Berhad
AFFIN Bank Berhad
AmBank (M) Berhad
United Overseas Bank (Malaysia) Bhd

WEBSITE

www.gbg.com.my

GROUP CORPORATE **STRUCTURE**

GBG GABUNGAN AQRS BERHAD

GBG CONSTRUCTION

GBG PROPERTY

CONSTRUCTION

- 100% Gabungan Strategik Sdn Bhd
- 100% Monolight IBS Building System Sdn Bhd
- 100% Motibina Sdn Bhd
- 100% Pembinaan Megah Ikhlas Sdn Bhd
- 100% Sinajasa Sdn Bhd
  - IBS Manufacturing
    - 49% SEDCO Precast Sdn Bhd

PROPERTY DEVELOPMENT

- 100% AQRS The Building Company Sdn Bhd
- 100% Bright Reach Sdn Bhd
  - 100% Crystal Aspect Sdn Bhd
- 100% Grand Meridian Development Sdn Bhd
- 100% Nusvista Development Sdn Bhd
- 100% GBG Properties (Sabah) Sdn Bhd
- 52% Prestige Field Development Sdn Bhd

OTHERS

- 100% Gabungan AQRS Capital Berhad
- 100% Gabungan AQRS Management Sdn Bhd
- 100% Gabungan AQRS Properties Sdn Bhd
- 100% GBG Trading Sdn Bhd
- 90% Trusvest Sdn Bhd
- 30% Kreatif Sinar Gabungan Sdn Bhd

FINANCIAL HIGHLIGHTS

		2020	2019
Summarised Statements Of Comprehensive Income For The Financial Year Ended 31 December (RM'000)			
REVENUE		202,262	413,987
PROFIT BEFORE TAX		(59,670)	50,785
EBITDA		(51,937)	61,189
NET PROFIT/Attributable to Equity Holders		(54,453)	36,295
Statements Of Financial Position As At 31 December (RM'000)			
Total Non-Current Assets		100,686	102,606
Total Current Assets		1,239,208	1,380,667
Total Assets		**1,339,894**	**1,483,273**
Share Capital		325,546	325,546
Reserves		124,110	183,497
Shareholder's Equity		449,656	509,043
Non-controlling interests		6,614	6,215
Total Equity		456,270	515,258
Total Non-Current Liabilities		19,741	23,216
Total Current Liabilities		863,883	944,799
Total Equity and Liabilities		**1,339,894**	**1,483,273**
Summarised Statements Of Cash Flows For The Financial Year Ended 31 December (RM'000)			
Operating Profit Before Working Capital Changes		(41,376)	57,645
Net Cash Flows Used in Operating Activities		(16,615)	(45,187)
Net Cash Flows Used in Investing Activities		(286)	(29,977)
Net Cash Flows From / (Used in) Financing Activities		(4,674)	8,372
Net Decrease in Cash and Cash Equivalents		(21,575)	(66,792)
Cash and Cash Equivalents at Beginning of Year		(179,240)	(112,448)
Cash and Cash Equivalents at End of Year		(200,815)	(179,240)
Financial Analysis			
EBITDA Margin		-25.68%	14.78%
Profit Before Tax Margin		-29.50%	12.27%
Net Profit Margin		-26.92%	8.77%
Free Cash Flow	(RM'000)	(20,171)	(47,205)
Returns on Average Shareholders Equity (ROE)		-11.4%	7.4%
Returns on Average Total Assets (ROA)		-3.9%	2.5%
Earnings Per Share	(sen)	(11.04)	7.41
Net Dividends Per Share	(sen)	1.00	93.20
Payout Ratio		-9.1%	44.6%
Cash and Bank Balances	(RM'000)	118,706	139,424
Total Borrowings Including Lease Liabilities	(RM'000)	261,640	259,216
Net Gearing (x)		0.31	0.23

AWARDS AND **RECOGNITIONS**

01

Grade Registered G7 for year (2018 to 14.01.20)
by SME Corp Malaysia and CIDB Malaysia

02

Malaysia Best Employer Brand Award 2018
by 13th Employer Branding Awards

03

Best Under Billion Awards 2018
– Best Turnaround Story
by Focus Malaysia

04

Best CEO for Investor Relations 2018 (Small Cap)
by Malaysia Investor Relations Association

05

3rd Merit Award for Most Improved CG Disclosure (2018)
by Minority Shareholders Watch Group

06

Appreciation of Best Practices on Construction Solid Waste Management (2019)
by SWCorp Malaysia / KPKT

AWARDS AND RECOGNITIONS [CONT'D]

07

HR Asia Best Companies to Work for in Asia 2018
by HR Asia

09

Community Development Recognition 2019
by The Golden Tigers

11

Gold Class 1 Award
by the Malaysian Society For Occupational Safety And Health (MSOHSH)

08

Malaysia Best Employer Brand Award 2019
by 14th Employer Branding Awards

10

Best CEO for Investor Relations 2019 (Small Cap)
by Malaysia Investor Relations Association

Establishing Excellent Infrastructure

By creating the infrastructure that is fundamental to development, we are spearheading Malaysia's advancement. The quality of our work has enabled us to be a trusted contributor to national development.

E'Island Lake Haven, Puchong

DEAR SHAREHOLDERS,

Our main aim in 2020 was to ensure that our business remain sustainable throughout the debilitating health and economic crisis as a result of the unprecedented nationwide lockdowns. The lockdowns has resulted in business activities, including the construction and property development industries, coming to a complete halt, with zero revenue generation while overheads continued to pile up.

DATO' AZIZAN JAAFAR
Group Chief Executive Officer

MANAGEMENT **DISCUSSION** & **ANALYSIS**

MANAGEMENT DISCUSSION & ANALYSIS [CONT'D]

Efforts were greatly placed to further improve our business fundamentals, which have resulted in key financial parameters of the business hitting record lows, including a record low of total operating expenses and finance cost.

At the end of April 2020, as the first-wave of infections were controlled, the Government had given the nod, with a set of strict Standard Operating Procedures (SOP) to be abided by, for the construction sector to resume its operations while minimising the spread of COVID-19 pandemic. Our approvals to operate came in swiftly, and we recommenced our headquarter operations and project site operations in May 2020 and mid-June 2020 respectively.

In forecasting the slowdown in the construction sector, at the end of FYE 2019, we had taken the necessary steps to further improve our business fundamentals, in particular, operating costs. In January 2020, we initiated the plans to further strengthen the position of the Group to weather through a recessionary period. The focus of our plans includes enhancing our operational efficiency; ensuring cashflow generation and conservation is well-planned; and reassessment of project costs to protect or improve margins. Whilst these measures were planned for an economic downturn, it had augured well in mitigating the economic impact to us as a result of the pandemic.

Ensuring Business Sustainability

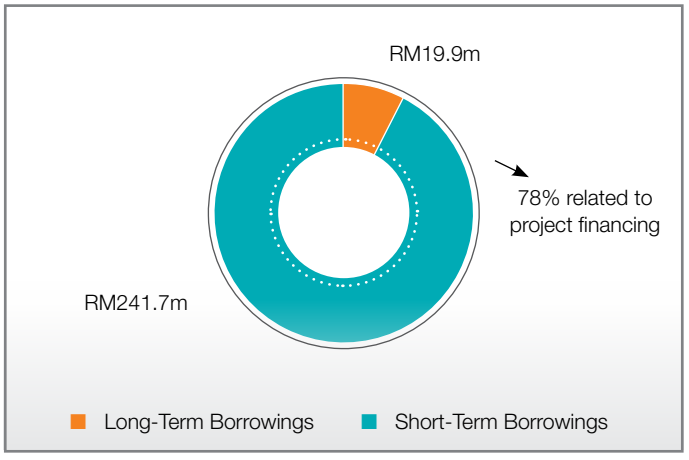
At GBG, our focus is to continuously improve our business fundamentals and enhancing shareholders' value. Key steps have been taken to ensure that the businesses and operations that we are undertaking today would generate the best returns, while having an optimal risk-reward returns.

As at 31 December 2020, we have a total of RM2.2 billion in future gross revenue to be recognised, which will drive earnings and cashflow visibility up to FYE 2025, on total borrowings of RM261.6 million, comprising of RM19.9 million in long-term borrowings and RM241.7 million (78% are project financing related) in short-term borrowings, and cash of RM118.7 million.

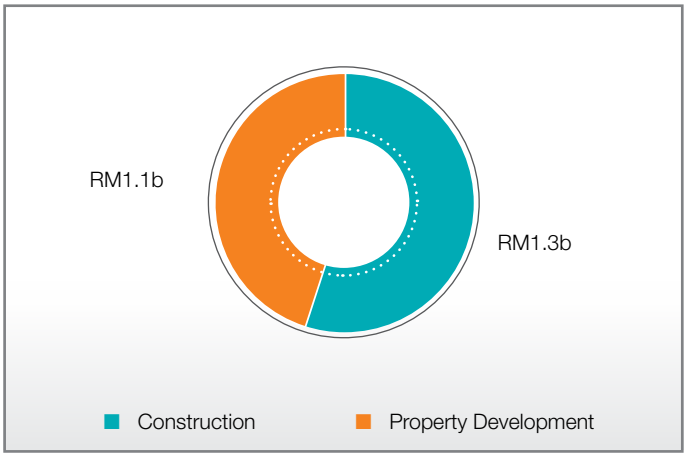
Historically, our key revenue and cashflow generator has been the construction division, which is, as at 31 December 2020, is armed with an outstanding construction orderbook of RM1.3 billion. Today, we have a property development division that is moving steadfast, and is undertaking projects with total GDVs of RM1.1 billion, which will be fully-completed by FYE 2024.

LRT 3 - GS04 work in progress at Stadium Shah Alam

Group Borrowings in FYE 2020



Future Gross Revenue of Existing Business



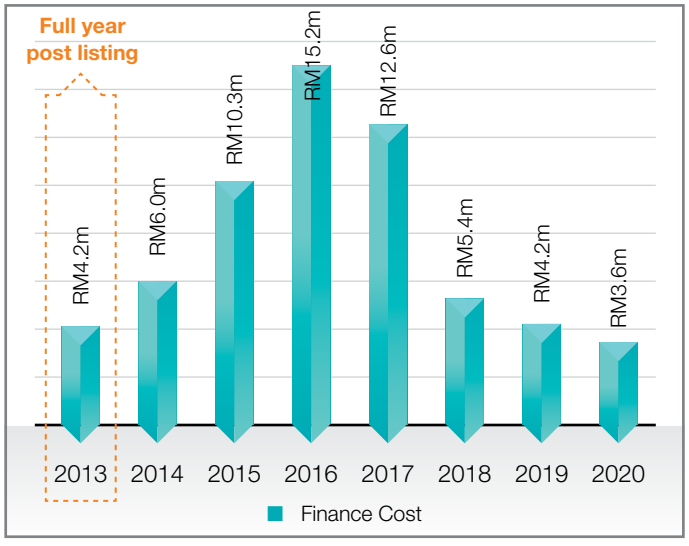
MANAGEMENT DISCUSSION & ANALYSIS [CONT'D]

Driving For Greater Efficiency

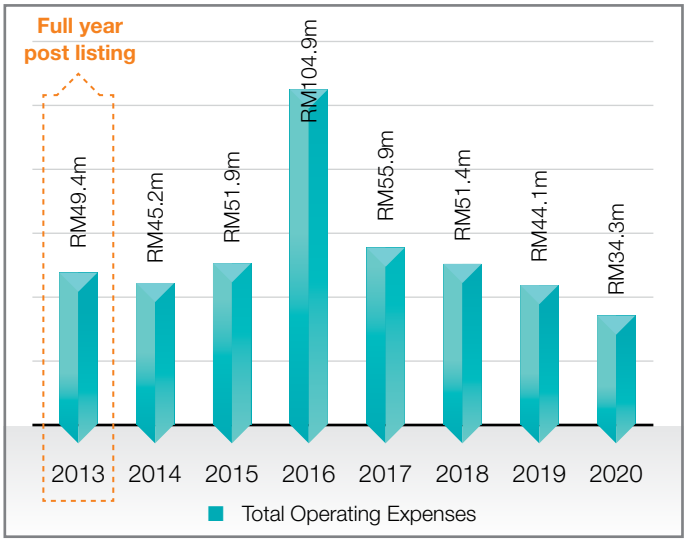
In 2020, as a result of our strategic placement of resources to achieve greater efficiency, we were able to reduce our total operating expenses to RM34.3 million, an all-time low since our debut on Bursa Malaysia in 2013.

This is a commendable achievement given the significant difference in business operations that we are undertaking today compared to the past. Additionally, our total finance expenses have also been reduced to a record low of RM3.6 million, due to the steps of strategic capital and cashflow management undertaken.

Group Finance Cost



Group Operating Expenses

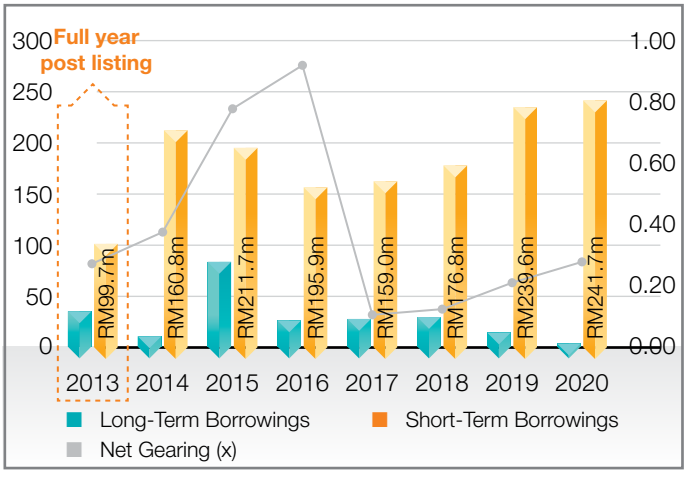


Prudent Debt Management

Since the transformation of the Group, we have kept to the stance of being prudent in undertaking new debts, and if needed, any debt taken up would have to be backed by a strategic repayment plan. As at 31 December 2020, our total debts stood at RM261.6 million, backed by RM118.7 million in cash, and representing a net gearing ratio of 0.31x.

Dicing to the debts, 78% are related to construction financing, which will be fully-paid once the respective construction projects are completed. Additionally, as at October 2020, the loan in respect to our recurring income generating facility, the Sipitang Basecamp, has been fully paid.

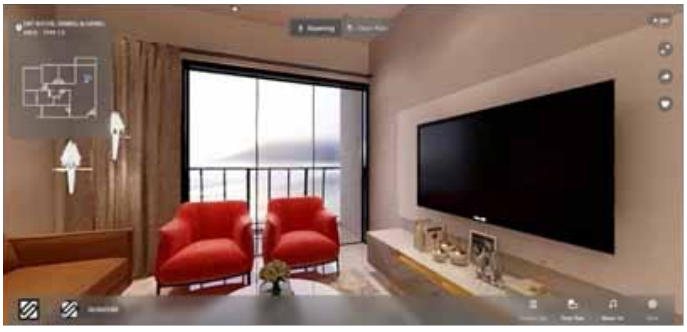
Balance Sheet Remain Solid



Embracing Technology in Business

Upon the relaunch of the property development division in the second quarter of FYE 2019, our marketing efforts are skewed towards the usage of digital marketing platforms, including the usage of available social media platforms and websites.

Such marketing efforts have been fruitful, particularly from an efficiency to information relay to buyers while maintaining an effective cost. For example, in 2020, we had launched our inaugural augmented-reality showrooms for E'Island Lake haven, which allowed buyers tour their dream homes at their own convenience.

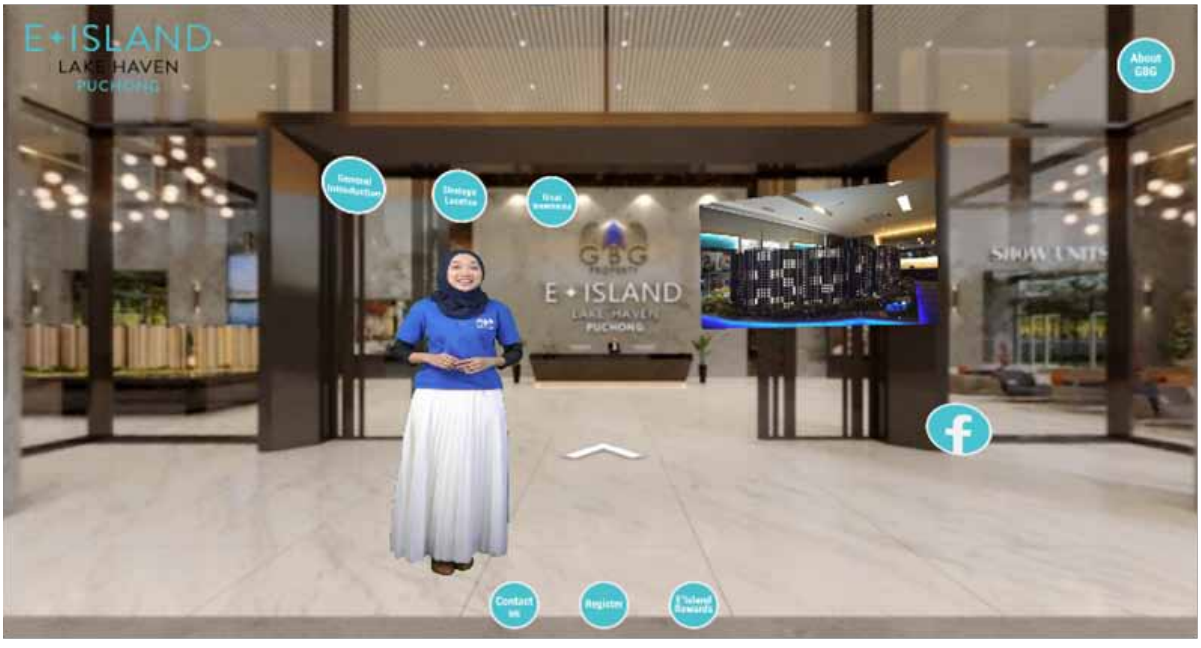


E'Island Lake Haven Living Area Type C3

Advertisement on Facebook

E'Island Lake Haven Facebook Advertisement

E'Island Lake Haven Virtual Showroom



GBG Virtual Sales Gallery

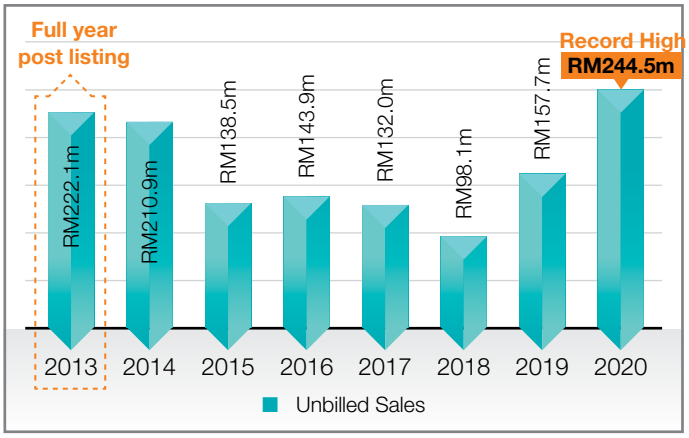
MANAGEMENT DISCUSSION & ANALYSIS [CONT'D]

Strong Momentum in Property Sales

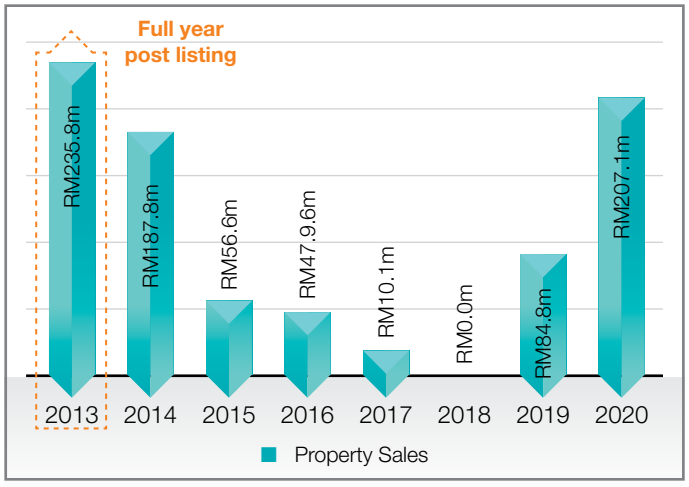
To recap, we relaunched our property development division in the second-quarter of FYE 2019, which comprising of 1,645 units of properties worth RM1.1 billion. In FYE 2020, we sold 319 units of properties worth RM207.1 million, a record high.

Cumulatively up to 31 December 2020, the property development division has sold 504 units of properties that are both ongoing and completed projects, representing a take-up rate of 30.6%.

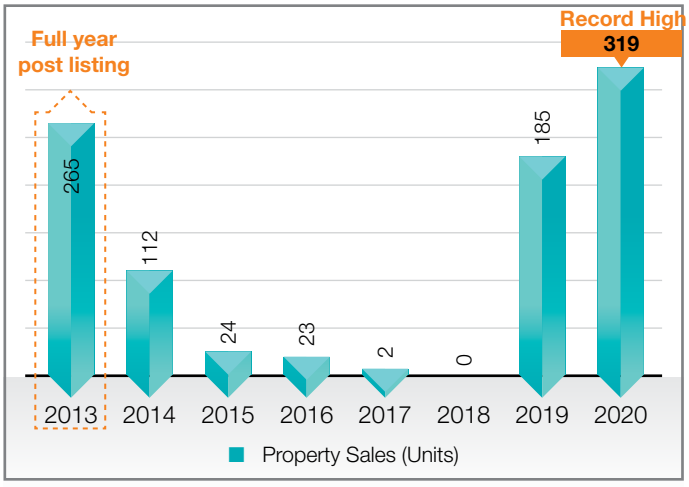
Unbilled Property Sales at Record High



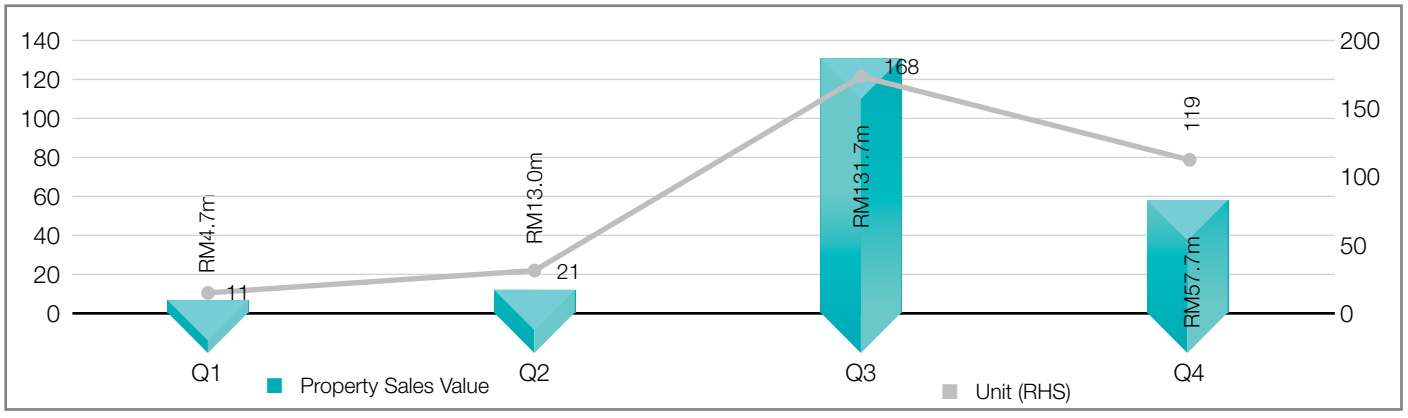
Yearly Property Sales by Value



Yearly Property Sales By Volume



FYE 2020 Property Sales by Quarter



MANAGEMENT DISCUSSION & ANALYSIS [CONT'D]

Partnership with Maybank Islamic for HouzKEY

In July 2020, we signed an agreement with Maybank Islamic to offer HouzKEY, an alternative platform towards owning a unit of E'Island Lake Haven. Open to all Malaysians to own a first or second home, the scheme will allow potential buyers to be given 100% financing with zero down payment and a three-month refundable deposit. Buyers will only need to start servicing monthly payments upon vacant possession of their units, as no progressive payment is required during the construction period.

Houzkey Signing Ceremony

Signing of the LRT 3 Lump Sum Contract

In October 2020, we signed the Articles of Agreement with MRCB George Kent (MRCBGK) in relation to our GS04 Light Rail Transit 3 construction package. Both partners have agreed to omit the provisional contract sum, the prime cost sum and the Temasya Station; reduce the scope of work for the Glenmarie and Stadium stations; and agreed to a lump-sum contract of RM709.9 million following our cost optimisation proposal.

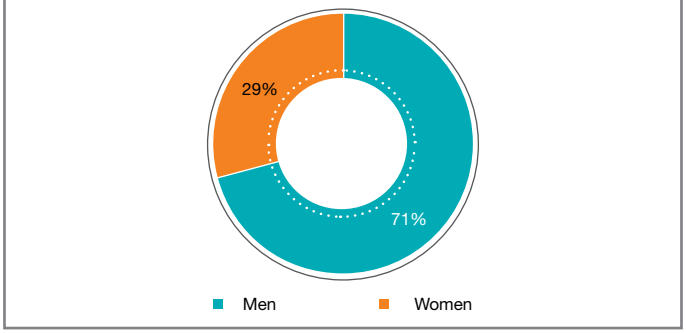
Stressing Pier-Cap in Progress, LRT 3

MANAGEMENT DISCUSSION & ANALYSIS [CONT'D]

Enhancing Board Diversity

With our aim to further improve the diversity of the Board of Directors, in 2020, we welcomed Puan Latifah binti Abdul Latiff to the Board, a retired banker with over 30-years of experience in the banking and financial services. With her appointment, we have increased our percentage of Women in our Board to 29%, from 14% in the previous year.

Board Diversity by Gender



Contributing to the wellbeing of society

The disruption in the economic activities due to pandemic had caused severe financial strains, particularly to the gig economy participants. To relieve their burden, we had initiated a drive, "GBG for Society", which focused on assisting families that are in dire need of help. The drive, which began during the partial reopening of the economy in May 2020, had to-date helped more than 11 families.

Donor-recipient at PPR Kota Damansara, Petaling Jaya

Donor-recipient at PPR Taman Wahyu, Kuala Lumpur

MANAGEMENT DISCUSSION & ANALYSIS [CONT'D]

OUTLOOK

Our current businesses would be driving earnings and cashflow visibility up to FYE 2025. Additionally, we have already commenced plans that will further enhance our business visibility beyond FYE 2025, within our core business of construction and property development.

We would continue monitoring our operating costs to ensure that the business operates at an efficient and optimal level, to safeguard our profit margins and build-up our cash reserves. These two primary measures would ensure that the business remains resilient and competitive.

Stemming from our existing businesses, we anticipate that our future earnings delivery and dividend payout to increase progressively.

A) Construction Division

In FYE 2021, we are targeting an orderbook replenishment rate of RM400 million, and year-to-date, the construction division has secured RM84.4 million in new construction jobs. While we continue to be on the lookout for new construction jobs, prospective contracts will have to generate healthy margins and cashflows.

Construction progress works for both our construction and property development divisions are operating at full capacity, and barring any unforeseen circumstances, would stage sequential growth in activities, in line with the S-Curve trend.

Based on our experience, capabilities and resources, we see opportunities from potential projects that have been announced by the Government. We would seek opportunities in these key infrastructure and building projects once tenders are open.

Additionally, we would also selectively lookout for private construction jobs. Prospective private construction jobs would have to undergo an extensive internal assessment to ensure that the risk-reward parameters offer optimal level of returns, particularly in terms of cashflow generation.

Work in Progress – Berm Drain, ECRL

Teringin Sentral, Brickfields Kuala Lumpur

MANAGEMENT DISCUSSION & ANALYSIS [CONT'D]

B) Property Development Division

The all-time low in overnight policy rate (OPR), leading to lower mortgage financing rates has given rise to interest in our developments. Aside that, the proposal in Budget 2021 for a stamp duty exemption for the memorandum of transfer and loan agreements for homes worth up to RM500,000 is an immediate benefit to us, as a bulk of our properties for sale are within the range of the incentives given by the Government.

In FYE 2020 alone, we sold RM207.1 million worth of properties, a record high since our debut on Bursa Malaysia, lifting our total unbilled sales to RM244.5 million, a record high. Since the revival of the property development division, our ongoing and completed developments have generated RM291.9 million in property sales, from the developments of The Peak, E'Island Lake Haven, Contours and Permas Centro.

Weekend Appointments at GBG Sales Gallery

Summary of Ongoing and Completed Developments

Development	GDV (RM'million)	No of Units For Sale as at Apr 19	Units Sold in FYE 2020	Cumulative Units Sold
The Peak	552.5	488	93	95
E'Island Lake Haven	501.8	1,140	221	401
Contours	37.6	8	1	2
Permas Centro	15.5	7	4	6
Kinrara Uptown	10.1	2	0	0
Total	**1,117.5**	**1,645**	**319**	**504**

As response for our property developments continue to be encouraging, we are looking to further enhance the pipeline visibility of our projects. Currently, we are in discussions for two new property development joint-ventures, with a combined GDV of RM400 million. These new projects are targeted to be finalised in the fourth-quarter of 2021 and first-quarter of 2022 respectively.

Currently, the property development division has total unbilled (sold and unsold properties) with a Net Development Value of RM869.2 million, which is expected to generate operating cashflows of RM456.5 million, after taking into account the construction costs and repayment of borrowings.

C) IBS Manufacturing

The Group has, through its wholly-owned subsidiary Sinajasa Sdn Bhd, undertook a joint-venture with the Sabah Economic Development Corporation and holds 49% in SEDCO Precast. SEDCO Precast is an IBS-status manufacturer, engaged in the manufacturing and sales of concrete and pre-cast concrete products in Sabah. SEDCO Precast operates on an 18.67-acre parcel of industrial land in Tuaran, Sabah and is currently the largest precast concrete supplier in Sabah. The plant currently has an annual production capacity of 36,000 MT, which could be expanded to 150,000 MT per annum.

SEDCO Precast

D) Investments

We own a basecamp facility in Sipitang, Sabah that is currently being tenanted out to Petronas Chemicals. The facility houses 250 studio units and 52 three-bedroom units. As at 31 December 2020, we have fully-paid the borrowings undertaken to construct the facility.

Basecamp in Sipitang, Sabah

MANAGEMENT DISCUSSION & ANALYSIS [CONT'D]

FINANCIAL REVIEW

Profit and Loss Statement

In FYE 2020, the Group reported revenue of RM202.3 million, compared to RM414.0 million in FYE 2019. The decrease in revenue is as a result of lower construction activities that were carried out as a result of the MCO as well as budget revisions of our projects which impacted our revenue.

The construction division contributed to RM144.9 million or 72% of the Group's revenue in FYE 2020, a RM236.2 million decrease compared to the previous financial year. Revenue for the construction division was mainly contributed from the work progress of LRT 3, PPSAS and SUKE.

The property development division contributed to RM46.0 million or 23% of the Group's revenue in FYE 2020, a 113% or RM24.4 million increase. The increase in revenue is as a result of higher progress billings and sales for the two main projects the Group is undertaking, E'Island Lake Haven and The Peak.

In FYE 2020, we reported other incomes of RM9.3 million, a decrease of 37% compared to RM14.6 million in FYE 2019. Our other income mainly comprises interest income.

Our total operating costs stood at RM34.3 million, a 22% reduction compared to RM44.1 million recorded in the previous financial year. This is as a result of our ongoing efforts to improve operational efficiency and maintain our competitive advantage, whilst preparing the Group to weather though any recessionary period.

The Group's total finance cost stood at RM3.6 million in FYE 2020, a record low since listing, and is 16% lower compared to RM4.2 million reported in the previous financial year. This is as a result of our ongoing efforts to ensure borrowings are kept at an optimal level against our level of operations.

The Group reported a net loss of RM53.8 million in FYE 2020, compared to a net profit of RM36.9 million in FYE 2019. Included in the losses for FYE 2020 are total impairments of RM76.8 million, which were mainly impacts of the repricing of inventory property development units (that immediately drove sales), recognition of liquidated ascertained damages (LAD) for The Peak and a budget revision for a construction project. Excluding these impairments, the Group would have reported a profit after tax of RM16.0 million in FYE 2020.

Balance Sheet

As at 31 December 2020, our total assets stood at RM1,340 million, a decline of 10% as a result of the impairments we had to recognise; and also utilising our cashflows to reduce our payables. In FYE 2020, our total inventories were reduced by 13%, as a result of the increase in property sales in FYE 2020. Our cash balance stood at RM118.7 million at the end of FYE 2020.

The Group's total liabilities reduced by 9% in FYE 2020 to RM883.6 million. While our net gearing ratio increased to 0.31x, our total borrowings remained steady, standing at RM261.6 million, comprising RM241.7 million in short-term borrowings and RM19.9 million long-term borrowings. Out of our total borrowings, 78% of it are related to project financing, which repayments are backed by cashflow receipts from our construction projects.

PROJECT
UPDATES

PUSAT PENTADBIRAN SULTAN AHMAD SHAH (PPSAS)

This project comprises of 4-storey Dewan Undangan Negeri, 7-Storey Menteri Besar and State Secretary Office, 7-Storey State Building Offices, 7-Storey Federal, Building Offices and Related Mechanical & Electrical services and external works and infrastructure works.

Kuantan, Pahang

Project Value:

RM410 million

Date of Possession:
27 December 2016

Status:
As at 31 December 2020, the project is at 95% stage of completion and is expected to complete by November 2021

PROJECT UPDATES
[CONT'D]

SUNGAI BESI – ULU KELANG EXPRESSWAY (SUKE) – CA3

Project Penswastaan Lebuhraya Bertingkat Sungai Besi – Ulu Kelang (Package SUKE – CA3).

The Construction and Completion of Mainline and Other Associated Works for package CA3 starts from CH. 4200 to CH. 7800 which makes the total length of approximately 5.2 km in total. The construction of package CA3 involves mainly elevated expressway mainline structure and minor construction for at grade. The package also involves the construction of Alam Damai interchange with five (5) ramps – MA10, MA20, MA11, MA21 and MA30 and Slip Road Alam Damai.

Kuala Lumpur

Project Value:

RM692 million

Date of Possession:
29 August 2016

Status:
As at 31 December 2020, the project is 90% completed and is expected to be completed in September 2021

PROJECT UPDATES
[CONT'D]

LIGHT RAIL TRANSIT 3 (LRT 3) - GS04

Construction and Completion of Guideway, Stations, Park and Ride, Ancillary Buildings and Other Associated Works for Package GS04 of an approximately 4.6 km in total starts from stadium. In October 2020, we signed the Articles of Agreement with MRCB George Kent (MRCBGK) in relation to our GS04 Light Rail Transit 3 construction package. Both partners have agreed to omit the provisional contract sum, the prime cost sum and the Temasya Station; reduce the scope of work for the Glenmarie and Stadium stations; and agreed to a lump-sum contract of RM709.9 million following our cost optimisation proposal.

Shah Alam, Selangor

Project Value:

RM710 million

Date of Possession:
5 October 2017

Status:
As at 31 December 2020,
the project is 44% completed and
is expected to complete in November 2023

PROJECT UPDATES
[CONT'D]

EAST COAST RAIL LINK (ECRL)

Construction and Completion of Subgrade, Drainage Works and Culvert Work. From Chainage 325+110 to Chainage 331+683 - Section 6.

Kuantan, Pahang

Project Value:

RM37 million

Date of Possession:
22nd June 2020

Status:
As at 31 December 2020, the project is 4% completed it is targeted to complete in April 2022

PROJECT UPDATES [CONT'D]

PR1MA GAMBANG

This project consists of 783 units Double Storey Terrace, 289 units Single Storey Terrace, 981 units of Apartment and 36 units of Shop lots (Future).

All related infrastructure such as Mosque, Multipurpose Hall and Kindergarten and external works are included at each phase.

Kuantan, Pahang

Project Value:

RM389.2 million

LANDED HOMES IN KOTASAS

In November 2017, we were appointed the turnkey contractor by KotaSAS Sdn Bhd as the turnkey contractor to build 1,004 landed homes in KotaSAS Kuantan.

Kuantan, Pahang

Project Value:

RM189.2 million

PROJECT UPDATES [CONT'D]

SOLITAIRE SUITES

Provision of main building piling works, structural works, architectural finishes works, mechanical and electrical services, landscape works and local infrastructure works

Kuala Lumpur

Project Value:

RM37.9 million

TERINGIN SENTRAL

Provision of main building piling works, structural works, architectural finishes works, mechanical and electrical services, landscape works and local infrastructure works

Kuala Lumpur

Project Value:

RM45.7 million

PROJECT UPDATES
[CONT'D]

THE PEAK, JOHOR BAHRU

Johor Bahru

Total units / Built-up

668 units /
947 - 2,200 sq ft

Gross Development Value:

RM689 million

Status:
CONSTRUCTION
As at 31 December 2020 the construction is 88.1% completed

PROPERTY DEVELOPMENT
As at 31 December 2020 the project has achieved 273 units of sales worth RM236.9 million

PROJECT UPDATES [CONT'D]

E+ISLAND
LAKE HAVEN
PUCHONG

E' ISLAND LAKE HAVEN

Puchong, Selangor

Total units / Built-up

1,140 units / **881 - 1,263** sq ft

Gross Development Value:

RM502 million

Status:
CONSTRUCTION
As at 31 December 2020, the construction is 16% completed

PROPERTY DEVELOPMENT
As at 31 December 2020, the project has achieved 401 units of sales worth RM168.4 million

World Class Infrastructure Building Experts

We are accelerating the construction of projects that are vital to national development. Our efforts will lay the foundation for the further transformation of our country into a fully developed nation.

The Peak, Johor Bahru

BOARD OF DIRECTORS

1 2 3

FROM LEFT TO RIGHT:

1 – Y.M. TUNKU ALIZAN BIN RAJA MUHAMMAD ALIAS *Independent Non-Executive Director and Chairman*
2 – DATUK KAMARUDIN BIN MD. ALI *Senior Independent Non-Executive Director*
3 – DATO' AZIZAN BIN JAAFAR *Executive Director and Group Chief Executive Officer*

BOARD OF DIRECTORS [CONT'D]

4 5 6 7

4 – DATO' OW CHEE CHEOON *Executive Director and Group Deputy Chief Executive Officer*
5 – OW YIN YEE *Executive Director and Group Chief Financial Officer*
6 – MUK SAI TAT *Independent Non-Executive Director*
7 – LATIFAH BINTI ADBUL LATIFF *Independent Non-Executive Director*

BOARD OF
DIRECTORS' PROFILE

Y.M. TUNKU ALIZAN BIN RAJA MUHAMMAD ALIAS

Independent Non-Executive Director and Chairman

Board Attendance: 6/6

RMC

Nationality | Gender | Age: 55

Academic / Professional Qualifications:

- LLM from the University of Bristol (1993)
- LLB (Honours) from the University of Malaya (1991)

Date of Appointment:

- 17 March 2017 - Chairman of the Board

Working Experience:

In 1991, Y.M. Tunku Alizan was admitted as an Advocate & Solicitor of the High Court of Malaya. He formed Messrs. Zul Rafique & Partners in 1999 together with Dato' Zulkifly Rafique and several other partners. He has been exposed to a wide range of legal experiences in his thirty (30) years of post-qualification, specialising in the areas of Corporate and Construction Law.

Directorships of other Public Companies:

Y.M. Tunku Alizan does not hold any directorship in other public companies and listed issuers.

His interests in the securities of the Company is are disclosed on pages 222 and 224 of this Annual Report.

Board Committees:

Chairman/Chairperson

Member

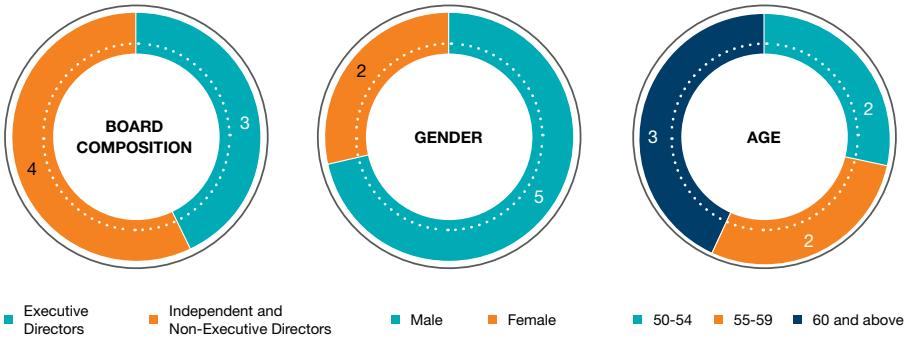
AC Audit Comittee

NC Nomination Comittee

RC Remuneration Comittee

RMC Risk Management Comittee

The summary of Board composition as at 31 December 2020 is set out below:



BOARD OF DIRECTORS' PROFILE [CONT'D]

DATUK KAMARUDIN BIN MD. ALI

Senior Independent Non-Executive Director

Board Attendance 6/6

AC | NC | RC | RMC

Nationality | Gender | Age 71

Academic / Professional Qualifications:

- Diploma in Engineering from Technical College Kuala Lumpur (1973)
- Bachelor of Science Degree in Mechanical Engineering from The University of Strathclyde, Glasgow, United Kingdom (1976)
- Masters of Science in Engineering from the University of Birmingham, United Kingdom (1980)
- Attended a course on Finance and Budgeting at the University of Pittsburgh, United States of America (1990)
- Attended a Post Graduate Course at the prestigious Royal College of Defence Studies, United Kingdom (2001)

Date of Appointment:

- 06 July 2011 - Chairman of the Board
- 17 March 2017 - Redesignated as Senior Independent Non-Executive Director

Working Experience:

He joined the Royal Malaysian Police (RMP) force as a probationary inspector in 1970. During his tenure with the RMP, he was appointed to several posts which included the Chief Police Officer of Kuala Lumpur and Johor Darul Takzim and Director of Management RMP. Being a professionally qualified and experienced police officer, he has extensive knowledge and skills in logistic management, manpower development, strategic planning, training and development, recruitment and selection, career development and crime prevention gained through a wide range of command posts and managerial capacities held during his tenure in the RMP.

Directorships of other Public Companies:

Datuk Kamarudin also holds directorships in ECM Libra Group Berhad, Ann Joo Resources Berhad and various other private limited companies.

His interests in the securities of the Company are as disclosed on pages 222 and 224 of this Annual Report.

BOARD OF DIRECTORS' PROFILE [CONT'D]

DATO' AZIZAN BIN JAAFAR

Executive Director and Group Chief Executive Officer

Board Attendance: 6/6

RMC

Nationality | Gender | Age: 53

Academic / Professional Qualifications:

- Bachelor of Science in Quantity Surveying from the University of Salford, United Kingdom (1992)

Date of Appointment:

- 6 July 2011 - Independent Non-Executive Director
- 02 November 2012 - Redesignated as Executive Director
- 25 April 2016 - Appointed as Chief Executive Officer
- 01 January 2017 - Redesignated as Group Chief Executive Officer

Working Experience:

Dato' Azizan has more than 27 years of experience in the construction industry and 10 years in property industry. He began his career in 1990 with Warrington Martin as an Assistant Quantity Surveyor in Manchester, the United Kingdom. He then joined a London firm, Henry Riley & Sons in 1992 as a Quantity Surveyor and remained working in the United Kingdom until 1995. Upon returning to Malaysia, he became a Senior Quantity Surveyor at Taisei Corporation.

In 1996, he joined Ahmad Zaki Sdn Bhd as a Contracts General Manager, where he was subsequently appointed as a Senior Executive Director. During the period from 2005 to 2009, he was also responsible for the operations of Ahmad Zaki Sdn Bhd in India and Saudi Arabia.

In 2009, Dato' Azizan started his business in construction where he founded Dasa Sentosa Sdn Bhd. In April 2013, he then expanded into the property development business after acquiring a stake in Tanah Makmur Kotasas Sdn Bhd. Today, KotaSAS, Bandar Baru Kuantan is recognized as the largest township in Pahang.

Directorships of other Public Companies:

At present, Dato' Azizan is a director of all of our subsidiaries and holds several other directorships in a number of private limited companies.

His interests in the securities of the Company are as disclosed on pages 222 and 224 of this Annual Report.

BOARD OF DIRECTORS' PROFILE [CONT'D]

DATO' OW CHEE CHEOON

Executive Director and Group Deputy Chief Executive Officer

Board Attendance

6/6

RMC

Nationality | Gender | Age

61

Academic / Professional Qualifications:

- Bachelor of Engineering from Monash University, Australia (1986)

Date of Appointment:

- 06 July 2011 - Executive Director
- 25 April 2016 - Appointed as Deputy Chief Executive Officer
- 01 January 2017 - Redesignated as Group Deputy Chief Executive Officer

Working Experience:

Dato' Ow has more than 28 years of experience in the construction and property development industries and is the co-founder of Motibina Sdn Bhd ("Motibina") and AQRS The Building Company Sdn Bhd ("AQRS"). He began his career in 1986 as a Site Engineer with Sungei Way Construction Sdn Bhd (now known as Sunway Construction Group Berhad), where he was involved in several property development as well as Civil Engineering projects. In 1989, he moved to Melbourne, Australia, where he took up a Municipal Engineer's position in the City of Mentone.

Subsequently, he joined an international builder, Baulderstone Hornibrook as a Project Engineer where he was actively involved in the construction of the Australian Commonwealth Offices, a high-rise building project in Melbourne. Dato' Ow then returned to Malaysia in 1991 and was appointed as an Executive Director of Dekon Sdn Bhd where he helmed and managed a staff force of over 80 employees until the year 1996. He was primarily responsible for the company's constructions business operations.

With his diverse experience in the construction industry, Dato' Ow co-founded Motibina in 1996 and formed AQRS in 2003. In AQRS, he is responsible for managing its day-to-day operations, strategic planning and business development.

Directorships of other Public Companies:

He is currently a director of all of our subsidiaries and holds several other directorships in a number of private limited companies.

He is also the brother of Ms Ow Yin Yee, the Group Chief Financial Officer of the Company. His interests in the securities of the Company are as disclosed on pages 222 and 224 of this Annual Report.

BOARD OF DIRECTORS' PROFILE [CONT'D]

OW YIN YEE

Executive Director and Group Chief Financial Officer

Board Attendance

6/6

Nationality

Gender

Age

53

Academic / Professional Qualifications:

- Bachelor Degree in Economics (Majoring in Accounting and Finance) from Monash University, Melbourne, Australia (1990)
- A Fellow Certified Practising Accountant with Certified Public Accountant (CPA) Australia and Chartered Accountant with Malaysia Institute of Accountants (MIA) (since 2001)

Date of Appointment:

- 12 October 2017 - Executive Director
- 28 December 2017 - Redesignated as Group Chief Financial Officer

Working Experience:

Ms Ow has 29 years of working experience in the areas of accounting, commercial business, finance and taxation. She began her career in 1991 with Kassim Chan Tax Services Sdn Bhd as a Tax Executive. She then progressed in her profession as an Accountant for Sunway Building Technology Bhd in 1996.

Between the years 1999 to 2004, she had transitioned into a few commercial companies namely Pioneer Sun-Mix Concrete Sdn Bhd as Commercial cum Accounting Manager, Hanson Pioneer JV Co. as Business Process Manager and Hanson Quarry Products Sdn Bhd as Tax Manager before she re-joined Sunway Group in year 2004 as the Senior Manager of Finance with Sunway Shared Services Centre Sdn Bhd. She was later promoted to Assistant General Manager of Finance in Sunway Shared Services Centre Sdn Bhd in year 2010.

Towards late year 2011, Ms Ow joined Gabungan AQRS Berhad as Group Accountant and was subsequently promoted as General Manager Finance in year 2014. She was redesignated to Group Financial Controller of the Company in year 2016.

Directorships of other Public Companies:

She is currently a director in some of our subsidiaries.

She is the sister of Dato' Ow Chee Cheoon, the Group Deputy Chief Executive Officer of the Company. Her interests in the securities of the Company are as disclosed on pages 222 and 224 of this Annual Report.

BOARD OF DIRECTORS' PROFILE [CONT'D]

MUK SAI TAT

Independent Non-Executive Director

Board Attendance 6/6

AC | NC | RC | RMC

Nationality | Gender | Age 58

Academic / Professional Qualifications:

- Masters of Business Administration (General Management) from the University of Bath, United Kingdom (1996)
- A Certified Public Accountant (CPA) (1990)
- A Member of the MIA (since 1990)

Date of Appointment:

- 2 November 2012 - Independent Non-Executive Director

Working Experience:

He began his working career in 1983 with Price Waterhouse (currently PwC) as an Audit Assistant and progressed to Audit Senior upon qualification and acceptance into the Malaysian Institute of Certified Public Accountants (MICPA) in 1989. In September 1990, he joined Ogilvy & Mather (Malaysia) Sdn Bhd as Accountant and later joined Energizer Battery Company (M) Sdn Bhd in 1991 as Sales Accounting Manager and Financial Analyst. In 1996, he joined Emerson Electric (M) Sdn Bhd as a Financial Controller – Southeast Asia.

Subsequently, he joined Pernas Otis Elevator Co. Sdn Bhd and Otis Manufacturing Company Sdn Bhd in 1999 as a Financial Controller/Chief Financial Officer. In 2000, he was appointed as General Manager in Skyline Concepts Sdn Bhd and later joined Concino Sdn Bhd in 2001 as the Group Chief Executive Officer, where he oversaw a wide range of businesses from media, manufacturing, trading, and hospitality.

Mr. Muk was the Group Chief Executive Officer/Executive Director of Mangium Industries Berhad, a sustainable industrial tree plantation management company, from 2003 to 2007. He then joined WaKa Partner AG/Forestry Investment Trust (F.I.T.) and WaKa-Forest Investment Services AG (WaKa-FIS) in 2007 as a Representative for Asia and as a Director in Asia Pacific for WaKa-FIS in 2009.

In 2010, he was appointed as Executive Director of TT Resources Bhd. Subsequently he became a Partner/Consultant in Asian Business Solutions Sdn. Bhd. In 2019, he joined MAA Group Berhad as Senior Vice-President and subsequently moved to Melewar Industrial Group Berhad to head business development in agriculture and food division.

Directorships of other Public Companies:

At present, Mr Muk does not hold any directorship in other public companies and listed issuers.

BOARD OF DIRECTORS' PROFILE [CONT'D]

LATIFAH BINTI ABDUL LATIFF

Independent Non-Executive Director

Board Attendance 3/3

AC | NC | RC | RMC

Nationality | Gender | Age 60

Academic / Professional Qualifications:

- Bachelor of Science majoring in Finance from Indiana University, Bloomington, Indiana USA
- Diploma in Accountancy from UiTM

Date of Appointment:

- 26 August 2020 - Independent Non-Executive Director

Working Experience:

Latifah has over 30 years of experience in the areas of commercial & investment banking, developmental finance, and insurance. Throughout much of her career, she was involved in business development and lending activities with a key focus on corporate loans, servicing many corporations both large and medium sized while interfacing with their respective chief executives and other key management staff. Based on the strength of her professional experience, in 2009 she was hired to be part of the pioneer team to set up Danajamin Nasional Bhd, Malaysia's first financial guarantee insurer, where she spearheaded the only business division of the company. As a member of the senior management team, she served on various management committees responsible for reviewing and deliberating business proposals, risk management initiatives and processes, audit & compliance as well as overall management of the organization. Her last position was as Senior Vice President of Bank Pembangunan Malaysia Bhd.

Her experience in the development and investment banks as well as Danajamin Nasional Berhad will be valuable to enhance the Groups business strategies, Corporate Governance and Risk Management.

Directorships of other Public Companies:

At present, Puan Latifah sits on the board of South Malaysia Industries Berhad (since 1 June 2018) as an Independent Non-Executive Director.

Notes:-

Save as disclosed above, none of the Directors has:-

(a) directorship in other public companies;
(b) any family relationship with any Director and/or major shareholder of the Company;
(c) any conflict of interest with the Company;
(d) any conviction for offences (other than traffic offences) within the past five (5) years; and
(e) any sanction and/or penalty imposed by any regulatory bodies.

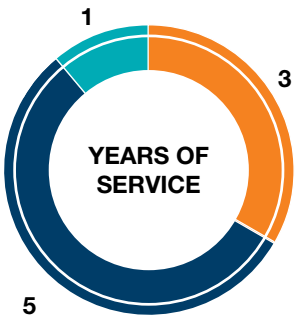
KEY SENIOR MANAGEMENT'S PROFILE

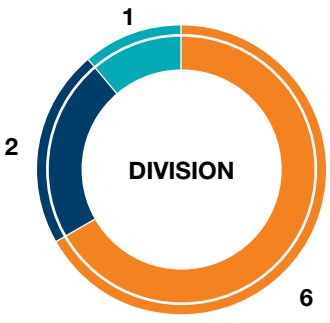
FROM LEFT TO RIGHT:
Si So Tian Ann / Ir. Bakri bin Ishak / Ir. Tai Jiunn Hong / Abd Razak bin Abd Manan

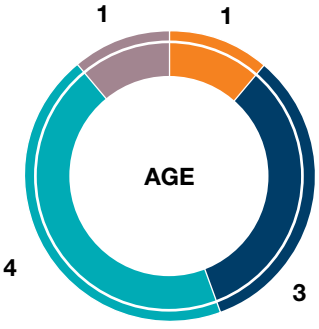
FROM LEFT TO RIGHT:
Sr. Mustafa bin Mohd Said / Thum Peng Yong / Chew Wei Shin / Muhammad Ridhwan bin Effendy / Nazarul Hisham bin Sabardin

KEY SENIOR MANAGEMENT'S PROFILE [CONT'D]

The summary of Key Senior Management composition as at 31 December 2020 is set out below:







Notes:

Save as disclosed, none of the Key Senior Management has:-

(a) directorship in other public companies;

(b) any family relationship with any Director a d/or major shareholder of the Compant;

(c) any conflict of interest with the Company;

(d) any conviction for offences (other than traffic offences) within the past five (5) years; and

(e) any sanction and/or penalty imposed by any regulatory bodies

IR. BAKRI BIN ISHAK

Managing Director, Construction Division
Malaysian / Male / Age 60

Date of Appointment

- 02 April 2012 – Operation Director
- 26 May 2016 – Redesignated as Chief Operating Officer of Construction Division
- 01 March 2018 – Promoted as Managing Director

Academic / Professional Qualifications:

- Bachelor Degree in Civil Engineering from University Malaya (1985)
- Postgraduate Master Degree in Civil and Environmental Engineering from Kumamoto University, Japan (1994)
- Registered Practising Professional Engineer with Board of Engineers Malaysia (1995)

Working Experience:

Upon graduation in 1985, Ir. Bakri bin Ishak began his career as a Design Engineer with the Public Works Department of Malaysia (JKR) and later was subsequently promoted as a District Engineer. After ten years of service, JKR sent him for a Master's Degree in Japan for two years and upon returning in 1994, he was seconded to KLIA Berhad to lead the construction of KL International Airport (KLIA) and was promoted to be Assistant General Manager, Construction. Subsequently, he joined Ahmad Zaki Sdn Bhd (AZRB) as a Project Manager. After eleven years of service in AZRB, he left as an Executive Director, Operation and joined Gabungan Strategik Sdn Bhd as an Operation Director in 2012.

With about 35 years working experience in the construction industry, Ir. Bakri Ishak has vast hands-on experience as Project Manager and Project Director for various construction projects including low-medium rise buildings, high-rise buildings and infrastructure of both elevated highways, interchange, rail tracks including the first Mass Rapid Transit V1 (MRT-V1), Jalan Duta Highway, Persiaran Putrajaya and other developments such as housing and shop lot development, hospitals, stadiums, universities, mosques and other public amenities such as Masjid Tuanku Mizan (Putrajaya), Universiti Teknologi Petronas and several other prominent buildings.

With a great exposure in construction of variety of projects, the educational team of UTM and KLIA invited him to be a guest lecturer to specifically share his valuable experience and to give a lecture on Safety Engineering to Executive Master in Occupational Safety & Health (EMOSH) course students. Aside that, he also was selected to be a member of various subcommittee as a Technical Advisor such CIDB, UTM and KLIA College.

KEY SENIOR MANAGEMENT'S PROFILE [CONT'D]

IR. TAI JIUNN HONG

Managing Director, Property Division
Malaysian / Male / Age 43

Date of Appointment
- March 2015 – Division Head
- 26 May 2016 – Redesignated as Chief Operating Officer of Property Division
- 01 March 2018 – Promoted as Managing Director, Property Division

Academic / Professional Qualifications:
- Bachelor Degree in Civil Engineering (Honours) majoring in Construction Management from University of Technology Malaysia (2001)
- Master of Business Administration (Honours) majoring in Finance and Strategic Management from University of Malaya (2005)
- Board of Engineer (BEM) Registered Professional Engineer with Practising Certificate (PEPC) (since 2006)
- Ordinary Corporate Member of International Real Estate Federation (FIABCI) Malaysian Chapter (since 2013)
- Member of REHDA Selangor Chapter, Malaysia (since 2015)

Working Experience:
Ir. Tai Jiunn Hong has more than 19 years of working experience in the industry of civil, structural, geotechnical engineering and property development. He began his career with Tonkin & Taylors Malaysia as a Structural and Geotechnical Engineer in 2001.

He obtained his Masters of Business Administration with major in Finance and Strategic Management in 2005 and subsequently moved into property development. He joined CP Landmark Sdn Bhd in 2005 and was involved in the redevelopment of the mixed development of Queensbay, Penang.

In year 2008, he joined Bandar Raya Development Berhad ("BRDB"). He was with BRDB for more than 6 years as an Assistant General Manager and was involved in the redevelopment of boutique premium malls namely, Bangsar Shopping Center, BRDB Class A Office Tower, high-end condominium One Menerung, Serai at Bukit Bandaraya and many more high-end mixed and integrated developments locally and overseas.

ABD RAZAK BIN ABD MANAN

Executive Director, Operations
Malaysian / Male / Age 53

Date of Appointment
- October 2017 – Senior Project Director
- 01 March 2018 – Appointed as Executive Director, Operations

Academic / Professional Qualifications:
- Bachelor Degree of Science in Civil Engineering from the University of Colorado at Denver USA (December 1991)
- Master of Science in Structural Engineering from University of Manchester Institute of Technology United Kingdom (November 1993)

Working Experience:
Abd Razak bin Abd Manan is an enthusiastic and dedicated professional with over 27 years working experience derived from wide varieties of prestigious and landmark projects in different engineering and management capacity built upon strong technical knowledge and organizational skill.

He started his career with SIRIM as Research Officer and served for 2 years before steadily charted his professional advancement to assume significant roles in major infrastructure and building projects beginning with KLIA as Project Engineer with Taisei Consortium prior to joining Ahmad Zaki Sdn Bhd as Senior Project Engineer in 1998 for Realignment B15 road at Putrajaya and Cyberjaya project and later was promoted to Project Director of Construction Department oversaw various projects such as Subang Kelana Link, LPT highway Project and Jitra Kodiang Road.

He further developed his professional progression in construction and engineering when he was with Dasa Sentosa Sdn Bhd as Project Director for school projects and held similar position with SMPP for MRT Package V1 project.

KEY SENIOR MANAGEMENT'S PROFILE [CONT'D]

SI SO TIAN ANN

Executive Director, Contracts
Malaysian / Male / Age 53

Date of Appointment
- 02 January 2015 – Assistant General Manager for Post Contracts Department
- 26 May 2016 – Re-designated as Head of Pre & Post Contracts Departments
- 01 March 2018 – Promoted as Executive Director, Contracts

Academic / Professional Qualifications:
- Bachelor of Applied Science in Construction Management and Economics from Curtin University of Technology, Australia (2000)
- Registered Provisional QS, Board of Quantity Surveyors Malaysia

Working Experience:
Si So Tian Ann has about 28 years of experience in the construction industry and involved in various construction and development contracts. During his tenure with the company, he spearheaded the team in the procurement and contracts management for the projects undertaken by the company.

SR. MUSTAFA BIN MOHD SAID

Vice President, Contracts
Malaysian / Male / Age 43

Date of Appointment
- 2 June 2015 – Contract Services Manager
- 1 March 2018 – Promoted as Vice President, Contracts

Academic / Professional Qualifications:
- Bachelor Degree of Quantity Surveying from Universiti Teknologi Mara (UiTM) (2002)
- Registered Quantity Surveyor of Board of Quantity Surveyors, Malaysia (since 2017)
- Member of The Royal Institution of Surveyors Malaysia (since 2017)

Working Experience:
Sr. Mustafa Bin Mohd Said has more than 18 years' experience in various pre and post contracts administration especially in construction and property development. He began his career in June 2002 with Ahmad Zaki Sdn Bhd as an Assistant Quantity Surveyor and was responsible for contract administration, recommendation of progress payments and variation orders. He was the key person to established and responsible for all Loss and/or Expenses claims for Ahmad Zaki Sdn Bhd projects. He was subsequently transferred to Ahmad Zaki Saudi Arabia Ltd (Riyadh, Saudi Arabia) in year 2005 until 2009 where he is responsible for handling contracts administration and procurements for all Saudi projects. He was involved in overseeing the project operations on a daily basis, involved in technical matters and ensuring the construction cost is within the budget. He was involved in the project construction of Alfaisal University (Riyadh), King Abdullah University (Jeddah) and Jabal Omar (Mecca). In 2007, he was promoted to Assistant Contracts Manager.

Upon returning to Malaysia in 2009, he joined Dasa Sentosa Sdn Bhd as a Contracts Manager and responsible handling government school projects around the Klang Valley. In December 2012, he joined Syarikat Muhibbah Perniagaan Dan Pembinaan Sdn Bhd as a Contracts Manager, where he was responsible for contracts, procurements and payments of MRT Package V1 – Kota Damansara – Sungai Buloh project.

KEY SENIOR MANAGEMENT'S PROFILE [CONT'D]

THUM PENG YONG

Vice President, Operations
Malaysian / Male / Age 59

Date of Appointment
- 15 November 2008 – Operations Manager
- 1 June 2013 – Promoted as Assistant General Manager, Operations
- 1 June 2014 – Promoted as General Manager, Operations
- 26 May 2016 – Redesignated to Deputy Chief Operation Officer, Operations
- 1 March 2018 – Appointed as Vice President, Operations

Academic / Professional Qualifications:
- Bachelor Degree of Science in Civil and Structural Engineering from the University of Manchester Institute of Science and Technology (UMIST) United Kingdom (1984)

Working Experience:
Thum Peng Yong has more than 35 years' experience in the construction industry. With his professional qualification and vast experience, the projects undertaken and successfully completed covers a wide range of projects which comprises of residential and commercial development, high rise condominiums/apartments, public buildings and infra-structure works.

CHEW WEI SHIN

Vice President, Development
Malaysian / Male / Age 42

Date of Appointment
- 15 July 2015 – Project Manager, Development
- 26 May 2016 – Senior Development Manager, Development
- 01 March 2018 – Vice President, Development

Academic / Professional Qualifications:
- Bachelor Degree (Hons) in Civil Engineering from University of Technology, Malaysia (2002)

Working Experience:
Chew Wei Shin has more than 17 years' experience in the construction and property development industries, including construction of institutions, high end residential and commercial developments. Upon his graduation from university, he joined a local contractor firm as a Project Engineer and was involved in various infrastructure projects for private sectors and construction projects for government institutions.

In year 2010, he took up a new challenge in the development industry as Assistant Manager in Sunway City Berhad and was responsible for the expansion of Monash University, Sunway University as well as Sunway Medical Center. He further strengthened his experience in high end residential developments in year 2013 by joining Perdana Park City, the developer for award winning-township Desa ParkCity, KL. The high end mix development - The Breezeway was one of the prestigious projects under his involvement.

KEY SENIOR MANAGEMENT'S PROFILE [CONT'D]

MUHAMMAD RIDHWAN BIN EFFENDY

Vice President, Strategic Planning & Investment (CEO's Office)
Malaysian / Male / Age 31

Date of Appointment
- 02 April 2018 – Vice President of Strategic Planning & Investment under the CEO's Office

Academic / Professional Qualifications:
- Bachelor of Commerce, majoring in Banking and Finance from Monash University (2012)

Working Experience:
Muhammad Ridhwan bin Effendy started his career in UOB Kay Hian Securities as an Equity Research Associate in 2012. He assisted in covering the Malaysian construction, property, REIT and oil & gas sectors. In 2014, he managed the coverage of the Malaysian construction and property sectors as an Investment Analyst. In 2016, he went on to assume the position of Senior Analyst within the same sectors. In 2017, he was awarded two of The Edge's Best Call Awards.

NAZARUL HISHAM BIN SABARDIN

Head of Mechanical & Electrical (M&E)
Malaysian / Male / Age 51

Date of Appointment
- 13 December 2017 – Head of Mechanical & Electrical (M&E)

Academic / Professional Qualifications:
- Bachelor in Mechanical/System Engineering, UPM (1995)

Working Experience:
24-years of experience of managing projects involving various M&E works including Hospital, Airport, Viaduct & Stations for MRT & LRT, Office Complex, Retail, High Rise Office Tower and Residential Building.

He began his career in 1995 with Perspec-Taisei-Kajima-Shimizu-Hazama Consortium as M&E Project Engineer for KLIA. He then joined Putra Perdana Construction Sdn. Bhd. in 1998 for the completion of Federal Administrative Government Building Parcel C, Putrajaya.

In 2000, he joined Ahmad Zaki Sdn. Bhd. for a hospital project and Tender & Procurement for M&E, medical equipment and other related works. He then joined MRCB in 2009 as a Senior Manager, overseeing the delivery of Project Implementation and headed Tender, Procurement & Cost Control for KL Sentral Development.

In 2013, he returned to Ahmad Zaki Sdn. Bhd. as General Manager, M&E, where he set-up the M&E Department, steering the path and leading the team to greater heights with planning and implementation of several projects. He guided the planning, procurement and furnishing medical equipment for Design & Built International Islamic University Malaysia (IIUM) Teaching Hospital, Kuantan and lead the completion of JKR HQ Building for Green Building Index (GBI) Platinum rating.

Involved as M&E key player for successful completion of Malaysian Anti-Corruption Commission (MACC) HQ, Putrajaya in 2017 for Pembinaan Mitrajaya Sdn Bhd.

In December 2017, he joined Gabungan Strategik Sdn Bhd as Head of M&E, leading the team for several projects.

049-095

SUSTAINABILITY REPORT

what's inside?

050 – About this Sustainability Report
052 – Message from the Group CEO
053 – 2020 Sustainability Highlights
054 – Industry Awards and Market Recognitions
055 – Our Sustainability Approach
056 – Governance of sustainability
059 – Stakeholder Participation in Our Sustainability Journey
061 – Assesing and Prioritising Material Topics
064 – Marketplace
067 – Environment
075 – Community
078 – Workplace
082 – Operations
089 – UN Sustainable Development Goals Index
090 – Global Reporting Index Content

ABOUT THIS
SUSTAINABILITY REPORT

Gabungan AQRS Berhad and its subsidiaries ("GBG") recognises the importance of prioritising sustainability as part of its overall strategic approach to value creation. Addressing its material economic, environmental and social ("EES") topics is vital in mitigating against business and operational risk while ensuring continued financial and non-financial value creation for stakeholders.

The Board and Management of GBG are of the view that a committed approach to sustainability is in the best interest of the Group and its stakeholders across the short, medium and long-term perspectives.

SCOPE & BOUNDARY

This report covers the active and significant operating business units of GBG, with focus on key risks and challenges based on the materiality assessment exercise. Unless otherwise stated, the information presented in this Report discloses only business activities in Malaysia.

We exercise a "local-where-we-operate" practice. Where possible, data has been presented up to three (3) consecutive years to show meaningful comparisons against past performances and to indicate trend lines.

FRAMEWORKS APPLIED

This sustainability report has been prepared with reference to the following frameworks and guidelines:

- Bursa Malaysia's Sustainability Reporting Guide Second Edition
- United Nations Sustainability Development Goals ("UN SDGs")
- FTSE4Good Index
- Global Reporting Initiative ("GRI") Standards: Core Option

ABOUT THIS SUSTAINABILITY REPORT [CONT'D]

REPORT PERIOD

This report covers the period of 1 January 2020 to 31 December 2020 ("FYE 2020").

LIMITATIONS AND EXCLUSIONS

We are cognisant that data-gathering challenges still exist for certain indicators. We are in the process of implementing more robust data tracking and gathering mechanisms reporting going forward. GBG will endeavour to include disclosures on its supply chain towards taking stock of potential Environmental, Social and Governance (ESG) impacts that are occurring outside of the organisation that GBG may be indirectly contributing to.

REPORT QUALITY & ASSURANCE

All data have been collated from primary official documents and records. Data has been collected and results measured using industry standards. GBG has undertaken independent auditing and assurance for some of the financial data presented in this report. However, the Group has not undertaken third party assurance for non-financial, sustainability-related data.

This report is made in accordance with a resolution of the Board of Directors dated 28 April 2021.

FORWARD-LOOKING STATEMENTS

Any forward-looking statements such as targets, future plans, operations and forecast figures is based on reasonable current assumptions. Readers are advised not to place undue reliance on such statements as our business is subject to risks and uncertainties beyond our control. Actual results may differ.

MEMBERSHIP OF ASSOCIATIONS

GBG is a member of the following professional bodies and industry associations:

- Malaysian Employer Federation (MEF)
- Construction Industry Development Board (CIDB)
- Master Builders Association Malaysia (MBAM)
- Real Estate & Housing Developers' Association (REHDA)
- Listed on Bursa Malaysia Berhad – Main Market

DISTRIBUTION & FEEDBACK

We welcome questions, feedback and suggestions towards improving our EES disclosures and journey. Please send comments, insights and queries to: info@gbg.com.my.

MESSAGE FROM THE GROUP CEO

Dato' Azizan Jaafar
Group Chief Executive Officer

Dear Stakeholders,

FYE 2020 has been a tumultuous year of change and challenge, brought on by the unprecedented black swan event of COVID-19. The virus pandemic has led to a global disruption of economic activities and industrial activities including infrastructure and property development.

The imposition of lockdowns and restricted movements, the permanent or temporary closure of various industrial sectors, have brought on a wide range of socio-economic impacts, that ultimately has affected people, families and communities, across the world.

COVID-19 is a stark message to all of us on just how fragile our economic systems are. Our prosperity, lifestyle as well as growth and progress as a nation can be impeded by a wide range of external risks and therefore, constant vigilance is required.

For businesses, the most effective way to mitigate its risk factors is by progressively adopting a triple bottom-line approach of people, planet and profit, where non-financial value creation is prioritised together with financial results. This enables a more holistic view of external trends and developments, where both risks and opportunities can be comprehensively identified and appropriate measures adopted.

Essentially, by looking beyond just financial perspectives, GBG is able to develop a comprehensive understanding of its external environment and other rising forces, which could impact its ability to create value over the short, medium and long-term horizons.

By being cognisant and understanding the economic, environmental and social ("EES") aspects within a triple bottom-line approach enables the Group to see how non-financial matters can impact financial performance and vice versa.

GBG's sustainability strategy is driven by the United Nation's Sustainable Development Goals ("SDGs"). The SDGs serve as the basis for our sustainability efforts. Drawing from these, our business model and business operations, GBG has further identified and prioritised its material EES topics and in FYE 2020 has set out to address them accordingly.

Various achievements have been realised in FYE 2020. These include reductions in carbon emissions, our preliminary attempt to utilise solar energy towards reducing use of electricity generated from fossil fuels, and a continued track record for zero fatalities and zero major accidents across all project sites.

Our FYE 2020 Sustainability Report provides a detailed account of our sustainability journey; our highlights and achievements, the many challenges faced and our unwavering resolve to continue finding solutions towards developing a more sustainable business that as mentioned earlier, continues to generate value for stakeholders while ensuring business and operational sustainability over the short, medium and long-term perspectives.

Dato' Azizan Jaafar
Group Chief Executive Officer
28 April 2021

2020 SUSTAINABILITY **HIGHLIGHTS**

ECONOMIC		ENVIRONMENTAL	SOCIAL		
RM10.0 **MILLION** TAX PAYMENT	RM28.1 **MILLION** EMPLOYEE WAGES AND BENEFITS	21% **GREEN AREA INITIATIVE** EÍSLAND LAKE HAVEN, PUCHONG	300 **OVER** STRONG WORKFORCES	45 **TRAINING PROGRAMMES** FOR EMPLOYEES	VALUE **OF PAHANG PATRIOTISM**
RM34.2 **MILLION** OPERATING COST	RM202.3 **MILLION** REVENUE	18% **CARBON EMISSION REDUCED**	**REDUCE** 30% HIGHWAY CONGESTION	130 **OVER** WOMEN WORKFORCE (30%)	ZERO FATALITIES AND PERMANENT DISABILITIES OCCURRED AT WORK REPORTED FOR THE YEAR
RM336.3 **MILLION** TOTAL MARKET CAPITALIZATION	RM15.0 **MILLION** PAYMENT TO CAPITAL PROVIDERS	BEST **PRACTICES ON** CONSTRUCTION SOLID WASTE MANAGEMENT	38% **OF EMPLOYEES** COMPRISING THE YOUNGER GENERATION AGED 30 AND BELOW	100% **LOCAL MANPOWER WORKFORCE**	ISO45001:2018 **CERTIFIED**
		PLANNING AND DESIGN OF SOLAR PV USE AT THE E'ISLAND HAVEN PROJECT	100% **OF EMPLOYEES** RECEIVE APPRAISALS TO DEVELOP COMPETENCIES	39% OF MIDDLE MANAGEMENT COMPRISES WOMAN	

INDUSTRY AWARDS AND **MARKET RECOGNITIONS**

ACHIEVEMENTS AND MILESTONES

Following are the list of awards and accolades achieved by GBG:

Participating Company	Type	Awarder
Gabungan AQRS Berhad	Malaysia Best Employer Brand Award 2018	13th Employer Branding Awards
Gabungan AQRS Berhad	Best Under Billion Awards 2018 - Best Turnaround Story	Focus Malaysia
Gabungan AQRS Berhad	Best CEO for Investor Relations 2018 (Small Cap)	Malaysia Investor Relations Association
Gabungan AQRS Berhad	3rd Merit Award for Most Improved CG Disclosure (2018)	Minority Shareholders Watch Group
Gabungan AQRS Berhad	Best CEO for Investor Relations 2019 (Small Cap)	Malaysia Investor Relations Association
Gabungan AQRS Berhad	Malaysia Best Employer Brand Award 2019	14th Employer Branding Awards
Gabungan AQRS Berhad	Community Development Recognition 2019	The Golden Globe Tigers
Gabungan Strategik Sdn Bhd	Grade Registered G7 for year (2018 to 14.01.20)	SME Corp Malaysia and CIDB Malaysia
Gabungan Strategik Sdn Bhd	HR Asia Best Companies to Work for in Asia 2018	HR Asia
Gabungan Strategik Sdn Bhd	Appreciation of Best Practice on Construction Solid Waste Management (2019)	SWCorp Malaysia / KPKT
Gabungan Strategik Sdn Bhd	ISO 45001:2018 for provision of construction services in building and civil engineering works	CI International
Gabungan Strategik Sdn Bhd	SHASSIC Achiever for PPSAS project	Safety and Health Assessment System in Construction (SHASSIC) and CIDB
Gabungan Strategik Sdn Bhd	MSOSH OSH Award 2019 Gold Class Award under Construction & Engineering Construction Sectors for LRT3 and PPSAS	Malaysian Society For Occupational Safety And Health (MSOHSH)

Left to Right: ISO 45001 Certification by Ci International Sdn Bhd and SHASSIC Certification – 5 Stars Achievement by Construction Industry Development Board (CIDB).

Gold Class 1 Award by the Malaysian Society For Occupational Safety And Health (MSOHSH)

OUR SUSTAINABILITY APPROACH

GBG's conscious decision to embrace the SDGs is driven by Management's motivation to link its overall EES agenda towards addressing larger issues and concerns within the world today. It also provides a stronger context and relevance for the identification of material topics, risks, issues as well as trends and opportunities.

The alignment to SDGs serves as the basis for the development of sustainability policies, strategies, action plans and the measurement of results. For specific details on GBG's alignment to its SDGs, please refer to the SDG Content Index provided at the end of this report. We aim to strengthen our alignment going forward and the supporting disclosures provided in future reports.

A robust sustainability structure facilitates the direct and active participation of both the Board of Directors and Senior Management in driving sustainability across the organisation. The sustainability governance structure sets out roles and responsibilities in addressing, managing and monitoring material issues.

The structure comprises the Management Sustainability Committee ("MSC"), which reports to the Board level Risk Management Committee ("RMC") which in turn, reports to the full Board.

This three-tier structure enables effective oversight on EES matters, business and operational risk and enables the integration of the sustainability agenda into daily business operations. Via this structure, GBG's Board is able to have oversight on a wide range of EES risks and topics. These include anti-corruption, Code of Conduct and Ethics ("CoCE"), resource consumption, waste management, emissions, noise pollution, health, safety and environment ("HSE") and stakeholder relationships.

GOVERNANCE OF **SUSTAINABILITY**

ROLES AND RESPONSIBILITIES

Board of Directors	Has overall ownership of the GBG sustainability agenda. Maintains oversight on all EES topics. Approves the sustainability budget and the annual sustainability report. Supports the development of a sustainability oriented culture within the Group. Drives stakeholder engagement.
Risk Management Commitee	Determining sustainability strategy. Reviewing, strengthening and approving sustainability policies and guidelines in line with the Board's set sustainability agenda. Supports stakeholder engagement.
Management Sustainability Committee	Executes sustainability related strategies. Monitor progress achieved on EES topics. Maintains data collection for all EES topics.

GOVERNANCE THROUGH ETHICS AND CORPORATE INTEGRITY

Governance of sustainability is further driven through good corporate governance. Transparency, integrity, accountability and ethics remain a fundamental part of GBG's organisational culture and is inherent in guiding the Group and its people in terms of professional conduct across its operations.

In FYE 2020, the existing robust approach to good conduct and corporate integrity was bolstered by the implementation of the GBG Anti-Corruption Policy and Anti-Corruption Framework ("ACPF"). The ACPF complies with Section 17A of the Malaysian Anti-Corruption Commission Act, which came into effect on 1st June 2020. GBG's ACPF can be viewed at: https://www.gbg.com.my/investor-relations/corporate-governance.

The ACPF defines what is corruption in the context of Section 17A and its relevance and impact on GBG's business operations and the Group's engagement with stakeholders.

In essence, the ACPF states that the giving and receiving of bribes, favours or other forms of gratification with the intention of securing business contracts or other forms of incentives or rewards with or from GBG, its Board, management and employees is prohibited.

100% of Board members and decision makers have received training in FYE 2020 on anti-corruption. 100% of employees have been made aware of the existence of the ACPF and that they must adhere to the ACPF, failing which, they may be liable for corrective or punitive action by GBG or the enforcement authorities. Anti-corruption training and education have also been conducted for staff.

In FYE 2020, various engagement and communication channels were utilised to drive the message of zero tolerance on corruption. These include email notification and announcements, reminders via printed literature such as brochures and printed banners, with the latter placed prominently in high traffic areas across the head office and at all operational sites.

The ACPF is also supported by a robust Whistle-Blowing mechanism and the GBG Code of Conduct and Ethics ("CoCE"). A copy of the CoCE can be viewed here: https://www.gbg.com.my/investor-relations/corporate-governance.

GOVERNANCE OF SUSTAINABILITY [CONT'D]

ASSESSMENT OF OPERATIONS WITH POTENTIALLY HIGHER RISKS OF CORRUPTION

As part of its overall efforts to strengthen anti-corruption controls and to identify potential areas of risk, GBG has identified that some parts of its organisation may be at greater risks to corruption, in particular Procurement and Contracts. Additional check and balance systems will be instituted going forward.

GIFT GIVING AND RECEIVING

GBG's gift giving and receiving policy is compliant with best practices as provided in the ISO 37001:2016 Anti-Bribery Management System ("ABMS"). In principle, the giving, receiving and soliciting of gifts by any party is not allowed.

Exceptions may be made for corporate gifts that are provided to the Group and not to an individual. Such gifts should not have a significant monetary value and must be declared by the receiving individual to his / her higher authority.

In the provision of gifts by GBG, all gift giving must comply with the ACPF and laws and must also comply with the recipient's policy on the matter.

Gifts received or provided cannot be perceived as having an impact on actions or decisions or leading to the expectation of favours to be granted. All gifts received or provided must be recorded by Management with pertinent details such as the value of said gifts and who is the giver and receiver.

WHISTLEBLOWING MECHANISM

In accordance with the Whistleblower Protection Act 2010 ("Act 711"), Companies Act 2016 and Capital and Market Services Act 2007, GBG has implemented its Whistleblowing mechanism.

The whistleblower shall be provided immunity from any form of punitive action, intimidation or reprisal, irrespective if the allegation is substantiated or proven to be unfounded provided, that the report was made in good faith. The individual also has the option to have his / her identity remain anonymous.

Employees and external parties may whistleblow to the following:

- Senior Independent and Non-Executive Director, Datuk Kamarudin bin Md. Ali at dtkamar@gbg.com.my or,
- Audit Committee Chairwoman, Puan Latifah binti Abdul Latiff at latifah@gbg.com.my or;
- Any of the Independent Directors.

All whistleblowing reports will be investigated and where warranted, appropriate further action will be taken. In FYE 2020, there were zero cases reported through the Whistleblowing mechanism.

GOVERNANCE OF SUSTAINABILITY [CONT'D]

GOVERNANCE OF THE SUPPLY CHAIN

GBG increasingly looks to cascade its sustainability goals and aspirations to its supply chain towards progressively driving a larger multiplier effect that will benefit the environment and society. Following are some of the general principles in which suppliers must abide by to, in order to be eligible to bid for contracts with GBG:

Governance

- All suppliers must provide written commitment that they have understood and will abide by GBG's ACP and CoCE. Failure to abide may lead to contract termination or other penalities, including being reported to the authorities.
- The prerequisite to abide by the Anti-Corruption Policy and Anti-Corruption Framework (ACPF) and CoCE is written into all tender documents and contracts.

Environmental / Social

- Suppliers are assessed on whether they have existing environmental and social policies; and whether they have been censured for poor performance in these areas.
- Supplier must provide contractual, written undertaking that they will adhere to all environmental and social requirements as stipulated by law. Failing which, GBG has the right to terminate the contract or take other forms of action including reporting the said supplier to the authorities.
- All subcontractors are required to use only legal workers with work permit, no forced labor and must comply with OSH rules set out by the government.

The Group may look into the feasibility of conducting audits, either desktop or physical inspection audits to ascertain if suppliers are truly adhering to GBG's desired levels for EES performance. Kindly refer to the section on Supplier Performance Assessment for specific information on quality of goods and levels of service provided by vendors.

STAKEHOLDER PARTICIPATION IN OUR **SUSTAINABILITY JOURNEY**

Stakeholder engagement is essential in ensuring that GBG remains inclusive in its sustainability approach. It is imperative that the views, concerns, aspirations and interests of our varied stakeholders be as much as possible, included in the determination of material EES topics and the setting of sustainability targets and goals. Overall, the views of stakeholders are crucial towards ensuring a more effective and sustainability journey; that our plans are truly creating and delivering value and positive outcomes.

Stakeholder engagement is also beneficial as it frequently enables GBG to glean valuable insights, which can be tapped to guide or refine the GBG sustainability agenda or lead to the development

Stakeholders are defined as individuals or groups that are impacted by, or may be impacted by our business presence and activities; or have the potential to impact or influence our operational and / or financial performance as well as overall corporate reputation and perception.

In FYE 2020, the impact of COVID-19 has led an increased use of online / virtual channels to engage with stakeholders. Given that GBG's business operations is the same as in previous years, our stakeholder engagement channels remain largely unchanged from the previous financial year.

Stakeholder Group	Topics of Concern and Interest	Engagement Methods
Employees	• Health, safety and well-being • Talent development, performance and rewards • Fair and equal opportunity • Company's benefits • Training and education • Diversity and inclusion	• New employee induction programme • Annual Performance appraisal • Career development • Quality, Safety, Health briefings and trainings • Technical and non-technical training programmes • Regular department meetings • Employee engagement activities
Clients / Customers	• Trust and Safety • Connectivity • Family-friendly facilities • Delivery • Defect rectifications • Service Quality • Customer Service and experience	• Project meetings • Client engagement surveys and feedback forms • Quality Assurance monitored by Quality Unit Department
Subcontractors and Suppliers	• Legal Compliance • Payment schedule • Equal Opportunity of bidding • Completion deadline	• Periodic meeting and dialogue sessions • Liaison with subcontractors / suppliers • Engage with contract managers • Contract's negotiation and bidding opportunities
Shareholders & Analysts	• Acquisition and expansion • Risk Management • Corporate Governance • Reporting standards	• General meetings, quarterly results and annual report • Walk-in visits and inquiries • Investors or Analysts briefing and engagements • Corporate announcements

STAKEHOLDER PARTICIPATION IN OUR SUSTAINABILITY JOURNEY [CONT'D]

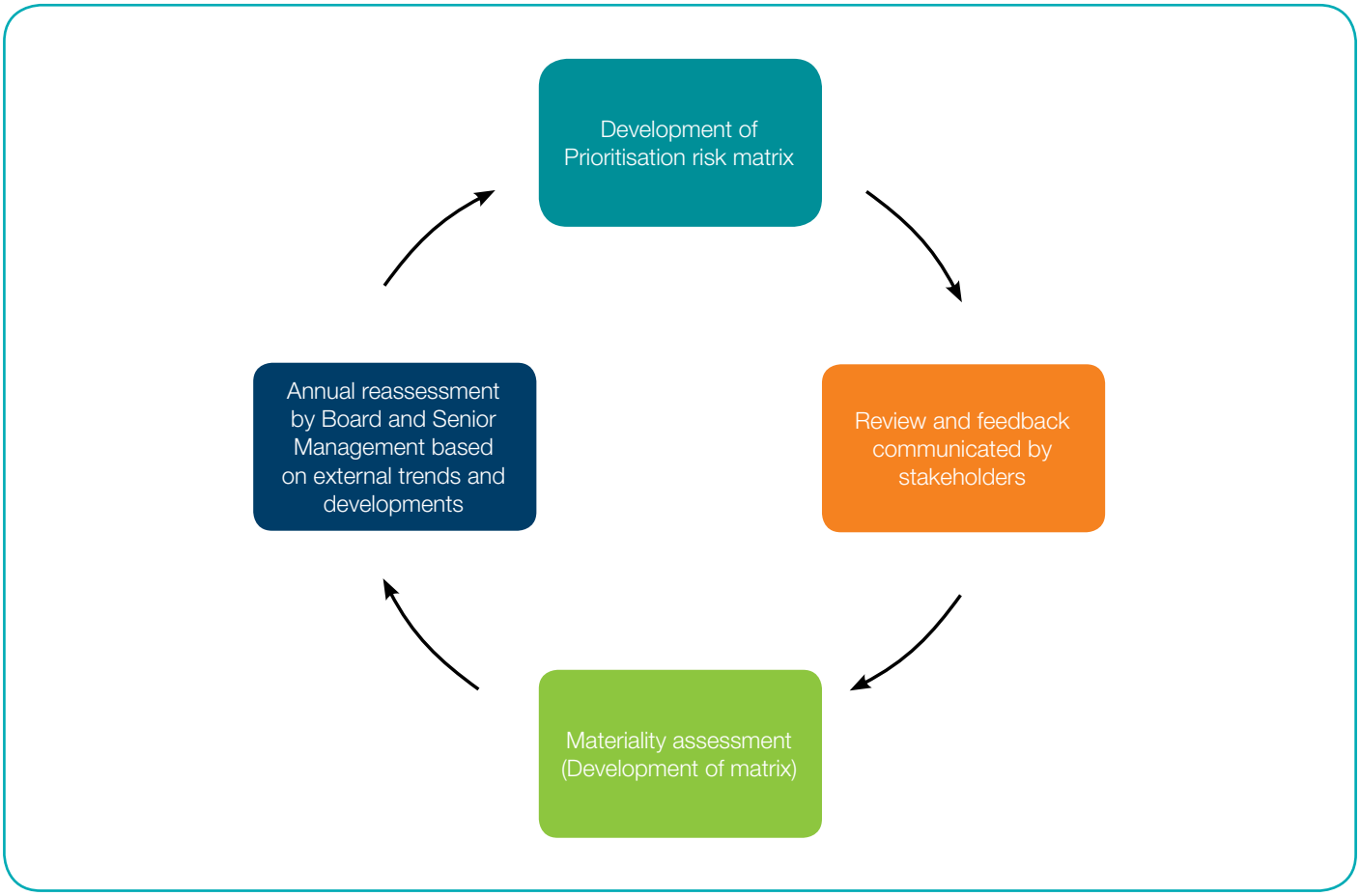
Stakeholder Group	Topics of Concern and Interest	Engagement Methods
Community	• Work opportunities • Environmental safety and protection	• Volunteering to help the underprivileged • Control of waste and gas emission
Government	• Compliance with government policies • Adhere to the law and regulation	• Support government initiatives in complying with the latest statutory development
NGOs	• Consumerism • Employee's human rights • Environmental pollution and climate change	• Address consumers' complaints professionally • Comply with the statutory labour law • Address the NGO's concern professionally

ASSESSING AND PRIORITISING MATERIAL TOPICS

Guided by its selected SDGs, business plans and strategies as well as developments in the external operating environment, GBG undertakes a regular review of its material EES topics. A topic is deemed material based on the following criteria:

- The extent and likelihood of impact of a particular topic on financial or non-financial value creation, over the short, medium and long term perspectives.
- The extent and likelihood of impact on stakeholders, which ultimately, may or will impact Matrix's ability to generate value.

GBG employs the following materiality assessment process:

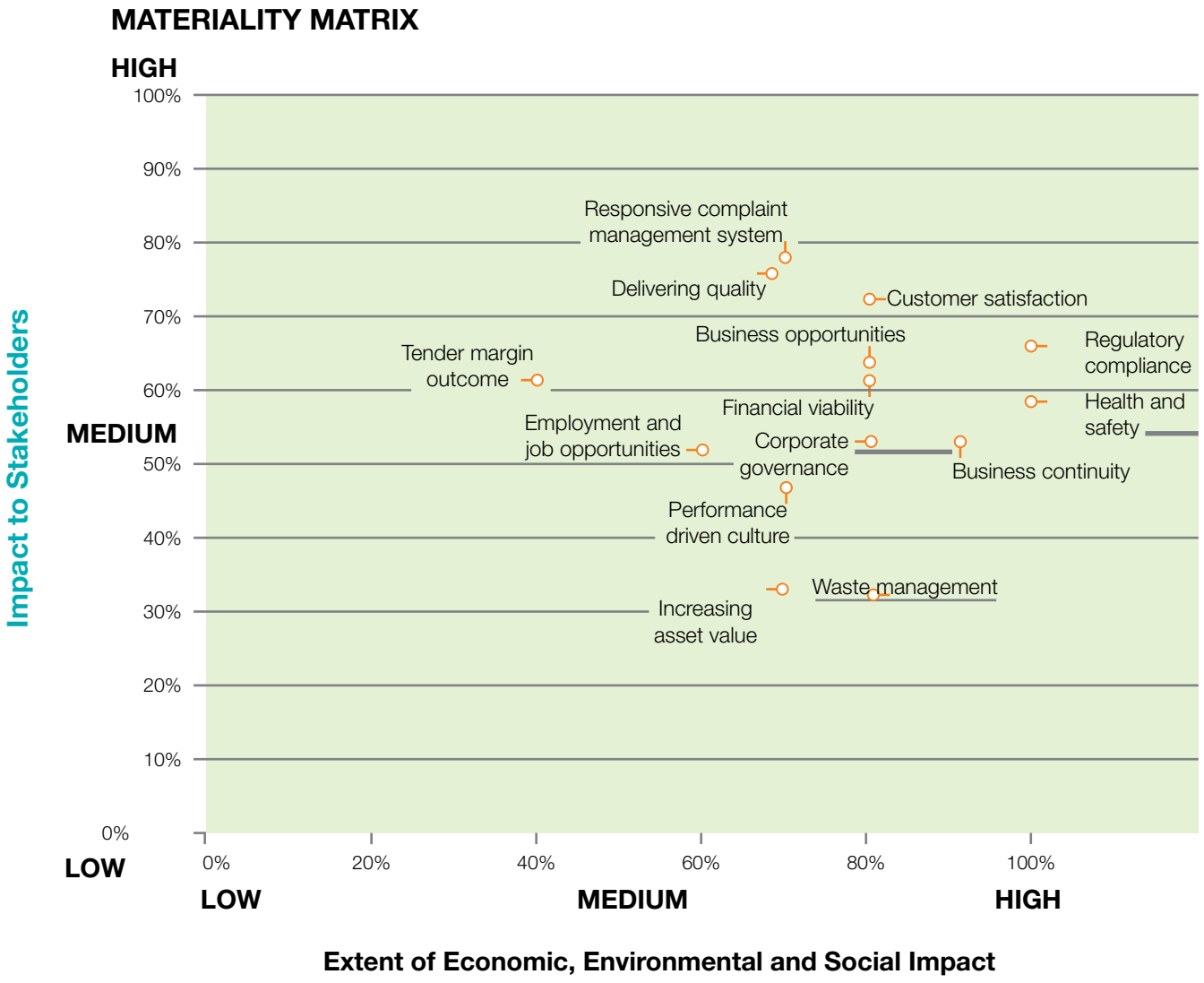


The Group's materiality matrix and material topics for FYE 2020 are provided in the page below. In terms of scope and boundary, all identified material topics apply Group wide.

The FYE 2020 list of materiality topics and materiality matrix have been approved by the Group CEO and Executive Director, who helms the sustainability management committee.

GBG has also aligned its material topics with its stakeholders. This practice goes towards developing a better understanding of how material matters and issues relate to our stakeholders.

ASSESSING AND PRIORITISING MATERIAL TOPICS [CONT'D]



ASSESSING AND PRIORITISING MATERIAL TOPICS [CONT'D]

	Employees	Client / Customer	Subcontractors and Suppliers	Shareholders & Analysis	Community	Government	NGOs	Value Chain Partners
Economic Topics								
Customer Satisfaction		√						
Responsive Complaint Management System							√	
Committed to Delivering Quality		√	√					
Financial Viabiity			√					
Business Opportunities			√	√				
Increasing Asset Value				√				√
Business Continuity		√		√				√
Enviromental Topics								
Waste Management					√			
Social Topics								
Occupational Health and Safety	√	√						
Employment and Job Opportunities	√				√			
Performance Driven Culture	√							
Governance Topics								
Corporate Governance				√		√		

MARKETPLACE

Financial and business performance as well as the creation of direct and indirect economic values are vital in the overall context of sustainability for GBG.

Financial performance is a prerequisite in sustaining environmental and social related strategies, initiatives and projects.

In addition, the generation of economic results also enable wealth distribution which promotes prosperity, socio-economic development, infrastructure development and other benefits that cumulatively contribute to the betterment of society.

INDICATOR	2018 (RM'000)	2019 (RM'000)	2020 (RM'000)
Economic Value Generated			
- Revenue	585,330	413,987	202,262
Economic Value Distributed			
- Project cost	462,074	330,216	233,888
- Payments to Employees (Salary and other benefits)	40,412	40,392	28,128
- EPF & SOCSO (and other contributions for staff)	3,492	3,946	3,023
- Payments to Suppliers and Partners (Operating expenses)	51,393	44,109	34,264
- Government (Income tax)	34,748	30,136	10,268
- Providers of Capital (dividends, finance costs, distribution costs and non-controlling interests)	28,863	20,446	14,960
- Monies Distributed for Community Development, CSR, etc.	75	234	128

MULTIPLIER ECONOMIC EFFECT THROUGH OUR PROJECTS

When considering the extent of the economic impact generated by GBG, it is also necessary to include the catalytic or economic multiplier effect of our projects, which drive infrastructure development, economic activity and the development of local value chains and job creation.

The Group's various projects such as SUKE, LRT 3, PPSAS, and E'Island Lake Haven serve as vehicles of socio-economic growth.

These projects reshape the landscape and contribute to nation-building and supports short, medium and long-term value creation.

For example, SUKE is an infrastructure development project that will open up opportunities for locations throughout its route. This will enable commercial and residential developments to emerge. Land prices will appreciate as well. It will also spur population growth and offer better economic prospects in the long run.

Travellers traversing the SUKE highway benefits from shorter travelling times and the convenience of additional routes to avoid traffic congestion. Ultimately, SUKE contributes to the alleviation of urban traffic congestion.

Travelling time would be cut down by 50 minutes with lesser fuel consumption by RM7 per day. It is designed to provide a smooth and efficient journey ahead with speeds of up to 80 km/h.

As quoted by Transportation expert Rosli Azad Khan, a faster travel time meant a much more effective logistic system, which the country's economy is dependent on. He continued that the lower the cost of distribution, especially for goods and services, the better and more productive the logistic systems will be.

Sungai Besi - Ulu Kelang Expressway (SUKE)

MARKETPLACE [CONT'D]

DRIVING URBAN PUBLIC TRANSPORTATION

Another infrastructure project is the LRT 3. LRT 3 is in line with enhancing urban public transportation towards providing greater connectivity and accessibility across Greater Kuala Lumpur.

It is aligned with sustainable urban development, linking the suburban residential areas with city centres and commercial epicentres. In addition to this, it contributes to reduced private vehicles on the road, especially single occupant vehicles, which is one of the main contributors to greenhouse gases and carbon emissions.

LRT 3 represents further democratisation of transportation, enabling people of all walks of life to enjoy seamless, connected public transportation. This also serves as a strategic factor in the development of affordable housing, with land located close to LRT stations being opened up for public residential projects.

This project is expected to benefit and accommodate 74,000 passengers and 500,000 residents across the alignment by improving connectivity and reducing traffic congestion. Moreover, it is planned to strengthen communities in Petaling Jaya, Shah Alam and Klang by promoting mixed-use real estate development. Ten stations across the line will be equipped with parking areas that could accommodate approximately 6,000 cars. The trains will travel at a maximum speed of 80km/h and capable of transporting up to 36,720 passengers an hour.

All stations will be fully equipped with sustainable solutions that includes rainwater harvesting technology, noise reduction and energy management system, and natural ventilation.

Value Creation through Landmark Projects: Pusat Pentadbiran Sultan Ahmad Shah in Kuantan (PPSAS)

PPSAS is envisioned to be the new landmark for Pahang and the architecture references the state's identity. The building's key idea is to heighten the sense of patriotism and pride for its people reflected by the most befitting source of inspiration – the Pahang's Coat of Arms.

VALUE CREATION THROUGH AFFORDABLE HOUSING

GBG's Property Development arm continues to play a role in meeting Malaysia's growing need for affordable homes.

Amidst a growing middle-income population in urban areas, especially Greater Kuala Lumpur, there is a lack of affordably priced quality homes.

GBG through its various residential projects, notably the E'Island Lake Haven, continues to build quality homes within the buying power of a large number of Malaysians.

The design of E'Island Lake Haven, is in line with the National Affordable Housing Policy in terms of unit built-up sizes, utilisation of IBS technology to shorten construction time and to reduce construction costs and comes with a range of facilities to support quality, holistic community living.

Located in Puchong, Selangor, E'Island Lake Haven has been included by the Housing Ministry under its one million Affordable Homes Programme over the next 10 years. GBG Property is one of the twelve developers in Malaysia to be included in the programme. In addition, our property projects also provide buyers with a wide range of value. This includes capital appreciation (which serve as a natural hedge against inflation) and rental yields.

Homeowners also benefit from having a robust asset that provides long-term return on investment, while enabling occupants to enjoy a good quality of lifestyle.

MARKETPLACE [CONT'D]

SUPPORTING LOCAL PROCUREMENT

100% of GBG's suppliers are local. The Group's preference to source locally is aimed at developing local value chains and facilitating local job creation and entrepreneurship opportunities.

	2018	2019	2020
%- Spend	100%	100%	100%
RM ('million)	19,536	12,206	17,921

Interested vendors may bid under an open tender system where contracts are awarded based on the best value proposition offered; in terms of cost, quality of goods and services and other criteria.

The Group has established a rigorous process for the vetting and approval of new suppliers. The vetting process takes into account not just the financial performance and competencies of the said vendor, but also the said vendor's environmental and social performance.

Key aspects considered would be the vendor's occupational safety and health track record; whether the vendor has been fined or ensured by the authorities for non-performance, does the vendor have ISO certification or other industry or job related certification and accreditation and other factors deemed necessary by Purchasing Department.

A physical inspection of the vendor's premises or operational sites may be conducted where deemed necessary.

Suppliers must achieve a set of competencies on an annual basis to remain on GBG's approved vendor list. Suppliers who score below this level, will be given time to undertake corrective actions to raise their scores, failing which they will be removed from the approved vendor list.

CUSTOMER DATA PRIVACY

GBG subscribes to the Personal Data Protection Act ("PDPA") in keeping all pertinent data, including customer data safe. Beyond, adhering to the PDPA, GBG adopts a wide range of ICT based systems to ensure safe storage of data. This includes firewalls and other protection mechanisms. Data integrity and confidentiality is prioritised.

Data is only collected and shared with the permission of the data owner. Employees are briefed on the Group's Electronic System Policy during their induction into GBG as new employees. Access to data is also carefully guarded with restricted levels of access. Transfer of files are always encrypted to ensure security and privacy.

In FYE 2020, there were zero cases of data breach.

ENVIRONMENT

GBG remains cognisant of managing its environmental footprint, specifically monitoring its impact in terms of contribution to climate change, greenhouse gas emissions, consumption of energy and water, environmental and noise pollution and waste recycling management.

These are the Group's pertinent environmental material topics based on its business operations of infrastructure development and property development. However, beyond monitoring its performance, GBG is also constantly striving to mitigate its environmental impacts.

This section of our report provides a view of GBG's management approach to environmental topics; and its strategies in addressing environmental impacts. Progressively, the focus on managing environmental footprint may also yield new business opportunities while strengthening GBG's business model going forward.

GBG'S OVERALL MANAGEMENT APPROACH TO ENVIRONMENTAL IMPACT:

GBG's approach to managing environmental impacts is based on the following:

- Environmental Management Plan (EMP), which sets out standard operating procedures ("SOP") for every project site.
- Erosion and Sedimentation Control Plan (ESCP) for all project sites.
- All project sites must comply with regulations as stipulated by the Department of Environment ("DOE"), local municipal; councils and other authorities for air, water and noise as well as sewage.

CLIMATE CHANGE

GBG remains cognisant of how its business operations, primarily through energy and resource consumption and the production of emissions and waste, may be directly or indirectly contributing to climate change.

GBG is also focussed on how climate change may impact Group's operations. For example, climate change may lead to increased rainfall, which could potentially impact work progress at operational sites. Delays in progress of works would impact revenue and earnings recognition.

Heavy rainfall may also increase OSH hazards and risks at sites, necessitating additional precautions, which could lead to increased compliance costs.

The Group's property development operations may also be affected by climate change. The lack of water or changing weather patterns may impact availability of suitable land for property development in certain states in Malaysia. This may warrant changes in the overall land banking and acquisition strategies.

Project master planning and designs may need to be revised to take into account the impact of climate change. These alterations may result in additional development costs which include adopting more sustainable development methods such as greater utilisation of rainwater harvesting tanks to ensure sufficient water capacity.

Increasing temperatures brought on by climate change may necessitate that design of developments have a different orientation to avoid direct sunlight exposure. Designs may also see greater incorporation of natural wind flows to provide a natural cooling effect across the development.

Likewise, with increasing environmental consciousness among buyers, providing eco-friendly fixtures and fittings may serve as a value enhancing proposition for buyers. It could be provided as an option and the same for solar rooftop installations.

There are also opportunities to environmental awareness across the value chain and to customers towards encouraging concerted action for greater cumulative impact. The focus on adopting more sustainable approaches may provide GBG with access to green financing as well as access to government and regulatory support for incentives.

ENVIRONMENT [CONT'D]

WASTE MANAGEMENT

GBG continues to efficiently manage waste via its Scheduled Waste Management ("SWM") approach. The SWM enables a start-to-end, systematic process to storing and disposal as well as recycling of waste (where appropriate).

The SWM approach also encourages efficient resource use (prevention and reduction of waste production) and also stipulates proper protocols for the handling of chemical and hazardous waste.

All project sites are fully equipped with adequate bins for temporary collection and disposal. Collected waste is disposed of by licensed, registered contractors who are approved by the local authorities.

In FYE 2020, there was a significant drop in construction waste with a total reduction of 420.85 tonnes. The highest volume of waste was generated from our projects in PPSAS and The Peak.

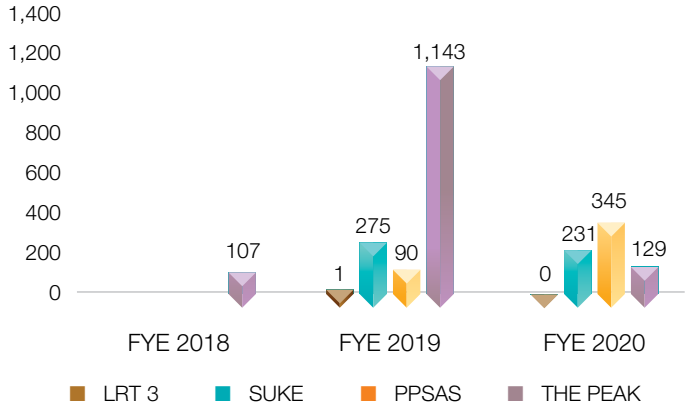
Annually, various activities are held to educate employees and workers on the importance of recycling and responsible waste disposal, as depicted in the following photos:

Waste bins to recycle were placed at project sites

3R awareness training on values of recycling and responsible waste disposal

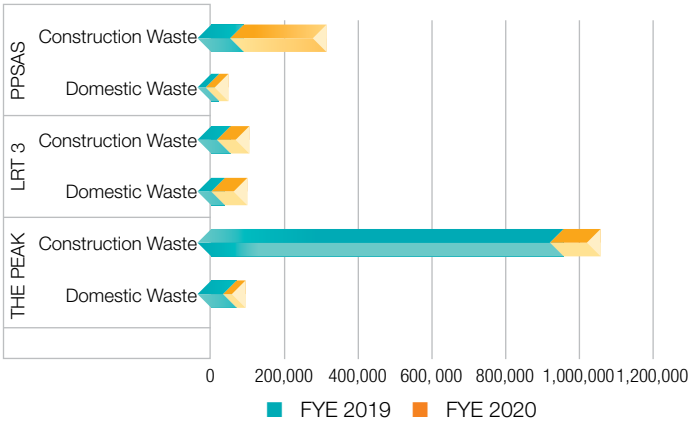
Waste and recycling bin at PPSAS

Yearly Waste Generation



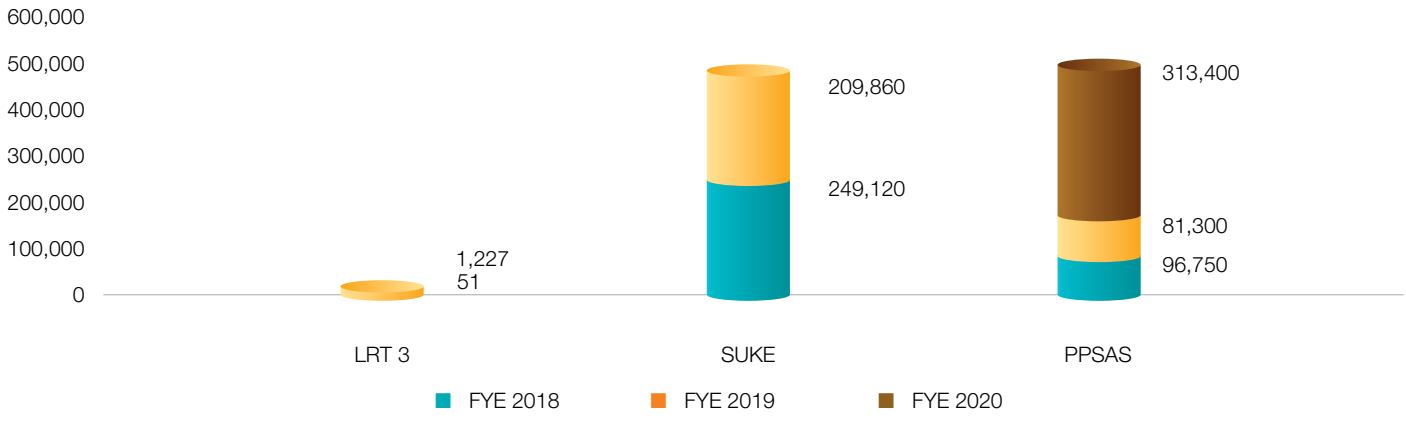
Waste data has been kept at the optimum stage where we aim not to exceed 120 MT per year. Waste generation will gradually reduce as the project nears completion.

Waste Generated by Projects

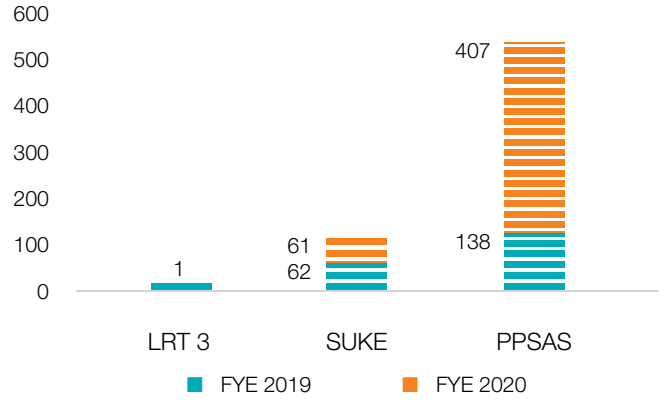


ENVIRONMENT [CONT'D]

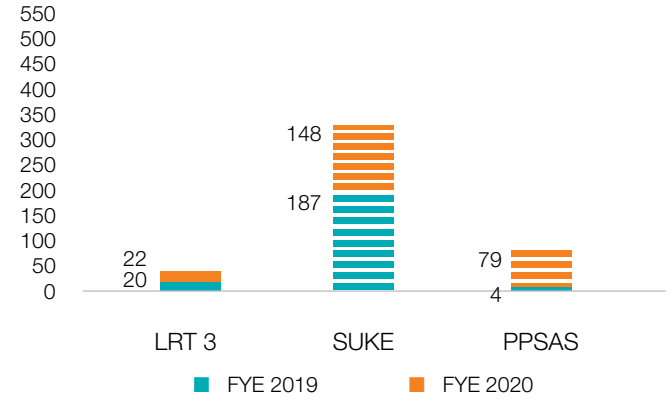
Total Quantity of Waste Produced (Hazardous and Non-Hazardous) by Individual Source



Hazardous Waste Generation (tonnes)



Non-Recycled Waste Generation (tonnes)



ENVIRONMENT [CONT'D]

ENERGY CONSUMPTION & MANAGEMENT

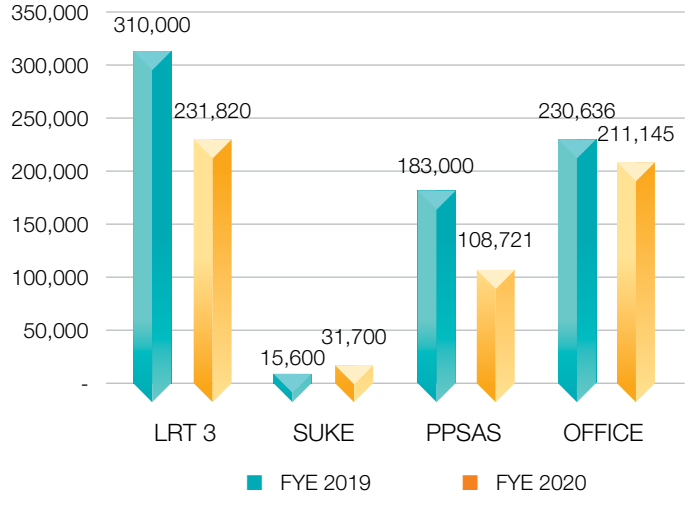
Construction and property development are generally energy intensive industries. The principal energy sources for GBG's business operations are electricity sourced from the national grid and diesel. Petrol is also used for its fleet of vehicles. GBG's management approach to electricity consumption is guided by its earlier mentioned EMP.

The Group's key energy sources are electricity sourced from the national grid, and diesel, used to power a wide range of construction machinery and equipment. Petrol is also consumed by the Group's fleet of vehicles. GBG has 12 vehicles that are Energy Efficient Vehicles (EEV), with 3 charging stations around the office building.

The goal is to reduce energy usage across business operations, focussing on the two key areas: energy consumption at all operational sites and the head office.

Another approach is to cultivate the "save energy" culture amongst staff. Such behaviours can have a ripple effect to push towards a bigger impact in energy efficiency.

Electricity Consumption (RM)



Our carbon emission was reduced by 19% in 2020 following the energy saving practices implemented in each of our projects.

BIODIVERSITY

GBG remains mindful of the importance of biodiversity, particularly given its primary business activities of construction and property development (which potentially may impact the diversity of flora and fauna).

As at 31 December 2020, to the best of the Group's knowledge, GBG does not operate in or adjacent to sites that are deemed to be of high biodiversity value.

GBG shall continue to monitor all sites for potential biodiversity value. This includes unique habitats as well as flora and fauna, especially any of the latter that is on the International Union for Conversation of Nature (IUCN) Red List.

In addition to the above, GBG looks to cultivate biodiversity by preserving and enhancing landscapes at its property projects, where possible. This includes planting of trees, plants and also as much as possible retaining the existing terrain such as undulating hills, transplanting mature trees and more.

RENEWABLE ENERGY (SOLAR) INITIATIVE

At GBG's E'Island Lake Haven project, plans are in the works for the design and installation of solar photovoltaic panels to generate electricity. The project is to partially meet some of the energy requirements of the E'Island.

The proposed installation will see PV panels installed on the rooftop of the podium, car park and the respective corridors and lift lobbies of each block.

The project is presently at the design stage and GBG continues to work closely with its appointed design consultants for the development of the optimal layout for the installation. GBG hopes to make an announcement on a future date for the completion of the design and subsequently the installation going forward.

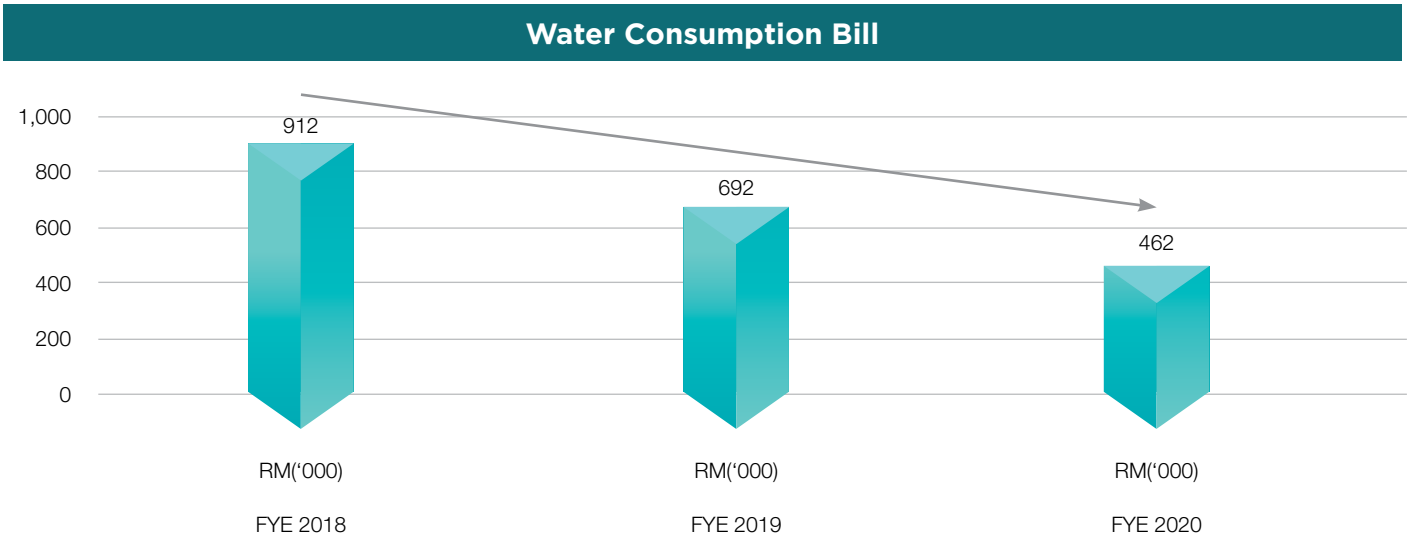
Environment monitoring for preventing pollution

ENVIRONMENT [CONT'D]

WATER CONSUMPTION

On the whole, GBG continues to see a reduction in water consumed by its operations. However, it must be noted that the decrease in consumption is not purely due to water usage efficiency. The decrease is also due to various factors such as the MCO lockdown in FYE 2020, which led to work at projects sites being halted for almost three months.

The Group continues to strive towards reducing usage of water and in future, may consider the usage of reclaimed water for non-potable use. Rainwater harvesting also will be further tapped at all work sites.



ENVIRONMENTAL POLLUTION MONITORING

GBG undertakes stringent environmental pollution monitoring and control, in particular for air, water and noise pollution as well as land / soil degradation, which may arise from its construction and property development activities.

Prior to the commencement of any project, GBG conducts all necessary assessments including environmental and social impact assessments to ensure it has met all regulatory requirements. Further, GBG adheres to its EMP to ensure operations that comply with the Department of Environment ("DOE") and other regulatory authorities.

ENVIRONMENT [CONT'D]

Following are the specific measures undertaken to control or minimise environmental pollution:

Water Pollution

- Implementing the full Environment Management Plan (EMP) and Erosion and Sedimentation Control Plan (ESCP).
- Surface wastewater control; control of the perimeter drainage shall be provided at the project site before any earthworks are carried out. In addition, any surface runoff emission from the project site of groundwork is not allowed to be discharged directly into any watercourse unless it has undergone sedimentation or flushed into the sediment pond first.
- Any domestic sewage from the site offices or workers' accommodation quarters shall comply with Standard {A / B}, Second Schedule, Environmental Quality (Sewage) Regulations 2009 before being released to any watercourse.
- Protect water habitat and minimize biodiversity loss.
- Prevention of subsequent pollution into water catchment areas.

Noise Pollution

- Actions taken in controlling noise risks and exposure should include consideration of the choice of appropriate work equipment that emits the least possible noise. Equipment used at our work site come with various models which are designed to control excessive noise exposure.
- Site working hours always adhere and comply to local council requirements to minimize disturbance to surrounding residents.
- Minimise health hazards (for example occasional headache, stress and anxiety etc) due to long term exposure to noise pollution.

Ground & Soil Pollution

- Machineries are frequently checked for oil leaks to prevent soil and water pollution.
- Machineries with high leaking occurrence will be timely repaired and promptly replaced accordingly.
- Drip plates are placed below machineries to minimize spills to the ground.
- A proper bund wall with concrete cement is provided for diesel skid tank.

Erosion Sedimentation Control

- Building a temporary earth drain to prevent water and silt seeping into the building basement.
- Cleaning the drainage system periodically.
- Silt trap being used during construction period.
- Covering the slope with plastic sheets during construction period.
- Adopt green concept on permanent retention wall.
- Avoid contamination to surrounding water courses.
- Prevent slope erosion to avoid mishaps and rectification works .

ENVIRONMENT [CONT'D]

Project	Pollution	Monitoring
LRT 3	Air	GBG has achieved excellent performance with monitored air quality at all four worksites registering levels far below the permissible DOE levels. Air quality is measured using the typical benchmark indicators of total suspended particles (TSP), Nitrogen Dioxide (NO2), carbon monoxide (CO).
	Water	In some instances, water quality had exceeded the permissible DOE level for NH3-N, DO and TSS on some months. This was evident at all worksites. Remedial action has been taken to improve water quality in terms of the aforementioned parameters. Water quality for pH levels, heavy metals and minerals, turbidity, total suspended solids, chemical and biological oxygen demand and more were within the permissible levels.
	Noise	Noise levels have generally been within the permissible levels, though night time levels have at times exceeded the DOE limits. The Group has taken stock of this and is implementing measures including reviewing night-time construction work towards improving compliance.
SUKE	Air	Air quality levels were below the set DOE limits for all necessary parameters. This included Total Suspended Particles (TSP), Nitrogen Dioxide (NO2), Carbon Monoxide (CO).
	Water	Water monitoring showed that pollution levels though having exceeded baseline figures, were still below the permissible threshold set by DOE. The SUKE project shares the drainage system with the surrounding neighbourhood, Alam Damai. Thus, pollutants in water (and the levels recorded) do not just arise from the SUKE project alone.
	Noise	Noise levels are closely tracked at all SUKE work sites. For the most part, noise levels have been kept to below the permissible levels set by the DOE for day and nighttime. On several occasions however, noise levels has slightly exceeded both day and and night time results. Measures have been taken to ensure increase compliance going forward. This included educating our project teams and workers to strictly adhere to work rules i.e. only undertaking permitted construction works for night time and other rules and regulations.
PPSAS	Air	At the PPSAS project, air quality as measured against the DOE's Malaysian Ambient Air Quality Standards 2013 (Std 2020) was within compliance levels for Total Suspended Particles (TSP), Nitrogen Dioxide (NO2), Carbon Monoxide (CO) across 2020. Assessments were conducted on a quarterly basis.
	Water	Water quality at PPSAS has generally been compliant. However, during quarterly monitoring, it was found on several occasions, where water quality has exceeded permissible levels for Biological Oxygen Demand (BOD), turbidity and ammoniacal nitrogen. Factors contributing to this could be rainy weather, other commercial, industrial activities that were unrelated to GBG's project site works.
	Noise	Some parts of our site has slightly exceeded DOE's permissible level of 50dB (A) but in general and on the average day-time, most areas are within the permissible levels. For night time measurement, both worksites had exceeded the DOE stipulated limits of 40 dB(A). No construction activities were carried out during night time. Based on the observations made during the monitoring exercise, the main sources of the noise were from the movement of construction vehicles near some sites while others are due to the movement of resident's vehicles and heavy vehicle (lorries).

ENVIRONMENT [CONT'D]

EMISSIONS

GBG's emissions primarily arise from its consumption of electricity and diesel as well as generation of industrial wastes. The Group has adopted the following measures to manage its emissions in compliance with the ISO 14001: 2015 standard:

- Using more environmentally friendly diesel such as biodiesel for gensets and machinery
- Reducing use of diesel-powered company vehicles
- Adopting renewable energy alternatives to reduce reliance on electricity from the national grid.
- Implementing compact sub-stations to provide permanent power supply to site operations and site offices. This significantly reduced CO2 emissions and noise pollution

The Group's present emissions are within the limits set by the DOE.

Drip plates below pile rig to prevent ground pollution at the E'Island Lake.

Proper basement for leakage control at diesel storage; E'Island Lake Haven

GREENTECH ADOPTION

GBG increasingly looks to the adoption of green technology (Greentech) towards deriving both business advantages as well as managing its environmental footprint:

- Rain Water Harvesting system,
- Photovoltaic ("PV") solar systems
- Home Automation system, Security Access system via Bluetooth
- Retaining wall system filled with greenery.
- Recyclable aluminium formworks instead of conventional plywood and timber for concrete casting work.
- IBS systems
  - o Construction and completion of SMK Bandar Sri Bukit Jalil
  - o Design and build at SUKE, PPSAS and LRT 3

Home Automation System - Security Access via Bluetooth at The Peak and E'Island Haven Projects

Retaining wall system filled with greenery at the Peak and the E'Island Lake Haven projects.

COMMUNITY

GBG continues to fulfil its role as a responsible corporate citizen by contributing to the betterment of the local communities in which the Group operates in spite of the challenges brought on by COVID-19. GBG has continued to undertake various corporate social responsibility ("CSR") programmes.

It must be noted that the support to societal causes comes during a financial year when GBG registered losses. Despite this, GBG has not wavered from fulfilling its societal obligations, coming to the aid of the needy.

In FYE 2020, GBG's societal contributions have focussed on assisting those affected by COVID-19 (and the subsequent MCO), as well as its customary support to helping autistic individuals.

GIVING BACK TO THE SOCIETY

GBG has responded to the needs of various affected communities, offering both financial and non-financial assistance to frontliners battling COVID-19 as well as other segments of the community.

Programme	RM'000
Donation for Intense Autism Awareness and Fundraising Campaign	72
Donation to KKM for COVID19 Tabung	50
Contribution for Pertubuhan Anak-Anak Yatim Dan Miskin Nadwah	3
Contribution for Pertubuhan Kebajikan Baitul Husna Kuantan	3
Total	128

During the year, a RM50,000 donation was made to the Health Ministry in appreciation of the tireless efforts of the Ministry's frontliners, who have exemplified tremendous resolve and professionalism.

GBG faithfully continued to contribute to the National Autism Society of Malaysia (NASOM) in Kuantan.

With our annual contribution, we believe that we continue to make a meaningful difference to help autistic individuals reach their fullest potential, to more effectively participate in their communities and ultimately, lead more productive and meaningful lives with dignity and confidence.

National Autism Society of Malaysia (NASOM), Kuantan

Contribution for Pertubuhan Kebajikan Baitul Husna, Kuantan, Pahang.

Sports day for the NASOM centre

COMMUNITY [CONT'D]

GBG Relief Fund

In FYE 2020, GBG established the 'GBG Relief Fund' to help the poor and needy, especially those financially impacted by COVID-19.

The GBG Relief Fund as at December 31, 2020 has collected RM70,400 in funds, donated by GBG's own Management and employees.

GBG obtain information regarding these poverty-stricken family from the social welfare department and zakat centre. With these data, the Group channels all collected funds towards helping these families by purchasing essential goods, such as provisions and other necessities, which have been distributed to about 300 families. Each family received supplies that will last them for about 14 days.

The programs that the Group has done through the GBG Relief Fund:-

Programme	RM'000
Program Bantuan Makanan Dan Kewangan: - Program Perumahan Rakyat (PPR)	10th & 20th July 2020
- Pertubuhan Pengurusan Pusat Jagaan 1Malaysia Perak, Taman Ipoh	15th December 2020
- Pusat Jagaan Titian OKU Nur (Orang Tua & OKU), Rawang	7th December 2020
- Pusat Jagaan Kanak-Kanak Down Syndrome Dan Hyper Active, Klang	21st December 2020
- Rumah Jagaan Dan Rawatan Orang Tua Al-Ikhlas, Puchong, Selangor	4th January 2021
Program Sumbangan Duit Raya: - Rumah Kasih Harmoni, Paya Jaras, Sungai Buloh	24th June 2020
- Pusat Jagaan Cahaya Kasih Bestari, Kampung Melayu Subang	24th June 2020
- Yayasan Anak-Anak Yatim Wardatul Jannah, Kota Damansara	24th June 2020

Program Perumahan Rakyat (PPR), Taman Wahyu – 10th July 2020

Program Perumahan Rakyat (PPR), Kota Damansara – 20th July 2020

COMMUNITY [CONT'D]

Damages caused by flood

On January 3rd 2021, three days of non-stop heavy rain caused devastating floods in Kuantan and Gambang. GBG rose to the occasion to assist flood victims, including an elderly person afflicted with a heart condition that required her to be constantly connected to an oxygen tank for supply.

GBG's employees grouped together to clean the victim's home. Via the GBG Relief Fund, financial aid was also disbursed to the flood victim.

GBG staff helping to clean and clear the home of Pn. Zatil

Program Sumbangan Duit Raya for Pusat Jagaan Cahaya Kasih Bestari, Kampung Melayu Subang, Selangor on 24 June 2020

Program Bantuan Kewangan for Pertubuhan Kebajikan Baitul Husna (Rumah Puteri Anak Yatim & Fakir Miskin Baitul Husna), Berserah, Kuantan, Pahang

Program Sumbangan Duit Raya for Yayasan Anak-Anak Yatim Wardatul Jannah, Kota Damansara on 24 June 2020

Program Bantuan Kewangan for Pertubuhan Pengurusan Pusat Jagaan 1Malaysia Perak, Taman Ipoh, Perak

Program Bantuan Kewangan for Rumah Jagaan Dan Rawatan Orang Tua Al-Ikhlas, Puchong, Selangor

WORKPLACE

Our staff are GBG's most valuable asset. I firmly believe that our diverse, professional workforce is a key aspect of our overall competitive ability. The resilience, dedication and professionalism of our people have enabled the Group to persevere and progress amidst a challenging FYE 2020.

The Group also draws satisfaction that it has looked after its people, even during a downturn year, brought on by the COVID-19 pandemic, all staff have retained their jobs, without salary cuts.

Ultimately, our employees and our organisational culture will be pivotal in steering Team GBG to greater heights and robust business growth.

DATO' AZIZAN JAAFAR
GROUP CHIEF EXECUTIVE OFFICER

TALENT MANAGEMENT

GBG is guided by the Malaysian Employment Act 1995 and all other relevant labour laws of Malaysia. The Group subscribes to the International Labour Organisation ("ILO") and the Universal Declaration of Human Rights and also the UN Global Compact 10 Principles as follows:

- Human rights, labour, environment and anti-corruption
- UN Guiding Principles on Business and Human Rights
- International Labour Law
- Prohibiting child and forced labour
- Ensuring non-discrimination and equal opportunity
- Supporting a harassment-free and violence free workplace
- Prohibiting retaliation or any form of physical and mental disciplinary practice
- Respecting worker's right to freedom of association
- Ensuring compliance with laws governing working hours and wages

In FYE 2020, GBG continues to uphold its track record for zero reported incidents of infringements of the rights of any persons, adult or child, nor any incidence of forced or compulsory labour.

EMPLOYEE REMUNERATION AND BENEFITS

GBG compensates its employees based on market competitive remuneration comprising salaries and benefits. Remuneration is a matter of merit, where employees' salaries and benefits are based on their achievement of key performance indicators ("KPIs"), their experience, professional qualifications, job performance and also seniority within the Group. Remuneration is also influenced by overall company performance for the particular financial year.

Review of compensation is usually in tandem with employee job performance appraisals. 100% of employees receive appraisals on an annual basis. All employees earn wages exceeding or complying with the Malaysian government's minimum wage policy.

WORKPLACE [CONT'D]

Leave

- Annual
- Sick
- Hospitalisation
- Compassionate
- Study and examination
- Maternity
- Paternity
- Prolonged Medical (critical illness)
- Marriage

Medical

- Group hospitalisation and surgical insurance
- Group personal accident insurance
- Outpatient medical treatment for staff, children and spouse
- Health screening
- Dental benefit

Other Benefits

- Petrol fleet card
- Mobile phone allowance
- Staff property purchase discount
- Long service award recognition

PARENTAL LEAVE

GBG provides parental leave for both men and women staff. Male staff are accorded two days. Women are given 60 days paid maternity leave and an additional month of unpaid maternity leave.

Approved applications for parental leave

Parental Leave	FYE 2018	FYE 2019	FYE 2020
Maternity leave	17	11	12
Paternity leave	24	18	13

Return to work rates (%)

Post paternity and maternity leave	FYE 2018		FYE 2019		FYE 2020	
	Female	Male	Female	Male	Female	Male
Return to work rates	94%	100%	100%	100%	92%	100%
Retention rates	94%	100%	100%	100%	92%	100%

WORKING HOURS

Working hours at GBG comply with employment laws and industry standards. Any overtime is voluntary and shall not exceed the limitations provided by the law.

TALENT COMPOSITION

WORKFORCE DIVERSITY

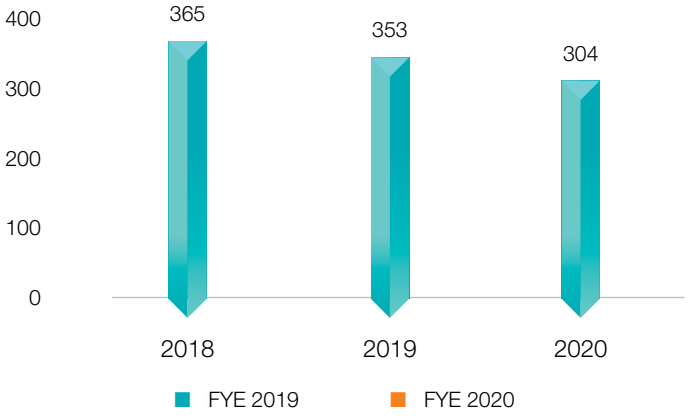
GBG is committed to fostering workforce diversity. Diversity is valued as having a multi-cultural, multi-talented workforce which fosters the emergence of varied perspectives and ideas. In today's globalised world, being able to tap on a wide range of perspectives and ideas is an asset in developing solutions or delivering improvements across the workplace and business operations.

In fostering diversity, merit is the sole determinant in the hiring, developing and retaining of talent. GBG has no discrimination towards its management approach to employee recruitment, retention or rewarding.

WORKPLACE [CONT'D]

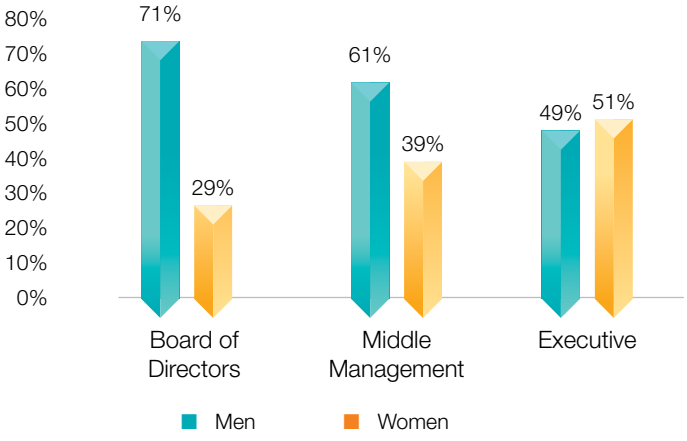
The Group has achieved at least 30% of women in its workforce for the past 3 years. The percentage of women in management and top management levels continues to grow throughout the years.

Work Force Growth



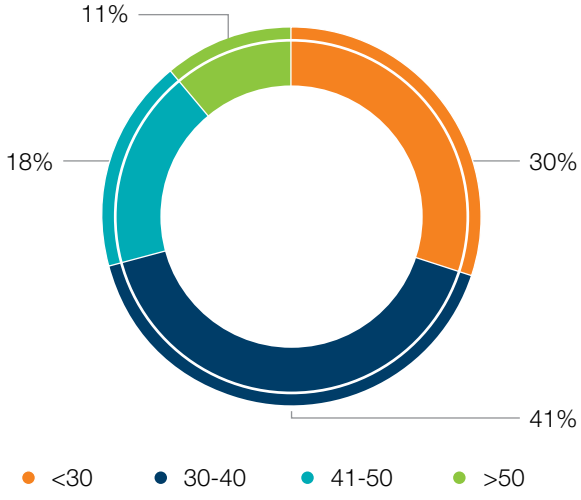
The Group has a workforce reduction of 3 - 14% since 2018 due to attrition and no one-on-one replacement from the ongoing pandemic

Gender



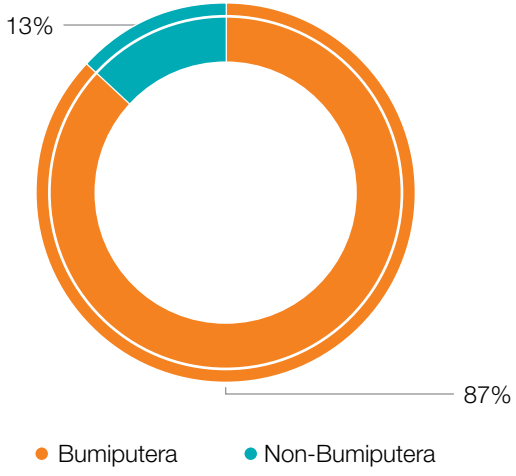
Our middle level management and the executive level employees comprises more than 30% women workforce

Age Group



The Group has a relatively young work force with 30% of the employees below the age of 30 years old. We have been the choice employer for the graduates and aspiring talents for the last 3 years in a row

Workforce Breakdown by Ethnicity



100% of our employee workforce are locals. The Group offers equal opportunity to employer and this diversity is essential in our current competitive market. Our talents are grown in-house with effective succession planning and award for long service employees. At GBG, we do not discriminate against gender, age and ethnicity because our focus is to always provide a safe and conducive working space for both men and women of all ages.

WORKPLACE [CONT'D]

LONG SERVICE AWARDS

GBG continues to recognise long-serving staff as a form of appreciation for their tenure with the Group. The recognition boosts employee morale and contributes to a more conducive organisational culture. It also supports employee retention rates, which contributes to the retention of job skills and knowledge.

Awards are provided annually for employees who reach the 10, 15 and 20-year milestones of employment with GBG. In FYE 2020, no employee had reached the particular service milestones, hence no awards were provided.

Awards will be provided in FYE 2021 if eligible employees remain with the Group till the end of the said financial year.

TALENT DEVELOPMENT AND TRAINING

The approach to training is based on a 'training needs' analysis approach, whereby the performance appraisal would indicate competency gaps, in terms of present or future job skill requirements. Employees are then provided training opportunities to address these gaps. Training is paid for via funds contributed to the Human Resources Development Fund ("HRDF").

Training KPI	FYE 2018	FYE 2019	FYE 2020
Total training spend (RM)	143,634	94,886	15,320
Average training spend per employee (RM)	394	269	50
Total number of training hours (hours)	4,208	896	880
Average training hours per employee	11.5	2.5	2.9

Training Subject (External Training)	No of Participants	Male	Female
Advance Scaffolding Competency Course	1	1	1

Training Subject (External Training)	No of Participants	Male	Female
Basic Occupational First Aid, CPR & AED Training	30	15	15
ISO 45001:2018 Awareness with Impact	22	7	15
ISO 45001:2018 Internal Auditor Training	20	7	13

COLLECTIVE BARGAINING AND FREEDOM OF ASSOCIATION

Employees do not work in a unionised environment but Management respect employees' rights to bargain collectively.

There are no restrictions on their ability to associate with other workers or to bring up matters to the Management as a collective.

Workers may choose to voice grouses, concerns or to provide suggestions to management at any time through a wide range of official or unofficial channels.

Social or recreational events are organised for employees. These events are open to participation to all employees regardless of their position within the Group.

Where possible, the Group provides a minimum notice period for significant changes to work conditions that may affect employees.

GRIEVANCE MECHANISM

Employees have full access to an official grievance mechanism to express dissatisfaction with regards to any company related matter.

While employees are encouraged to attempt to resolve issues informally, management unequivocally supports employees' rights to bring up issues via this official channel for redress or further action.

Employees are neither censured nor discouraged from using the grievance mechanism. In FYE 2020, there were zero cases of grievance.

OPERATIONS

COMPANY COMMITMENT ON OCCUPATIONAL HEALTH AND SAFETY

GBG believes that all employees as well as third party workers, contractors and other stakeholders have a right to work in a conducive environment which includes their wellbeing and security. Hence, GBG continues to maintain the highest standards for occupational safety and health ("OSH") across all of its worksites.

The Group's approach to OSH is guided by its Occupational Safety & Health Management System (OSHMS) procedures, standards and guidelines. The OSHMS is compliant with the Malaysian Occupational Safety and Health Act 1994, Environmental Quality Act 1974, regulation orders and other Codes of Practice. As at December 31, 2020, 100% of the Group's operational sites are ISO45001:2018 certified.

As at December 31, 2020, GBG has achieved a zero fatality and permanent disabilities track record across all operational worksites. All OSH data is independently verified by a third party audit consultant.

OSH POLICY COMMITMENTS

To achieve an average score of 70% on monthly safety and health inspection per year per project.

To ensure 100% attendance of staff for a CIDB Green Card Induction per year per project.

To achieve zero (0) fatalities and zero (0) permanent disabilities per year per project.

Committed to prevent, control, guard and eliminate hazards and reduce occupational, health and safety risks.

Committed to consultation and participation of employees as well as awareness building among employees and external parties.

Note : The above mentioned OSH policy commitments are also communicated to suppliers, vendors, contractors and business partners, who must at all times, abide by these commitments.

OSH COMMITTEES AND WORKER REPRESENTATION

It is mandatory for all worksites at GBG to have an OSH Committee. In addition, all committees must have sufficient worker representation as stipulated by law. Through this approach, GBG has achieved 100% worker representation on formal joint management-worker health and safety committees.

GBG OSH Committees:

Site	Chairman	Secretary	Employer Representatives	Employee Representatives
SUKE	1	1	10	10
PPSAS	1	1	10	27
LRT 3	1	1	12	16
The Peak	1	1	6	9
Office	1	1	8	8

OPERATIONS [CONT'D]

OSH COMMITTEE STRUCTURE

The roles and responsibilities of each committee and sub-committee are detailed as follows:

HSE Committee Chairman	- Prepare, conduct and facilitate the meeting. - Manage, provide appropriate and timely follow-up action on all items discussed and solve problems when issues arise. - Serve as communication liaison between management and the committee.
HSE Committee Secretary	- Maintain, record and disseminate minutes of each meeting to committee members. - Report status of recommendations. - Actively promote safety and health by communication with employee - Assume chairperson duties, if required.
HSE Committee Representative	- Report unsafe conditions and practices. - Attend all safety and health meetings. - Assist in the development of safety and health rules and safe system of work. - Report and undertakes investigation on all accident, near misses and dangerous incidences which occur at workplace. - Contribute ideas and suggestions for improvement of safety and health. - Review the safety and health policies at workplace and make recommendation to top management on any revision of policies. - Review the effectiveness of safety and health programme. - Conduct or/and assist in workplace inspection. - Influence others to work safely.

BOARD OVERSIGHT ON HEALTH AND SAFETY

The Board and Management maintain oversight on OSH matters through the earlier mentioned sustainability governance structure. This is achieved by regular reports being provided to the respective Board of Directors for their review. The reports provide health and safety related quantitative data such as the number of loss time incidents ("LTI"), fatalities, injuries, near misses, non-compliance issues and other health and safety KPIs.

The reports also provide qualitative information such as specific incident reports which contain pertinent details of major health and safety incidents such as the root causes of incidents and remedial / preventive action taken to reduce or eliminate future occurrences.

The Senior Management also conduct site visits and initiate investigations into major OSH incidents.

OPERATIONS [CONT'D]

PLAYING OUR PART IN COMBATTING COVID-19 PANDEMIC

With the onset of COVID-19, GBG has taken all precautionary measures to protect its staff. The Group has always prioritised the health and safety of its people and hence, it has complied with all SOPs as mandated by the government and its regulatory authorities. In compliance with the government's regulatory mandate, GBG has performed a company-wide PCR swab test on the 22nd and 23rd October 2020. This ensures that all staff who are returning to office are free of COVID-19 and able to work in a safe and healthy environment.

Beyond compliance, GBG has looked to play a proactive part in flattening the "curve" of infections. Measures implemented include social distancing such as work-from-home orders with the exception being for onsite staff. Where employees are required to be at the office, GBG has instituted team rotation systems based on an on / off, Team A and Team B system.

The Group's Risk Register and Business Continuity Plan ("BCP") have also been updated to ensure continued operations throughout the pandemic period.

In line with our culture of **"Safety Is Mandatory"**, GBG has taken necessary preventive measures in order to keep our staff safe as they transition from work to home and vice versa:

- Supplying sufficient face masks to our staff
- Daily temperature checks for staff arriving and leaving the office and operational sites.
- Developing quarantine measures in the event of positive COVID-19 cases, close contacts with positive COVID-19 cases.
- Establishment of a COVID-19 task force to help develop, implement and monitor the effectiveness of the Group's safety and sustainability strategy.
- Enacting proper safety guidelines in compliance with government regulations that includes travel restrictions, work from home, self-quarantine and hygiene procedures to minimize the risk of infection.
- Identify and inform on sanitisation area in order for staff to quickly disinfect their work station as much as possible.
- Swab tests were performed for all staff.
- Periodic disinfection of head office and operational sites.
- Placement of hand sanitisers at all entrances and other strategic locations.
- Social distancing strict social distancing is observed at all times.

As a result of its efforts, the number of positive cases across the Group in FYE 2020 has been low.

OPERATIONS [CONT'D]

COVID-19 prevention measures implemented at the office and at operational sites.

ASSESSMENT OF HAZARDS THROUGH HIRARC

Site assessment is conducted based on the Hazard Identification, Risk Assessment and Risk Control (HIRARC) method. Workplace inspection and internal audits are regularly conducted at all operational sites. Performance is assessed against set targets and the previous year's level of achievement.

Monthly Workplace Inspection (WPI) FYE 2020

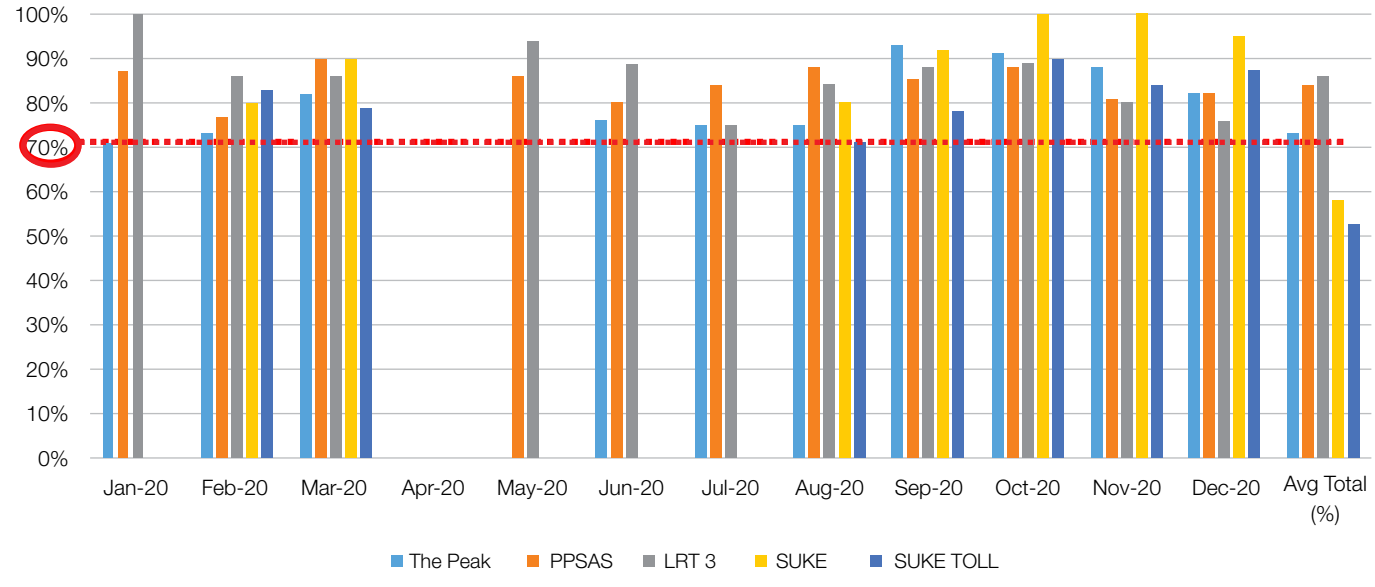
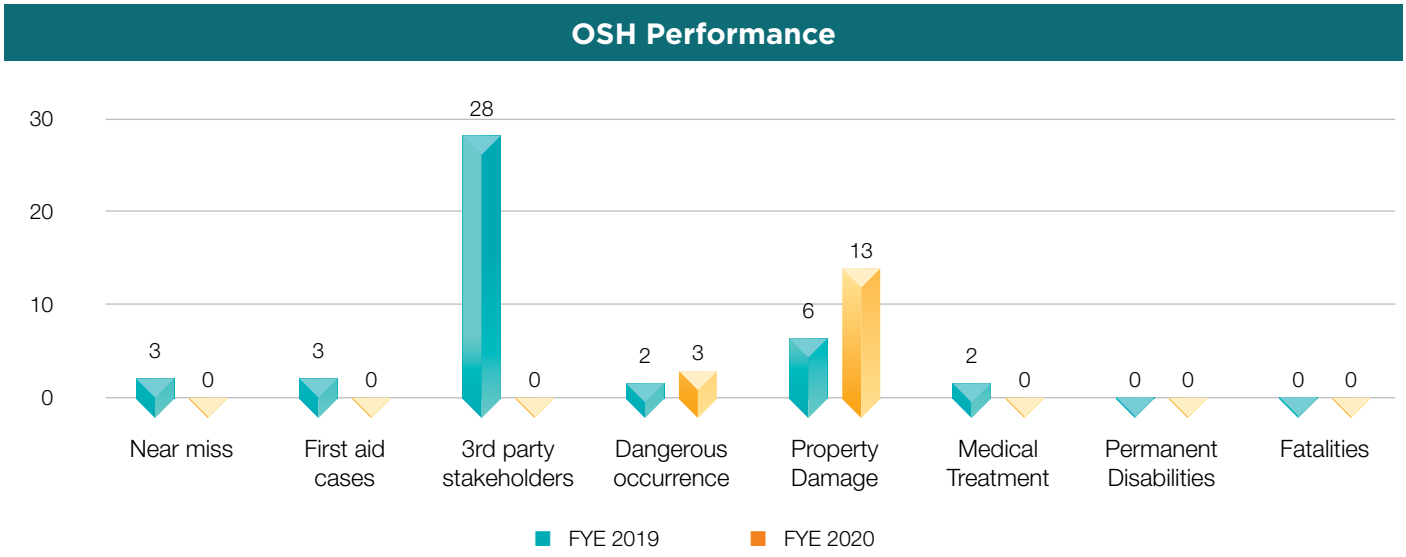


Table above shows that all projects achieved **above 70% score for workplace inspection in 2020**. Apart from this, we can ensure that our worksite have fully implemented the OSH through the monthly inspection endorsed by competent Safety and Health Officer ("SHO"). GBG provides a safe workplace condition and thoroughly investigate any hazards identified at workplace to protect the employees and prevent any near miss or accident.

OPERATIONS [CONT'D]

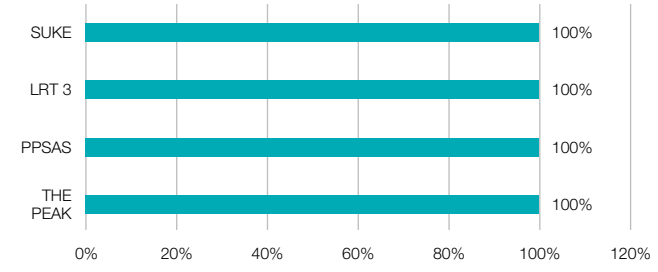
OSH PERFORMANCE STATISTICS



From the statistical data above, GBG recorded zero (0) fatality and zero (0) permanent disabilities for all projects site in 2020 which in turn achieved our OSH objective. However, if there was any report of near miss at the workplace, these near miss reports were analysed and the root cause ascertained. Following on, the prevention of unsafe act and unsafe condition at our workplace were disseminated to all levels and staffs for implementation and continuous improvement.

Based on the bar chart above, Third Party Stakeholders (Property Damage and Dangerous Occurrence) was the highest incident which occurred at our project site SUKE in year 2019. However, this was due to the project location site being in the middle of an extremely busy road. However, immediate action and corrective action plan was implemented and monitored to reduce the incident cases such as incident investigation by all parties to rectify the problem and avoid future unwanted event.

Percentage of staff with a valid CIDB Green Card at all project site for year 2020



As in the previous year, GBG continues to implement the following:

- Conducting OSH awareness, training & competency for staff
- Promoting OSH Campaigns such as You-See-You-Act (UCUA) Campaign, Blood Donation Campaign & others
- Engaging authorities as joint activities carried out with as BOMBA, DOSH & MOH

The chart shows 100% scores for staff who attended the green card class and earned a valid CIDB membership. Staff at project site shall require a valid CIDB card to enter the site. By that way, all staff are compliance with GBG OSH requirements and thus achieved our OSH objective for year 2020.

OPERATIONS [CONT'D]

Action taken by SHE Department to reduce risks at workplace:

- Eliminate any hazard identified at our workplace and this is taken as a priority in a hierarchy of control
- Identify the people at risk and monitor the work activities whether high, medium or low risk in order to carry out the risk assessment
- Evaluate, remove and reduce risks at workplace by providing protection in terms of a safe condition and ensure safety measures taken so that all employees, visitors or any persons at workplace are shielded from harm.
- Record all activities, plan the SHE programmes and train all employees, visitor or any person workplace to increase their awareness and knowledge on OSH management system and OSH implementation
- Review the OSH management system periodically to ensure the system is updated and maintained including legal and other requirements.

OSH COMPLIANCE

PPSAS has been fined RM12,000 by the DOE of Pahang on 26th February 2020 for non-compliance due to unscheduled waste. There were zero fines on other projects in FYE 2020.

OSH TRAININGS & PROGRAMMES FOR YEAR 2020

OSH Programmes

Headquarters (HQ)

No.	List of Trainings	Date
1.	Internal Audit ISO 45001:2018	29.06.2020 – 17.07.2020
2.	External Audit ISO 45001:2018 by SIRIM QAS International Sdn Bhd	07.09.2020 – 09.09.2020

Project site

No.	List of Program	Date
1.	Grand Toolbox Meeting	Weekly / Monthly
2.	Daily Toolbox Meeting & Daily Pre-Task Talk (PTT)	Daily
3.	Mega Housekeeping	Monthly
4.	Fogging & Larvaciding	Weekly
5.	Safety and Health Committee Meeting	Monthly
6.	Safety and Health Committee Inspection	Monthly
7.	Engagement Authorities	Once Requested
8.	Public Engagement	Once Requested
9.	Auditing by Third Parties & Authorities	Once Requested
10.	HSE Rewards & Recognition	Monthly

OPERATIONS [CONT'D]

OSH TRAININGS & PROGRAMMES FOR YEAR 2020

OSH Trainings

Headquarters (HQ)

No.	List of Trainings (In House by Competence Person)	Date
1.	BOFA – CPR & AED Training	06 & 07.02.2020
2.	ISO 45001 Awareness Training	24.04.2020
3.	ISO 45001 Internal Auditor Training	25.02.2020

PPSAS

No.	List of Trainings (In House by Competence Person)	Date
1.	PPE Awareness Training	14.01.2020
2.	Accreditation training by CIDB & ABM	14.03.2020
3.	Electrical Awareness Training	08.09.2020
4.	Basic Scaffolding Awareness Training	11.09.2020
5.	Segregation of Construction Waste & 3R Awareness Training	15.09.2020
6.	Scheduled Waste Management Awareness Training	22.09.2020
7.	Chemical Awareness Training	01.10.2020
8.	Traffic Management Awareness Training	16.10.2020
9.	Basic Lifting, Rigging & Slinging Awareness Training	27.10.2020

The Peak

No.	List of Trainings (In House by Competence Person)	Date
1.	Safety Harness Training	05.02.2020
2.	Lifting Gears Awareness Training	19.02.2020
3.	CPR Procedure Awareness Training	04.03.2020
4.	Electrical Awareness Training	20.11.2020

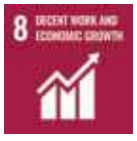
SUKE

No.	List of Trainings (In House by Competence Person)	Date
1.	Emergency Drill Training	18.06.2020
2.	Traffic Management Training	16.07.2020
3.	Lifting Training	16.07.2020
4.	PPE Training	16.07.2020
5.	Toolbox Talk from Subcontractor	Three times per week
6.	Toolbox Talk from Main contractor	Once per week

LRT 3

No.	List of Trainings (In House by Competence Person)	Date
1.	LSP Training for new LRT 3 personnel	Throughout the year
2.	KTMB Training	11.09.2020
3.	Blue Card Training for Scaffolder	24.12.2020
4.	Refresher Awareness Training Lifting Sheet Pile	05.01.2021
5.	Training PMI as PSOW	06.01.2021

UN SUSTAINABLE DEVELOPMENT GOALS INDEX

Project	Project Description	UNSDGs
E'Island Lake Haven	E'Island Lake Haven undertakes various measures to make sure the lake's water habitation is protected and clean water flows nearby its surrounding projects. Use of technology to improve the cost and time and therefore improve the well-being of the residents.	
Corporate Social Responsibility and GBG's policy	GBG undertakes various CSR programmes during the year to give back to society. GBG has maintained 30% women at work over the last 3 years.	
SUKE highway / LRT 3	Large infrastructure projects have improved the connectivity of the cities and communities	
Construction waste / Energy saving	Waste management at the construction sites has helped to reduce the impact to the climate action. Carbon emission reduced by 19% in the year 2020	
Supply chain	Gabungan AQRS Berhad is in a loss making during the year but continues to move forward in economic growth. Loss for the year is only temporary due to unusual circumstances of COVID-19. However, GBG continues to move the supply chain forward with subcon payments and churning out work progress of our projects.	
Pusat Pentadbiran Sultan Ahmad Shah	PPSAS is an iconic infrastructure which references the state's identity which will instill the patriotism to the state government.	
One Jesselton Waterfront	Gabungan AQRS Berhad entered into a joint venture agreement with Suria Capital Holdings Berhad, to develop the 6.28-acre One Jesselton Waterfront into a mixed used development comprising a shopping mall, 4-star hotel and spa, serviced residences, luxury condominiums and an office tower.	
Donation	Donation has been made to families who were severely affected by COVID-19 through our Program Bantuan Makanan Dan Kewangan and Program Sumbangan Duit Raya.	
Anti-Corruption Policy and Anti-Corruption Framework	GBG implemented the ACPF during the year which is effective from 1 June 2020 to comply with the requirement of the Section 17A of the Malaysian Anti- Corruption Commission Act.	

GLOBAL REPORTING INDEX CONTENT

General Disclosure

GRI Standards Disclosure		Page	Reference / Response
Organisation Profile			
102-1	Name of the organisation	6	Gabungan AQRS Berhad About Gabungan AQRS Berhad www.gbg.com.my
102-2	Activities, brands, products and services	6	
102-3	Location of headquarters	7	
102-4	Location of operations	7	Our businesses & locations
102-5	Ownership and legal form	7	A public limited liability company, incorporated and domiciled in Malaysia, Company No. 201001028608 (912527-A)
102-6	Markets served	6	About Gabungan AQRS Berhad, construction and property
102-7	Scale of the organisation	53	Our sustainability highlights
102-8	Information on employees and other workers	80	Workplace – Our workforce
102-9	Supply chain	6, 59-60, 63	Responsible Supply Chain
102-10	Significant changes to the organisation and its supply chain	6, 59-60, 63	
102-11	Precautionary Principle or approach	114-115	Annual Report 2020: Statement on Risk
102-12	External initiatives	54	Management and Internal Control Construction certification
102-13	Membership of association	54	CIDB / ISO / Solid Waste Organisation
Strategy			
102-14	Statement from senior decision-maker	52	Message from Group Chief Executive Officer
102-16	Values, principles, standards, and norms of behaviour	56-57	About Gabungan AQRS Berhad; Our path to sustainability; Ethical Business Conduct
102-17	Mechanisms for advice and concerns about ethics	57, 81	Grievances & Whistleblowing; Policy available at www.gbg.com.my
102-18	Governance structure	8, 56	Our Sustainability Governance & Annual Report 2020
Stakeholder Engagement			
102-40	List of stakeholder groups	59, 60, 63, 64	Our Stakeholders
102-41	Collective bargaining agreements	54, 81	Freedom of Association and Collective Bargaining
102-42	Identifying and selecting stakeholders	59, 60, 63, 64	Our Stakeholders
102-43	Approach to stakeholder engagement	59, 60, 63	Our Stakeholders
102-44	Key topics and concerns raised	63	Our Stakeholders

GLOBAL REPORTING INDEX CONTENT [CONT'D]

GRI Standards Disclosure		Page	Reference / Response
Reporting Practice			
102-45	Entities included in the consolidated FS	64, 130-139	About this Sustainability Statement; Economic Performance; Annual Report 2020
102-46	Defining report content and topic Boundaries	50	About this Sustainability Statement
102-47	List of material topics	53	Our material topics
102-48	Reinstatements of information	64, 66, 68-71, 80-82, 85	Our data
102-49	Changes in reporting	53	About this Sustainability Statement Our Material Topics
102-50	Reporting period	50	About this Sustainability Statement
102-51	Date of most recent report	50	About this Sustainability Statement
102-52	Reporting Cycle	50	About this Sustainability Statement
102-53	Contact point for questions regarding the report	7	Corporate Information
102-54	Claims of reporting in accordance with the GRI Standards	50	About this Sustainability Statement
102-55	GRI content index	90-95	GRI Standards 2016 Content Index
102-56	External assurance		To be applied in the future

Economic Performance

GRI Standards Disclosure		Page	Reference / Response
103-1, 103-2, 103-3	Management Approach Disclosure for 'Economic Performance', 'Market Presence', 'Indirect Economic Impacts' and 'Anti-corruption' Topics	64, 75-77, 80	Marketplace – Economic Performance; Remuneration and Benefits, Social Welfare, Ethical Business Conduct; Annual Report 2020
Economic Performance			
201-1	Direct economic value generated and distributed	64	Economic Performance
201-3	Defined benefit plan obligations and other retirement plans	53, 105-107	Remuneration and Benefits; Annual Report 2020
201-4	Financial assistance received from government		Annual Report 2020
Market Presence			
202-2	Proportion of senior management hired from local community	80	All senior management are Malaysian national; Annual Report 2020
Indirect Economic Impacts			
203-1	Infrastructure investments and services supported	64-66, 77	Community Development
203-2	Significant indirect economic impacts	64-66, 77	Community Development

GLOBAL REPORTING INDEX CONTENT [CONT'D]

Economic Performance

GRI Standards Disclosure		Page	Reference / Response
Anti-Corruption			
205-1	Operations assessed for risks related to corruption	57, 89, 100	Our Group adopts the anti-corruption measures at all operating levels which would be reviewed quarterly by the Management; Annual Report 2020 - Statement on Risk Management and Internal Control

Environmental Topics

GRI Standards Disclosure		Page	Reference / Response
Materials			
103-1, 103-2, 103-3	*Management Approach Disclosure for "Materials" Topic*		*Responsible Supply Chain; Product Stewardship; Resource Management - Effluent Management & Waste Management*
301-1	Materials used by weight or volume	59-60	Responsible Supply Chain
301-2	Recycled input materials used		Effluent Management Waste Management
Environmental Performance			
103-1, 103-2, 103-3	*Management Approach Disclosure for 'Energy' Topic*		*Resource Management - Energy Balance*
302-1	Energy consumption within the organisation	70	Resource Management - Energy Balance
302-2	Energy consumption outside the organisation	70, 74	Resource Management - Energy Balance
302-3	Energy intensity	70	Resource Management - Energy
Water			
103-1, 103-2, 103-3	*Management Approach Disclosure for 'Water' Topic*		*Resource Management – Water*
302-1	Interaction with water as a shared resource	71-73	Resource Management – Water
302-2	Management of water discharge-related impacts	71-73	Resource Management – Water – Effluent Management
302-3	Water withdrawal	71-73	Resource Management – Water
Biodiversity			
103-1, 103-2, 103-3	*Management Approach Disclosure for 'Biodiversity' Topic*		*Environment; Flora, Fauna & Conservation; Fire Prevention Control & Monitoring*
302-1	Operational sites owned, leased, managed in or adjacent to, protected areas and areas of high biodiversity value outside protected areas	53	Flora, Fauna & Conversation; Fire Prevention Control & Monitoring
302-2	Significant impacts of activities, products and services on biodiversity	67-70	Flora, Fauna & Conversation; Fire Prevention Control & Monitoring
302-3	Habitats protected or restored	67, 70	Flora, Fauna & Conservation

GLOBAL REPORTING INDEX CONTENT [CONT'D]

Environmental Topics

GRI Standards Disclosure		Page	Reference / Response
Emissions			
103-1, 103-2, 103-3	*Management Approach Disclosure for 'Emissions' Topic*		*Greenhouse Gas Emissions*
305-1	Direct (Scope 1) GHG emissions	70	Greenhouse Gas Emissions
305-2	Energy indirect (Scope 2) GHG emissions	70	Greenhouse Gas Emissions
305-3	Other indirect (Scope 3) GHG emissions	70	Greenhouse Gas Emissions
305-4	GHG emissions intensity	70	Greenhouse Gas Emissions
Effluents and waste			
103-1, 103-2, 103-3	*Management Approach Disclosure for 'Effluents and Waste' Topic*		*Effluent Management & Waste Management*
306-1	Water discharge by quality and destination	71-73	Resource Management – Water – Effluent Management
305-2	Waste by type and disposal method	71-73	Waste Management
305-3	Significant spills	71-73	No significant spills were reported
305-4	Transport of hazardous waste	72-74	Waste Management
Employment			
103-1, 103-2, 103-3	*Management Approach Disclosure 103-3 for 'Employment' Topic*		*Workplace*
401-1	New employee hires and employee turnover	78	Our workforce
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	78	Remunerations & Benefits
401-3	Parental leave	78	Remunerations & Benefits

Social Topics

GRI Standards Disclosure		Page	Reference / Response
Occuptional Health and Safety			
103-1, 103-2, 103-3	*Management Approach Disclosure for 'Occupational Safety & Health" Topic*		*Occupational Safety & Health*
401-1	Workers representation	53, 81-82	Occupational Safety and Health
401-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	86-88	Occupational Safety and Health
401-3	Workers with high incidence of high risk of diseases related to their occupation	86-88	Occupational Safety and Health
Training and Education			
103-1, 103-2, 103-3	*Management Approach Disclosure for 'Training and Education' Topic*		*Training and Education*
401-2	Programs for upgrading employee skills and tradition assistance programs	78, 105-107	Remuneration and Benefits
401-3	Percentage of employees receiving regular performance and career development reviews	78, 105-107	Remuneration and Benefits; All our employees are subjected to annual performance appraisal.

GLOBAL REPORTING INDEX CONTENT [CONT'D]

Social Topics			
GRI Standards Disclosure		**Page**	**Reference / Response**
Diversity and Equal Opportunity			
103-1, 103-2, 103-3	*Management Approach Disclosure 'Diversity and Equal Opportunity', 'Non-discrimination', 'Freedom of Association and Collective Bargaining', 'Child Labor', 'Forced and Compulsory Labor' and 'Security Practices' Topics.*		*Our Workforce*
405-1	Diversity of governance bodies and employees	80	Our workforce; Annual Report 2020
Non-Discrimination			
406-1	Incidents of discrimination and corrective actions taken		No incidents were reported
Freedom of Association and Collective Bargaining			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	78	Our Employee Handbook; Freedom of Association & Collective Bargaining; No violations of right to freedom of association and collective bargaining in any of our operating units for this reporting period.
Child Labor			
408-1	Operations and suppliers at significant risk for incidents of child labor	78	Our Employee Handbook; Diversity & Inclusivity; None of our operating units condones use of child labour.
Forced or compulsory labor			
409-1	Operations and suppliers at significant risk for incidents of child labor	78	Our Employee Handbook; Diversity & Inclusivity; None of our operating units condones use of child labor.
Security Practices			
410-1	Security personnel trained in human rights policies or procedures	81-83	Most of our security personnel are Auxiliary Police which are trained with GBG's policies and procedures.
103-1, 103-2, 103-3	*Management Approach Disclosure for 'Human Rights Assessment' and 'Local Communities' Topics Human Rights Assessment*		*Community*
412-2	Employee training on human rights policies or procedures	78	All our employees are made aware of our Employee Handbook
Local Communities			
413-1	Operations with local community engagement, impact assessments and development programs	75-77	Community
413-2	Operations with significant actual and potential negative impacts on local	64-65	Community; None of our operations have significant negative impacts on the local communities where we operate.

GLOBAL REPORTING INDEX CONTENT [CONT'D]

Social Topics			
GRI Standards Disclosure		**Page**	**Reference / Response**
Customer health and safety			
416-1	Assessment of the health and safety impacts of product and service categories	84-85	Community

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

The Board of Directors (the "**Board**") of Gabungan AQRS Berhad (the "**Company**") recognises the importance of good corporate governance practices within the Company and its subsidiary companies ("**Group**") as a fundamental part of discharging its responsibilities to safeguard shareholders' investments and to protect the interests of all stakeholders.

The Board is aspired and committed to ensure that the applicable principles and recommendations as set out in the Malaysian Code on Corporate Governance ("**MCCG**") and the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") respectively are applied throughout the Group so as to enhance the value to our shareholders and other stakeholders as well as to generate long term sustainability and growth.

The Board is pleased to present the Corporate Governance Overview Statement ("**CG Statement**"), which provides key highlights on how the Company complies with the three (3) principles of the MCCG during the financial year ended 31 December 2020, which are as follows:-

Principle A : Board Leadership and Effectiveness;
Principle B : Effective Audit and Risk Management; and
Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This CG Statement is augmented with a Corporate Governance Report 2020, based on the application of the Group's corporate governance practices during the financial year ended 31 December 2020. The Corporate Governance Report is available on the website of Bursa Securities together with Company's Annual Report 2020 and is also posted on the Company's website (http://www.gbg.com.my/).

This CG Statement should also be read in tandem with other statements in this Annual Report (i.e. Statement on Risk Management and Internal Control, Audit Committee Report, Directors' Responsibility Statement and Sustainability Report) for an all-encompassing understanding of the Group's corporate governance framework and practices.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD'S RESPONSIBILITIES

The Board is entrusted with the oversight of overall management of the business affairs of the Group. The Board is responsible for determining all major policies, reviewing the system of internal control, ensuring that effective strategies and management are in place, for assessing the performance of the Group and its Management team. The respective roles and responsibilities of the Board and Management are clearly set out and understood to ensure accountability and ownership by both parties.

In line with its overall responsibility for the proper conduct of the Group's business, the Board is also responsible for establishing the Group's business goals and strategic directions, setting operating goals and performance targets for Management and monitoring the achievement of those operating goals and performance targets. The Board also oversees the process of evaluating the adequacy and effectiveness of the system of internal controls and risk management processes.

The Board is also mindful of the importance of the establishment of clear roles and responsibilities in discharging its fiduciary and leadership functions including those reserved for the Board's approval and those which the Board may delegate to the Board Committees and the Management and committed to ethical values and standards. On this note, the Board has defined its Board Charter setting out the roles, duties and responsibilities of the Board, the principles and practices of corporate governance to be followed as well as the key matters reserved for the Board's approval.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. BOARD'S RESPONSIBILITIES (CONT'D)

Separation of Positions of the Chairman and Group CEO

The roles of the Chairman and Group CEO are separate and clearly defined, and are held individually by two (2) persons. The Group practises the division of responsibility between the Chairman and Group CEO and there is a balance of power and authority such that no one individual has unfettered powers over decision-making.

The Chairman who is an Independent Non-Executive Director, is responsible for the leadership and governance of the Board, ensuring its effectiveness. He leads the Board effectively and encourages active participation and contribution from all members. He engages directly with the Group CEO to monitor performance and oversees the implementation of strategies.

The Group CEO is responsible for the day-to-day management of the Group's operations and businesses as well as implementation of the Board's policies and decisions.

Qualified and Competent Company Secretaries

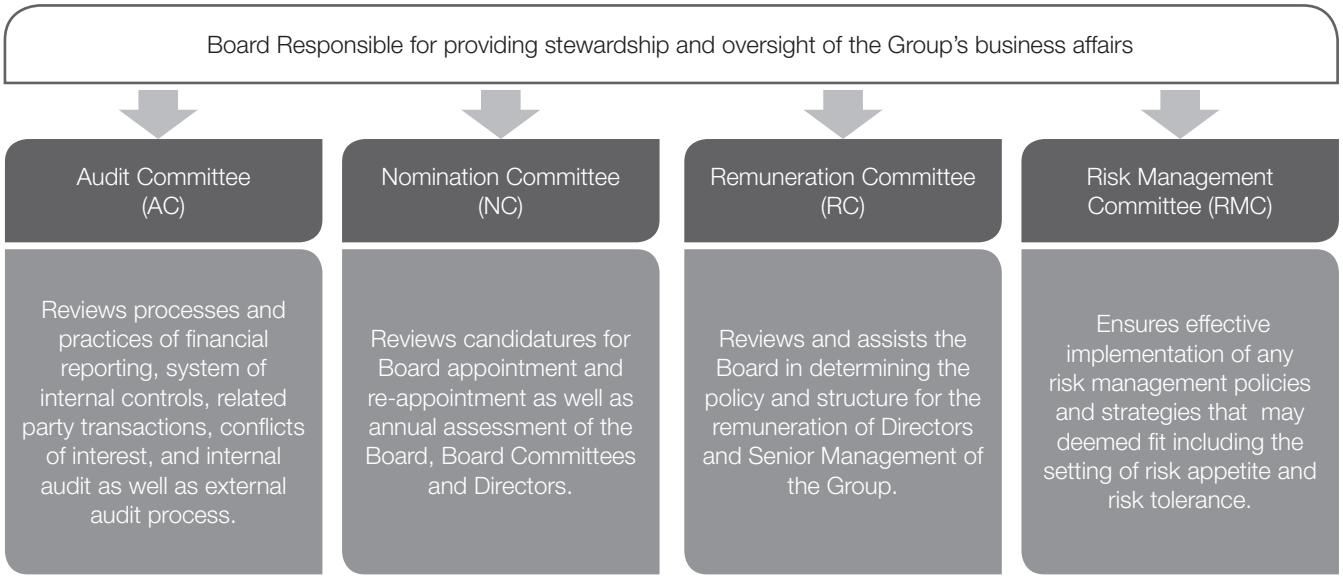
The Company Secretaries of the Company are competent and suitably qualified to act as Company Secretaries under Section 235 of the Companies Act 2016. Every Director has readied and unrestricted access to the advice and the services of the Company Secretaries to ensure the effective functioning of the Board. The Company Secretaries ensure that Board policies and procedures are both followed and reviewed regularly and they have the responsibility to ensure that each Director is made aware of and provided with guidance as to their duties, responsibilities and powers. The Company Secretaries also notify the Board of any corporate announcements released to Bursa Securities and the impending restriction on dealing with the securities of the Company prior to the announcement of the quarterly results.

The Company Secretaries play an important advisory role to the Board in relation to the Company's constitution and advise the Board on any updates relating to new statutory and relevant regulatory requirements pertaining to the duties and responsibilities of Directors as and when necessary.

The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of their function.

Board and Board Committees Meetings

In order to ensure effective discharge of its functions and responsibilities, the Board has delegated certain responsibilities to the Board Committees and the Chairman to assist in carrying out its responsibilities and functions as follows:-



CORPORATE GOVERNANCE OVERVIEW STATEMENT [CONT'D]

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. BOARD'S RESPONSIBILITIES (CONT'D)

Board and Board Committees Meetings (cont'd)

Although specific powers are delegated to the Board Committees, the Board keeps itself abreast of the key issues and decisions made by each Board Committee through the reports by the Chairmen of the Board Committees and the tabling of the minutes of the Board Committee meetings at Board meetings. The ultimate responsibility for decision-making, however, lies with the Board.

All Directors are also entitled, whether via the Board or in their individual capacity, to take independent professional advice at the Company's expense where necessary in the furtherance of their duties. A Director may also consult the Chairman or other Board members prior to seeking any independent professional advice.

A total of 6 Board meetings were held during the financial year ended 31 December 2020. The Directors' attendance was as follows:-

Name of Director	No. of Meetings Attended/ No. of Meetings Held During Tenure of Office
Y.M. Tunku Alizan bin Raja Muhammad Alias	6/6
Datuk Kamarudin bin Md. Ali	6/6
Dato' Azizan bin Jaafar	6/6
Dato' Ow Chee Cheoon	6/6
Ow Yin Yee	6/6
Muk Sai Tat	6/6
Latifah binti Abdul Latiff [1]	3/3
Loo Choo Hong [2]	3/3

Note :-
1. *(Appointed on 26 August 2020)*
2. *(Resigned on 12 August 2020)*

All the Directors complied with the minimum 50% attendance in respect of Board Meetings held during the FYE 2020 as stipulated under Paragraph 15.05 of the MMLR of Bursa Securities.

Additionally, in between Board Meetings, the Directors also approved various matters requiring the sanction of the Board by way of circular resolutions.

The following are the composition of the Board Committees and the attendances of members of Board Committees meetings held in year 2020:-

a) Audit Committee

The details of attendance are disclosed under the Audit Committee Report.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. BOARD'S RESPONSIBILITIES (CONT'D)

Board and Board Committees Meetings (cont'd)

b) Nomination Committee

Name of Committee Members	Designation	No. of Meetings Attended/ No. of Meetings Held During Tenure of Office
Muk Sai Tat	Chairman	2/2
Datuk Kamarudin bin Md Ali	Member	2/2
Latifah binti Abdul Latiff [1]	Member	–
Loo Choo Hong [2]	Member	1/1

c) Remuneration Committee

Name of Committee Members	Designation	No. of Meetings Attended/ No. of Meetings Held During Tenure of Office
Datuk Kamarudin bin Md Ali	Chairman	3/3
Muk Sai Tat	Member	3/3
Latifah binti Abdul Latiff [1]	Member	1/1
Loo Choo Hong [2]	Member	1/1

d) Risk Management Committee

Name of Committee Members	Designation	No. of Meetings Attended/ No. of Meetings Held During Tenure of Office
Muk Sai Tat	Chairman	4/4
Y.M. Tunku Alizan bin Raja Muhammad Alias	Member	4/4
Datuk Kamarudin bin Md Ali	Member	4/4
Dato' Azizan bin Jaafar	Member	4/4
Dato' Ow Chee Cheoon	Member	4/4
Latifah binti Abdul Latiff [1]	Member	2/2
Loo Choo Hong [2]	Member	2/2

Notes :-
1. *(Appointed on 26 August 2020)*
2. *(Resigned on 12 August 2020)*

CORPORATE GOVERNANCE OVERVIEW STATEMENT [CONT'D]

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. BOARD'S RESPONSIBILITIES (CONT'D)

Code of Conduct and Ethics, Whistle-Blowing Policy and Anti-Corruption Policy and Framework

The Group's Code of Conduct and Ethics outlines the foundation and expectations in relation to ethical standards and personal conduct. The Code of Conduct and Ethics covers the areas of workplace culture and environment, company records and assets, conflict of interest, anti-bribery and corruption, gifts, hospitality and entertainment and so forth.

The Company has in place a Whistle-Blowing policy which provides an avenue and mechanism to all employees and stakeholders of the Group to report concerns about any suspected wrongdoing, inappropriate behaviour or misconduct relating to fraud corrupt practices, and/or abuse, for investigation and Management's action.

The designated persons to liaise with will be Datuk Kamarudin bin Md Ali ("Datuk Kamarudin") and Puan Latifah binti Abdul Latiff. Datuk Kamarudin assumed the role of Senior Independent Non-Executive Director and will also act as the designated contact to whom stakeholders' concern or queries may be raised, as an alternative to the formal channel of communication with stakeholders.

Their contact details are in the Whistle-Blowing Policy which has been published and made available on the Company's website at http://www.gbg.com.my/.

In compliance with recent amendment of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and guided by the principles of the Ministerial Guidelines and Paragraph 15.29 of the MMLR of Bursa Securities in relation to anti-bribery, the Board has approved on 21 May 2020 its Anti-Corruption Policy and Anti-Corruption Framework ("**ACPF**"). The Board had subsequently updated and revised the ACPF on 25 February 2021 and 28 April 2021 respectively. The purpose of ACPF is to provide information and guidance to the Directors, employees and business associates on standards of behavior and to uphold their responsibilities to which must be adhered to, recognised, as well as dealing with bribery and corruption.

The Anti-Corruption Policy can be viewed on the Company's website at http://www.gbg.com.my/.

II. BOARD COMPOSITION

The Board consists of seven (7) Directors, comprising three (3) Executive Directors and four (4) Independent Non-Executive Directors. The Board composition is in compliance with Paragraph 15.02 of the MMLR of Bursa Securities which states that at least two (2) Directors or 1/3 of the Board, whichever is higher, are independent directors. This is also in line with Practice 4.1 of the MCCG where it requires the Board members to comprise of majority independent directors. The profile of the Directors is as set out in the Directors' Profile in this Annual Report.

In order to drive the Board's leadership and effectiveness, the Board ensures that it has the right board composition in enhancing the Board decision making process. The Executive Directors have direct responsibilities on the day-to-day business operations and frequently attend management meetings wherein operational details and other issues were discussed and considered. Whereas the presence of the independent directors provide guidance, independent views, advice and judgement in ensuring that the strategies proposed are discussed and examined. Together, the Directors bring diverse characteristics which allow a mix of qualifications, skills and experience which are necessary for the successful direction of the Group.

Independence

The concept of independence adopted by the Board is in tandem with the definition of an Independent Director in the MMLR. The MMLR's definition of independence includes a series of objective tests such as Independent Director is not an employee of the Company and is not engaged in any type of business dealings with the Company.

The Board assesses the independence of the Independent Non-Executive Directors on an annual basis by taking into account the individual Director's ability to exercise independent judgment at all times and based on the criteria as set out in the MMLR of Bursa Securities. In addition, during the assessment conducted, the Board studied the results of the evaluation and is generally satisfied with its current size, composition as well as the mix of skill sets and the independence of its Independent Non-Executive Directors. None of the Independent Directors have engaged in the day-to-day management of the Company, participated in any business dealings or were involved in any other relationship with the Company (other than in situations permitted by the applicable regulations).

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION (CONT'D)

Tenure of Independent Directors

The Board is aware of the provision of tenure of Independent Directors in the Board Charter by taking into account the recommendation of the Nomination Committee. The Board Charter specifies that an independent director who has reached the threshold of 9 years' tenure will be re-designated as Non-Independent Non-Executive Director, unless he has obtained shareholders' approval at the Annual General Meeting ("**AGM**") to be retained in the Board as Independent Non-Executive Director. If the Board continues to retain the Independent Director after the twelfth year, annual shareholders' approval must be sought through a two-tier voting process. This is to facilitate the Board renewal and hence, enhancing the effectiveness of the Board.

Datuk Kamarudin bin Md. Ali ("**Datuk Kamarudin**") was appointed as an Independent Non-Executive Director of the Company on 6 July 2011 and was subsequently re-designated as the Senior Independent Non-Executive Director on 17 March 2017. Datuk Kamarudin has served the Board for more than nine (9) years and shareholders' approval had been sought at the last AGM held on 12 August 2020 to allow Datuk Kamarudin to continue in office as an Independent Non-Executive Director until the conclusion of the forthcoming AGM.

Mr Muk Sai Tat ("**Mr Muk**") was appointed as an Independent Non-Executive Director on 2 November 2012 and shall reach the cumulative term of nine (9) years by 2 November 2021. Therefore, prior approval should be obtained from the shareholders at the forthcoming AGM, to enable Mr. Muk to continue in office as an Independent Non-Executive Director before he reaches the nine (9) years term limit.

The Nomination Committee had assessed the independence of Datuk Kamarudin and Mr Muk, of their ability and commitment towards the Company's objective and was of the view that the length of their service on the Board does not in any way interfere with their exercise of independent judgment and ability to act in the best interest of the Company. Hence, the Board recommends to seek for shareholders' approval at the forthcoming AGM on the retention of Datuk Kamarudin and Mr Muk as Senior Independent Non-Executive Director and Independent Non-Executive Director of the Company respectively.

Board Diversity

The Board recognises diversity in the boardroom as an essential component of a good corporate governance. The Board's aim is to have a broad range of approaches, backgrounds, skills and experience represented on the Board and to make appointments on merit, and against objective criteria, with due regard given to the benefits of diversity on the Board, including gender, age and ethnicity.

The Board acknowledges the recommendation of the MCCG on gender diversity but believes that the overriding factors in selection of Director must be based on skill, experience, competency and wealth of knowledge, while taking into consideration diversity of the Board. The Group had established a Gender Diversity Policy to formalise its diversity approach as above. Hence, the Company will increase female representation on the Board if appropriate candidates are available when Board vacancies arise.

At the Tenth Annual General Meeting held on 12 August 2020, the resolution to retain Mr. Loo Choo Hong as an Independent Director of the Company was defeated by simple majority. Consequently, Mr. Loo Choo Hong was re-designated as Non-Independent Non-Executive Director with immediate effect.

During financial year 2020, the Board had appointed Puan Latifah binti Abdul Latiff as an Independent Non-Executive Director of the Company to fill the vacancy following the resignation of Mr Loo Choo Hong as the Non-Independent Non-Executive Director. As a result, the Board now comprises of two (2) female directors out of seven (7) directors which resulted in an increase from 14.29% to 28.57% of women directors. This has reflected the Board's commitment towards achieving a more gender-diversed Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT [CONT'D]

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION (CONT'D)

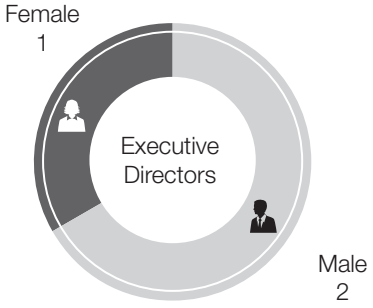
Board Diversity (cont'd)

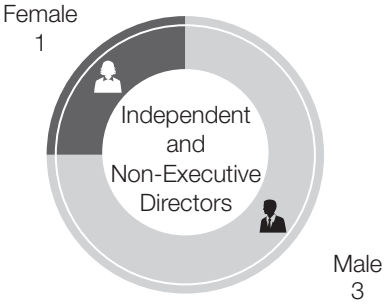
The composition of the Board which comprises seven (7) members can be dissected as below:

Race/Ethnicity

	Malay	Chinese
Executive Directors	1	2
Independent and Non-Executive Directors	3	1

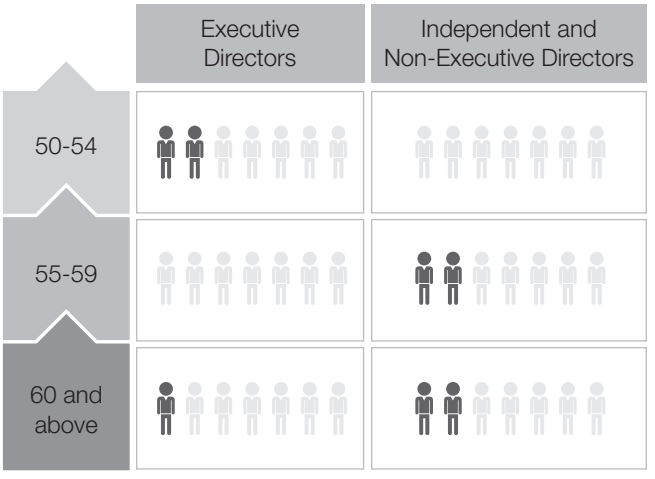
Gender



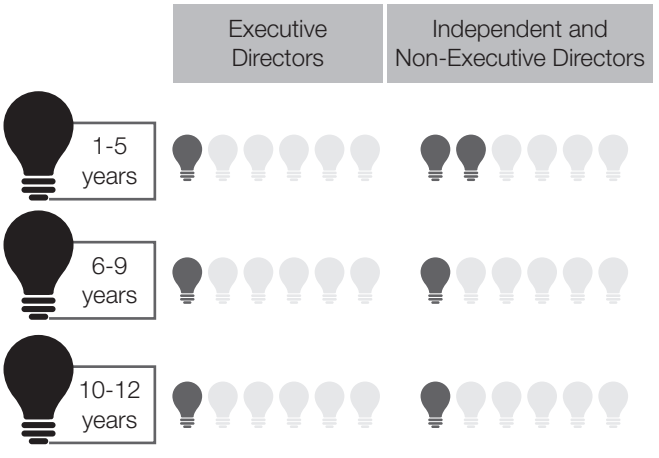


Nationality

Age



Tenure



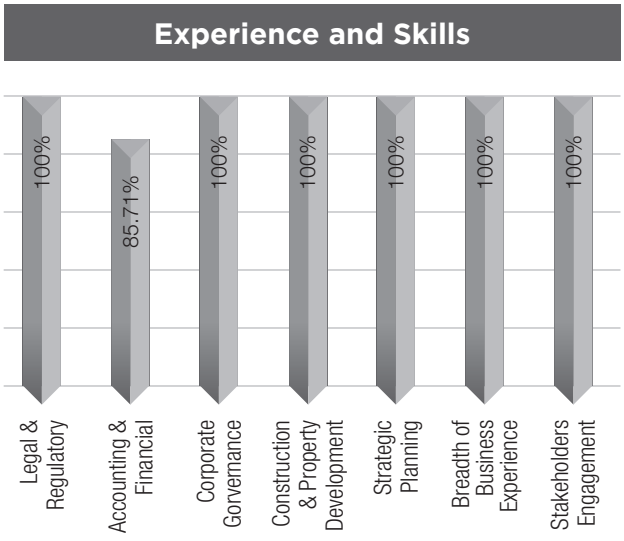
PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION (CONT'D)

Board Diversity (cont'd)

The Board believes that valuable contribution can be obtained from Directors who have, over a period of time, developed valuable insight of the Company and its business. Their experiences enable them to discharge their duties and responsibilities independently and effectively in the decision-making processes of the Board notwithstanding their tenure on the Board.

The Board also believes that the Directors have a diverse and relevant range of skills, backgrounds, knowledge and experience to ensure effective governance of the business. Hence, the members of the Board contribute through their industry knowledge, international experience perspective and specific subject matter expertise. The table below sets out the composition of skills and experience of the Board:-



NOMINATION COMMITTEE

The Nomination Committee comprises entirely Independent Non-Executive Directors ("**INED**"). The Nomination Committee meets at least once a year or as and when deemed fit and necessary.

The key responsibilities of the Nomination Committee are to assess the performance of Directors, as well as to evaluate and recommend suitable candidates for the Board and Senior Management, if necessary.

The Terms of Reference ("**ToR**") of the Nomination Committee is published on the corporate website of the Company for shareholders' reference at www.gbg.com.my.

Appointments to the Board

The Nomination Committee is responsible for assessing and making recommendations on any new appointments to the Board. Selection of new candidates to be considered for new appointment as director is facilitated through recommendations from the Board members, the Management and/or through independent sources.

In evaluating the suitability of candidates, the Nomination Committee considers, inter-alia their character, background, knowledge, integrity, competency, experience, commitment (including time commitment) and potential contribution to the Group, and additionally, in the case of candidates proposed for appointment as INEDs, the candidates' independence must be established. The final decision as to who shall be appointed as Director remains the responsibility of the full Board, after considering the recommendation of the Nomination Committee.

This is consistent with the Group's practice of being an equal opportunity employer where all appointments and employments are based strictly on merit and are not driven by any racial or gender bias. The Company Secretaries have the responsibility of ensuring that relevant procedures relating to the appointment of new Directors are properly executed.

Annual Assessment

The performance evaluations of the Board, Board Committee and individual Directors are conducted by way of self/peer-assessment. The Directors are given a set of questionnaire covering assessments of the Board, Board Committees, individual Director and independence assessments for Independent Directors to provide their feedback, views, commentary and suggestions for improvements.

The results of these self-assessment questionnaires are then compiled by the Company Secretary and tabled to the Nomination Committee for review and recommendation to the Board for notation. A summarised version of the results is provided to the Board of Directors for their information. The criteria that are used in the assessment of the Board include the adequacy of the Board structure, the efficiency and integrity of the Board's operations and the effectiveness of the Board in the discharge of its duties and responsibilities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT [CONT'D]

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION (CONT'D)

Summary of Work

During the financial year ended 31 December 2020, the Nomination Committee held two (2) meetings with full attendance of all its members, to deliberate the following matters:-

- Reviewed the size and composition of the Board and Board Committee;
- Reviewed annual assessment of the effectiveness and performance of the Board;
- Reviewed and assessed the independence of the Independent Directors based on the criteria set out in the MMLR of Bursa Securities;
- Reviewed and assessed the performance of Audit Committee and its members as a whole by undertaking an evaluation process involving self and peer assessment by the member of Audit Committee;
- Reviewed and assessed the effectiveness of each individual Director by undertaking an evaluation process involving self/peer-assessment by individual Directors;
- Nominated for the re-election of Board members at the forthcoming Annual General Meeting ("**AGM**") and recommended to the Board that a resolution for their re-election be tabled at the forthcoming AGM; and
- Reviewed and recommended to the Board for approval, the appointment of Puan Latifah as Independent Non-Executive Director of the Company, after having considered her skillset, experience, competency and fulfilment of the necessary criteria and also the changes in the composition of women directors.

Time Commitment

The Board is satisfied with the level of time committed by the Directors in discharging their respective duties and roles as Directors of the Company. All the Directors of the Company have complied with the MMLR of Bursa Securities on the maximum number of directorships held in public listed companies.

To facilitate the Directors' time planning, an annual meeting calendar which lists the propose scheduled dates for meetings of the Board and Board Committees as well as the AGM is prepared and circulated to them before the beginning of every financial year. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. This is to ensure that the Directors allocate sufficient time to discharge their duties effectively.

Board's Development and Training

The Company has arranged for training programs to update the Board in relation to new developments pertaining to the laws and regulations which may affect the Board and/or the Group.

During the year under review, the Directors attended and participated in programmes, conferences and seminars that covered areas of corporate governance, finance, legal, sustainability and relevant industry updates to effective discharge of their duties. The details of seminars and training programmes attended by the Directors during the financial year ended 31 December 2020 are set out below:-

Director	Date of Training/ Programme	Training/Seminars/Conferences
Y.M. Tunku Alizan bin Raja Muhammad Alias	16.12.2020	Section 17A corporate liability under the MACC Act: How vulnerable are directors to personal liability and what can be done to mitigate the risk with case studies
Datuk Kamarudin bin Md. Ali	25.11.2020 27.11.2020 27.11.2020 16.12.2020	Corporate Governance Monitor 2020 Latest update on Malaysian Financial Reporting Standards (MFRS) Malaysia Budget 2021 Section 17A corporate liability under the MACC Act: How vulnerable are directors to personal liability and what can be done to mitigate the risk with case studies

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION (CONT'D)

Board Development and Training (cont'd)

Director	Date of Training/ Programme	Training/Seminars/Conferences
Dato' Azizan bin Jaafar	16.12.2020	Section 17A corporate liability under the MACC Act: How vulnerable are directors to personal liability and what can be done to mitigate the risk with case studies
Dato' Ow Chee Cheoon	16.12.2020	Section 17A corporate liability under the MACC Act: How vulnerable are directors to personal liability and what can be done to mitigate the risk with case studies
Ow Yin Yee	23.06.2020 14.07.2020 21.07.2020 18.11.2020 23.11.2020 - 25.11.2020 16.12.2020	Deloitte SEA Webinar - Thriving in a COVID world - virtual finance operation Deloitte - Transfer Pricing C19 Complimentary Live Webinar - Redefine Business Continuity (MICPA) BDO Tax Budget Webinar 2020 - Revitalising the Malaysian economy during a global pandemic Deloitte TaxMax - The 46th series towards the future with confidence Section 17A corporate liability under the MACC Act: How vulnerable are directors to personal liability and what can be done to mitigate the risk with case studies
Muk Sai Tat	16.12.2020	Section 17A corporate liability under the MACC Act: How vulnerable are directors to personal liability and what can be done to mitigate the risk with case studies
Latifah binti Abdul Latiff	15.05.2020 18.11.2020 16.12.2020	What are the Temporary Relief Measure Listed Issuers during Covid-19 Pandemic Fraud Risk Management Workshop Section 17A corporate liability under the MACC Act: How vulnerable are directors to personal liability and what can be done to mitigate the risk with case studies

The Directors will continue to undergo relevant training programmes and seminars from time to time and as and when necessary to update themselves with the relevant knowledge and skills to discharge their duties effectively.

III. REMUNERATION

Directors & Senior Management's Remuneration

The Remuneration Policy of the Board provides that all Executive Directors and Senior Management are remunerated based on the Group and individual's performances, market conditions and their responsibilities whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience, level of responsibilities assumed in the Board Committees, their attendance and/or special skills and expertise they bring to the Board. The Remuneration Policy of Directors and Senior Management is available for reference at the Company's website at www.gbg.com.my.

The remuneration of the Executive Directors is reviewed and recommended by the Remuneration Committee to the Board for approval. The Independent Non-Executive Directors are remunerated with Directors' fees subject to shareholders' approval at the AGM annually in accordance with the

CORPORATE GOVERNANCE OVERVIEW STATEMENT [CONT'D]

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. REMUNERATION (CONT'D)

Directors & Senior Management's Remuneration (cont'd)

Company's Constitution and Section 230(1) of the Companies Act 2016. Therefore, in terms of recommending the proposed Directors' fees, the Remuneration Committee takes into consideration the qualification, duty and responsibility, and contribution required from a Director in view of the Group's complexity, and also the market rate among the industry. The Board then collectively determines the remuneration for the Independent Non-Executive Directors based on the RC's recommendation. All Directors shall abstain from discussion and decisions on their own remuneration.

The Company also provides Directors' and Officers' Liability Insurance which may provide an indemnity to the fullest extent permitted by the Companies Act 2016 and against any liability incurred by them in the discharge of their duties while holding office as Directors and Officers.

In compliance with the Listing Requirements and MCCG practice, the details of the remuneration paid to Directors for the FYE 2020 are as follows:-

	Fees *	Salaries and other emoluments	Bonuses	Benefit-in-kind	EPF, SOCSO & EIS	Others	Total
EDs *(on Group level)*	**(RM)**	**(RM)**	**(RM)**	**(RM)**	**(RM)**		**(RM)**
Dato' Azizan bin Jaafar	–	1,440,000	–	52,250	173,646.45	–	1,665,896.45
Dato' Ow Chee Cheoon	–	1,200,000	–	28,000	160,599.75	130,800 (3)	1,519,399.75
Ow Yin Yee	–	430,000	–	28,000	52,523.40	–	510,523.40
NEDs *(on Company level)*							
Y.M. Tunku Alizan bin Raja Muhammad Alias	180,000	–	–	–	923.40	8,000 (4)	188,923.40
Datuk Kamarudin bin Md. Ali	96,000	–	–	–	592.80	8,000 (4)	104,592.80
Muk Sai Tat	96,000	–	–	–	923.40	8,000 (4)	104'923.40
Latifah binti Abdul Latiff (1)	33,548.39	–	–	–	338.05	3,000 (4)	36,886.44
Loo Choo Hong (2)	59,096.77	–	–	–	616.65	5,000 (4)	64,713.42

Notes:
(1) *Appointed on 26 August 2020*
(2) *Resigned on 12 August 2020*
(3) *Car Allowance*
(4) *Meeting Allowance*

In regards to the remuneration of the Senior Management's remuneration, the Company notes that such disclosure may give rise to recruitment and talent retention challenges. Hence, the Company firmly believes that disclosing the senior management's remunerations in bands is sufficient enough for the shareholders' information.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. REMUNERATION (CONT'D)

Directors & Senior Management's Remuneration (cont'd)

Therefore, the top key senior management as identified in the Key Senior Management's Profile in this Annual Report whose remunerations bands falls within the following successive bands of RM50,000 for the FYE 2020 is as follows:-

Name	Range of Remuneration (RM, in Gross)
Ir. Bakri Bin Ishak	600,000-650,000
Ir. Tai Jiunn Hong	550,000-600,000
Encik Abd Razak bin Abd Manan	400,000-450,000
Mr Si So Tian Ann	350,000-400,000
Sr. Mustafa bin Mohd Said	200,000-250,000
Mr Thum Peng Yong	350,000-400,000
Encik Nazarul Hisham bin Sabardin	300,000-350,000
Mr Chew Wei Shin	200,000-250,000
Encik Muhammad Ridhwan bin Effendy	300,000-350,000

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

The Audit Committee comprises three (3) members whom are Independent Non-Executive Directors. All members of the Audit Committee are relatively financially literate and at least one of the Audit Committee member is a member of the Malaysian Institute of Accountants ("**MIA**"). The Board is assisted by the Audit Committee in governing the Group's financial reporting processes and the quality of its financial reporting. The quarterly results and audited financial statements are reviewed by the Audit Committee and the external auditors (for audited financial statements) and approved by the Board before being released to Bursa Securities.

The Audit Committee has full access to both the Internal and External Auditors who in turn, have access at all times to the Chairman of the Audit Committee. The role of the Audit Committee and the number of meetings held during the financial year as well as the attendance record of each member are set out in the Audit Committee Report in this Annual Report.

The ToR of the Audit Committee is available for viewing in the Company's corporate website, http://www.gbg.com.my/.

Relationship with External Auditors

The Audit Committee meets with the External Auditors to discuss their audit plan, audit findings and the Group's financial statements. At least twice a year and whenever necessary, the Audit Committee shall meet with the External Auditors without the presence of Executive Board members or management personnel to allow the Audit Committee and the External Auditors to exchange independent views on matters which need to be brought to the Audit Committee's attention. In addition, the external auditors are also invited to attend the AGM of the Company and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and content of their report.

The Audit Committee considered the non-audit services provided by the External Auditors during the FYE 2020 and concluded that the provision of these services did not compromise the External Auditors' independence and objectivity. The amount of fees paid for these services was not significant when compared to the total fees paid to the External Auditors.

The External Auditors have confirmed to the Audit Committee that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence rules of the MIA.

A summary of activities of the Audit Committee during the financial year under review is set out in the Audit Committee Report of this Annual Report.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Risk Management Committee is responsible for establishing and maintaining a sound risk management and internal control system approved by the Board to ensure that the shareholders' investments, other stakeholders' interests and assets of the Group are safeguarded. Risk Management Committee evaluates the adequacy and effectiveness of the internal control system by reviewing the actions taken on lapses, recommendations of internal auditors and Management responses.

CORPORATE GOVERNANCE OVERVIEW STATEMENT [CONT'D]

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

The Risk Management Committee is also responsible for implementing risk management policies and strategies approved by the Board. It monitors and manages the principal risk exposure by ensuring that the Management has taken the necessary steps to mitigate such risks and recommends action where necessary. The Risk Management Committee is charged with monitoring the effectiveness of risk management systems and is required to report to the Board on any significant risk exposure.

The Statement on Risk Management and Internal Control as set out in this Annual Report provides an overview of the management of risks and the state of internal control within the Group.

Internal Audit Function

The Directors acknowledge their responsibility to formulate a system of internal control and risk management. The Board seeks regular assurance on the continuity and effectiveness of the internal control and risks management system through independent review by the Internal Auditors.

The Internal Audit function is headed by a Director who is assisted by an audit team comprising Manager and Executives. The Director in charge is Chong Kian Soon ("**Mr Chong**"). Mr Chong is a member of Chartered Accountants Australia and New Zealand (CAANZ), Certified Public Accountant of the Malaysian Institute of Certified Public Accountants (MICPA), a Chartered Member of the Institute of Internal Auditors Malaysia (CMIIA) and Certified QAR Assessor of IIA. Both the Team Manager and Executives are accounting graduates. The Team Manager is also an Associate Member of IIA.

The Internal Audit Function has carried out their internal audit work with reference to the principles of the International Professional Practice Framework (IPPF) of the Institute of Internal Auditors (IIA). These principles include the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders.

The outsourced Internal Auditors report independently and directly to the Audit Committee in respect of the Internal Audit function. The Audit Committee together with the Internal Auditors agreed on the scope and planned Internal Audit activities annually and all audit findings arising therefrom are reported to the Audit Committee. The Internal Audit Reports contained the conclusion of control status, overview of management performance, audit findings, recommendation for improvement, management response and target completion date.

Further details of the activities of the risk management and internal audit function are set out in the Statement on Risk Management and Internal Control in this Annual Report.

PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

The Board recognises that information is the lifeblood of capital market and effective communication between the Group and its stakeholders is imperative for informed decision-making. The Group also places strong emphasis on the importance of timely and equitable dissemination of information to shareholders and other stakeholders. Whilst the Group endeavours to provide as much information as possible to its stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

The communication channels used in the Company's engagement with its stakeholders include:

a) Annual Reports;
b) Announcements via Bursa Link;
c) The Company's website;
d) Investors, analyst and media briefings; and
e) General Meetings.

The practice of disclosure of information is not established just to comply with the requirement of the MMLR of Bursa Securities, but also to adopt the best practices recommended in the MCCG with regard to strengthening engagement and communication with shareholders.

The Directors have general responsibility for taking such steps to safeguard the assets of the Group and of the Company and to prevent and detect fraud and other irregularities.

PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

II. CONDUCT OF GENERAL MEETINGS

The AGM serves as an invaluable platform for shareholders to engage the Board and Senior Management in productive dialogue and provide constructive feedback that contributes to the overall betterment of the Group. During the previous AGM held on year 2020, all Directors were present to provide clear and meaningful response to shareholders' question. The Engagement Partner of the external audit firm was also present at AGM to answer questions from shareholders relating to the external audit process, if any and the attendant outcome. It is a customary practice for Directors to be present early at AGM venue to socialise with shareholders and gather first-hand views which otherwise would not be raised through formalised engagement forums.

The Board had adopted the recommendation of MCCG for the notice of AGM to be given to shareholders at least 28 days prior to the meeting. Explanation for each proposed resolution is set out in the Notice of AGM to assist shareholders in making their decisions and exercising their voting rights. In line with Paragraph 8.29(1) of the MMLR, all resolutions set out in the Notice of AGM will be put to vote by poll. The Company will also appoint an independent scrutineer to validate the vote cast in the AGM. The outcome of the AGM will then be announced to Bursa Securities on the same meeting day while the summary of key matters, if any, discussed during the AGM will be posted on the Company website.

Shareholders who are unable to attend the AGM are advised on their right to appoint proxies to attend and vote on their behalf.

KEY FOCUS AREAS AND FUTURE PRIORITIES

The Board will continue to strive for achieving high standards of corporate governance and to implement improvement measures in the corporate governance areas. In view of the challenging business environment arising from COVID-19 pandemic, the Board will focus on business recovery and long term sustainability of the Group to ensure continuity of value creation for stakeholders.

COMPLIANCE STATEMENT

Saved as disclosed above, the Board is satisfied that throughout the financial year ended 31 December 2020, the Company has applied the principles and recommendations of the corporate governance set out in MCCG, where necessary and appropriate.

This CG Statement together with the Corporate Governance Report 2020 were approved by the Board on 28 April 2021.

AUDIT COMMITTEE REPORT

COMPOSITION OF THE AUDIT COMMITTEE

The AC consists of the following members:-

Chairman
Puan Latifah binti Abdul Latiff - Independent Non-Executive Director
(Appointed on 26 August 2020)

Mr. Loo Choo Hong - Non-Independent Non-Executive Director
(Re-designated from Independent Non-Executive Director to Non-Independence Non-Executive Director on 12 August 2020 and resigned on 12 August 2020)

Members
Datuk Kamarudin bin Md. Ali - Senior Independent Non-Executive Director
Mr. Muk Sai Tat - Independent Non-Executive Director

The composition of Audit Committee is in compliance with Paragraphs 15.09 and 15.10 of the MMLR of Bursa Malaysia Securities Berhad and the Malaysian Code on Corporate Governance whereby all three (3) Audit Committee members are Independent Non-Executive Directors. None of the Independent Directors have appointed alternate directors.

None of the members of the Audit Committee were also former key audit partners and notwithstanding that in order to uphold the upmost independence, the Board has no intention to appoint any former key audit partner as a member of the Audit Committee.

TERMS OF REFERENCE

The Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. The ToR of the Audit Committee are available for viewing on the Company's website at www.gbg.com.my.

MEETINGS AND ATTENDANCE

The Audit Committee held four (4) meetings during the financial year ended 31 December 2020 ("**FYE 2020**"). The attendance record of each member is as follows:-

Name of Committee Members	Designation	No. of Meetings Attended/ No. of Meetings Held During Tenure of Office
Puan Latifah binti Abdul Latiff *(Appointed on 26 August 2020)*	Chairman	2/2
Mr Loo Choo Hong *(Resigned on 12 August 2020)*	Chairman	2/2
Datuk Kamarudin bin Md Ali	Member	4/4
Mr Muk Sai Tat	Member	4/4

The Group Chief Financial Officer was invited to all Audit Committee meetings to facilitate direct communications and to provide clarification on financial reports. Other Board members and designated members of Senior Management may also attend these meetings on the invitation of the Audit Committee. The internal auditors and external auditors are also invited to attend the Audit Committee meetings to present their audit plan and audit findings respectively, and for the external auditors to assist the Audit Committee in its review of the unaudited quarterly financial reports and year-end financial statements.

The Chairman of the Audit Committee briefed the Board on matters of significant concern discussed during Audit Committee Meeting held prior to the Board Meeting. The applicable recommendations of the Audit Committee were presented by the Audit Committee's Chairman at subsequent Board Meeting for the Board's approval. Minutes of each meeting were recorded and tabled for confirmation at the next Audit Committee meeting and subsequently presented to the Board for notation.

SUMMARY OF THE WORK OF THE AUDIT COMMITTEE

The work undertaken by the Audit Committee in the discharge of its functions and duties for the financial FYE 2020 is summarised as follows:-

A. FINANCIAL REPORTING

(i) FYE 31 December 2019

a. On 27 February 2020, the Audit Committee reviewed and recommended the unaudited fourth quarterly financial results for the period ended 31 December 2019 at its meeting, prior to deliberation and approval by the Board.

b. The Audit Committee at its meeting held on 21 May 2020, reviewed the Audit Financial Statements of the Group for FYE 31 December 2019, and recommended the same for the Board's approval.

(ii) FYE 31 December 2020

a. The Audit Committee reviewed the unaudited first, second and third quarterly financial results for the respective periods ended 31 March 2020, 30 June 2020, 30 September 2020 at the meetings held on 21 May 2020, 26 August 2020 and 26 November 2020 respectively.

In respect to the above, the matters were discussed with Management and the external auditors and made the necessary recommendations to the Board prior to release to the relevant authorities and public including the following:-

- compliance with existing and new accounting standards, policies and practices affecting the construction and property development industry;
- any significant adjustments or unusual events; and
- compliance with the applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Companies Act 2016 in Malaysia, Main Market Listing Requirements of Bursa Malaysia Securities Berhad, policies and practices affecting the construction and property development industry and other regulatory requirements.

B. ANNUAL REPORT REQUIREMENTS

(i) Reviewed and approved the Audit Committee Report for inclusion in the 2019 Annual Report, at its meeting held on 21 May 2020.

(ii) The Statement on Risk Management and Internal Control was also reviewed and recommended to the Board for approval, for the inclusion in the 2019 Annual Report, at its meeting held on 21 May 2020.

C. EXTERNAL AUDIT

(i) On 27 February 2020, the Audit Committee deliberated on the Audit Completion for the financial year ended 31 December 2019 ("**Audit Completion Report**") with the External Auditor, Messrs BDO PLT ("**BDO**") at its meeting with regards to the following:-

- Audit status and significant changes to audit plans;
- Findings on areas of significant to auditor's attention;
- Compliance with laws and regulation, fraud-related matters and review of material litigations and claims;
- Summary of misstatements;
- Recommendation for improvement in internal controls; and
- Key audit matters.

arising from the statutory audit of the Group and the Company for FYE 2019.

(ii) On 27 February 2020, BDO had also confirmed that they are not aware of any matter that impairs their professional independence and will continuously comply with the relevant ethical requirements regarding independence with respect to the audit of the financial statements of the Company and Group for FYE 31 December 2019 in accordance with the Malaysian Institute of Accountants By-Laws (on Professional Conduct and Ethics) and International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants.

AUDIT COMMITTEE REPORT [CONT'D]

SUMMARY OF THE WORK OF THE AUDIT COMMITTEE (CONT'D)

C. EXTERNAL AUDIT (CONT'D)

(iii) During the review of the Audited Financial Statements of the Group and Company for FYE 31 December 2019 at its meeting on 21 May 2020, the Audit Committee reviewed the comparison between the announcement and audited results and also on the analysis of uncorrected audit misstatements which did not have material impact to the financial statements for FYE 31 December 2019.

During the meeting, the Audit Committee was also briefed that the Group and the Company should take into account the following in the preparation of financial statements:-

- Impact of Covid-19 Pandemic on Financial Reporting of Public Interest Entities.

(iv) On 26 November 2020, the Audit Committee reviewed the Audit Planning for the FYE 31 December 2020 prepared by BDO, outlining the following:-

- Engagement and reporting responsibilities, BDO audit approach, materiality and performance materiality, areas of significant auditor attention, engagement team, reporting deliverables, audit fees and auditing updates; and
- IT general control reviews and Computer Assisted Audit Technique

(v) The Audit Committee had met with the external auditors without the presence of the Management staff and the Executive Board members twice (2) on 27 February 2020 and 26 November 2020 respectively, in order to provide the external auditors with an avenue to candidly express any concerns they may have, including those relating to their ability to perform their work without restraint or interference.

The Audit Committee also evaluated the performance of the external auditors, their independence and objectivity, their ability to serve the Group in terms of technical competencies and manpower resource sufficiency, as well as the audit fees of the external auditors. After carrying out an evaluation of the performance of the external auditors, the Audit Committee recommended to the Board to propose to shareholders the re-appointment of the external auditors at the forthcoming Eleventh Annual General Meeting of the Company.

D. INTERNAL AUDIT

(i) Reviewed the internal audit's scope of work, functions, competency and resources and that it has the necessary authority to carry out its work.

(ii) Reviewed the internal audit plan to ensure the scope and coverage of the internal audit on the operations of the Group is adequate and comprehensive and that all the risk areas are audited annually.

(iii) Reviewed the internal audit reports prepared by the outsourced internal auditors and appraised the adequacy and effectiveness of Management's response in resolving the audit issues reported.

(iv) Reviewed the follow-up internal audit reports prepared by the outsourced internal auditors and monitored the outcome of follow-up audits to ascertain the extent to which agreed action plans have been implemented by Management.

During the financial year under review, the Internal Auditors had conducted the audit activities as per the approved audit plan and presented their Internal Audit reports on 27 February 2020, 21 May 2020, 26 August 2020 and 26 November 2020 respectively to the Audit Committee.

The Audit Committee had one (1) private session with the Internal Auditors without the presence of the Management staff and the Executive Board members on 26 November 2020. Internal Auditors did not highlight any significant internal audit issue to be brought to the Audit Committee's attention.

E. RELATED PARTY TRANSACTIONS

The Audit Committee reviewed the quarterly results and made enquiry if there are any recurrent related party transactions ("**RRPTs**") and to ensure the RRPTs, if any, are on ordinary commercial terms and are not favourable to the related party than is generally available to the public, and that the transactions are not detrimental to the minority party. This is also to ensure in compliance with both in-house procedures and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

AUDIT COMMITTEE REPORT [CONT'D]

INTERNAL AUDIT FUNCTION

The Internal Audit Function is outsourced to an independent professional services firm, IA Essential Sdn. Bhd. ("**Internal Auditors**"), which reports directly to the Audit Committee and has direct access to the Audit Committee Chairman on all internal controls and audit issues. The Audit Committee assesses the adequacy of the scope, functions, competency and resources of the Internal Auditors.

The principal role of the Internal Auditors is to undertake independent and regular reviews on the Group's internal control system so as to provide reasonable assurance on the adequacy, integrity and effectiveness of the Group's system of internal control, risk management and governance.

The Internal Auditors perform their work in accordance with the principles of the international internal auditing standards covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders on the audit concerns. In order to ensure that the audit focus is on relevant and appropriate risk areas, the internal audit plan was developed in consultation with management taking into consideration the Group's risk profile. The proposed internal audit plan will then be presented to the AC for deliberation and approval before internal audit reviews are carried out. Any significant changes to the internal audit plan will be referred to the Audit Committee for approval prior to the commencement of the internal audit.

The total cost incurred in relation to the conduct of the outsourced internal audit functions of the Group for the FYE 2020 amounted to RM108,182 against RM111,714 in FYE 2019.

SUMMARY OF WORK OF INTERNAL AUDIT FUNCTION FOR THE FINANCIAL YEAR

The Internal Auditors adopt a risk-based auditing approach, guided by the International Professional Practices Framework issued by the Institute of Internal Auditors, prioritising audit assignments based on the Group's business activity, risk management and past audit findings. They evaluated the adequacy and effectiveness of key controls in responding to risks within the organisation's governance, operations and information systems, in terms of:

- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations;
- Safeguarding of assets; and
- Compliance with relevant laws, regulations and contractual obligations.

During the financial year under review, internal audit function had completed and reported the following areas covered by Internal Audit in managing risks associated with the operating process as listed below:-

- Internal Audit Report on Quality Management and Defects Rectification;
- The Emerging Risks under COVID-19 - A Discussion Paper for IA Plan;
- Proposed Internal Audit Plan for 2020-2022;
- Internal Audit Report – COVID-19 Preventive Measures and Contingency Plan;
- Report on Corporate Liability Review; and
- Follow-up Audit Reports.

The Internal Auditors presented the Bursa Thematic Review on Internal Audit Function Report issued by Bursa Malaysia Securities Berhad on 26 November 2020, to the Audit Committee for review and discussion. The Internal Auditors briefed the Audit Committee on the salient observations from the thematic study conducted by Bursa Malaysia Securities Berhad which assessed seven criteria on the Internal Audit function and provided their comments on each of these criteria that these are being consistently applied as applicable to the Company.

The findings of the Internal Auditors were highlighted to the relevant management representatives for corrective actions. The Management is responsible for ensuring that corrective actions are taken within the agreed timeframe.

This Audit Committee Report has been reviewed by the Audit Committee and approved by the Board on 28 April 2021.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("**Board**") is pleased to present this statement on Risk Management and Internal Control ("**Statement**") for the financial year ended 31 December 2020. The preparation of this statement is required under paragraph 15.26(b) of the Main Market Listing Requirements ("**MMLR**") and guided by the "Statement on Risk Management & Internal Control- Guidelines for Directors of Listed Issuers" which was endorsed by Bursa Malaysia Securities Berhad ("**Bursa Securities**").

BOARD'S RESPONSIBILITIES

In accordance with the Malaysian Code of Corporate Governance, the Board being responsible for the Group's risk management and internal control systems, has formulated policies and framework on systems of risk management and internal control and sought assurance that these systems are functioning effectively.

In overseeing the effectiveness of the systems of risk management and internal control, the Board continues to use the following processes and information during the financial year to derive its comfort:

- Audit Committee's review and consultation with management on the financial results, annual report and audited financial statements in assessing the integrity of the financial information and performance;
- Risk Management Committee ("RMC")'s oversight of risk management framework, changes in risk factors and magnitudes and status of management implementation of risk mitigation plan;
- The Audit Committee's assessment of the adequacy and effectiveness of the systems of internal control based on the internal audit findings presented by the Internal Auditors. These reviews are done quarterly where the Internal Auditors present their internal audit report to the Audit Committee and share the audit issues and action taken by management to address control deficiencies;
- Group CEO and Group CFO's briefings on business, financial and operational performances and updates during the board meetings;
- The External Auditors will report to the Audit Committee on their annual audit findings. As part of this review, Audit Committee will also seek feedback from the External Auditors on risk and control issues noted by them in the course of their statutory audit; and
- Management's assurance that the Group's risk management and internal control systems are adequate and effective, in all material aspects.

RISK MANAGEMENT

The risk management processes in identifying, evaluating and managing risks have been embraced into the two major operating and business segments i.e. the construction and property development of the Group which are currently headed by the respective divisional Managing Directors. The Board maintains its RMC to oversee the risk management framework and ensure the implementation of appropriate systems by the management to manage material risk exposure in the Group.

The risk management framework adopted by the Group is consistent with the general principles of the international risk management framework. This risk management framework consists of risk identification, impact assessment, risk profiling and assessment of management action plans.

During the financial year, RMC had conducted 4 meetings with both the Construction and Property Divisions to deliberate the existing controls, impact and action plans for managing and mitigating the identitied risks.

Project progress, site health and safety and cashflows risks are always the risk management priority of the Group and have become more challenging amid the Covid-19 pandemic during the financial year. Various preventive safety measures such as sanitisation, social distancing, use of facemask, MySejahtera movement tracing and quarantine procedures are implemented in the work place in accordance with the requirements of the authorities. Other measures taken include:

a. leveraging on the use of electronic communication and virtual meeting technology to minimise physical contact;

b. controlling and reducing overhead costs and enhancing the operational and cost efficiency;

c. monitoring the progress billing and receipts for all on-going construction and development projects, the availability and utilisation of banking facilities for the on-going projects, exercising prudent cash flow management and conserving the cash reserve; and

d. continuing marketing effort and completing the on-going projects in anticipation of gradual improvement in the sentiment of the property market under the current low interest rate offered by banks for property purchase and stamp duty exemption.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL [CONT'D]

INTERNAL CONTROLS

Internal controls are important to support the function of the risk management system. The Group internal control systems are operating under and form part of the on-going management systems of ISO 9001:2015 on Quality Management System and ISO 45001:2018 on Occupational Health and Safety Management System. Following are the key features of the control framework and procedures maintained in the Group:

i. Management organisation structure defining the management responsibilities and hierarchical structure for directing, planning, executing, controlling and monitoring the business operations;

ii. Limit of authority and approval facilitating delegation of authority and oversight control;

iii. Monitoring of construction work progress against the work schedule program as well as the performance, productivity and quality of work of the contractors and sub-contractors;

iv. Tracking of construction costs against the project budgets;

v. Benchmarking actual cash flows with the forecast;

vi. Periodic Safety and Health Committee meetings to enforce safety awareness at site;

vii. Selection procedures for sub-contractors, suppliers and consultants based on price, resources availability, track record and finance capability criteria;

viii. Performance evaluation of suppliers' and sub-contractors' performance for future reference and selection;

ix. Review of divisional operating performance by the respective heads of the key management team;

x. Legal review to ensure contractual risks are addressed and managed before entering into material contracts or agreements; and

xi. Job descriptions providing understanding to employees of the actions needed in discharging their responsibilities.

In addition, the Group has adopted and implemented its Anti-Corruption Policy and Anti-Corruption Framework ("**ACPF**") during the financial year in conjunction with the introduction of corporate liability provision under Section 17A of the MACC Act 2009. The ACPF provides information and guidance to the Directors, employees and business associates on the ethical behaviour and responsibilities which must be adhered to in order to avoid bribery and corrupt activities.

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance with the Bursa Securities Guidelines, management is responsible to identify risks; implementing and maintaining sound systems of risk management and internal control; and monitoring and reporting to the Board of significant control deficiencies and changes in risks that could significantly affect the Group achievement of its objectives and performance.

The Board has received assurance from the Group CEO and Group CFO that, to the best of their knowledge, the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects.

Board Assurance and Limitation

The Board is satisfied that there is ongoing process for identifying, evaluating and managing material risks faced by the Group and the existing level of systems of internal control and risk management is effective to enable the Group to achieve its business objectives. During the current financial year, there were no material losses resulting from significant control weaknesses that would require separate disclosure in this Annual Report.

Despite the above, it should be noted that all risk management and internal control systems could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, the systems of risk management and internal control in the Group can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

Review of Statement on Risk Management and Internal Control by External Auditors

Pursuant to Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement on Risk Management and Internal Control in accordance with the Audit and Assurance Practice Guide 3 ("AAPG3"): Guidance for Auditors on Engagements to Report on the Statements on Risk Management in and Internal Control included in the Annual Report.

The External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report and have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board and management in reviewing the adequacy and integrity of the risk management and effectiveness of the systems of risk management and internal control systems of the Group.

This Statement is made in accordance with the resolution of the Board of Directors.

DIRECTORS' RESPONSIBILITY STATEMENT

for the Audited Financial Statements

The Directors are responsible for ensuring that the annual financial statements of the Group and of the Company are drawn up in accordance with the applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards, the provision of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The annual financial statements are prepared with reasonable accuracy from the accounting records of the Group and Company so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2020, and of the financial performance and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have ensured that:-

- appropriate accounting policies and practices have been adopted and applied consistently;
- the statements are supported by reasonable and prudent judgements and estimates;
- all applicable accounting standards have been followed, subject to any material departure and explained in the financial statements; and
- a going-concern basis has been adopted unless it is inappropriate to presume that the Group will continue its business.

The Directors are also responsible for:-

- ensuring that the Group and the Company keep proper accounting and other records to enable the explanation of transactions and preparation of financial statements; and
- taking the necessary steps as are reasonably open to them to ensure appropriate systems are in place to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities

The Directors confirmed that they have complied with the above requirements for the annual financial statements for the financial year ended 31 December 2020.

117-218

FINANCIAL REPORTS

ooo

118 - Directors' Report
124 - Statement by Directors
124 - Statutory Declaration
125 - Independent Auditors' Report
130 - Statements of Profit or Loss and Other Comprehensive Income
131 - Statements of Financial Position
133 - Consolidated Statement of Changes in Equity
135 - Statement of Changes in Equity
136 - Statements of Cash Flows
140 - Notes to the Financial Statements

financial reports

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and details of the subsidiaries are set out in Note 17 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
(Loss)/Profit for the financial year	(53,813,846)	12,108,674
Attributable to:		
Owners of the parent	(54,452,979)	12,108,674
Non-controlling interests	639,133	–
	(53,813,846)	12,108,674

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

	RM
In respect of financial year ended 31 December 2020:	
First interim dividend of 1.00 sen per ordinary share, paid on 7 January 2021	4,934,285

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2020.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the Note 29 to the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

WARRANT B 2018/2023

A total of 119,394,669 free Warrants were issued on 27 September 2018 pursuant to the Deed Poll dated 5 September 2018 ("Deed Poll B") to all the shareholders of the Company on the basis of one (1) warrant for every four (4) existing ordinary shares held on 25 September 2018. These warrants were listed on Bursa Malaysia Securities Berhad on 4 October 2018. The Company had fixed the exercise price for the free Warrants at RM1.12 each. The details of the Warrants are disclosed in Note 28 to the financial statements.

REPURCHASE OF OWN SHARES

The shareholders of the Company, by an ordinary resolution passed at the 10th Annual General Meeting held on 12 August 2020, renewed the mandate to the Company to repurchase up to 10% of its existing issued share capital ("Share Buy Back").

The Directors of the Company are committed in enhancing the value of the Company to its shareholders and believe that the Share Buy Back can be applied in the best interests of the Company and its shareholders. The Company has the rights to retain, cancel, resell and/or distribute these shares as dividends at a later date. As treasury shares, the rights attached to them as to voting, dividends and participation in any other distributions or otherwise are suspended. Of the total 494,594,267 (2019: 494,594,267) issued ordinary shares as at the end of each reporting period, 1,165,744 (2019: 1,165,744) ordinary shares purchased for RM1,427,468 (2019: RM1,427,468) are held as treasury shares by the Company. The number of outstanding ordinary shares in issue after deducting the treasury shares is 493,428,523 (2019: 493,428,523).

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Gabungan AQRS Berhad

Y.M. Tunku Alizan Bin Raja Muhammad Alias	
Datuk Kamarudin Bin Md. Ali	
Dato' Azizan Bin Jaafar	
Dato' Ow Chee Cheoon	
Ow Yin Yee	
Muk Sai Tat	
Latifah binti Abdul Latiff	(appointed on 26 August 2020)
Loo Choo Hong	(resigned on 12 August 2020)

DIRECTORS' REPORT [CONT'D]

DIRECTORS (CONT'D)

The Directors who have held office during the financial year and up to the date of this report are as follows: (cont'd)

Subsidiaries of Gabungan AQRS Berhad

Pursuant to Section 253 of Companies Act 2016 in Malaysia, the list of Directors of the subsidiaries during the financial year and up to the date of this report is as follows:

Dato' Azizan Bin Jaafar
Dato' Ow Chee Cheoon
Ow Yin Yee
Ir. Bakri Bin Ishak
Ir. Tai Jiunn Hong
Abd Razak bin Abd Manan
Si So Tian Ann
Choo Choon Seng
Tan Ban Eu
Azhar Khan bin Badil Zaman
Norahmad bin Yussuff

In accordance with Clause 118 of the Company's Constitution, Latifah binti Abdul Latiff retires by casual vacancy at the forthcoming Annual General Meeting and being eligible, offer herself for re-election.

In accordance with Clause 119 of the Company's Constitution, Datuk Kamarudin Bin Md. Ali and Ow Yin Yee retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and warrants in the Company and of its related corporations during the financial year ended 31 December 2020 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, were as follows:

	---------- Number of ordinary shares ----------			
Shares in the Company	**Balance as at 1.1.2020**	**Bought**	**Disposal**	**Balance as at 31.12.2020**
Direct interests				
Y.M. Tunku Alizan Bin Raja Muhammad Alias	900,492	300,000	–	1,200,492
Datuk Kamarudin bin Md. Ali	204,000	150,000	–	354,000
Dato' Azizan Bin Jaafar	1,879,146	1,056,000	–	2,935,146
Dato' Ow Chee Cheoon	33,966,774	–	–	33,966,774
Ow Yin Yee	163,812	–	–	163,812
Indirect interest				
Dato' Azizan Bin Jaafar	53,602,938	–	–	53,602,938

DIRECTORS' INTERESTS (CONT'D)

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and warrants in the Company and of its related corporations during the financial year ended 31 December 2020 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, were as follows: (cont'd)

	---------- Number of warrants ----------			
Warrants B 2019/2023	**Balance as at 1.1.2020**	**Bought**	**Disposal**	**Balance as at 31.12.2020**
Direct interests				
Y.M. Tunku Alizan Bin Raja Muhammad Alias	173,650	–	–	173,650
Datuk Kamarudin bin Md. Ali	102,800	298,400	–	401,200
Dato' Azizan Bin Jaafar	460,575	–	–	460,575
Dato' Ow Chee Cheoon	8,325,190	–	–	8,325,190
Ow Yin Yee	40,150	–	–	40,150
Indirect interest				
Dato' Azizan Bin Jaafar	6,820,500	–	–	6,820,500

The other Directors, Muk Sai Tat and Latifah binti Abdul Latiff did not hold any interest in ordinary shares and warrants in the Company or ordinary shares, warrants and debentures of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than the followings:

(a) any benefit which may be deemed to have arisen by virtue of those transactions entered into in the ordinary course of business as disclosed in Note 34 to the financial statements; and

(b) certain Directors who received remuneration from the subsidiaries as Directors of the subsidiaries as disclosed in Note 9 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the warrants issued to the Directors as disclosed in Note 28 to the financial statements.

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 9 to the financial statements.

DIRECTORS' REPORT [CONT'D]

INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS

The Group and the Company effected Directors' liability insurance during the financial year to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors.

During the financial year, the total amount of insurance premium paid for the Directors and the officers of the Group and of the Company is RM19,000.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

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

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature, except for the impact arising from the COVID-19 pandemic as disclosed in Note 35 to the financial statements.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

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

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year, which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONT'D)

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Significant event during the financial year is disclosed in Note 35 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant event subsequent to the end of the reporting period is disclosed in Note 36 to the financial statements.

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2020 amounted to RM292,300 and RM77,000 respectively.

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

Dato' Azizan Bin Jaafar
Director

Dato' Ow Chee Cheoon
Director

Kuala Lumpur
28 April 2021

STATEMENT BY **DIRECTORS**

In the opinion of the Directors, the financial statements set out on pages 130 to 218 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Dato' Azizan Bin Jaafar
Director

Dato' Ow Chee Cheoon
Director

Kuala Lumpur
28 April 2021

STATUTORY **DECLARATION**

I, Ow Yin Yee (CA 10002), being the Director primarily responsible for the financial management of Gabungan AQRS Berhad, do solemnly and sincerely declare that the financial statements set out on pages 130 to 218 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur this)
28 April 2021)

Ow Yin Yee

Before me:

Commissioner for Oaths
Baloo A/L T. Pichai
W663

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GABUNGAN AQRS BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Gabungan AQRS Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 130 to 218.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

(a) Revenue recognition for construction contracts and property development

Revenue from construction contracts and property development is set out in Note 6 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the satisfaction of performance obligations as stated in the contracts with customers, transaction price allocations and costs in applying the input method to recognise revenue over time, which is based on the stage of completion method. The determination of stage of completion requires management to exercise significant judgement in estimating the total costs to complete.

In estimating the budgeted contract costs and budgeted development costs, the Group considered the completeness and accuracy of its cost estimation, including its obligations to contract variations, claims and cost contingencies.

INDEPENDENT AUDITORS' REPORT [CONT'D]

Key Audit Matters (cont'd)

(a) Revenue recognition for construction contracts and property development (cont'd)

Audit response

Our audit procedures included the following:

(i) Reviewed the terms and conditions of the sales transactions to determine that revenue recognised conforms with the Group policies and the requirements of MFRS 15 *Revenue from Contracts with Customers*;

(ii) Compared management's estimates of budgeted contract costs and budgeted development costs to relevant supporting documents and recomputed the progress towards complete satisfaction of performance obligations determined by management for revenue recognition based on actual costs incurred up to the end of the reporting period;

(iii) Inspected documentation to support cost estimates made including contract variations and cost contingencies;

(iv) Inquired with in-house quantity surveyors and project managers to corroborate the status of the works and the stage of completion; and

(v) Inspected documentation from technical experts and sub-contractors in relation to variations and claims to corroborate key judgements applied by management.

(b) Recoverability of trade and other receivables

The carrying amount of trade and other receivables is set out in Note 23 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade and other receivables, appropriate forward looking information and significant increase in credit risk. We focused on the audit risk that the impairment losses on trade and other receivables may be understated and hence, further impairment losses may be required.

Audit response

Our audit procedures included the following:

(i) Assessed the expected credit loss ("ECL") for portfolios of trade receivables and other receivables based on customer segments, historical information on payment trend and forward-looking information;

(ii) Recomputed the probability of default using historical data and forward-looking information adjustment applied by the Group;

(iii) Inquired of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses; and

(iv) Assessed the appropriateness of the indicators of significant increase in credit risk applied by management and the resultant basis for classification of exposure into respective stages.

Key Audit Matters (cont'd)

(c) Impairment assessment of the carrying amount of intangible assets

Included in intangible assets is customer contract with a carrying amount of RM27,355,028, which arose from the acquisition of a subsidiary in prior years as disclosed in Note 21 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement and estimates about the future results and key assumptions applied to probability-weighted expected cash flow projections of the subsidiary in determining the recoverable amount. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates, which are among others, dependent on forecasted economic conditions affected by the COVID-19 pandemic.

Audit response

Our audit procedures included the following:

(i) Reviewed cash flow projections and assessed the reasonableness of the key assumptions in the projections;

(ii) Evaluated the reasonableness of pre-tax discount rate by comparing to the weighted average cost of capital of the intangible assets and relevant risk factors, incorporating the impact of the COVID-19 pandemic; and

(iii) Performed sensitivity analysis of our own to stress test the key assumptions in the impairment model.

(d) Impairment assessment of the carrying amount of an investment in a subsidiary at Company level

As at 31 December 2020, an investment in a subsidiary of the Company, Monolight IBS Building System Sdn. Bhd., was RM27,395,687, net of impairment of RM2,141,423.

We determined this to be a key audit matter because it requires management to exercise significant judgement and estimates about the future results and key assumptions applied to probability-weighted expected cash flow projections of the subsidiary. In this instance, its recoverable amount is based on its value-in-use method. These key assumptions include budgeted operating profit margins and growth rates as well as determining an appropriate pre-tax discount rate, which are among others, dependent on forecasted economic conditions affected by the COVID-19 pandemic.

Audit response

Our audit procedures included the following:

(i) Compared cash flow projections against recent performance and historical accuracy of cash flow projections prepared by management and assessed the reasonableness of key assumptions used in the probability-weighted expected cash flow projection;

(ii) Evaluated the reasonableness of pre-tax discount rate by comparing to the weighted average cost of capital of the Company and relevant risk factors, incorporating the impact of the COVID-19 pandemic; and

(iii) Performed sensitivity analysis of our own to stress test the key assumptions in the impairment model.

INDEPENDENT AUDITORS' REPORT [CONT'D]

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs, and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITORS' REPORT [CONT'D]

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (cont'd)

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

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

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

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

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

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

Other Matters

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

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Francis Cyril A/L S.R Singam
03056/04/2023 J
Chartered Accountant

Kuala Lumpur
28 April 2021

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 31 December 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Revenue	6	202,262,353	413,986,626	26,652,995	5,000,000
Cost of sales	7	(233,888,165)	(330,215,804)	(1,392,995)	–
Gross (loss)/profit		(31,625,812)	83,770,822	25,260,000	5,000,000
Other income		9,494,153	14,637,932	574,046	8,681,068
Operating costs		(34,477,273)	(44,108,963)	(12,541,026)	(3,353,593)
Finance costs	8	(3,577,595)	(4,242,136)	(1,071,796)	(1,018,715)
Share of profit of an associate, net of tax		151,755	124,814	–	–
Share of profit of a joint venture, net of tax		364,672	602,383	–	–
(Loss)/Profit before tax		(59,670,100)	50,784,852	12,221,224	9,308,760
Taxation	11	5,856,254	(13,896,953)	(112,550)	495,939
(Loss)/Profit for the financial year		(53,813,846)	36,887,899	12,108,674	9,804,699
Other comprehensive income, net of tax		–	–	–	–
Total comprehensive (loss)/income, net of tax		(53,813,846)	36,887,899	12,108,674	9,804,699
Attributable to:					
Owners of the parent		(54,452,979)	36,294,970	12,108,674	9,804,699
Non-controlling interests	17(d)	639,133	592,929	–	–
		(53,813,846)	36,887,899	12,108,674	9,804,699
(Loss)/Earnings per ordinary share attributable to equity holders of the Company:					
Basic (loss)/earnings per ordinary share (sen)	12	(11.04)	7.41		
Diluted (loss)/earnings per ordinary share (sen)	12	(11.04)	5.96		

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

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
ASSETS					
Non-current assets					
Property, plant and equipment	14	25,481,430	29,561,689	266,428	369,561
Lease receivables	15	–	–	336,158	443,038
Investment properties	16	32,624,783	33,437,738	–	–
Investments in subsidiaries	17	–	–	315,236,767	322,542,482
Investment in an associate	18	3,583,715	3,431,960	–	–
Investment in a joint venture	19	1,706,311	1,341,639	255,000	255,000
Other receivables	23	–	–	21,942,466	–
Deferred tax assets	20	9,934,994	6,121,832	–	–
Intangible assets	21	27,355,028	28,711,182	–	–
		100,686,261	102,606,040	338,036,819	323,610,081
Current assets					
Inventories	22	363,314,362	417,765,933	–	–
Lease receivables	15	–	–	106,880	98,688
Trade and other receivables	23	211,694,794	188,989,208	14,853,138	26,926,522
Contract assets	24	541,884,598	631,656,419	1,382,840	–
Other investment	25	1,074,117	225,302	–	–
Current tax assets		2,534,200	2,605,502	–	–
Short term funds	26	316,036	1,922,412	107,195	1,605,386
Cash and bank balances	27	118,390,344	137,501,854	8,060,873	7,147,876
		1,239,208,451	1,380,666,630	24,510,926	35,778,472
TOTAL ASSETS		1,339,894,712	1,483,272,670	362,547,745	359,388,553

STATEMENTS OF FINANCIAL POSITION [CONT'D]

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	28	325,545,730	325,545,730	325,545,730	325,545,730
Reserves	29	124,109,517	183,496,781	15,820,450	8,646,061
		449,655,247	509,042,511	341,366,180	334,191,791
Non-controlling interests	17(d)	6,614,231	6,215,098	–	–
TOTAL EQUITY		456,269,478	515,257,609	341,366,180	334,191,791
LIABILITIES					
Non-current liabilities					
Borrowings	30	16,272,747	16,388,868	–	–
Lease liabilities	15	3,158,648	6,521,664	511,048	720,343
Deferred tax liabilities	20	309,504	305,313	–	–
		19,740,899	23,215,845	511,048	720,343
Current liabilities					
Trade and other payables	31	596,684,744	666,729,228	11,847,297	9,962,310
Contract liabilities	24	22,602,413	27,240,437	–	–
Borrowings	30	241,769,057	237,793,311	8,506,299	14,310,122
Lease liabilities	15	2,689,326	3,570,008	209,295	195,297
Current tax liabilities		138,795	9,466,232	107,626	8,690
		863,884,335	944,799,216	20,670,517	24,476,419
TOTAL LIABILITIES		883,625,234	968,015,061	21,181,565	25,196,762
TOTAL EQUITY AND LIABILITIES		1,339,894,712	1,483,272,670	362,547,745	359,388,553

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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

for the financial year ended 31 December 2020

Group	Note	Non-distributable		Distributable	Total attributable to owners of the parent	Non-controlling interests	Total equity
		Share capital RM	Treasury shares RM	Retained earnings RM	RM	RM	RM
Balance as at 1 January 2019		324,240,605	(17,241,864)	164,830,680	471,829,421	5,620,010	477,449,431
Profit for the financial year		–	–	36,294,970	36,294,970	592,929	36,887,899
Other comprehensive income, net of tax		–	–	–	–	–	–
Total comprehensive income, net of tax		–	–	36,294,970	36,294,970	592,929	36,887,899
Transaction with owners							
Dividend payable	13	–	–	(7,401,552)	(7,401,552)	–	(7,401,552)
Share dividend paid	13	–	8,802,190	(8,802,190)	–	–	–
Strike off of an indirect subsidiary		–	–	2,341	2,341	2,159	4,500
Ordinary shares issued pursuant to exercise of warrants	28	294	–	–	294	–	294
Ordinary shares resold in open market	28	1,304,831	7,012,206	–	8,317,037	–	8,317,037
Total transaction with owners		1,305,125	15,814,396	(16,201,401)	918,120	2,159	920,279
Balance as at 31 December 2019		325,545,730	(1,427,468)	184,924,249	509,042,511	6,215,098	515,257,609

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY [CONT'D]

Group	Note	Non-distributable		Distributable	Total attributable to owners of the parent	Non-controlling interests	Total equity
		Share capital RM	Treasury shares RM	Retained earnings RM	RM	RM	RM
Balance as at 1 January 2020		325,545,730	(1,427,468)	184,924,249	509,042,511	6,215,098	515,257,609
(Loss)/Profit for the financial year		–	–	(54,452,979)	(54,452,979)	639,133	(53,813,846)
Other comprehensive income, net of tax		–	–	–	–	–	–
Total comprehensive (loss)/income, net of tax		–	–	(54,452,979)	(54,452,979)	639,133	(53,813,846)
Transactions with owners							
Dividend payable	13	–	–	(4,934,285)	(4,934,285)	–	(4,934,285)
Dividend paid to non-controlling interests		–	–	–	–	(240,000)	(240,000)
Total transactions with owners		–	–	(4,934,285)	(4,934,285)	(240,000)	(5,174,285)
Balance as at 31 December 2020		325,545,730	(1,427,468)	125,536,985	449,655,247	6,614,231	456,269,478

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

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2020

Company	Note	Non-distributable Share capital RM	Non-distributable Treasury shares RM	Distributable Retained earnings RM	Total equity RM
Balance as at 1 January 2019		324,240,605	(17,241,864)	16,472,572	323,471,313
Profit for the financial year		–	–	9,804,699	9,804,699
Other comprehensive income, net of tax		–	–	–	–
Total comprehensive income, net of tax		–	–	9,804,699	9,804,699
Transactions with owners					
Dividend payable	13	–	–	(7,401,552)	(7,401,552)
Share dividend paid	13	–	8,802,190	(8,802,190)	–
Ordinary shares issued pursuant to warrants exercised	28	294	–	–	294
Ordinary shares resold in open market	28	1,304,831	7,012,206	–	8,317,037
Total transactions with owners		1,305,125	15,814,396	(16,203,742)	915,779
Balance as at 31 December 2019		325,545,730	(1,427,468)	10,073,529	334,191,791
Balance as at 1 January 2020		325,545,730	(1,427,468)	10,073,529	334,191,791
Profit for the financial year		–	–	12,108,674	12,108,674
Other comprehensive income, net of tax		–	–	–	–
Total comprehensive income, net of tax		–	–	12,108,674	12,108,674
Transaction with owners					
Dividend payable	13	–	–	(4,934,285)	(4,934,285)
Total transaction with owners		–	–	(4,934,285)	(4,934,285)
Balance as at 31 December 2020		325,545,730	(1,427,468)	17,247,918	341,366,180

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

STATEMENTS OF **CASH FLOWS**

for the financial year ended 31 December 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before tax		(59,670,100)	50,784,852	12,221,224	9,308,760
Adjustments for:					
Depreciation of:					
- property, plant and equipment	14	5,600,464	9,877,925	103,133	105,589
- investment properties	16	812,955	791,729	–	–
Dividend income	6	–	–	(25,260,000)	(5,000,000)
Fair value gain on:					
- other investment		(848,815)	(4,933,569)	–	–
- short term fund		(3,868)	(15,268)	–	–
Gain on disposal of property, plant and equipment		(80,001)	(839,988)	–	–
Gain on lease modification	14	(140,463)	(13,990)	–	(3,602)
Impairment losses on:					
- trade receivables	23(i)	3,632,402	85,001	–	–
- other receivables	23(k)	747,319	611,202	2,989,099	–
- contract assets	24(f)	455,086	2,913,360	10,155	–
- investments in subsidiaries	17	–	–	5,604,607	–
- equity loan	17	–	–	1,701,108	–
- intangible assets	21	1,356,154	1,071,970	–	–
- property, plant and equipment	14	1,151,362	–	–	–
Interest expense		3,809,984	4,516,544	1,071,796	1,018,715
Interest income		(2,257,945)	(4,507,499)	(566,793)	(449,339)
Inventories written down	7	7,476,250	–	–	–
Lease concession	15	(5,960)	–	–	–
Property, plant and equipment written off	14	3,601	27,400	–	–
Reversal of impairment losses on:					
- trade receivables	23(i)	(1,814,391)	(1,832,662)	–	–
- other receivables	23(k)	(108,052)	(113,920)	–	–
- contract assets	24(f)	(975,232)	(51,057)	–	–
Reversal of waiver of amount owing from a subsidiary		–	–	–	(8,228,127)
Share of profit of an associate, net of tax	18	(151,755)	(124,814)	–	–
Share of profit of a joint venture, net of tax	19	(364,672)	(602,383)	–	–
Operating (loss)/profit before changes working capital changes		(41,375,677)	57,644,833	(2,125,671)	(3,248,004)

STATEMENTS OF CASH FLOWS [CONT'D]

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES (cont'd)					
Changes in working capital:					
Inventories		46,975,321	(32,739,304)	–	–
Lease receivables		–	–	138,000	108,250
Trade and other receivables		(25,162,864)	51,849,768	24,979,784	(24,681)
Contract assets		90,291,967	(71,549,976)	(1,392,995)	–
Trade and other payables		(74,978,769)	(14,834,838)	(5,798,035)	205,836
Contract liabilities		(4,638,024)	(7,469,983)	–	–
Cash generated (used in)/from operations		(8,888,046)	(17,099,500)	15,801,083	(2,958,599)
Interest paid		(2,780,314)	(2,586,184)	–	–
Interest received		2,261,813	4,522,767	270,537	214,888
Tax paid		(9,927,630)	(30,136,295)	(13,614)	(58,854)
Tax refunded		2,718,778	111,776	–	–
Net cash (used in)/from operating activities		(16,615,399)	(45,187,436)	16,058,006	(2,802,565)
CASH FLOWS FROM INVESTING ACTIVITIES					
Advances to subsidiaries		–	–	(10,085,011)	(51,616,347)
Dividend received from subsidiaries		–	–	260,000	5,000,000
Proceeds from disposals of property, plant and equipment		80,002	1,029,315	–	–
Purchases of:					
- property, plant and equipment	14	(3,556,081)	(1,143,972)	–	–
- investment properties	16	–	(759,273)	–	–
Withdrawals/(Placements) of fixed deposits pledged		3,190,309	(29,102,593)	706,738	(4,529,804)
Net cash used in investing activities		(285,770)	(29,976,523)	(9,118,273)	(51,146,151)

STATEMENTS OF CASH FLOWS [CONT'D]

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		–	–	(760,446)	(961,918)
Proceeds from resale of shares in open market		–	8,317,037	–	8,317,037
Proceeds from issuance of ordinary shares pursuant to exercise of warrants	28	–	294	–	294
Dividend paid to non-controlling interests		(240,000)	–	–	–
Drawdowns of term loans		8,531,379	15,443,351	–	–
Repayment of lease liabilities		(3,688,769)	(3,748,418)	(253,920)	(224,170)
Repayments of revolving credits		(118,648)	(114,812)	–	–
Repayments of term loans		(9,157,451)	(11,525,336)	–	–
Net cash (used in)/from financing activities		(4,673,489)	8,372,116	(1,014,366)	7,131,243
Net (decrease)/increase in cash and cash equivalents		(21,574,658)	(66,791,843)	5,925,367	(46,817,473)
Cash and cash equivalents at beginning of financial year		(179,240,453)	(112,448,610)	(11,177,477)	35,639,996
Cash and cash equivalents at end of financial year	27(f)	(200,815,111)	(179,240,453)	(5,252,110)	(11,177,477)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities (Note 15)		Term loans (Note 30)		Revolving credits (Note 30)		Hire purchase creditors	
	Group RM	Company RM	Group RM	Company RM	Group RM	Company RM	Group RM	Company RM
At 1 January 2019	–	–	35,544,522	–	2,000,000	–	5,217,913	–
Effects of adoption of MFRS 16	11,238,373	740,815	–	–	–	–	(5,217,913)	–
As at 1 January 2019, restated	11,238,373	740,815	35,544,522	–	2,000,000	–	–	–
Cash flows	(3,748,418)	(224,170)	3,918,015	–	(114,812)	–	–	–
Non-cash flows :								
- Unwinding of interest	582,262	56,797	1,233,286	–	114,812	–	–	–
- Additions during the year	2,019,455	342,198	–	–	–	–	–	–
As 31 December 2019/ 1 January 2020	10,091,672	915,640	40,695,823	–	2,000,000	–	–	–
Cash flows	(3,688,769)	(253,920)	(626,072)	–	(118,648)	–	–	–
Non-cash flows :								
- Unwinding of interest	472,406	58,623	438,616	–	118,648	–	–	–
- Additions during the year	1,338,457	–	–	–	–	–	–	–
- Termination and expiration during the year	(2,359,832)	–	–	–	–	–	–	–
- Lease concessions	(5,960)	–	–	–	–	–	–	–
At 31 December 2020	5,847,974	720,343	40,508,367	–	2,000,000	–	–	–

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

1. CORPORATE INFORMATION

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

The registered office of the Company is located at G-58-1, Block G, Jalan Teknologi 3/9, Bistari 'De' Kota, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at Lot 58-G, Block G, Jalan Teknologi 3/9, Bistari 'De' Kota, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.

The consolidated financial statements for the financial year ended 31 December 2020 comprise the Company and its subsidiaries and the interests of the Group in an associate and a joint venture. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 28 April 2021.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and details of the subsidiaries are set out in Note 17(c) to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRS during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 37.1 to the financial statements.

The Group has also early adopted Amendment to MFRS 16 *Covid-19-Related Rent Concessions* in the current financial year and elected to apply the practical expedient to all rent concessions relating to leases with similar characteristics and similar circumstances.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

4. OPERATING SEGMENTS

Gabungan AQRS Berhad and its subsidiaries are principally engaged in construction, property development, property investment, provision of management services and investment holding.

Gabungan AQRS Berhad has arrived at two (2) reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which require different business and marketing strategies. The reportable segments are summarised as follows:

(i) Construction

Securing and carrying out construction contracts.

(ii) Property development

Development of residential and commercial properties.

Other operating segments comprise property investment, provision of management services and investment holding.

The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring losses, such as restructuring costs and goodwill impairment, if any.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]

4. OPERATING SEGMENTS (CONT'D)

2020	Construction RM	Property development RM	Other operating segments RM	Total RM
Segment revenue				
Total revenue	175,771,414	51,587,413	44,399,761	271,758,588
Inter segment revenue	(30,850,490)	(5,600,000)	(33,045,745)	(69,496,235)
Revenue from external customers	144,920,924	45,987,413	11,354,016	202,262,353
Interest income	1,947,329	40,079	270,537	2,257,945
Finance costs	(2,340,237)	(12,902)	(1,224,456)	(3,577,595)
Net finance income/(expenses)	(392,908)	27,177	(953,919)	(1,319,650)
Segment profit/(loss) before tax	**(28,672,413)**	**(32,243,054)**	**20,505,911**	**(40,409,556)**
Share of profit of an associate, net of tax	151,755	–	–	151,755
Share of profit of a joint venture, net of tax	–	–	364,672	364,672
Taxation	6,629,781	89,156	(862,683)	5,856,254
Other material non-cash item:				
- Depreciation of:				
- Property, plant and equipment	(4,769,604)	(218,983)	(611,877)	(5,600,464)
- Investment properties	(104,288)	–	(708,667)	(812,955)
- Impairment loss on:				
- intangible assets	(1,356,154)	–	–	(1,356,154)
- trade receivables	(2,897,178)	(181,510)	(553,714)	(3,632,402)
- other receivables	(740,379)	(6,940)	–	(747,319)
- contract assets	(229,540)	(225,546)	–	(455,086)
- Inventories written down	–	(7,476,250)	–	(7,476,250)
- Reversal of impairment loss on:				
- trade receivables	–	1,811,959	2,432	1,814,391
- other receivables	104,704	3,071	277	108,052
- contract assets	921,566	53,666	–	975,232
Investment in an associate	3,583,715	–	–	3,583,715
Investment in a joint venture	–	–	1,706,311	1,706,311
Additions to non-current assets other than financial instruments and deferred tax assets	4,781,830	122,175	8,294	4,912,299
Segment assets	**926,302,575**	**549,045,754**	**443,054,917**	**1,918,403,246**
Segment liabilities	**707,115,443**	**453,401,084**	**34,608,824**	**1,195,125,351**

4. OPERATING SEGMENTS (CONT'D)

2019	Construction RM	Property development RM	Other operating segments RM	Total RM
Segment revenue				
Total revenue	430,094,704	22,422,011	26,305,025	478,821,740
Inter segment revenue	(49,014,168)	(869,937)	(14,951,009)	(64,835,114)
Revenue from external customers	381,080,536	21,552,074	11,354,016	413,986,626
Interest income	4,270,633	21,977	214,889	4,507,499
Finance costs	(2,631,468)	(9,594)	(1,601,074)	(4,242,136)
Net finance income/(expenses)	1,639,165	12,383	(1,386,185)	265,363
Segment profit/(loss) before tax	**106,045,230**	**(11,115,905)**	**17,602,375**	**112,531,700**
Share of profit of an associate, net of tax	124,814	–	–	124,814
Share of profit of a joint venture, net of tax	–	–	602,383	602,383
Taxation	(13,382,940)	993,902	(1,507,915)	(13,896,953)
Other material non-cash item:				
- Depreciation of:				
- Property, plant and equipment	(9,088,790)	(158,587)	(630,548)	(9,877,925)
- Investment properties	(104,280)	–	(687,449)	(791,729)
- Impairment loss on intangible assets	(1,071,970)	–	–	(1,071,970)
Investment in an associate	3,431,960	–	–	3,431,960
Investment in a joint venture	–	–	1,341,639	1,341,639
Additions to non-current assets other than financial instruments and deferred tax assets	2,673,035	452,033	811,622	3,936,690
Segment assets	**1,087,677,762**	**542,470,429**	**438,917,450**	**2,069,065,641**
Segment liabilities	**821,447,999**	**414,266,162**	**45,886,865**	**1,281,601,026**

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]

4. OPERATING SEGMENTS (CONT'D)

(a) Reconciliations

Reconciliations of reportable segment profit or loss to the corresponding amounts of the Group are as follows:

	Group	
	2020 RM	2019 RM
Profit for the financial year		
Total profit or loss for reportable segments	(40,409,556)	112,531,700
Elimination of inter-segment profit	(18,420,817)	(61,402,075)
Impairment loss on intangible assets	(1,356,154)	(1,071,970)
Share of profit of an associate, net of tax	151,755	124,814
Share of profit of a joint venture, net of tax	364,672	602,383
(Loss)/Profit before tax	(59,670,100)	50,784,852
Taxation	5,856,254	(13,896,953)
(Loss)/Profit for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	(53,813,846)	36,887,899
Assets		
Total assets for reportable segments	1,918,403,246	2,069,065,641
Elimination of investments in subsidiaries and consolidation adjustments	(272,778,503)	(279,873,657)
Elimination of inter-segment balances	(305,730,031)	(305,919,314)
Assets of the Group per consolidated statement of financial position	1,339,894,712	1,483,272,670
Liabilities		
Total liabilities for reportable segments	1,195,125,351	1,281,601,026
Elimination of consolidation adjustments	(5,770,086)	(7,666,651)
Elimination of inter-segment balances	(305,730,031)	(305,919,314)
Liabilities of the Group per consolidated statement of financial position	883,625,234	968,015,061

4. OPERATING SEGMENTS (CONT'D)

(b) Geographical information

As the operations of the Group are mainly predominated in Malaysia, no segment information is presented on geographical segments.

(c) Major customers

The following are major customers with revenue equal to or more than ten per centum (10%) of Group revenue for current and prior year:

	Group	
	2020 RM	2019 RM
Customer A	46,380,226	216,493,697
Customer B	77,756,831	79,363,343
Customer C	23,669,527	74,330,216
	147,806,584	370,187,256

The above customers are related to the construction segment.

5. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concern whilst maximising return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2020 and 31 December 2019.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The strategy of the Group is to maintain the balance between debt and equity and to ensure sufficient operating cash flows to repay its liabilities as and when they fall due. The Group includes within net debt, loans and borrowings and lease liabilities, less cash and bank balances (including fixed deposits with licensed banks) and short term funds. Capital represents total equity.

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Capital management (cont'd)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Borrowings	258,041,804	254,182,179	8,506,299	14,310,122
Lease liabilities :				
- Financial institutions	1,134,689	1,691,287	–	–
- Non-financial institutions	2,463,191	3,343,018	–	–
	261,639,684	259,216,484	8,506,299	14,310,122
Less:				
Short term funds	(316,036)	(1,922,412)	(107,195)	(1,605,386)
Cash and bank balances	(118,390,344)	(137,501,854)	(8,060,873)	(7,147,876)
Net debt	142,933,304	119,792,218	338,231	5,556,860
Total capital	456,269,478	515,257,609	341,366,180	334,191,791
Net debt	142,933,304	119,792,218	338,231	5,556,860
Total	599,202,782	635,049,827	341,704,411	339,748,651
Gearing ratio	24%	19%	*	2%

* Represents 0.1%.

Pursuant to the requirements of Practice Note No. 17/2005 of Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of not less than or equals to twenty-five percent (25%) of the issued share capital (excluding any treasury shares) and such shareholders' equity is not less than RM40,000,000. The Company has complied with this requirement for the financial year ended 31 December 2020.

The Group is not subject to any other externally imposed capital requirements.

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management objectives and policies

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in interest rates and the unpredictability of the financial markets.

The exposure to these risks arises in the normal course of the business of the Group. The overall business strategies of the Group outlines its tolerance to risk and its general risk management philosophy and is determined by the management in accordance with prevailing economic and operating conditions.

The Group is exposed mainly to liquidity and cash flow risk, interest rate risk, credit risk, market price risk and foreign currency risk. Information on the management of the related exposures is detailed below.

(i) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

During the current financial year, the Group incurred net cash outflows in operating activities and the Group was in an overall cash deficit position as disclosed in statements of cash flows as at 31 December 2020.

The Group has prepared a cash flow forecast for the twelve (12) month from the date of the end of the financial statements based on their past performance after considering the current economic conditions. Based on the cash flow forecast, the Directors are confident that the Group is able to generate sufficient cash flows for the next twelve (12) month from the reporting date to meet its cash flows requirements to realise its assets and to discharge its liabilities in the normal course of business. In addition, as of 31 December 2020, the Group has an amount of approximately RM208,793,000 unutilised banking facilities.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 15, 30 and 31 to the financial statements respectively.

(ii) Interest rate risk

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

The exposure of the Group and of the Company to interest rate risk arises primarily from its amounts owing from subsidiaries, fixed deposits with licensed banks and bank borrowings. The Group borrows at both floating and fixed rates of interest to generate the desired interest profile and to manage the exposure of the Group to interest rate fluctuations.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 23, 26, 27, 30 and 31 to the financial statements respectively.

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(iii) Credit risk

Cash deposits and trade receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are reputable institutions and organisations. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with its customers are mainly on credit, except for new customers, where deposits in advance are normally required. The credit period is generally for a period of one (1) month, extending up to two (2) months for major customers. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control section to minimise credit risk. Overdue balances are reviewed regularly by senior management.

At the end of each reporting period, the maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The credit risk concentration profiles have been disclosed in Note 23 to the financial statements.

(iv) Market price risk

Market price risk is the risk that the fair value or future cash flows of the financial instruments of the Group would fluctuate because of changes in market prices (other than interest or exchange rates).

The Group and the Company are exposed to market price risk arising from other investment and short term funds, which are quoted. These instruments are classified as financial assets designated at fair value through profit or loss.

The sensitivity analysis of market price risk has been disclosed in Notes 25 and 26 to the financial statements respectively.

(v) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign currency risk arising from other investment, where the currency denomination differs from the functional currency, RM. Exposure to foreign currency risk is monitored on an ongoing basis by the Company to ensure the net exposure is at an acceptable level.

The sensitivity analysis of foreign currency risk has been disclosed in Note 25 to the financial statements.

6. REVENUE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Revenue from contracts with customers:				
Construction contracts	144,920,924	381,080,536	1,392,995	–
Property development revenue	38,378,082	12,058,474	–	–
Sales of completed properties	7,609,331	9,493,600	–	–
Other revenue:				
Rental income	11,354,016	11,354,016	–	–
Dividend income from subsidiaries	–	–	25,260,000	5,000,000
	202,262,353	413,986,626	26,652,995	5,000,000

Disaggregation of revenue from contracts with customers has been presented in the operating segments, Note 4 to the financial statements.

(a) Construction contracts

Revenue from contract works are recognised over the period of the contracts by reference to the progress towards complete satisfaction of that performance obligations. Progress is determined on the proportion of construction contract costs incurred for work performed to date against total estimated construction contract costs where the outcome of the project can be estimated reliably.

Significant judgements are required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and costs. In making the judgements, the Group evaluates based on past experience and by relying on the work of specialists.

(b) Property development

The Group recognises revenue from property development over time if it creates an asset with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred to date as a percentage of the estimated total cost of development of the contract).

Significant judgements are required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs. In making the judgements, the Group evaluates based on past experience and by relying on the work of specialists.

6. REVENUE (CONT'D)

(c) Sales on completed properties

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group will collect the considerations to which it would be entitled to in exchange for the assets sold.

There is no significant financing component in the revenue arising from sale of completed properties as the sales are made on the normal credit terms not exceeding twelve months.

(d) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease. The aggregate cost of incentives provided to the lessee is recognised as reduction of rental income over the lease term on a straight line basis.

(e) Dividend income

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

7. COST OF SALES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Completed properties sold	11,077,529	8,253,504	–	–
Property development costs	51,542,313	13,396,845	–	–
Construction contract costs	163,792,073	308,565,455	1,392,995	–
Inventories written down	7,476,250	–	–	–
	233,888,165	330,215,804	1,392,995	–

8. FINANCE COSTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Interest expense on:				
- bank overdrafts	2,721,815	2,479,565	760,446	385,743
- revolving credits	118,648	114,812	–	–
- term loans	438,616	1,233,286	–	–
- lease liabilities	240,017	307,854	58,623	56,797
- advances from subsidiaries	–	–	252,727	576,175
- others	58,499	106,619	–	–
	3,577,595	4,242,136	1,071,796	1,018,715

9. DIRECTORS' REMUNERATION

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Directors' remuneration:				
- Directors of the Company:				
- fees:				
- payable by the Company	464,645	468,000	464,645	468,000
- emoluments other than fees:				
- payable by Company	35,394	18,362	35,394	18,362
- payable by the subsidiaries	3,587,570	5,682,067	–	–
	4,087,609	6,168,429	500,039	486,362
Directors of subsidiaries:				
- emoluments other than fees	1,337,508	1,781,025	–	–
	5,425,117	7,949,454	500,039	486,362

The estimated monetary value of benefits-in-kind received by the Directors other than in cash from the Group amounted to RM184,150 (2019: RM152,100).

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]

10. EMPLOYEE BENEFITS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Wages, salaries and bonuses	22,129,631	32,210,947	208,125	248,326
EPF and Socso contributions	2,671,723	3,574,947	28,534	33,708
Other employee benefits	349,471	764,812	390	30,759
	25,150,825	36,550,706	237,049	312,793

Included in the employee benefits of the Group are Directors' remuneration amounting to RM4,960,473 (2019: RM7,481,454).

11. TAXATION

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current year tax expense based on profit for the financial year	2,117,614	17,309,624	119,334	34,760
Over provision in prior years	(4,164,897)	(377,144)	(6,784)	(530,699)
	(2,047,283)	16,932,480	112,550	(495,939)
Deferred tax (Note 20):				
- Relating to origination and reversal of temporary differences	(5,153,122)	(397,602)	–	–
- Under/(Over) provision in prior years	1,344,151	(2,637,925)	–	–
	(3,808,971)	(3,035,527)	–	–
	(5,856,254)	13,896,953	112,550	(495,939)

11. TAXATION (CONT'D)

(a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated taxable profits for the fiscal year.

(b) The numerical reconciliation between the tax expense and the product of accounting (loss)/profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
(Loss)/Profit before tax	(59,670,100)	50,784,852	12,221,224	9,308,760
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	(14,320,824)	12,188,364	2,933,094	2,234,102
Tax effects in respect of:				
Non-allowable expenses	8,997,891	19,189,416	3,256,509	1,032,541
Non-taxable income	(1,235,138)	(3,288,661)	(6,071,835)	(3,231,883)
Deferred tax assets not recognised	3,720,760	4,143,277	1,566	–
Utilisation of previously unrecognised tax assets	(198,197)	(15,320,374)	–	–
	(3,035,508)	16,912,022	119,334	34,760
Under/(Over) provision in prior years				
- current tax expense	(4,164,897)	(377,144)	(6,784)	(530,699)
- deferred tax expense	1,344,151	(2,637,925)	–	–
	(5,856,254)	13,896,953	112,550	(495,939)

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]

12. (LOSS)/EARNINGS PER ORDINARY SHARE

(a) Basic

Basic (loss)/earnings per ordinary share for the financial year is calculated by dividing the (loss)/profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year after deducting treasury shares.

	Group	
	2020	**2019**
	RM	**RM**
(Loss)/Profit for the financial year attributable to equity holders of the parent (RM)	(54,452,979)	36,294,970
Weighted average number of ordinary shares in issue (unit)	493,428,523	477,579,303
- shares resale	–	4,768,867
- payment of dividend via treasury shares	–	7,678,766
- conversion of warrants into ordinary shares	–	167
Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share	493,428,523	490,027,103

	Group	
	2020	**2019**
Basic (loss)/earnings per ordinary share (sen)	(11.04)	7.41

12. (LOSS)/EARNINGS PER ORDINARY SHARE (CONT'D)

(b) Diluted

Diluted (loss)/earnings per ordinary share for the financial year is calculated by dividing the (loss)/profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

	Group	
	2020	**2019**
(Loss)/Profit for the financial year attributable to equity holders of the parent (RM)	(54,452,979)	36,294,970
Adjusted weighted average number of ordinary shares applicable to basic earnings per share	493,428,523	490,027,103
Effect of outstanding warrants convertible into ordinary shares	–	119,394,407
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share	493,428,523	609,421,510
Diluted (loss)/earnings per ordinary share (sen)	(11.04)	5.96

13. DIVIDENDS

	Group and Company			
	2020		2019	
	Dividend per share Sen	**Amount of dividend RM**	**Dividend per share Sen**	**Amount of dividend RM**
In respect of the financial year ended 31 December 2020				
First interim dividend of 1.00 sen per ordinary share, paid on 7 January 2021	1.00	4,934,285	–	–
In respect of the financial year ended 31 December 2019				
First interim share dividend paid on 15 March 2019	–	–	91.70	8,802,190
Second interim dividend of 1.50 sen per ordinary share, paid on 7 January 2020	–	–	1.50	7,401,552
	1.00	4,934,285	93.20	16,203,742

The Directors do not recommend the payment of any final dividend in respect of the current financial year.

14. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.1.2020 RM	Additions RM	Disposals RM	Written off RM	Termination and expiration of leases RM	Depreciation charge for the financial year RM	Reclassification RM	Impairment loss for the financial year RM	Balance as at 31.12.2020 RM
Carrying amount									
Leasehold land and buildings *	15,557,788	–	–	–	–	(561,879)	–	(1,151,362)	13,844,547
Information technology equipment	15,987	3,204	–	–	–	(8,350)	–	–	10,841
Furniture and fittings	1,001,827	42,330	–	–	–	(293,714)	–	–	750,443
Motor vehicles	328,321	627,700	(1)	(1)	–	(236,597)	–	–	719,422
Office and computer equipment	1,914,536	41,025	–	(3,600)	–	(571,829)	–	–	1,380,132
Operation and construction equipment	357,295	2,833,322	–	–	–	(443,314)	–	–	2,747,303
Plant, machinery and cabins	755,176	8,500	–	–	–	(193,746)	–	–	569,930
Right-of-use assets:									
- Land	210,988	186,472	–	–	–	(148,449)	139,790	–	388,801
- Buildings	4,190,988	1,169,746	–	–	(2,237,130)	(1,601,441)	(139,790)	–	1,382,373
- Machineries	239,819	–	–	–	–	(66,703)	–	–	173,116
- Motor vehicles	4,988,964	–	–	–	–	(1,474,442)	–	–	3,514,522
	29,561,689	4,912,299	(1)	(3,601)	(2,237,130)	(5,600,464)	–	(1,151,362)	25,481,430

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

	[---------- At 31.12.2020 ----------]			
Group	**Cost RM**	**Accumulated depreciation RM**	**Accumulated impairment loss RM**	**Carrying amount RM**
Leasehold land and buildings *	18,444,127	(3,448,218)	(1,151,362)	13,844,547
Information technology equipment	1,472,668	(1,461,827)	–	10,841
Furniture and fittings	3,392,547	(2,642,104)	–	750,443
Motor vehicles	3,086,525	(2,367,103)	–	719,422
Office and computer equipment	6,058,030	(4,677,898)	–	1,380,132
Operation and construction equipment	32,658,805	(29,911,502)	–	2,747,303
Plant, machinery and cabins	13,822,851	(13,252,921)	–	569,930
Right-of-use assets:				
- Land	658,502	(269,701)	–	388,801
- Buildings	1,860,176	(477,803)	–	1,382,373
- Machineries	333,511	(160,395)	–	173,116
- Motor vehicles	8,162,216	(4,647,694)	–	3,514,522
	89,949,958	(63,317,166)	(1,151,362)	25,481,430

* *Leasehold land is in respect of right-of-use assets for which the Group has land titles.*

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

Group	Balance as at 1.1.2019 RM	Effects of adoption of MFRS 16 RM	Additions RM	Disposals RM	Written off RM	Depreciation charge for the financial year RM	Reclassification RM	Reclassification from right-of-use RM	Balance as at 31.12.2019 RM
Carrying amount									
Leasehold land and buildings *	16,071,872	–	44,581	–	–	(558,665)	–	–	15,557,788
Information technology equipment	25,670	–	7,189	–	–	(16,872)	–	–	15,987
Furniture and fittings	1,135,436	–	136,637	–	–	(258,120)	(12,126)	–	1,001,827
Motor vehicles	5,378,794	(4,880,936)	–	(28,669)	–	(140,869)	–	1	328,321
Office and computer equipment	2,477,530	–	112,128	(658)	(27,400)	(659,190)	12,126	–	1,914,536
Operation and construction equipment	3,142,651	–	161,374	–	–	(2,946,730)	–	–	357,295
Plant, machinery and cabins	2,690,021	(306,521)	661,256	(160,000)	–	(2,129,580)	–	–	755,176
Right-of-use assets:									
- Land	–	213,386	–	–	–	(2,398)	–	–	210,988
- Buildings	–	5,343,564	514,259	–	–	(1,666,835)	–	–	4,190,988
- Machineries	–	306,521	–	–	–	(66,702)	–	–	239,819
- Motor vehicles	–	4,880,936	1,539,993	–	–	(1,431,964)	–	(1)	4,988,964
	30,921,974	5,556,950	3,177,417	(189,327)	(27,400)	(9,877,925)	–	–	29,561,689

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

Group	[---------- At 31.12.2019 ----------] Cost RM	Accumulated depreciation RM	Carrying amount RM
Leasehold land and buildings *	18,444,126	(2,886,338)	15,557,788
Information technology equipment	1,469,464	(1,453,477)	15,987
Furniture and fittings	3,350,217	(2,348,390)	1,001,827
Motor vehicles	3,038,826	(2,710,505)	328,321
Office and computer equipment	6,030,236	(4,115,700)	1,914,536
Operation and construction equipment	29,825,483	(29,468,188)	357,295
Plant, machinery and cabins	13,814,351	(13,059,175)	755,176
Right-of-use assets:			
- Land	213,386	(2,398)	210,988
- Buildings	5,857,823	(1,666,835)	4,190,988
- Machineries	333,511	(93,692)	239,819
- Motor vehicles	8,162,216	(3,173,252)	4,988,964
	90,539,639	(60,977,950)	29,561,689

* *Leasehold land is in respect of right-of-use assets for which the Group has land titles.*

Company	Balance as at 1.1.2020 RM	Depreciation RM	Balance as at 31.12.2020 RM
Carrying amount			
Right-of-use assets:			
- Buildings	369,561	(103,133)	266,428

Company	[---------- At 31.12.2020 ----------] Cost RM	Accumulated depreciation RM	Carrying amount RM
Right-of-use assets:			
- Buildings	475,150	(208,722)	266,428

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]

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

Company	Balance as at 1.1.2019 RM	Effects of adoption of MFRS 16 RM	Reclassification RM	Additions RM	Depreciation RM	Balance as at 31.12.2019 RM
Carrying amount						
Right-of-use assets:						
- Land	–	463,510	(463,510)	–	–	–
- Buildings	–	277,305	–	197,845	(105,589)	369,561
	–	740,815	(463,510)	197,845	(105,589)	369,561

Company	[---------- At 31.12.2019 ----------] Cost RM	Accumulated depreciation RM	Carrying amount RM
Right-of-use assets:			
- Buildings	475,150	(105,589)	369,561

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

(a) All items of property, plant and equipment (excluding right-of-use assets) are initially recorded at cost. After initial recognition, property, plant and equipment (excluding right-of-use assets) are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

Leasehold land and buildings	2%
Information technology equipment	20%
Furniture and fittings	10% to 20%
Motor vehicles	20%
Office and computer equipment	10% to 20%
Operation and construction equipment	10% to 20%
Plant, machinery and cabins	20%

(b) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Land	Up to 89 years
Buildings	Up to 4 years
Machineries	Up to 3 years
Motor vehicles	Up to 9 years

Leasehold land and buildings for which the Group has titles are depreciated on straight line basis over 50 years.

(c) Included in right-of-use assets of the Group, all machineries and motor vehicles with total carrying amount of RM3,687,638 (2019: RM5,228,783) are subject to fixed charges created to secure certain lease liabilities of the Group.

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

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Additions of property, plant and equipment	4,912,299	3,177,417	–	197,845
Financed by hire-purchase arrangements and lease liabilities	(1,338,457)	(2,019,455)	–	(194,243)
Termination and expiration of rights-of-use assets	(2,237,130)	–	–	–
Termination and expiration of lease liabilities	2,359,832	–	–	–
Gain on lease modifications	(140,463)	(13,990)	–	(3,602)
Cash payments on purchase of property, plant and equipment	3,566,081	1,143,972	–	–

(e) As at the end of the reporting period, leasehold land and buildings with a carrying amount of RM13,728,737 (2019: RM15,438,242) were charged to financial institutions for banking facilities granted to the Group as disclosed in Note 30 to the financial statements.

(f) Impairment losses on property, plant and equipment of the Group of RM1,151,362 was recognised during the financial year as the recoverable amounts of certain leasehold land and buildings were lower than their carrying amounts as a result of the COVID-19 pandemic. The Level 3 fair values of these leasehold land and buildings are estimated based on indicative market values using the comparison method, for which the COVID-19 adjustment factor is a significant unobservable input.

15. LEASES

Lease receivables

	Company	
	2020 RM	2019 RM
Current assets	106,880	98,688
Non-current assets	336,158	443,038
	443,038	541,726

15. LEASES (CONT'D)

(a) The table below summarises the maturity profile of the lease payment receivable of the Company at the end of the reporting period based on contractual undiscounted lease payments and reconciliation of the undiscounted lease payments to lease receivable as follows:

	Company	
	2020	**2019**
	RM	**RM**
Not later than one (1) year	138,000	138,000
One (1) to two (2) years	138,000	138,000
Two (2) to three (3) years	138,000	138,000
Three (3) to four (4) years	97,750	138,000
Four (4) to five (5) years	–	97,750
Undiscounted lease payments	511,750	649,750
Unearned finance income	(68,712)	(108,024)
	443,038	541,726
Representing finance lease receivables:		
Not later than one (1) year	106,880	98,688
One (1) to two (2) years	115,750	106,880
Two (2) to three (3) years	125,358	115,750
Three (3) to four (4) years	95,050	125,358
Four (4) to five (5) years	–	95,050
	443,038	541,726

(b) The reconciliation of movements in the carrying amounts of finance lease receivables are as follows:

	Company	
	2020	**2019**
	RM	**RM**
At beginning of financial year	541,726	–
Reclassification	–	463,510
Addition	–	147,955
Lease receipts	(138,000)	(108,250)
Interest income	39,312	38,511
At end of financial year	443,038	541,726

(c) No expected credit loss was recognised arising from finance lease receivable because the probability of default by this finance lease receivable was negligable.

15. LEASES (CONT'D)

Lease liabilities

Group Carrying amount	Balance as at 1.1.2020 RM	Additions RM	Reclassification RM	Termination and expiration of leases RM	Lease payments RM	Lease concessions RM	Interest expense RM	Balance as at 31.12.2020 RM
Land	755,094	183,230	143,502	–	(311,090)	–	69,899	840,635
Buildings	4,302,273	1,155,227	(143,502)	(2,359,832)	(1,771,080)	(5,960)	232,333	1,409,459
Machineries	175,863	–	–	–	(71,603)	–	5,058	109,318
Motor vehicles	4,858,442	–	–	–	(1,534,996)	–	165,116	3,488,562
	10,091,672	1,338,457	–	(2,359,832)	(3,688,769)	(5,960)	472,406	5,847,974

Lease liabilities

Company Carrying amount	Balance as at 1.1.2020 RM	Lease payments RM	Interest expense RM	Balance as at 31.12.2020 RM
Land	541,726	(138,000)	39,312	443,038
Buildings	373,914	(115,920)	19,311	277,305
	915,640	(253,920)	58,623	720,343

15. LEASES (CONT'D)

Lease liabilities

Group Carrying amount	Balance as at 1.1.2019 RM	Effects of adoption of MFRS 16 RM	Additions RM	Lease payments RM	Interest expense RM	Balance as at 31.12.2019 RM
Land	–	676,896	147,955	(125,339)	55,582	755,094
Buildings	–	5,343,564	510,500	(1,839,360)	287,569	4,302,273
Machineries	–	278,196	–	(115,549)	13,216	175,863
Motor vehicles	–	4,939,717	1,361,000	(1,668,170)	225,895	4,858,442
	–	11,238,373	2,019,455	(3,748,418)	582,262	10,091,672

Lease liabilities

Company Carrying amount	Balance as at 1.1.2019 RM	Effects of adoption of MFRS 16 RM	Additions RM	Lease payments RM	Interest expense RM	Balance as at 31.12.2019 RM
Land	–	463,510	147,955	(108,250)	38,511	541,726
Buildings	–	277,305	194,243	(115,920)	18,286	373,914
	–	740,815	342,198	(224,170)	56,797	915,640

Represented by:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current liabilities	2,689,326	3,570,008	209,295	195,297
Non-current liabilities	3,158,648	6,521,664	511,048	720,343
	5,847,974	10,091,672	720,343	915,640
Lease liabilities owing to financial institutions	1,134,689	1,691,287	–	–
Lease liabilities owing to non-financial institutions	4,713,285	8,400,385	720,343	915,640
	5,847,974	10,091,672	720,343	915,640

The Group has certain leases of machineries with lease term of 12 months or less, and low value leases of office equipment of RM20,000 and below. The Group applies the "short-term lease" and "lease of low-value assets" exemptions for these leases.

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]

15. LEASES (CONT'D)

(d) The following are the amounts recognised in profit or loss:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Depreciation charge of right-of-use assets (included in cost of sales)	1,645,373	1,563,934	–	–
Depreciation charge of right-of-use assets (included in administrative expenses)	1,759,094	1,696,307	103,133	105,589
Interest expense on lease liabilities (included in cost of sales)	232,389	274,408	–	–
Interest expense on lease liabilities (included in finance costs)	240,017	307,854	58,623	56,797
Interest income on sublease of right-of-use assets (included in other income)	–	–	(39,312)	(38,511)
Expense relating to short-term leases (included in cost of sales)	8,182,908	3,088,044	–	–
Expense relating to leases of low-value assets (included in administrative expenses)	73,905	81,566	–	–
Variable lease payments (included in other income) - arising from COVID-19 related rent concessions	(5,960)	–	–	–
	12,127,726	7,012,113	122,444	123,875

(e) At the end of the financial year, the Group and the Company had total cash outflow for leases of RM3,688,769 (2019: RM3,748,418) and RM253,920 (2019: RM224,170) respectively.

15. LEASES (CONT'D)

(f) The following table sets out the carrying amounts, the weighted average incremental borrowing rates and the remaining maturities of the lease liabilities of the Group and of the Company:

Group 31 December 2020	Weighted average incremental borrowing rate per annum %	Within 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM	Total RM
Lease liabilities						
Fixed rates	2.66% - 8.00%	2,689,326	1,627,442	1,285,868	245,338	5,847,974
31 December 2019						
Lease liabilities						
Fixed rates	3.52% - 8.00%	3,570,008	3,971,781	1,577,852	972,031	10,091,672

Company 31 December 2020	Weighted average incremental borrowing rate per annum %	Within 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM	Total RM
Lease liabilities						
Fixed rate	5.85% - 8.00%	209,295	224,320	286,728	–	720,343
31 December 2019						
Lease liabilities						
Fixed rate	5.85% - 8.00%	195,297	209,295	511,048	–	915,640

15. LEASES (CONT'D)

(g) The table below summarises the maturity profile of the lease liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

Group	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
31 December 2020				
Lease liabilities	2,945,855	4,587,942	–	7,533,797
31 December 2019				
Lease liabilities	4,021,053	6,702,728	1,500,113	12,223,894

Company	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
31 December 2020				
Lease liabilities	253,920	557,290	–	811,210
31 December 2019				
Lease liabilities	253,920	811,210	–	1,065,130

(h) Management exercises significant judgement in determining the incremental borrowing rates whenever the implicit rates of interest in a lease are not readily determinable as well as the lease terms. The incremental borrowing rates used are based on prevailing market borrowing rates over similar lease terms, of similar value as the right-of-use asset in a similar economic environment. Lease terms are based on management expectations driven by prevailing market conditions and past experience in exercising similar renewal and termination options.

16. INVESTMENT PROPERTIES

	Group	
	2020 RM	2019 RM
Investment properties	32,624,783	33,437,738

(a) The details of the investment properties are as follows:

Group	Balance as at 1.1.2020 RM	Depreciation charge for the financial year RM	Balance as at 31.12.2020 RM
Carrying amount			
Buildings	32,898,884	(698,471)	32,200,413
Furniture and fittings	9,503	(1,052)	8,451
Right-of-use asset:			
- Land	529,351	(113,432)	415,919
	33,437,738	(812,955)	32,624,783

	[---------- At 31.12.2020 ----------]		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Buildings	41,402,104	(9,201,691)	32,200,413
Furniture and fittings	10,518	(2,067)	8,451
Right-of-use asset:			
- Land	621,693	(205,774)	415,919
	42,034,315	(9,409,532)	32,624,783

16. INVESTMENT PROPERTIES (CONT'D)

(a) The details of the investment properties are as follows: (cont'd)

Group	Balance as at 1.1.2019 RM	Effects of adoption of MFRS 16 RM	Additions RM	Depreciation charge for the financial year RM	Balance as at 31.12.2019 RM
Carrying amount					
Buildings	33,002,786	–	594,570	(698,472)	32,898,884
Furniture and fittings	3,898	–	6,520	(915)	9,503
Right-of-use asset:					
- Land	–	463,510	158,183	(92,342)	529,351
	33,006,684	463,510	759,273	(791,729)	33,437,738

	[---------- At 31.12.2019 ----------]		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Buildings	41,402,104	(8,503,220)	32,898,884
Furniture and fittings	10,518	(1,015)	9,503
Right-of-use asset:			
- Land	621,693	(92,342)	529,351
	42,034,315	(8,596,577)	33,437,738

(b) Investment properties (excluding right-of-use asset) are initially measured at cost, which includes transaction costs. After initial recognition, investment properties (excluding right-of-use asset) are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the investment properties to their residual values on a straight line basis over their estimated useful lives. The principal depreciation period for the investment properties are as follows:

Buildings	2%
Furniture and fittings	10%

16. INVESTMENT PROPERTIES (CONT'D)

(c) The right-of-use asset are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use asset are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

The right-of-use asset are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use asset or the end of the lease term. The lease terms of right-of-use asset are as follows:

Land	5 years

(d) Investment properties are in respect of the provision of accommodation on base-camp concept that are leased to a third party.

(e) The Level 3 fair value of investment properties is RM52,470,022 (2019: RM58,998,286). The fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life.

The duration of the cash flow and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related lease up periods. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. In the case of investment properties, periodic cash flow is typically estimated as gross income less any other operating and management expenses.

(f) The followings are recognised in the statements of profit or loss and other comprehensive income in respect of investment properties:

	Group	
	2020	**2019**
	RM	**RM**
Rental income	11,354,016	11,354,016
Direct operating expenses incurred on:		
- income generating investment property	830,347	1,921,634

17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 RM	2019 RM
Unquoted equity shares in Malaysia, at cost	117,822,116	117,822,116
Less: Impairment loss	(34,227,731)	(28,623,124)
	83,594,385	89,198,992
Equity loans to subsidiaries	233,343,490	233,343,490
Less: Impairment loss	(1,701,108)	–
	231,642,382	233,343,490
Balance at 31 December	315,236,767	322,542,482

(a) Investments in subsidiaries are stated in the separate financial statements at cost less any impairment losses.

All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

(b) Equity loans to subsidiaries are unsecured, interest-free and have no fixed terms of repayment, and are considered to be part of the net investments of the Company in the subsidiaries.

(c) The details of subsidiaries, which are all incorporated in Malaysia, are as follows:

Name of Company	Interest in equity held by Company 2020	Company 2019	Subsidiaries 2020	Subsidiaries 2019	Principal activities
Gabungan Strategik Sdn. Bhd.	100%	100%	–	–	Contractor for civil and building construction works
Pembinaan Megah Ikhlas Sdn. Bhd.	100%	100%	–	–	Contractor for civil and building construction works
Motibina Sdn. Bhd.	100%	100%	–	–	Contractor for civil and building construction works
Prestige Field Development Sdn. Bhd.	52%	52%	–	–	Property development
AQRS The Building Company Sdn. Bhd.	100%	100%	–	–	Property development

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) The details of subsidiaries, which are all incorporated in Malaysia, are as follows: (cont'd)

Name of Company	Interest in equity held by Company 2020	Company 2019	Subsidiaries 2020	Subsidiaries 2019	Principal activities
GBG Trading Sdn. Bhd.	100%	100%	–	–	Dormant
Sinajasa Sdn. Bhd.	100%	100%	–	–	Dormant
Gabungan AQRS Properties Sdn. Bhd.	100%	100%	–	–	Property investment
Gabungan AQRS Management Sdn. Bhd.	100%	100%	–	–	Provision of management services
Gabungan AQRS Capital Berhad	100%	100%	–	–	Dormant
GBG Properties (Sabah) Sdn. Bhd.	100%	100%	–	–	Property development
Trusvest Sdn. Bhd.	90%	90%	–	–	Property investment
Monolight IBS Building System Sdn. Bhd.	100%	100%	–	–	Contractors for all building
Subsidiaries of AQRS The Building Company Sdn. Bhd.					
Nusvista Development Sdn. Bhd.	–	–	100%	100%	Property development
Grand Meridian Development Sdn. Bhd.	–	–	100%	100%	Dormant
Bright Reach Sdn. Bhd.	–	–	100%	100%	Investment holding
Subsidiary of Bright Reach Sdn. Bhd.					
Crystal Aspect Sdn. Bhd.	–	–	100%	100%	Property development

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(d) The subsidiaries that have non-controlling interests ("NCI") are as follows:

2020	Prestige Field Development Sdn. Bhd.	Trusvest Sdn. Bhd.	Total
NCI percentage of ownership interest and voting interests	48%	10%	
Carrying amount of NCI (RM)	4,810,634	1,803,597	6,614,231
(Loss)/Profit/Total comprehensive (loss)/ income allocated to NCI (RM)	(119,956)	759,089	639,133

2019	Prestige Field Development Sdn. Bhd.	Trusvest Sdn. Bhd.	Total
NCI percentage of ownership interest and voting interests	48%	10%	
Carrying amount of NCI (RM)	5,170,590	1,044,508	6,215,098
Profit/Total comprehensive income allocated to NCI (RM)	99,354	493,575	592,929

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(e) The summarised financial information before intra-group elimination of the subsidiaries that have NCI as at the end of each reporting period are as follows:

2020	Prestige Field Development Sdn. Bhd. RM	Trusvest Sdn. Bhd. RM
Assets and liabilities		
Non-current assets	–	44,135,841
Current assets	10,871,552	5,644,452
Non-current liabilities	–	(534,960)
Current liabilities	(583,536)	(1,145,335)
Net assets	10,288,016	48,099,998
Results		
Revenue	10,600,000	11,354,016
Profit for the financial year	15,953	7,590,888
Total comprehensive income	15,953	7,590,888
Cash flows from operating activities	5,956,943	7,190,080
Cash flows (used in)/from investing activities	(5,600,000)	1,656,358
Cash flows used in financing activities	(500,000)	(8,775,526)
Net (decrease)/increase in cash and cash equivalents	(143,057)	70,912

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(e) The summarised financial information before intra-group elimination of the subsidiaries that have NCI as at the end of each reporting period are as follows: (cont'd)

2019	Prestige Field Development Sdn. Bhd. RM	Trusvest Sdn. Bhd. RM
Assets and liabilities		
Non-current assets	–	45,213,539
Current assets	10,984,418	6,906,671
Non-current liabilities	–	(748,351)
Current liabilities	(212,355)	(10,862,749)
Net assets	10,772,063	40,509,110
Results		
Revenue	–	11,354,016
Profit for the financial year	29,122	4,935,754
Total comprehensive income	29,122	4,935,754
Cash flows (used in)/from operating activities	(1,434,530)	12,090,278
Cash flows used in investing activities	–	(5,516,486)
Cash flows used in financing activities	–	(10,496,656)
Net decrease in cash and cash equivalents	(1,434,530)	(3,922,864)

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(f) Management has made estimates about the future results and key assumptions applied to cash flow projection of a subsidiary in determining their recoverable amounts using the value-in-use model. These key assumptions include forecast growth in future revenues and budgeted gross margins as well as determining an appropriate pre-tax discount rate and growth rates.

	Group 2019 %
Growth rate	32.00
Discount rate	12.10

(g) During the financial year, impairment loss of RM5,604,607 has been recognised as the recoverable amount was lower than the carrying amount of investments in subsidiaries. The cash flow forecasts are based on budgets for the next six (6) years, which represents the expected period for the subsidiary to realise the underlying customer contract with various inputs and assumptions. The cash flows were probability weighted based on the following scenarios:

	Base case	Best case	Worst case
Weighting	70.0%	10.0%	20.0%
Construction period (year)	6	5	6
Growth rate	26.0%	26.0%	26.0%
Gross profit margin	22.0%	24.0%	16.0%
Operating profit margin	11.0%	18.0%	2.0%
Pre-tax discount rate	8.0%	8.0%	8.0%

(h) Impairment for equity loan is recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 23(j) to the financial statements. Movements in the equity loans are as follows:

Company	12-month ECL RM
At 1 January 2019	–
Charge for the financial year	–
At 31 December 2019	–
Charge for the financial year	1,701,108
At 31 December 2020	1,701,108

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]

18. INVESTMENT IN AN ASSOCIATE

	Group	
	2020 RM	2019 RM
Unquoted equity shares, at cost	3,322,200	3,322,200
Share of post-acquisition reserves, net of tax	261,515	109,760
	3,583,715	3,431,960

(a) The Group recognises its interest in an associate as an investment and accounts for that investment using the equity method.

(b) The financial year end of the associate is coterminous with those of the Group. Audited financial statements of the associate for the financial years ended 31 December 2019 and 31 December 2020 have been used for the purpose of applying the equity method of accounting.

(c) The details of the associate are as follows:

Name of company	Country of incorporation	Interest in equity held by subsidiary 2020 %	2019 %	Principal activity
Associate of Sinajasa Sdn. Bhd.				
SEDCO Precast Sdn. Bhd.	Malaysia	49%	49%	Manufacturing and supplying of pre-cast concrete products

18. INVESTMENT IN AN ASSOCIATE (CONT'D)

(d) The summarised financial information of the associate are as follows:

2020	SEDCO Precast Sdn. Bhd. RM
Assets and liabilities	
Non-current assets	4,857,707
Current assets	4,275,615
Non-current liabilities	(277,578)
Current liabilities	(1,945,484)
Net assets	6,910,260
Results	
Revenue	9,734,406
Profit for the financial year	309,703
Total comprehensive income	309,703
Cash flows from operating activities	904,245
Cash flows used in investing activities	(136,520)
Cash flows used in financing activities	(671,700)
Net increase in cash and cash equivalents	96,025

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]

18. INVESTMENT IN AN ASSOCIATE (CONT'D)

(d) The summarised financial information of the associate are as follows: (cont'd)

2019	SEDCO Precast Sdn. Bhd. RM
Assets and liabilities	
Non-current assets	4,741,257
Current assets	5,546,754
Non-current liabilities	(539,128)
Current liabilities	(3,148,326)
Net assets	6,600,557
Results	
Revenue	12,263,283
Profit for the financial year	254,723
Total comprehensive income	254,723
Cash flows from operating activities	465,538
Cash flows used in investing activities	(121,124)
Cash flows used in financing activities	(792,000)
Net decrease in cash and cash equivalents	(447,586)

18. INVESTMENT IN AN ASSOCIATE (CONT'D)

(e) The reconciliation of net assets of the associate to the carrying amount of the investment in an associate is as follows:

	SEDCO Precast Sdn. Bhd. RM
As at 31 December 2020	
Share of net assets of the Group	3,386,027
Goodwill	197,688
Carrying amount in the consolidated statement of financial position	3,583,715
Share of results of the Group for the financial year ended 31 December 2020	
Share of profit/other comprehensive income of the Group, net of tax	151,755
As at 31 December 2019	
Share of net assets of the Group	3,234,272
Goodwill	197,688
Carrying amount in the consolidated statement of financial position	3,431,960
Share of results of the Group for the financial year ended 31 December 2019	
Share of profit/other comprehensive income of the Group, net of tax	124,814

19. INVESTMENT IN A JOINT VENTURE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unquoted equity shares, at cost	255,000	255,000	255,000	255,000
Share of post-acquisition reserves, net of tax	1,451,311	1,086,639	–	–
	1,706,311	1,341,639	255,000	255,000
Dividend received	–	–	–	–

(a) Investment in a joint venture is stated at cost in the separate financial statements of the Company. The Group recognises its interest in a joint venture as an investment and accounts for that investment using the equity method.

19. INVESTMENT IN A JOINT VENTURE (CONT'D)

(b) The details of the joint venture are as follows:

Name of company	Country of incorporation	Interest in equity held by subsidiary 2020 %	2019 %	Principal activity
Kreatif Sinar Gabungan Sdn. Bhd. ("KSGSB")	Malaysia	30%	30%	Construction

(c) KSGSB, the only joint venture in which the Company participates, is an unlisted separate structured entity whose quoted market price is not available. The contractual arrangement provides the Company with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for liabilities of the joint arrangement resting primarily with KSGSB. This joint arrangement has been classified as a joint venture.

(d) The financial year end of the joint venture is coterminous with those of the Group. Management accounts of the joint venture for the financial years ended 31 December 2019 and 31 December 2020 have been used for the purpose of applying the equity method of accounting.

(e) The summarised financial information of the joint venture is as follows:

2020	Kreatif Sinar Gabungan Sdn. Bhd. RM
Assets and liabilities	
Current assets	16,190,331
Current liabilities	(10,502,628)
Net assets	5,687,703
Results	
Revenue	34,508,847
Profit for the financial year	1,215,570
Total comprehensive income	1,215,570
Cash flows from operating activities	1,546,051
Cash flows from investing activities	–
Cash flows from financing activities	–
Net increase in cash and cash equivalents	1,546,051

19. INVESTMENT IN A JOINT VENTURE (CONT'D)

(e) The summarised financial information of the joint venture is as follows: (cont'd)

2019	Kreatif Sinar Gabungan Sdn. Bhd. RM
Assets and liabilities	
Current assets	19,287,183
Current liabilities	(14,815,052)
Net assets	4,472,131
Results	
Revenue	53,272,734
Profit for the financial year	1,906,451
Total comprehensive income	1,906,451
Cash flows from operating activities	1,774,891
Cash flows from investing activities	–
Cash flows from financing activities	–
Net increase in cash and cash equivalents	1,774,891

(f) The reconciliation of net assets of the joint venture to the carrying amount of the investment in a joint venture is as follows:

	Kreatif Sinar Gabungan Sdn. Bhd. RM
As at 31 December 2020	
Share of net assets of the Group/Carrying amount in the consolidated statement of financial position	1,706,311
Share of results of the Group for the financial year ended 31 December 2020	
Share of profit/other comprehensive income of the Group, net of tax	364,672

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]

19. INVESTMENT IN A JOINT VENTURE (CONT'D)

(f) The reconciliation of net assets of the joint venture to the carrying amount of the investment in a joint venture is as follows: (cont'd)

	Kreatif Sinar Gabungan Sdn. Bhd. RM
As at 31 December 2019	
Share of net assets of the Group/Carrying amount in the consolidated statement of financial position	1,341,639
Share of results of the Group for the financial year ended 31 December 2019	
Share of profit/other comprehensive income of the Group, net of tax	602,383

20. DEFERRED TAX

(a) The deferred tax assets and liabilities are made up of the following:

	Group	
	2020 RM	2019 RM
Balance as at 1 January	5,816,519	2,780,992
Recognised in profit or loss (Note 11)	3,808,971	3,035,527
Balance as at 31 December	9,625,490	5,816,519
Represented by:		
Deferred tax assets, net	9,934,994	6,121,832
Deferred tax liabilities, net	(309,504)	(305,313)
	9,625,490	5,816,519

20. DEFERRED TAX (CONT'D)

(b) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group

	Property development costs RM	Unused tax losses and unabsorbed capital allowances RM	Impairment losses RM	Other deductible temporary differences RM	Set-off tax RM	Total RM
At 1 January 2019	3,007,864	–	876,098	5,614,890	(6,490,988)	3,007,864
Recognised in profit or loss	(33,305)	1,097,200	1,693,068	(3,162,545)	3,519,550	3,113,968
At 31 December 2019/ 1 January 2020	2,974,559	1,097,200	2,569,166	2,452,345	(2,971,438)	6,121,832
Recognised in profit or loss	(435,728)	5,831,328	(2,569,166)	(1,767,898)	2,754,626	3,813,162
At 31 December 2020	2,538,831	6,928,528	–	684,447	(216,812)	9,934,994

Deferred tax liabilities of the Group

	Land held for property development RM	Property, plant and equipment RM	Others RM	Set-off tax RM	Total RM
At 1 January 2019	386,880	172,657	6,158,323	(6,490,988)	226,872
Recognised in profit or loss	(386,880)	418,089	(3,472,318)	3,519,550	78,441
At 31 December 2019/ 1 January 2020	–	590,746	2,686,005	(2,971,438)	305,313
Recognised in profit or loss	–	(169,214)	(2,581,221)	2,754,626	4,191
At 31 December 2020	–	421,532	104,784	(216,812)	309,504

20. DEFERRED TAX (CONT'D)

(c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unabsorbed tax losses, gross				
- Expire by 31 December 2025	20,494,953	25,750,919	–	–
- Expire by 31 December 2026	7,719,099	9,445,634	–	–
- Expire by 31 December 2027	6,947,707	528,483	–	–
Unabsorbed capital allowances, gross	58,798	6,393	–	–
Other deductible temporary differences, gross	49,884,809	34,696,591	10,875	4,352
	85,105,366	70,428,020	10,875	4,352

Deferred tax assets of the company and the certain subsidiaries have not been recognised in respect of these items as it is not probable that future taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

21. INTANGIBLE ASSETS

Group	Balance as at 1.1.2020 RM	Impairment loss RM	Balance as at 31.12.2020 RM
Carrying amount			
Customer contract	28,564,072	(1,209,044)	27,355,028
Goodwill	147,110	(147,110)	–
	28,711,182	(1,356,154)	27,355,028

	[---------- At 31.12.2020 ----------]		
Group	Cost RM	Accumulated impairment loss RM	Carrying amount RM
Customer contract	28,564,072	(1,209,044)	27,355,028
Goodwill	1,219,080	(1,219,080)	–
	29,783,152	(2,428,124)	27,355,028

21. INTANGIBLE ASSETS (CONT'D)

Group	Balance as at 1.1.2019 RM	Impairment loss RM	Balance as at 31.12.2019 RM
Carrying amount			
Customer contract	28,564,072	–	28,564,072
Goodwill	1,219,080	(1,071,970)	147,110
	29,783,152	(1,071,970)	28,711,182

	[---------- At 31.12.2019 ----------]		
Group	Cost RM	Accumulated impairment loss RM	Carrying amount RM
Customer contract	28,564,072	–	28,564,072
Goodwill	1,219,080	(1,071,970)	147,110
	29,783,152	(1,071,970)	28,711,182

(a) Intangible assets are initially measured at cost. After initial recognition, intangible assets are carried at cost less accumulated amortisation and/or any accumulated impairment losses.

(b) Customer contract relates to a construction project awarded to a subsidiary acquired, which would be amortised based on the unit of production of the construction project, upon commencement of the project.

(c) Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost. After initial recognition, goodwill is measured at cost less accumulated impairment losses.

(d) Goodwill has been allocated to the cash-generating units ("CGU") of the Group, according to business segment as follows:

	Group	
	2020 RM	2019 RM
Construction	–	147,110

(e) For the purpose of impairment testing, intangible assets are allocated to the operating divisions of the Group which represent the lowest level within the Group at which the intangible assets are monitored for internal management purposes.

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]

21. INTANGIBLE ASSETS (CONT'D)

(f) Key assumptions used in value-in-use calculation

The Group determines whether intangible assets are impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which intangible assets are allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The recoverable amount of a CGU is determined based on value-in-use calculation using cash flow projection based on financial budget approved by management covering a six-year period. The key assumptions used for value-in-use calculation for the business segment are:

	Construction 2019 %
Growth rate	32.00
Discount rate	12.10

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of intangible assets:

(i) Growth rate

The growth rate used is determined using a simple average of the annual profit before tax and interest (PBIT) growth rate obtained from projected cash flow approved by management in respect of a construction project. The projected cash flow cover a period of six (6) years and the budgeted inflow is recognised over the period basing on the projected percentage of completion of the construction project. The effect of changes to the parameters is not material to the growth rate used.

(ii) Pre-tax discount rate

The discount rate reflects specific risks relating to the relevant segment.

(g) During the year, impairment loss of RM1,356,154 has been recognised as the recoverable amount was lower than the carrying amount of intangible assets. The cash flow forecasts are based on budgets for the next six (6) years, which represents the expected period for the Group to realise the customer contract with various inputs and assumptions as disclosed in Note 17(g) to the financial statements.

22. INVENTORIES

	Note	Group 2020 RM	2019 RM
Current			
At cost:			
Completed properties		706,561	37,946,616
Property development costs	(a)	342,952,307	379,819,317
		343,658,868	417,765,933
At net realisable value:			
Completed properties		19,655,494	–
		363,314,362	417,765,933

In the previous financial year, the Group had transferred land held for property development amounting to RM1,161,860 to property development costs.

(a) Property development costs

Group	Freehold land RM	Leasehold land RM	Development costs RM	Cumulative costs recognised in profit or loss RM	Total RM
Balance as at 1 January 2020	116,312,500	87,584,601	366,790,998	(190,868,782)	379,819,317
Costs incurred during the year	630,000	–	15,153,295	–	15,783,295
Recognised during the year	–	–	–	(52,650,305)	(52,650,305)
Balance as at 31 December 2020	116,942,500	87,584,601	381,944,293	(243,519,087)	342,952,307
Balance as at 1 January 2019	95,750,000	87,656,678	343,355,087	(189,808,933)	336,952,832
Costs incurred during the year	20,562,500	(72,077)	22,274,051	–	42,764,474
Net transfer from land held for property development	–	–	1,161,860	–	1,161,860
Recognised during the year	–	–	–	(1,059,849)	(1,059,849)
Balance as at 31 December 2019	116,312,500	87,584,601	366,790,998	(190,868,782)	379,819,317

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]

22. INVENTORIES (CONT'D)

(b) Property development costs not recognised as an expense are recognised as an asset measured at lower of cost and net realisable value. The asset is subsequently recognised in profit or loss as an expense when the control of the asset is transferred to the customer.

(c) Leasehold land of the Group represent costs incurred as a consequence of having used the right-of-use assets to produce inventories during the financial year in accordance with MFRS 102 *Inventories*.

(d) The Group recognises in profit or loss the property development revenue and costs by reference to the progress towards complete satisfaction of that performance obligation at the reporting period. It is measured based on direct measurements of the value transferred by the Group to the customers and the Group's efforts or inputs to the satisfaction of the performance obligation. Significant judgement is required in determining the completeness and accuracy of the budgets and the extent of the costs incurred.

(e) As at the end of the reporting period, property development costs of the Group with carrying amounts of RM64,019,739 (2019: RM59,872,836) were charged to financial institutions for banking facilities granted to the Group as disclosed in Note 30 to the financial statements.

(f) As at the end of the reporting period, completed properties of the Group with carrying amounts of RM13,428,733 (2019: RM19,757,362) were charged to financial institutions for banking facilities granted to the Group as disclosed in Note 30 to the financial statements.

(g) Freehold land under development of RM116,942,500 (2019: RM116,312,500) is provided by Pro-Meridian Sdn. Bhd. ("Pro-Meridian"), pursuant to an agreement entered into by a subsidiary, AQRS The Building Company Sdn. Bhd. ("AQRS") with Pro-Meridian on 30 September 2011. In accordance with the agreement, AQRS was granted vacant possession to develop the freehold land.

(h) Additions to aggregate costs incurred during the financial year include interest expense of RM1,413,685 (2019: RM1,298,367). Interest is capitalised at rate of 4.16% (2019: 5.78%) per annum.

(i) Inventories of the Group recognised as cost of sales amounted to RM62,619,842 (2019: RM21,055,779).

(j) During the financial year, inventories of the Group written down amounted to RM7,476,250 due to decline in net realisable values of certain completed properties.

23. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-current asset				
Other receivables				
Amounts owing from subsidiaries	–	–	24,815,690	–
Less: Impairment losses	–	–	(2,873,224)	–
Total other receivables	–	–	21,942,466	–
Current assets				
Trade receivables				
Third parties	117,834,761	105,403,827	–	–
Related parties	6,479,731	1,962,678	–	–
Retention sums	77,337,062	77,096,337	–	–
	201,651,554	184,462,842	–	–
Less: Impairment losses				
- Third parties	(13,870,860)	(14,414,444)	–	–
- Related parties	(1,386,532)	(811,290)	–	–
- Retention sums	(1,922,952)	(440,439)	–	–
	(17,180,344)	(15,666,173)	–	–
	184,471,210	168,796,669	–	–
Other receivables				
Third parties	25,813,006	22,921,675	–	–
Related parties	5,000	5,000	–	–
Amounts owing from subsidiaries	–	–	14,738,991	26,716,716
Deposits	7,605,121	3,663,290	215,720	196,620
	33,423,127	26,589,965	14,954,711	26,913,336
Less: Impairment losses				
- Other receivables	(17,548,809)	(16,916,193)	(115,875)	–
	15,874,318	9,673,772	14,838,836	26,913,336
Total trade and other receivables	200,345,528	178,470,441	36,781,302	26,913,336
Prepayments	11,349,266	10,518,767	14,302	13,186
	211,694,794	188,989,208	36,795,604	26,926,522

23. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Total receivables are classified as financial assets measured at amortised cost.

(b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 60 days (2019: 30 to 60 days). Other credit terms are assessed and approved on a case by case basis. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

(c) Amounts owing from related parties arose from the following:

	Group	
	2020 RM	2019 RM
Rental of investment properties	1,362,571	1,703,190
Sales of properties under development	117,160	259,488
Sales of completed properties	5,000,000	–
	6,479,731	1,962,678

(d) The retention sums are unsecured, interest-free and are expected to be collected as follows:

	Group	
	2020 RM	2019 RM
Within one (1) year	16,571,401	34,662,137
Within two (2) years	60,765,661	42,434,200
	77,337,062	77,096,337

(e) Amounts owing from subsidiaries represent advances, payments made on behalf and dividend receivable, which are unsecured, bear interests at 3% (2019: 3%) per annum and receivable within the next twelve (12) months in cash and cash equivalents.

Sensitivity analysis for amounts owing from subsidiaries as at the end of the reporting period is not presented as fixed rate instruments are not affected by change in interest rates.

(f) Trade and other receivables are denominated in Ringgit Malaysia.

(g) Impairment for trade receivables and contract assets that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information (unemployment rates and inflation rates) and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the consolidated statement of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking information.

23. TRADE AND OTHER RECEIVABLES (CONT'D)

(h) Lifetime expected loss provision for trade receivables are as follows:

2020 **Construction**	**Gross carrying amount RM**	**Lifetime expected loss RM**	**Net carrying amount RM**
Collective assessment			
Not past due	78,200,748	(523,941)	77,676,807
Past due			
1-30 days	17,596,116	(1,414,716)	16,181,400
31-120 days	45,218,840	(3,635,563)	41,583,277
121-365 days	16,226,546	(1,304,603)	14,921,943
Over 365 days	1,097,624	(1,097,624)	–
	158,339,874	(7,976,447)	150,363,427
Individual assessment	11,003,882	(1,084,040)	9,919,842
	169,343,756	(9,060,487)	160,283,269

Property development	**Gross carrying amount RM**	**Lifetime expected loss RM**	**Net carrying amount RM**
Collective assessment			
Not past due	13,316,989	(58,350)	13,258,639
Past due			
1-30 days	4,423,209	(77,524)	4,345,685
31-120 days	3,489,572	(61,161)	3,428,411
121-365 days	718,274	(12,589)	705,685
Over 365 days	6,547,662	(6,547,662)	–
	28,495,706	(6,757,286)	21,738,420
Individual assessment	2,449,521	–	2,449,521
	30,945,227	(6,757,286)	24,187,941

23. TRADE AND OTHER RECEIVABLES (CONT'D)

(h) Lifetime expected loss provision for trade receivables are as follows: (cont'd)

2020 Others	Gross carrying amount RM	Lifetime expected loss RM	Net carrying amount RM
Collective assessment			
Not past due			
Past due			
1-30 days	–	–	–
31-120 days	–	–	–
121-365 days	–	–	–
Over 365 days	1,362,571	(1,362,571)	–
	1,362,571	(1,362,571)	–
Individual assessment	–	–	–
	1,362,571	(1,362,571)	–

2019 Construction	Gross carrying amount RM	Lifetime expected loss RM	Net carrying amount RM
Collective assessment			
Not past due	86,977,796	(548,691)	86,429,105
Past due			
1-30 days	31,790,491	(2,406,565)	29,383,926
31-120 days	19,606,813	(1,484,251)	18,122,562
121-365 days	–	–	–
Over 365 days	38,769	(38,769)	–
	138,413,869	(4,478,276)	133,935,593
Individual assessment	17,603,799	(1,988,872)	15,614,927
	156,017,668	(6,467,148)	149,550,520

23. TRADE AND OTHER RECEIVABLES (CONT'D)

(h) Lifetime expected loss provision for trade receivables are as follows: (cont'd)

2019 **Property development**	**Gross carrying amount RM**	**Lifetime expected loss RM**	**Net carrying amount RM**
Collective assessment			
Not past due	11,314,905	(53,333)	11,261,572
Past due			
1-30 days	42,230	(796)	41,434
31-120 days	838,781	(15,814)	822,967
121-365 days	2,799,220	(52,775)	2,746,445
Over 365 days	8,265,017	(8,265,017)	–
	23,260,153	(8,387,735)	14,872,418
Individual assessment	3,481,831	–	3,481,831
	26,741,984	(8,387,735)	18,354,249

Others	**Gross carrying amount RM**	**Lifetime expected loss RM**	**Net carrying amount RM**
Collective assessment			
Not past due	–	–	–
Past due			
1-30 days	170,311	(3,079)	167,232
31-120 days	–	–	–
121-365 days	738,013	(13,345)	724,668
Over 365 days	794,866	(794,866)	–
	1,703,190	(811,290)	891,900
Individual assessment	–	–	–
	1,703,190	(811,290)	891,900

23. TRADE AND OTHER RECEIVABLES (CONT'D)

(h) Lifetime expected loss provision for trade receivables are as follows: (cont'd)

2020 Group	Gross carrying amount RM	Lifetime expected loss RM	Net carrying amount RM
Collective assessment	91,517,737	(582,291)	90,935,446
Not past due			
Past due			
1-30 days	22,019,325	(1,492,240)	20,527,085
31-120 days	48,708,412	(3,696,724)	45,011,688
121-365 days	16,944,820	(1,317,192)	15,627,628
Over 365 days	9,007,857	(9,007,857)	–
	188,198,151	(16,096,304)	172,101,847
Individual assessment	13,453,403	(1,084,040)	12,369,363
	201,651,554	(17,180,344)	184,471,210

2019 Group	Gross carrying amount RM	Lifetime expected loss RM	Net carrying amount RM
Collective assessment			
Not past due	98,292,701	(602,024)	97,690,677
Past due			
1-30 days	32,003,032	(2,410,440)	29,592,592
31-120 days	20,445,594	(1,500,065)	18,945,529
121-365 days	3,537,233	(66,120)	3,471,113
Over 365 days	9,098,652	(9,098,652)	–
	163,377,212	(13,677,301)	149,699,911
Individual assessment	21,085,630	(1,988,872)	19,096,758
	184,462,842	(15,666,173)	168,796,669

During the financial year, the Group did not renegotiate the terms of any trade receivables.

Management assesses the expected credit losses for portfolios of trade receivables collectively based on customer segments, historical information on payment patterns, terms of payment, concentration maturity, and information about the general economic situation in the country where customer operates.

The individual assessment of impairment of trade receivables are separately assessed when it is probable that cash due will not be received in full.

23. TRADE AND OTHER RECEIVABLES (CONT'D)

(i) The movements in the impairment allowance for trade receivables are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Trade receivables				
At 1 January	15,666,173	17,413,834	–	–
Reversal of impairment losses	(1,814,391)	(1,832,662)	–	–
Charge for the financial year	3,632,402	85,001	–	–
Written off	(303,840)	–	–	–
At 31 December	17,180,344	15,666,173	–	–

(j) Impairment for other receivables included amounts due from related parties, subsidiaries and equity loan, are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. The Group defined significant increase in credit risk as more than 30 days past due. As at the end of the reporting period, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The probability of non-payment other receivables are adjusted by forward looking information (unemployment rates and inflation rates) and multiplied by the amount of the expected loss arising from default to determine the twelve-month or lifetime expected credit loss for the other receivables.

It requires management to exercise significant judgement in determining the probability of default by other receivables, appropriate forward looking information and significant increase in credit risk.

(k) The movements in the impairment allowance for other receivables are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other receivables				
Lifetime ECL allowance - not credit-impaired:				
At 1 January	16,916,193	17,000,368	–	–
Reversal of impairment losses	(108,052)	(113,920)	–	–
Charge for the financial year	747,319	611,202	2,989,099	–
Written off	(6,651)	(581,457)	–	–
At 31 December	17,548,809	16,916,193	2,989,099	–

23. TRADE AND OTHER RECEIVABLES (CONT'D)

(l) The Group determines concentration of credit risk by monitoring the industry sector profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group (net of accrued billings) at the end of each reporting period are as follows:

	Group			
	2020		2019	
	RM	% of total	RM	% of total
By industry sectors				
Construction	160,283,269	87%	149,550,520	88%
Property development	24,187,941	13%	18,354,249	11%
Others	–	–	891,900	1%
	184,471,210	100%	168,796,669	100%

24. CONTRACT ASSETS/(LIABILITIES)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Contract assets				
Construction contracts	425,419,695	560,995,478	1,382,840	–
Property development contracts	114,448,029	70,064,547	–	–
Costs to obtain contract	2,016,874	596,394	–	–
	541,884,598	631,656,419	1,382,840	–
Contract liabilities				
Construction contracts	(17,937,800)	(14,043,289)	–	–
Property development contracts	(4,664,613)	(13,197,148)	–	–
	(22,602,413)	(27,240,437)	–	–
	519,282,185	604,415,982	1,382,840	–

(a) Construction contracts and property development contracts

Construction contracts and property development contracts represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts.

Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Group issues billing to the customer. Contract liabilities are recognised as revenue when performance obligations are satisfied.

24. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(b) Contract assets and contract liabilities from construction contracts

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Contract assets	425,419,695	560,995,478	1,382,840	–
Contract liabilities	(17,937,800)	(14,043,289)	–	–
	407,481,895	546,952,189	1,382,840	–
At 1 January	546,952,189	474,432,660	–	–
Impairment of contract assets	(229,540)	(2,899,976)	(10,155)	–
Reversal of impairment of contract assets	921,566	–	–	–
Revenue recognised during the year	173,341,892	424,806,014	1,392,995	–
Progress billings	(313,504,212)	(349,386,509)	–	–
At 31 December	407,481,895	546,952,189	1,382,840	–

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, are as follows:

	Group					
	2021 RM	2022 RM	2023 RM	2024 RM	2025 RM	Total RM
31 December 2020	355,575,098	184,405,499	108,511,025	136,939,744	94,001,960	879,433,326

	Group					
	2020 RM	2021 RM	2022 RM	2023 RM	2024 RM	Total RM
31 December 2019	414,195,010	375,110,288	226,369,211	80,310,336	–	1,095,984,845

Additions to aggregate costs incurred during the financial year include:

	Group	
	2020 RM	2019 RM
Hire of plant and machinery and motor vehicles	8,182,908	4,940,516

24. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(c) Contract assets and contract liabilities from property development contracts

	Group	
	2020 RM	2019 RM
Contract assets	114,448,029	70,064,547
Contract liabilities	(4,664,613)	(13,197,148)
	109,783,416	56,867,399
At 1 January	56,867,399	53,825,666
Impairment of contract assets	(225,545)	(13,384)
Reversal of impairment of contract assets	53,666	51,057
Revenue recognised during the year	44,239,213	21,454,764
Progress billings	8,848,683	(18,450,704)
	109,783,416	56,867,399

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, are as follows:

	Group				
	2021 RM	2022 RM	2023 RM	2024 RM	Total RM
31 December 2020	43,808,109	60,415,466	30,858,341	–	135,081,916

	Group				
	2020 RM	2021 RM	2022 RM	2023 RM	Total RM
31 December 2019	21,889,118	16,653,579	22,748,577	7,383,117	68,674,391

(d) The followings are the amounts of revenue recognised from:

	Group	
	2020 RM	2019 RM
Amounts included in contract liabilities at the beginning of the financial year	3,145,712	6,504,294

24. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(e) Impairment for contract assets that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses as disclosed in Note 23(g) to the financial statements.

(f) Lifetime expected loss provision for contract assets are as follows:

Group 2020	Gross carrying amount RM	Lifetime ECLs RM	Net carrying amount RM
Collective assessment			
Not past due	545,257,702	(3,373,104)	541,884,598

Group 2019	Gross carrying amount RM	Lifetime ECLs RM	Net carrying amount RM
Collective assessment			
Not past due	635,549,669	(3,893,250)	631,656,419

Company 2020	Gross carrying amount RM	Lifetime ECLs RM	Net carrying amount RM
Collective assessment			
Not past due	1,392,995	(10,155)	1,382,840

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At 1 January	3,893,250	1,030,947	–	–
Reversal of impairment losses	(975,232)	(51,057)	–	–
Charge for the financial year	455,086	2,913,360	10,155	–
At 31 December	3,373,104	3,893,250	10,155	–

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]

25. OTHER INVESTMENT

	Group	
	2020 RM	2019 RM
Financial asset at fair value through profit or loss		
- Quoted shares outside Malaysia	1,074,117	225,302

(a) All regular way purchases and sales of financial assets (including trade and other receivables) are recognised or derecognised on the trade date i.e., the date that the Group commit to purchase or sell the asset.

(b) Fair value of quoted ordinary shares is determined by reference to the exchange quoted market prices at the close of the business on the reporting date. There is no change in fair value of quoted ordinary shares as at the end of the reporting date.

(c) The fair value of quoted ordinary shares of the Group is categorised as Level 1 in the fair value hierarchy.

(d) The Group is exposed to the foreign currency risks arising from quoted outside Malaysia. In view of the insignificant financial effects on (loss)/profit net of tax of the Group with possible change in foreign exchange rates, the management did not separately disclose the effect of this sensitivity in the financial statements.

(e) The Group is exposed to the equity price risks arising from quoted outside Malaysia. It is listed on the NYSE American held for trading purpose. As the Group neither has the intention, nor the historical trend of active trading in the financial instrument, the Directors are of the opinion that the Group is not subject to significant exposure to price risk and accordingly, no sensitivity analysis is being presented at the end of each reporting period.

26. SHORT TERM FUNDS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Financial assets at fair value through profit or loss				
- Fixed income trust funds in Malaysia	316,036	1,922,412	107,195	1,605,386

(a) Short term funds are mainly designated to manage free cash flows and optimise working capital so as to provide a steady stream of income returns. It is an integral part of the overall cash management.

(b) Short term funds of the Group and of the Company represent investments in highly liquid money market, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(c) Short term funds are denominated in Ringgit Malaysia.

26. SHORT TERM FUNDS (CONT'D)

(d) The interest rate profile of the short term funds as at the end of each reporting period are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Floating rate	316,036	1,922,412	107,195	1,605,386

(e) The Group is exposed to the interest rate risks arising from short term funds. In view of the insignificant financial effects on (loss)/profit net of tax of the Group and Company with possible change in interest rates, the management did not separately disclose the effect of this sensitivity in the financial statements.

(f) The weighted average effective interest rates of the short term funds as at the end of each reporting period are as follows:

	Group		Company	
	2020 %	2019 %	2020 %	2019 %
Short term funds	3.82	2.99	0.81	2.99

(g) Short term funds are classified as at fair value through profit or loss, and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss. The fair value are determined by reference to the counter parties' quotes at the close of the business at the end of the reporting period and are categorised as Level 1 in fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

(h) Short term funds of the Group and of the Company are exposed to changes in market quoted prices. However, the volatility of short term funds prices is considered low, the Directors are of the opinion that the Group is not subject to significant exposure to price risk and accordingly, no sensitivity analysis is being presented at the end of each reporting period.

27. CASH AND BANK BALANCES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash and bank balances	14,402,290	30,323,491	3,146,994	1,527,259
Fixed deposits with licensed banks	103,988,054	107,178,363	4,913,879	5,620,617
	118,390,344	137,501,854	8,060,873	7,147,876

27. CASH AND BANK BALANCES (CONT'D)

(a) The weighted average effective interest rate of fixed deposits with both licensed banks of the Group and of the Company are 1.40% (2019: 2.60%) and 1.74% (2019: 2.65%) per annum respectively.

Sensitivity analysis for fixed rate deposits at the end of the reporting period is not presented as fixed rate instruments are not affected by changes in interest rate.

(b) Fixed deposits with licensed banks of the Group and of the Company were pledged as securities for banking facilities granted to the Group and to the Company as disclosed in Note 30 to the financial statements.

(c) Fixed deposits with licensed banks have maturity periods ranging from one (1) month to one (1) year (2019: one (1) month to one (1) year).

(d) Included in cash and bank balances of the Group is a balance of RM4,952,764 (2019: RM512,310) held under Housing Development Account pursuant to Section 7A of Housing Development (Control and Licensing) Act, 1966, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulations, 2015, which is not available for general use by the Group.

(e) Cash and bank balances are denominated in Ringgit Malaysia.

(f) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Cash and bank balances		14,402,290	30,323,491	3,146,994	1,527,259
Fixed deposits with licensed banks		103,988,054	107,178,363	4,913,879	5,620,617
Short term funds	26	316,036	1,922,412	107,195	1,605,386
		118,706,380	139,424,266	8,168,068	8,753,262
Less:					
Bank overdrafts included in borrowings	30	(215,533,437)	(211,486,356)	(8,506,299)	(14,310,122)
Fixed deposits pledged		(103,988,054)	(107,178,363)	(4,913,879)	(5,620,617)
		(200,815,111)	(179,240,453)	(5,252,110)	(11,177,477)

(g) No expected credit losses were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.

28. SHARE CAPITAL

	Group and Company			
	2020		2019	
	Number of shares	RM	Number of shares	RM
Issued and fully paid				
Balance as at 1 January	494,594,267	325,545,730	494,594,005	324,240,605
Issuance of ordinary shares pursuant to warrants exercised	–	–	262	294
Ordinary shares resold in open market	–	–	–	1,304,831
Balance as at 31 December	494,594,267	325,545,730	494,594,267	325,545,730

(a) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

(b) Warrants B 2018/2023

On 27 September 2018, a total of 119,394,669 free Warrants were issued pursuant to the Deed Poll dated 5 September 2018 ("Deed Poll B") to all the shareholders of the Company on the basis of one (1) warrants for every four (4) existing ordinary shares held on 25 September 2018. The main features of the Warrants are as follows:

(i) Each Warrant will entitle its registered holder during the exercise period to subscribe for one (1) new ordinary share at the exercise price, subject to the provisions in the Deed Poll.

(ii) The exercise price of each Warrant has been fixed at RM1.12.

(iii) The expiry date of Warrants shall be the date immediately preceding the fifth (5th) anniversary date of first issue of the Warrants, and if such date is not a Market Day, then on the immediate preceding Market Day, whereupon any warrant, which has not been exercised, will lapse and cease thereafter to be valid for any purpose.

(iv) The ordinary shares each to be issued pursuant to the exercise of the Warrants will rank pari passu in all respect with the existing issued ordinary shares of the Company.

Movement in the Warrants since the listing and quotation thereof is as follows:

	Number of Warrants
As of 27 September 2018	119,394,669
Exercised in financial year 2019	(262)
As of 31 December 2019	119,394,407
As of 1 January 2020/31 December 2020	119,394,407

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]

29. RESERVES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-distributable				
Treasury shares	(1,427,468)	(1,427,468)	(1,427,468)	(1,427,468)
Distributable				
Retained earnings	125,536,985	184,924,249	17,247,918	10,073,529
	124,109,517	183,496,781	15,820,450	8,646,061

Treasury shares

The shareholders of the Company, by an ordinary resolution passed at the 10th Annual General Meeting held on 12 August 2020, granted mandate to the Company to repurchase up to 10% of its existing issued share capital ("Share Buy Back"). The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that repurchase plan can be applied in the best interests of the Company and its shareholders.

In the previous financial year, the Company resold 6,250,500 of its ordinary shares for a total consideration of RM8,317,037 at an average price of RM1.331 per ordinary share in open market.

The Company has the rights to retain, cancel, resell and/or distribute these shares as dividends. As treasury shares, the rights attached to them as to voting, dividends and participation in any other distributions or otherwise are suspended. Of the total 494,594,267 (2019: 494,594,267) issued ordinary shares as at the end of each reporting period, 1,165,744 (2019: 1,165,744) ordinary shares purchased for RM1,427,468 (2019: RM1,427,468) are held as treasury shares by the Company. The number of outstanding ordinary shares in issue after deducting the treasury shares is 493,428,523 (2019: 493,428,523).

30. BORROWINGS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-current liabilities				
Term loans	16,272,747	16,388,868	–	–
Current liabilities				
Term loans	24,235,620	24,306,955	–	–
Revolving credits	2,000,000	2,000,000	–	–
Bank overdrafts	215,533,437	211,486,356	8,506,299	14,310,122
	241,769,057	237,793,311	8,506,299	14,310,122
	258,041,804	254,182,179	8,506,299	14,310,122

30. BORROWINGS (CONT'D)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Total borrowings				
Term loans	40,508,367	40,695,823	–	–
Revolving credits	2,000,000	2,000,000	–	–
Bank overdrafts	215,533,437	211,486,356	8,506,299	14,310,122
	258,041,804	254,182,179	8,506,299	14,310,122

(a) Borrowings are classified as financial liabilities measured at amortised cost.

(b) Bank overdrafts of the Group are secured by the following:

(i) Leasehold land and buildings under property, plant and equipment of the Group as disclosed in Note 14 to the financial statements and assignment of a subsidiary's contract proceeds;

(ii) Fixed deposits as disclosed in Note 27 to the financial statements;

(iii) Completed properties of the Group as disclosed in Note 22 to the financial statements.

The bank overdrafts are also jointly and severally guaranteed by a Director and a shareholder of the Company.

(c) Term loans of the Group and of the Company are secured by the following:

(i) Leasehold land and buildings under property, plant and equipment of the Group, as disclosed in Note 14 to the financial statements, and assignment of a subsidiary's contract proceeds;

(ii) Property development costs of the Group as disclosed in Note 22 to the financial statements;

(iii) Fixed deposits as disclosed in Note 27 to the financial statements;

The term loans are also jointly and severally guaranteed by a Director and a shareholder of the Company.

(d) Revolving credits of the Group are secured by fixed deposits as disclosed in Note 27 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]

30. BORROWINGS (CONT'D)

(e) The repayment terms for the term loans are as follows:

	Group	
	2020 RM	2019 RM
Term loan I is repayable based on redemption structure set by a financial institution	38,004,379	30,000,000
Term loan II is repayable by fifty-five (55) equal monthly instalments of RM865,700 each commencing April 2016	–	8,372,341
Term loan III is repayable by sixty (60) equal monthly instalments of RM77,238 each commencing October 2016	1,364,790	1,529,814
Term loan IV is repayable by seventy two (72) equal monthly instalments of RM17,632 each commencing June 2018 and RM17,107 each commencing August 2020	638,547	793,668
Term loan V is repayable by Sixty (60) equal monthly instalments of RM 8,783 each up to 59th month and final payment of RM 8,803	500,651	–
	40,508,367	40,695,823
Repayable as follows:		
- within one (1) year	24,235,620	24,306,955
- later than one (1) year and not later than five (5) years	16,272,747	16,388,868
- later than five (5) years	–	–
	40,508,367	40,695,823

30. BORROWINGS (CONT'D)

(f) The interest rate profile of the borrowings as at the end of each reporting period are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Floating rate	258,041,804	254,182,179	8,506,299	14,310,122

Sensitivity analysis of interest rates for the floating rate instruments at the end of the reporting period, assuming all other variables remain constant is as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Effects of 100 basis points changes to (loss)/profit after tax				
- Increase by 1% (2019: 1%)	1,961,118	(1,931,785)	(64,648)	(108,757)
- Decrease by 1% (2019: 1%)	(1,961,118)	1,931,785	64,648	108,757

(g) The weighted average effective interest rates of the borrowings as at the end of each reporting period are as follows:

	Group		Company	
	2020 %	2019 %	2020 %	2019 %
Term loans	4.24	6.24	–	–
Revolving credits	5.00	6.50	–	–
Bank overdrafts	6.49	7.88	6.90	10.90

(h) The carrying amounts of terms loans, revolving credits and bank overdrafts are reasonable approximations of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of each reporting period.

The fair value of borrowings is categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

(i) Borrowings are denominated in Ringgit Malaysia.

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]

30. BORROWINGS (CONT'D)

(j) The table below summarises the maturity profile of the borrowings as at the end of each reporting period based on contractual undiscounted repayment obligations:

Group 2020	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Term loans	25,444,233	16,519,505	–	41,963,738
Revolving credits	2,000,000	–	–	2,000,000
Bank overdrafts	215,533,437	–	–	215,533,437
Total undiscounted financial liabilities	242,977,670	16,519,505	–	259,497,175
2019				
Term loans	26,179,600	16,912,690	–	43,092,290
Revolving credits	2,000,000	–	–	2,000,000
Bank overdrafts	211,486,356	–	–	211,486,356
Total undiscounted financial liabilities	239,665,956	16,912,690	–	256,578,646
Company **2020**				
Bank overdrafts	8,506,299	–	–	8,506,299
2019				
Bank overdrafts	14,310,122	–	–	14,310,122

31. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Trade payables				
Third parties	97,141,327	94,185,783	–	–
Retention sums	57,248,590	68,488,609	–	–
	154,389,917	162,674,392	–	–
Other payables				
Other payables	41,498,236	46,018,225	570,411	527,006
Amounts owing to related parties	5,334,019	5,100,216	–	–
Accruals	390,194,087	445,200,918	1,649,660	89,548
Deposits	334,200	333,925	–	–
Dividend payable	4,934,285	7,401,552	4,934,285	7,401,552
Amounts owing to subsidiaries	–	–	4,692,941	1,944,204
	442,294,827	504,054,836	11,847,297	9,962,310
	596,684,744	666,729,228	11,847,297	9,962,310

(i) Trade and other payables are classified as financial liabilities measured at amortised cost.

(ii) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 14 to 90 days (2019: 14 to 90 days). Other credit term are assessed and approved by the suppliers on a case by case basis.

(iii) Amounts owing to related parties represent advances and payments made on behalf, which are unsecured, interest-free and repayable within next twelve (12) months in cash and cash equivalents.

(iv) Accruals represent accrued project costs, property development costs and other expenses, which are unsecured, interest-free and repayable within next twelve (12) months in cash and cash equivalents.

(v) Amounts owing to subsidiaries represents advances and payments made on behalf, which are unsecured, bears interest at 8% (2019: 8%) and payable within next twelve (12) months in cash and cash equivalents.

(vi) Trade and other payables are denominated in Ringgit Malaysia.

(vii) The maturity profile of the trade and other payables of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations are repayable on demand or within one (1) year.

(viii) Sensitivity analysis for fixed rate profile of amount owing to a subsidiary at the end of the reporting period is not presented as fixed rate instruments are not affected by change in interest rates.

32. COMMITMENTS

(a) Operating lease commitments

(i) The Group and the Company as lessee

The Group and the Company had entered into non-cancellable lease agreements for the rental of office buildings, shop lots, leasehold land and office equipment resulting in future rental commitments which can, subject to certain terms in the agreements, be revised accordingly or upon its maturity based on prevailing market rates.

The Group and the Company have aggregated future commitments as at the end of each reporting period as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Not later than one (1) year	18,707	18,204	–	–
Later than one (1) year and not later than five (5) years	21,471	42,715	–	–
	40,178	60,919	–	–

(ii) The Group as lessor

The Group has entered into a non-cancellable lease arrangement for the rental of investment properties for a term of five (5) years.

The Group has aggregate future minimum lease receivables as at the end of the reporting period as follows:

	Group	
	2020 RM	2019 RM
Not later than one (1) year	2,954,504	11,581,023
One (1) to two (2) years	52,000	2,897,004
Two (2) to three (3) years	–	27,000
	3,006,504	14,505,027

(b) Capital commitments

	Group	
	2020 RM	2019 RM
Contracted but not provided for		
- Freehold land held under development	57,500	687,500

33. CONTINGENT LIABILITIES

Guarantees

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries	–	–	288,098,205	351,770,215
Corporate guarantees given to suppliers in respect of goods supplied to its wholly-owned subsidiaries	–	–	123,762,030	112,411,030
Performance guarantees given to customers of subsidiaries	–	–	376,016,277	–
Bank guarantees given by financial institutions in respect of construction and property development projects	128,965,800	205,287,383	5,178,532	5,178,532
	128,965,800	205,287,383	793,055,044	469,359,777

The Group designates corporate guarantees given to banks for credit facilities granted to third party and subsidiaries as insurance contracts as defined in MFRS 4 Insurance Contracts. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Directors are of view that the chances of the financial institutions to call upon the guarantees are remote. Accordingly, the fair values of the above guarantees are negligible.

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]

34. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

Related parties of the Group include:

(i) Direct and indirect subsidiaries as disclosed in Note 17 to the financial statements;

(ii) Associate and joint venture as disclosed in Notes 18 and 19 to the financial statements;

(iii) Key management personnel, which comprises persons (including the Directors of the Group) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly; and

(iv) Companies in which the Directors/shareholders of the Company or their close family members have substantial financial interests or significant influence.

(b) The Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Subsidiaries:				
Dividend income	–	–	25,260,000	5,000,000
Interest paid/payable	–	–	252,727	576,175
Interest received/receivable	–	–	256,944	195,940
Lease paid/payable	–	–	115,920	115,920
Lease received/receivable	–	–	138,000	108,250
Management fee paid/payable	–	–	645,881	1,078,077
Related parties:				
Dividend paid to non-controlling interests	240,000	–	–	–
Dividend income	–	–	–	–
Sale of properties to Directors	–	2,072,882	–	–
Sale of property to a close family member of a Director	–	333,554	–	–
Sale of property to a company in which a Director has substantial financial interests	–	440,276	–	–
Sale of properties to non-controlling interests	5,000,000	–	–	–
Rental of investment properties received/receivable	11,354,016	11,354,016	–	–

The related party transactions described above were carried out on agreed contractual terms and conditions and in the ordinary course of business between the related parties of the Group and the Company.

Information regarding outstanding balances with related parties at the end of the financial year are disclosed in Notes 23 and 31 to the financial statements.

34. RELATED PARTY DISCLOSURES (CONT'D)

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group.

The remuneration of Directors during the financial year are as follows:

	Group	
	2020 RM	2019
Short term employee benefits	4,424,520	6,673,520
Contributions to defined contribution plan	535,953	807,934
	4,960,473	7,481,454

(d) Material contracts

There were no material contracts, which have been entered into by the Company or its subsidiaries which involved Directors' and major shareholders' interests subsisting at the end of the financial year ended 31 December 2020 or entered into since the end of the previous financial year except as disclosed elsewhere in the financial statements.

35. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The World Health Organisation declared the 2019 Novel Coronavirus infection ('COVID-19') a pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ('MCO') on 18 March 2020 and has subsequently entered into various phases of the MCO until 28 April 2021.

Since then, the Group and the Company has experienced certain disruption to its operations in the following respects:

1. The temporary stop-work orders for various construction projects by the authority which have been resumed subsequently;
2. Revision of budgeted costs of various on-going construction projects and property development projects, incorporating additional expected costs arising from impact of COVID-19; and
3. Reduction in recoverable amount of certain property, plant and equipment and certain completed properties held by the Group.

The Group has prepared the cash flow forecasts for the twelve (12) months from the date of the end of the financial statements based on their past performance after considering the current economic conditions.

Based on the assessment and information available at the date of authorisation of the financial statements, the Group has sufficient cash flows and undrawn facilities to meet its liquidity needs in the next twelve (12) months after the end of the reporting period as disclosed in Note 5(b)(i) to the financial statements. The Group does not anticipate significant supply disruptions and would continuing monitor its fund and operational needs.

36. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 25 February 2021, the Company proposed to undertake a private placement of up to 49,342,852 new shares, representing approximately 10% of the total number of issued shares of the Company (excluding treasury shares), to third party investor(s) to be identified later at an issue price to be determined later ("Proposed Private Placement").

The amount of proceeds to be raised by the Company pursuant to the Proposed Private Placement will depend on the issue price and actual number of the placement shares to be issued. The proceeds are intended to be utilised for the funding of existing and future property development of the Group and construction projects and expenses relating to the Proposed Private Placement.

On 4 March 2021, Bursa Securities had approved the listing of and quotation for up to 49,342,852 Placement Shares to be issued pursuant to the Proposed Private Placement. The Proposed Private Placement is to be implemented within a period of (six) 6 months from the date of approval.

The Proposed Private Placement has been completed on 5 April 2021.

37. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

37.1 New MFRSs adopted during the current financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 *Definition of a Business*	1 January 2020
Amendments to MFRS 101 and MFRS 108 *Definition of Material*	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform	1 January 2020
Amendment to MFRS 16 Covid-19-Related Rent Concessions	1 June 2020 (early adopt)
Amendments to MFRS 4 Insurance Contract	
- Extension of the Temporary Exemption from Applying MFRS 9	17 August 2020

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company except for the adoption of Amendment to MFRS 16 as described in the following section.

Amendment to MFRS 16 *Covid-19-Related Rent Concessions*

MFRS 16 has been amended to:

(a) Provide lessees with an exemption from the requirement to determine whether a COVID-19-related rent concession is a lease modification; and
(b) Require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications.

37. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONT'D)

37.1 New MFRSs adopted during the current financial year (cont'd)

Amendment to MFRS 16 *Covid-19-Related Rent Concessions* (cont'd)

The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

(i) Changes in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
(ii) Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
(iii) There is no substantive change to other terms and conditions of the lease.

The Group has early adopted Amendment to MFRS 16 during the financial year ended 31 December 2020 and elected to apply the practical expedient to all rent concessions relating to leases with similar characteristics and in similar circumstances. Consequently, the Group did not recognise changes in these lease payments as lease modifications and instead, recognised these as variable lease payments in profit or loss. The effects of early adoption are disclosed in Note 15(c) to the financial statements.

37.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2021

Title	Effective Date
Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 *Reference to the Conceptual Framework*	1 January 2022
Amendments to MFRS 116 *Property, Plant and Equipment - Proceeds before Intended Use*	1 January 2022
Amendments to MFRS 137 *Onerous Contracts - Cost of Fulfilling a Contract*	1 January 2022
Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*	1 January 2023
MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 *Insurance Contracts*	1 January 2023
Disclosure of Accounting Policies (Amendments to MFRS 101 *Presentation of Financial Statements)*	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors)*	1 January 2023
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Group does not expect the adoption of the above Standards to have a significant impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]

38. FINANCIAL REPORTING UPDATES

38.1 IFRIC Agenda Decision - Over time transfer of constructed good (IAS 23)

The IFRS Interpretations Committee ('IFRIC') received a submission about the capitalisation of borrowing costs in relation to the construction of a residential multi-unit real estate development.

Based on the fact pattern described in the submission, the request asked whether the entity has a qualifying asset as defined in IAS 23 Borrowing Costs and, therefore, capitalises any directly attributable costs.

The IFRIC concluded in March 2019 that, in the fact pattern described in the request:

i. Any receivable and contract asset that the entity recognises is not a qualifying asset.
ii. Any inventory (work-in-progress) for unsold units under construction that the entity recognises is also not a qualifying asset because the unsold units are ready for its intended use or sale.

The MASB announced on 20 March 2019 that an entity shall apply the change in accounting policy as a result of this Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

The Group is in the process of obtaining new information to implement this change in accounting policy. The implementation results would be reported during the financial year ending 31 December 2021.

38.2 IFRIC Agenda Decision - An assessment of the lease term (IFRS 16)

The IFRS Interpretations Committee ('IFRIC') issued a final agenda decision on 26 November 2019 regarding 'Lease term and useful life of leasehold improvements (IFRS 16 and IAS 16)'.

The submission to the IFRIC raised a question pertaining the determination of the lease term of a cancellable lease or a renewable lease based on the requirements of IFRS 16.B34.

Based on the final agenda decision, the IFRIC concluded that the determination of the enforceable period of a lease and the lease term itself shall include broad economic circumstances beyond purely commercial terms.

The Group has implemented the requirements of this final agenda decision during the financial year ended 31 December 2020. There is no material impact on the financial statements of the Group as at the end of reporting period.

LIST OF PROPERTIES

as at 31 December 2020

Land Title Details/ Location	Built-up Area (sq. ft.)	Description/ Existing Use	Tenure/Age of Property	Date of Issuance of Certificates of Fitness for Occupation	Audited Net Carrying Amount as at 31.12.2020
Geran 162711/M1/2/4, Lot 70891 2-1A Jalan Q 31/Q, Kota Kemuning 40460 Seksyen 31 Shah Alam, Selangor Darul Ehsan	1,539	1 unit on the 1st floor of a 4-storey shoplot/ Vacant	Freehold/ Approximately 16 years	02.03.2000	115,811
H.S.(D) 247091, P.T No. 10900 G-58-G to G-58-3, Block G Jalan Teknologi 3/9 Bistari 'De' Kota Kota Damansara, PJU 5 47810 Petaling Jaya Selangor Darul Ehsan	11,236	1 unit of a 4-storey shoplot	Leasehold (99 years expiring on 03.09.2107)/ Approximately 13 years	11.03.2008	4,176,614
H.S.(D) 247092, P.T No. 10901 G-59-G to G-59-3, Block G Jalan Teknologi 3/9 Bistari 'De' Kota Kota Damansara, PJU 5 47810 Petaling Jaya Selangor Darul Ehsan	6,644	1 unit of a 4-storey shoplot	Leasehold (99 years expiring on 03.09.2107)/ Approximately 13 years	11.03.2008	2,469,689
H.S.(D) 247071, P.T No. 10880 D-39-G and D-39-1, Block D Jalan Teknologi 3/9 Bistari 'De' Kota Kota Damansara, PJU 5 47810 Petaling Jaya Selangor Darul Ehsan	3,248	1 unit of a 2-storey shoplot	Leasehold (99 years expiring on 03.09.2107)/ Approximately 13 years	11.03.2008	1,207,337

LIST OF PROPERTIES [CONT'D]

Land Title Details/ Location	Built-up Area (sq. ft.)	Description/ Existing Use	Tenure/Age of Property	Date of Issuance of Certificates of Fitness for Occupation	Audited Net Carrying Amount as at 31.12.2020
H.S.(D) 247072, P.T No. 10881 D-40-G and D-40-1, Block D Jalan Teknologi 3/9 Bistari 'De' Kota Kota Damansara, PJU 5 47810 Petaling Jaya Selangor Darul Ehsan	3,248	1 unit of a 2-storey shoplot	Leasehold (99 years expiring on 03.09.2107)/ Approximately 13 years	11.03.2008	1,207,337
H.S.(D) 247065, P.T No. 10874 D-33-G to D-33-2, Block D Jalan Teknologi 3/9 Bistari 'De' Kota Kota Damansara, PJU 5 47810 Petaling Jaya Selangor Darul Ehsan	10,945	1 unit of a 3-storey shoplot	Leasehold (99 years expiring on 03.09.2107)/ Approximately 13 years	11.03.2008	4,048,707
PN 21843 Lot No: 130801 No. B6, Jalan KS 1/13, KotaSAS Avenue, Kota Sultan Ahmad Shah, 25200 Kuantan, Pahang.	1,650	1 Unit of a 2-storey shop office	Leasehold (99 years expiring on 03.07.2117)/ Approximately 3 years		619,051
PL. 196290123 Jalan KPD1, Kampung Merintaman, 89500 Sipitang, Sabah	133,407	Seri Bayu Temporary Housing	Provisional Lease (15 years expiring on 15.09.2029) Approximately 4 years		43,709,445

STATISTICS OF SHAREHOLDINGS

as at 23 April 2021 (as per Record of Depositors)

The total number of issued shares of the Company stands at 543,937,119 ordinary shares, with voting right of one vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Holdings	No. of Holders	% of Holders	No. of Shares Held	% of Issued Shares
Less than 100	460	9.04	15,582	0.00
100 to 1,000	464	9.12	250,121	0.05
1,001 to 10,000	2,494	49.04	13,596,171	2.50
10,001 to 100,000	1,377	27.07	42,093,752	7.76
100,001 to less than 5% of issued shares	289	5.68	384,361,599	70.81
5% and above of issued shares	2	0.04	102,454,150	18.88
Total	**5,086**	**100.00**	**542,771,375**	**100.00**

SUBSTANTIAL SHAREHOLDERS

according to the Register of Substantial Shareholders as at 23 April 2021

		Direct Interest		Deemed Interest	
No.	Name	No. of Issued Shares	% of Issued Shares	No. of Issued Shares	% of Issued Shares
1.	Dato' Azizan bin Jaafar	2,935,146	0.54	(1) 53,602,938	(1) 9.87
2.	Dato' Ow Chee Cheoon	33,966,774	6.25	–	–
3.	Ganjaran Gembira Sdn Bhd	53,602,938	9.87	–	–
4.	Dato' Kamisah binti Johan	49,342,852	9.09	–	–
5.	Employees Provident Fund Board	36,401,888	6.70	–	–

Notes:-

(1) Deemed interested by virtue of their respective shareholdings in Ganjaran Gembira Sdn Bhd pursuant to Section 8(4)(c) of the Act.

STATISTICS OF SHAREHOLDINGS [CONT'D]

DIRECTORS' DIRECT AND DEEMED INTERESTS

in the Company and/or its Related Corporations as at 23 April 2021

Name of Directors	Direct Interest		Deemed Interest	
	No. of Issued Shares	% of Issued Shares	No. of Issued Shares	% of Issued Shares
Y.M. Tunku Alizan bin Raja Muhammad Alias	1,200,492	0.22	–	–
Datuk Kamarudin bin Md. Ali	394,000	0.07	–	–
Dato' Azizan bin Jaafar	2,935,146	0.54	(1) 53,602,938	(1) 9.87
Dato' Ow Chee Cheoon	33,966,774	6.25	–	–
Ow Yin Yee	163,812	0.03	–	–
Muk Sai Tat	–	–	–	–
Latifah binti Abdul Latiff	–	–	–	–

Notes:-

(1) Deemed interested by virtue of their respective shareholdings in Ganjaran Gembira Sdn Bhd pursuant to Section 8(4)(c) of the Act.

TOP 30 SECURITIES ACCOUNT HOLDERS

as per Record of Depositors as at 23 April 2021

No.	Name	No. of Issued Shares	% of Issued Shares
1.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB for Ganjaran Gembira Sdn Bhd (PB)*	53,111,298	9.79
2.	Kamisah binti Johan	49,342,852	9.09
3.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB for Ow Chee Cheoon (PB)*	21,499,559	3.96
4.	MayBank Nominees (Tempatan) Sdn Bhd *MTRUSTEE Berhad for Principal Dali Equity Growth Fund (UT-CIMB-DALI) (419455)*	16,519,190	3.04
5.	CitiGroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (AMUNDI)*	13,914,200	2.56
6.	CitiGroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	11,512,712	2.12
7.	CitiGroup Nominees (Tempatan) Sdn Bhd *Urusharta Jamaah Sdn. Bhd. (Maybank 2)*	11,085,400	2.04
8.	MayBank Nominees (Tempatan) Sdn Bhd *National Trust Fund (IFM MayBank)(412183)*	10,752,800	1.98
9.	CitiGroup Nominees (Tempatan) Sdn Bhd *Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)*	10,397,430	1.92
10.	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (MEF)*	10,168,788	1.87

STATISTICS OF SHAREHOLDINGS [CONT'D]

TOP 30 SECURITIES ACCOUNT HOLDERS (CONT'D)

as per Record of Depositors as at 23 April 2021

No.	Name	No. of Issued Shares	% of Issued Shares
11.	Ng Kit Heng	9,680,219	1.78
12.	HSBC Nominees (Asing) Sdn Bhd *Exempt An For Credit Suisse (SG BR-TST-ASING)*	9,627,200	1.77
13.	Tang Ying See	9,300,000	1.71
14.	MayBank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ow Chee Cheoon*	8,761,000	1.61
15.	CitiGroup Nominees (Tempatan) Sdn Bhd *Great Eastern Life Assurance (Malaysia) Berhad (LEEF)*	8,680,700	1.60
16.	Tan Yu Yeh	8,169,300	1.51
17.	CitiGroup Nominees (Asing) Sdn Bhd *Exempt An For Citibank New York (Norges Bank 14)*	7,910,300	1.46
18.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Pang Sar*	7,680,000	1.41
19.	CitiGroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (CIMB PRIN)*	6,199,124	1.14
20.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Pang Sar (PB-0J0028)*	5,100,000	0.94
21.	Splendid Forte Sdn Bhd	4,593,618	0.85
22.	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd For Maybank Malaysia Value Fund*	4,592,300	0.85
23.	Hong Leong Assurance Berhad *As Beneficial Owner (Unitlinked BCF)*	4,510,700	0.83
24.	MayBank Nominees (Tempatan) Sdn Bhd *National Trust Fund (IFM Kenanga)(410196)*	4,394,608	0.81
25.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *Deutsche Trustees Malaysia Berhad for Eastspring Investmentsdana Al-Ilham*	4,294,710	0.79
26.	CitiGroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (Aberislamic)*	4,053,100	0.75
27.	CitiGroup Nominees (Tempatan) Sdn Bhd *Great Eastern Takaful Berhad (Mekar)*	4,000,000	0.74
28.	Syarikat Muhibah Perniagaan Dan Pembinaan Sdn Bhd	3,990,176	0.74
29.	CitiGroup Nominees (Tempatan) Sdn Bhd *Kumpulan Wang Persaraan (Diperbadankan) (ESPG IV SC E)*	3,866,820	0.71
30.	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd For Principal Dali Opportunities Fund*	3,611,470	0.67
	Total	**331,319,574**	**61.04**

STATISTICS OF WARRANT HOLDINGS

as at 23 April 2021 (as per Record of Warrant Holders)

Number of Outstanding Warrants B	:	119,394,407
Exercise Price per Warrant B	:	RM1.12
Expiry date of Warrants B	:	26 September 2023
Voting Rights	:	None unless warrant holders exercise their warrants for new ordinary shares

ANALYSIS BY SIZE OF WARRANT HOLDINGS

Size of Holdings	No. of Holders	% of Holders	No. of Warrants Held	% of Issued Warrants
Less than 100	445	22.77	13,026	0.01
100 to 1,000	321	16.43	142,592	0.12
1,001 to 10,000	492	25.18	2,456,879	2.06
10,001 to 100,000	513	26.25	20,286,414	16.99
100,001 to less than 5% of issued warrants	182	9.31	89,795,496	75.21
5% and above of issued warrants	1	0.05	6,700,000	5.61
Total	**1,954**	**100.00**	**119,394,407**	**100.00**

DIRECTORS' WARRANT HOLDINGS

as at 23 April 2021

	Direct Interest		Deemed Interest	
Name of Directors	No. of Issued Warrants	% of Issued Warrants	No. of Issued Warrants	% of Issued Warrants
Y.M. Tunku Alizan bin Raja Muhammad Alias	173,650	0.15	–	–
Datuk Kamarudin bin Md. Ali	401,200	0.34	–	–
Dato' Azizan bin Jaafar	460,575	0.39	(1) 6,820,500	(1) 5.71
Dato' Ow Chee Cheoon	8,325,190	6.97	–	–
Ow Yin Yee	40,150	0.03	–	–
Muk Sai Tat	–	–	–	–
Latifah binti Abdul Latiff	–	–	–	–

Notes:-

(1) Deemed interested by virtue of his shareholdings in Ganjaran Gembira Sdn Bhd pursuant to Section 8(4)(c) of the Act.

STATISTICS OF WARRANT HOLDINGS [CONT'D]

TOP 30 WARRANT HOLDERS

as per Record of Warrant Holders as at 23 April 2021

No.	Name	No. of Issued Warrants	% of Issued Warrants
1.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB for Ganjaran Gembira Sdn Bhd (PB)*	6,700,000	5.61
2.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB for Ow Chee Cheoon (PB)*	5,269,500	4.41
3.	Tan Yu Yeh	4,854,000	4.07
4.	MayBank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Heng Chee Hong*	3,000,000	2.51
5.	Gwi Huan Yi	2,894,100	2.42
6.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Gregory Chen Hoong Chuin (MY3131)*	2,616,600	2.19
7.	Er Soon Puay	2,518,100	2.11
8.	Chow Kok Leong	2,340,000	1.96
9.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wong Han Keong (201074)*	2,300,000	1.93
10.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Mohammed Amin Bin Mahmud (MM1004)*	2,243,900	1.88
11.	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (MEF)*	2,235,575	1.87
12.	Splendid Forte Sdn Bhd	2,155,000	1.80
13.	MayBank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ow Chee Cheoon*	2,152,750	1.80
14.	MayBank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chong Kee Soon*	1,830,100	1.53
15.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Pang Sar*	1,762,500	1.48
16.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Seah Yik Hong (MY3269)*	1,686,700	1.41
17.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Pang Sar (PB-0J0028)*	1,250,000	1.05
18.	Wong Yong Heng	1,231,100	1.03
19.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lim Khek Keng (E-Tai)*	1,180,000	0.99
20.	CitiGroup Nominees (Tempatan) Sdn Bhd *Great Eastern Life Assurance (Malaysia) Berhad (LPF)*	1,096,625	0.92

STATISTICS OF WARRANT HOLDINGS [CONT'D]

TOP 30 WARRANT HOLDERS (CONT'D)

as per Record of Warrant Holders as at 23 April 2021

No.	Name	No. of Issued Warrants	% of Issued Warrants
21.	Lim Yu Soo	1,055,000	0.88
22.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Liu Wen Jong (MY0727)*	1,050,000	0.88
23.	Ng Chun Kooi	1,007,740	0.84
24.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chea Jian Kai (E-Tai/STW)*	944,300	0.79
25.	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ow Chee Cheoon (OWC0008M)*	883,750	0.74
26.	RHB Nominees (Tempatan) Sdn Bhd *How Kim Lian*	850,000	0.71
27.	Ng Teik Eng	735,025	0.62
28.	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (P)*	711,700	0.60
29.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lai Chee Chuen (MY3671)*	683,800	0.57
30.	Wong Lim Pin	618,000	0.52
	Total	**59,855,865**	**50.13**

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

The following information is provided in accordance with Paragraph 9.25 of the MMLR as set out in Appendix 9C thereto.

1. Utilisation of Proceeds Raised from Corporate Proposals

Pursuant to the Private Placement Exercise which was duly completed upon the subscription and listing of the 49,342,852 Placement Shares at RM0.6111 each on the Main Market of Bursa Malaysia Securities Berhad with effect from 5 April 2021, the gross proceeds raised from the Private Placement Exercise was RM30,153,416.86 and has yet to be utilised.

2. Recurrent Related Party Transactions of a Revenue or Trading Nature

There were no material recurrent related party transactions of a revenue or trading nature during the financial year other than those disclosed in Note 34 to the financial statements. Those recurrent related party transactions did not exceed the threshold prescribed under Paragraph 10.09(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

3. Non-Audit Fees

The amount of audit fees and non-audit fees paid or payable to the Company's external auditors and a firm affiliated to the external auditors' firm by the Group and the Company for the financial year ended December 2020 are as follows:

	Group RM	Company RM
Audit Fees	283,800	70,000
Non-audit fees	8,500	7,000
TOTAL	**292,300**	**77,000**

4. Material Contracts Involving Directors' and Major Shareholders' Interests

There was no material contract entered into by the Group involving the interest of Directors and major shareholders, either still subsisting as at the end of the financial year ended 31 December 2020 or entered into since the end of the previous financial year.

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting of **GABUNGAN AQRS BERHAD** ("**Company**") to be held on a **fully virtual basis** via live streaming and online remote voting at the broadcast venue at The Function Room, G-58-3, Block G, Jalan Teknologi 3/9, Bistari 'De' Kota, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 24 June 2021 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon. ***[Please refer to Explanatory Note (1)]***

2. To re-elect the following Directors who retire by rotation in accordance with Clause 119 of the Company's Constitution and being eligible, have offered themselves for re-election:-

   (i) Datuk Kamarudin bin Md. Ali ***Ordinary Resolution 1***

   (ii) Ms Ow Yin Yee ***Ordinary Resolution 2***

3. To re-elect Puan Latifah binti Abdul Latiff who retires in accordance with Clause 118 of the Constitution and being eligible, has offered herself for re-election. ***Ordinary Resolution 3***

4. To re-appoint Messrs. BDO PLT as Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors to fix their remuneration. ***Ordinary Resolution 4***

5. To approve the payment of Directors' fees of up to RM468,000 for the financial year ending 31 December 2021. ***Ordinary Resolution 5***

6. To approve the payment of Directors' benefits (excluding Directors' fees) up to an amount of RM32,000 from 25 June 2021 until the next Annual General Meeting of the Company in year 2022. ***Ordinary Resolution 6***

Special Business

To consider and if thought fit, with or without modifications, to pass the following Ordinary Resolutions:-

7. **Ordinary Resolution**
   Continuing in Office as Independent Non-Executive Directors

   (i) "**THAT** subject to passing of Ordinary Resolution 1, approval be and is hereby given to Datuk Kamarudin bin Md. Ali, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM of the Company." ***Ordinary Resolution 7***

   (ii) "**THAT** approval be and is hereby given to Mr Muk Sai Tat, who has served as an Independent Non-Executive Director of the Company who will reach a cumulative term of more than nine (9) years on 2 November 2021, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM of the Company." ***Ordinary Resolution 8***

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING [CONT'D]

8. **Ordinary Resolution** ***Ordinary Resolution 9***
Authority to Issue and Allot Shares pursuant to the Companies Act 2016

"**THAT** subject always to the Companies Act 2016, the Constitution of the Company, the approvals from Bursa Malaysia Securities Berhad and any other relevant governmental and/or regulatory authorities, where such approval is necessary, the Directors of the Company be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors of the Company may in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being.

AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company; **AND FURTHER THAT** the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; **AND FURTHER THAT** such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company."

9. **Ordinary Resolution** ***Ordinary Resolution 10***
Proposed Renewal of Authority for Share Buy-Back

"**THAT**, subject to Section 127 of the Companies Act 2016 ("**Act**"), the provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and all other applicable laws, rules and regulations and guidelines for the time being in force and the approvals of all relevant governmental and/or regulatory authority, approval be and is hereby given to the Company, to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem and expedient in the interest of the Company, provided that:-

(i) the aggregate number of ordinary shares to be purchased and/or held by the Company pursuant to this resolution shall not exceed ten percent (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase; and

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest unaudited financial statements of the Company (where applicable) available at the time of the purchase(s).

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING [CONT'D]

THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be authorised to deal with the shares purchased in their absolute discretion in the following manner:-

(i) cancel all or part of the shares so purchased; and/or

(ii) retain all the shares so purchased as treasury shares; and/or

(iii) retain part of the shares so purchased as treasury shares and cancel the remainder; and/or

(iv) distribute the treasury shares as share dividends to the shareholders of the Company; and/or

(v) resell the treasury shares on the market of Bursa Securities in accordance with the relevant rules of Bursa Securities; and/or

(vi) transfer the treasury shares as purchase consideration; or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force.

THAT such authority conferred by this resolution shall commence upon the passing of this resolution and shall continue to be in force until:-

(i) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following this AGM at which such resolution was passed, at which time it will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or

(iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first;-.

AND THAT the Board be and is hereby authorised to do all such acts, deeds and things as they may consider expedient or necessary in the best interest of the Company to give full effect to the Proposed Renewal of Authority for Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and to take all such steps, and do all such acts and things as the Board may deem fit and expedient in the best interest of the Company."

10. To transact any other ordinary business for which due notice has been given.

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING [CONT'D]

BY ORDER OF THE BOARD

OOI LI ANN (SSM PC No.: 201908003060) (MAICSA 7065065)
CHUA SIEW CHUAN (SSM PC No.: 201908002648) (MAICSA 0777689)
TAN LEY THENG (SSM PC No.: 201908001685) (MAICSA 7030358)
Joint Company Secretaries

Selangor Darul Ehsan
25 May 2021

NOTES:

*(1) As part of the initiatives to curb the spread of COVID-19, the 11th AGM will be conducted on a fully virtual basis by way of live streaming and online remote voting via Remote Participation and Voting ("**RPV**") facilities to be provided by SS E Solutions Sdn Bhd via Securities Services e-Portal's platform at https://sshsb.net.my/login.aspx. Please read carefully and follow the procedures provided in the Administrative Guide in order to register, participate and vote remotely via the RPV facilities.*

(2) The Broadcast Venue, which is the main venue of the 11th AGM, is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Clause 81 of the Company's Constitution, which require the Chairman to be present at the main venue of the 11th AGM. Members, proxies and/or corporate representatives will not be allowed to be physically present at the Broadcast Venue on the day of the 11th AGM.

With the RPV facilities, the members, proxies and/or corporate representatives are strongly encouraged to exercise their rights to participate (including to pose questions to the Chairman, Board of Directors or Management) and vote at the 11th AGM.

As guided by the Securities Commission Malaysia's Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all members, proxies and/or corporate representatives shall communicate with the main venue of the 11th AGM via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the 11th AGM as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, members, proxies and/or corporate representatives may email their questions to eservices@sshsb.com.my during the 11th AGM. The questions and/or remarks submitted by the members, proxies and/or corporate representatives will be responded via broadcast by the Chairman, Board of Directors and/or Management during the Meeting.

(3) In respect of deposited securities, only members whose names appear in the Record of Depositors as at 17 June 2021 shall be eligible to attend the Meeting or appoint proxies to attend and/or vote in his/her stead.

(4) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing. In the event the appointer is a corporation, the instrument appointing a proxy must be either under the appointer's Common Seal or under the hand of its officer or attorney duly authorised.

(5) A member of the Company entitled to attend and vote at the Meeting, may appoint more than one (1) proxy to attend and vote in his stead. When a member appoints more than one (1) proxy to attend and vote at the same meeting, such appointment shall be invalid unless the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting of the Company shall have the same rights as the member to speak at the Meeting.

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING [CONT'D]

NOTES: (CONT'D)

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

*(7) Where a member of the Company is an exempt authorised nominee holding ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**") as defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

(8) The instrument appointing a proxy must be deposited at SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or submitted electronically via Securities Services e-Portal at https://sshsb.net.my/login.aspx not later than forty-eight (48) hours before the time set for holding the 11th AGM or any adjournment thereof.

The lodging of the Form of Proxy does not preclude a member from attending and voting remotely at the 11th AGM should he subsequently decides to do so, provided a notice of termination of proxy authority in writing is given to the Company and deposited to SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than twenty-four (24) hours before the time stipulated for holding the 11th AGM or any adjournment thereof, and you register for RPV as guided in the Administrative Guide. Please contact the poll administrator, SS E Solutions Sdn Bhd, at 03-2084 9000 for further assistance.

EXPLANATORY NOTES:

1. Audited Financial Statements for the financial year ended 31 December 2020

The Audited Financial Statements in agenda 1 are meant for discussion purpose only, as the approval of the shareholders is not required pursuant to the provision of Section 340(1)(a) of the Companies Act 2016. Hence, this agenda is not put forward for voting by shareholders.

2. Re-Appointment of Auditors

*The Board has at its meeting held on 25 February 2021 approved the recommendation by the Audit Committee on the re-appointment of Messrs. BDO PLT as Auditors of the Company, having considered several factors including the adequacy of experience and resources of the firm and the professional staff assigned to the audit. The shareholders' approval is sought under **Ordinary Resolution 4**.*

3. Payment of Directors' Fees

*The Company pays Directors' fees to the Independent Non-Executive Directors. The Executive Directors do not receive any fees as Directors but they are remunerated with salary, benefits and other emoluments by virtue of their contract of service or employment which do not require approval by the shareholders. Besides, this is to facilitate payment of Directors' fees on current financial year basis. In the event the Directors' fees proposed is insufficient due to enlarged Board size, approval will be sought at the next AGM for additional fees to meet the shortfall. The shareholders' approval is sought under **Ordinary Resolution 5**.*

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING [CONT'D]

EXPLANATORY NOTES: (CONT'D)

4. Payment of Directors' Benefits

The Company pays Directors' benefits to the Independent Non-Executive Directors. The Executive Directors do not receive any benefits as Directors but they are remunerated with salary, benefits and other emoluments by virtue of their contract of service or employment which do not require approval by the shareholders. The Directors' benefits payable for the Period comprise the meeting allowance of RM1,000 per meeting payable to each Non-Executive Directors for attendance of Board of Directors' Meetings only, whenever meetings are called during the Period. The shareholders' approval is sought under ***Ordinary Resolution 6****.*

5. Explanatory Notes on Special Business

Ordinary Resolutions 7 & 8 - Continuing in Office as Independent Non-Executive Directors

The proposed ***Ordinary Resolutions 7 & 8*** *are to seek shareholders' approval to retain the following Directors as the Independent Non-Executive Directors of the Company:*

(i) Datuk Kamarudin bin Md. Ali; and
(ii) Mr Muk Sai Tat.

Mr. Muk Sai Tat was appointed as an Independent Non-Executive Director of the Company on 2 November 2012. Therefore, Mr. Muk Sai Tat will have served the Board in that capacity for a cumulative term of nine (9) years by 2 November 2021. In accordance with the Malaysian Code on Corporate Governance, prior approval should be obtained from the shareholders at the Eleventh AGM, to enable Mr. Muk Sai Tat to continue in office as an Independent Non-Executive Director before he reaches the nine (9) years term limit on 2 November 2021.

Datuk Kamarudin bin Md. Ali was appointed as an Independent Non-Executive Director of the Company on 6 July 2011 and therefore, has served the Board in that capacity for a cumulative term of more than nine (9) years. Shareholders' approval had been sought at the last AGM to allow Datuk Datuk Kamarudin bin Md. Ali to continue in office as an Independent Non-Executive Director.

The Board of Directors through the Nomination Committee, has conducted an annual performance evaluation and assessment of the abovementioned Directors and recommended that they continue in office as Independent Non-Executive Directors based on the following justifications:

(a) They have fulfilled the criteria under the definition of an Independent Director as stated in the Main Market Listing Requirements of Bursa Securities and thus, they would be able to function as check and balance, provide a broader view and bring with them an element of objectivity to the Board.
(b) They have not been involved in any business or other relationship which could hinder the exercise of independent judgement, objectivity or their ability to act in the best interests of the Company.
(c) They have no potential conflict of interest, whether business or non-business related with the Company.
(d) There are significant advantages to be gained from a long-serving Independent Director as they have many years of experience with incumbent knowledge of the Company and the Group's activities and corporate history, and have provided invaluable contributions to the Board in their roles as an Independent Non-Executive Directors.

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING [CONT'D]

EXPLANATORY NOTES: (CONT'D)

5. Explanatory Notes on Special Business (cont'd)

Ordinary Resolution 9 - Authority to issue and allot shares pursuant to the Companies Act 2016

*The **Ordinary Resolution 9** is for the purpose of seeking a renewal of the general mandate given to the Directors of the Company to issue and allot shares as approved by the shareholders at the Tenth AGM of the Company ("**Previous Mandate**").*

Ordinary Resolution 9, if passed, will empower the Directors of the Company pursuant to the Act, from the date of the Eleventh AGM of the Company, to issue and allot shares in the Company at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being. The general mandate, unless revoked or varied at general meeting, will expire at the next AGM of the Company.

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

On 25 February 2021, the Company had announced its proposal to undertake a private placement exercise to place such number of new ordinary shares approximately 10% of the total number of issued shares of the Company (excluding treasury shares) pursuant to the Previous Mandate. On 5 April 2021, the Company completed the said private placement by the issuance of 49,342,852 new ordinary shares in the capital of the Company at an issue price of RM0.6111 per share. The gross proceeds of RM30,153,416.86 was raised from the private placement and the proceeds has not been utilised.

Ordinary Resolution 10 - Proposed Renewal of Authority for Share Buy-Back

*The **Ordinary Resolution 10**, if passed, will renew the authority given to the Company to purchase its own shares of up to ten per centum (10%) of the total number of issued shares of the Company at any time within the time period stipulated in the Main Market Listing Requirements of Bursa Securities. This authority will, unless revoked or varied at a general meeting, expire at the conclusion of the next AGM of the Company. The details of the proposal are set out in Section B of the Statement Accompanying Notice of AGM of this Annual Report.*

STATEMENT ACCOMPANYING NOTICE OF AGM

(pursuant to Paragraphs 8.27(2) and 12.06(2)(a) of the MMLR)

SECTION A

DETAILS OF INDIVIDUAL STANDING FOR ELECTION AS DIRECTOR

No notice of nomination has been received to date from any member nominating any individual for election as a Director at the AGM of the Company. There is therefore no individual standing for election as Director, save for the Directors who are standing for re-election.

Further details of Directors standing for re-election as Directors are set out in their respective profiles which appear in the Directors' Profile of this Annual Report and the details of their interests in the securities of the Company are disclosed in the Statistics of Shareholdings of this Annual Report.

SECTION B

SHARE BUY-BACK STATEMENT

in relation to the

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

THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has not perused this Statement prior to its issuance as it is an exempted document.

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.

1. INTRODUCTION

At the Tenth Annual General Meeting ("**AGM**") of the GBGAQRS held on 12 August 2020, the Board had obtained mandate from the shareholders to enter into a share buy-back exercise of up to a maximum of ten per centum (10%) of its total number of issued shares through Bursa Securities. The shareholders' mandate shall expire at the conclusion of the Company's forthcoming AGM, unless authority for its renewal is obtained.

The Board of Directors of the Company had on 28 April 2021 announced the Company's intention to seek its shareholders' approval for the Proposed Renewal of Share Buy-Back Authority by way of an Ordinary Resolution at the Company's forthcoming Eleventh AGM.

The purpose of this Statement is to provide you with details pertaining to the Proposed Renewal of Share Buy-Back Authority, together with the Board's recommendation and to seek your approval for the Proposed Renewal of Share Buy-Back Authority to be tabled as Special Business at the forthcoming AGM of the Company to be held on a fully virtual basis via live streaming and online remote voting at a broadcast venue at The Function Room, G-58-3, Block G, Jalan Teknologi 3/9, Bistari 'De' Kota, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 24 June 2021 at 10.00 a.m.. A Notice of the Eleventh AGM is enclosed in the Annual Report 2020 together with the Administrative Guide are available at the Company's website under the Investor Relations Section.

STATEMENT ACCOMPANYING NOTICE OF AGM [CONT'D]

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

2.1 Shareholders' Authority

The Proposed Renewal of Share Buy-Back Authority, if granted, will provide the Company with the renewed authority to purchase up to ten percent (10%) of the total number of issued shares of the Company at the point of purchase through the Company's appointed stockbroker(s) as approved by Bursa Securities. The purchases pursuant to the Proposed Renewal of Share Buy-Back Authority will be effected on Bursa Securities subject to compliance with Section 127 of the Act, the Listing Requirements and the prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase.

The actual number of GBGAQRS Shares to be purchased and the timing of such purchase will depend on (among others) the prevailing equity market conditions and sentiments of the stock market as well as the balances in retained profits, and the financial resources available to the Company at the time of the purchase(s).

The Proposed Renewal of Share Buy-Back Authority, if approved, shall be effective upon the passing of the resolution at the forthcoming Eleventh AGM of GBGAQRS until:-

(a) the conclusion of the next AGM of the Company, at which time it will lapse, unless by ordinary resolution passed at that meeting that the authority is renewed, either unconditionally or subject to conditions; or

(b) the expiration of the period within which the next AGM after that date is required by law to be held; or

(c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Listing Requirements and any other relevant authorities.

The approval of the shareholders on the Proposed Renewal of Share Buy-Back Authority does not impose an obligation on the Company to purchase its own shares. However, it will allow the Board to exercise the power of the Company to purchase its own shares at any time within the abovementioned time periods.

2.2 Maximum Amount of Funds to be Allocated

The total existing issued share capital of GBGAQRS as at LPD is 543,937,119 Shares.

For illustrative purposes, as at LPD, the total number of issued shares of the Company now stood at 543,937,119 Shares (including 1,165,744 treasury shares). Assuming that (i) no further Shares are issued and (ii) no outstanding Warrants are exercise by the entitled warrant holders; as at the LPD, the maximum number of Shares that can be purchased pursuant to the Proposed Renewal of Share Buy-Back Authority is 54,393,711 Shares.

For the avoidance of doubt, for illustrative purposes throughout this Statement including the proforma effects as disclosed in Section 6 below, we have not taken into account:-

(i) any purchase of Shares by GBGAQRS pursuant to the share buy-back authority approved by shareholders at Tenth AGM, after the LPD; and

(ii) any issuance of additional Shares pursuant to Sections 75 and 76 of the Act after the LPD.

As at LPD, the Company has outstanding of Warrant B 2018/2023 amounting to 119,394,407, which is remain unexercised and entitles the warrant holders to subscribe for 119,394,407 new GBGAQRS Shares at an exercise price of RM1.12 per share.

Hence, based on the Company's total number of issued shares as at LPD and the assumption that all Warrants are converted into new GBGAQRS Shares, the Proposed Renewal of Share Buy-Back Authority will enable the Company to purchase up to a maximum of 66,333,152 Ordinary Shares, representing 10% of the enlarged total number of issued shares of the Company.

2.3 Treatment of Shares Purchased

Section 127(4) of the Act allows the Company to cancel the purchased Shares, to retain the purchased Shares as treasury shares or a combination of both shares that are purchased by the Company shall be deemed to be cancelled immediately on purchase unless it is held in treasury.

If such purchased Shares are held as treasury shares and in accordance to Section 127(7) of the Act, the Board may:-

(a) cancel all or part of the purchased shares; and/or

(b) retain the purchased shares as treasury shares; and or

(c) retain part of the purchased shares as treasury shares and cancel the remainder; and/or

(d) distribute the treasury shares as share dividends to shareholders of the Company; and/or

(e) resell the treasury shares or any of the shares in accordance with the relevant rules of Bursa Securities; and/or

(f) transfer the treasury shares, or any of the shares for the purposes of or under an employees' share scheme established by the Company; and/or

(g) transfer the treasury shares, or any of the shares as purchase consideration; and/or

(h) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister charged with the responsibility for companies may by order prescribe,

or in any other manner as allowed by the Act, the applicable laws, regulations and guidelines applied from time to time by Bursa Securities and/or any other relevant authority for the time being in force and that the authority to deal with the Purchased Shares shall continue to be valid until all the Purchased Shares have been dealt with by the Directors.

The decision whether to retain the Purchased Shares as Treasury Shares, or to cancel the Purchased Shares or a combination of both, will be made by the Board at the appropriate time.

If such purchased Shares are held as treasury shares, the rights attached to them as to attending and voting at meetings and any purported exercise of such rights is void. The treasury shares shall not confer the right to receive dividends or other distributions, whether cash or otherwise, of the Company's assets including any distribution of assets upon winding-up of the Company. In addition, 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, without limiting the generality of the provision in the Act or the MMLR on substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on resolutions at meetings of shareholders.

STATEMENT ACCOMPANYING NOTICE OF AGM [CONT'D]

Where treasury shares are distributed as share dividends, the costs of the Shares on the original purchase shall be applied in the reduction of the funds otherwise available for distribution as dividends.

Where the Shares so purchased are cancelled or to cancel any treasury shares, the costs of the Shares shall be applied in the reduction of the profits otherwise available for distribution as dividends. The issued capital of the Company shall be diminished by the Shares so cancelled.

2.4 Purchased/Resale Price

Pursuant to Paragraph 12.17 of the MMLR, the Company may only purchase its own Shares at a price which is not more than fifteen per centum (15%) above the weighted average market price of the Shares for the past five (5) market days immediately preceding the date of purchase.

In the case of resale or transfer of treasury shares, the Company may only resell the treasury shares or transfer treasury shares pursuant to section 127(7) of the Act and Paragraph 12.18 of the MMLR at:

(a) a price which is not less than the weighted average market price of the Shares for the past five (5) market days immediately prior to the date of resale or transfer; or

(b) a discounted price of not more than five per centum (5%) to the weighted average market price of the Shares for the past five (5) market days immediately prior to the date of resale or transfer provided that:-

- the resale or transfer takes place not earlier than 30 days from the date of purchase; and
- the resale or transfer price is not less than the cost of purchase of the Shares being resold or transferred.

In accordance with Paragraph 12.26 of the MMLR, the Company may purchase its own Shares in odd lots, i.e. any number of its own Shares which is less than the number of Shares prescribed by Bursa Securities as a board lot through direct business transaction or in any other manner as may be approved by Bursa Securities in accordance with such requirements as may be prescribed or imposed by Bursa Securities.

3. RETAINED PROFITS

In accordance with the MMLR, the Proposed Renewal of Share Buy-Back Authority must be made wholly out of GBGAQRS's retained profits of the Company. The maximum amount of funds to be utilised for the Proposed Renewal of Share Buy-Back Authority will be limited to the amount of retained profits based on the latest audited and unaudited financial statements of the Company. Based on the audited financial statements of the Company for the financial year ended 31 December 2020, the retained profits of the Company amounted to RM17,247,918.

STATEMENT ACCOMPANYING NOTICE OF AGM [CONT'D]

4. SOURCE OF FUNDS

The Proposed Renewal of Share Buy-Back Authority will be funded through internally generated funds and/or bank borrowings or a combination of both. In the event that the Company intends to purchase its own Shares using bank borrowings, the Board shall ensure that the Company shall have sufficient funds to repay the bank borrowings and interest expense and that the repayment would not have any material effect on the cash flow of the Company.

The amount of funds to be utilised will depend on the actual number of Shares to be purchased, the price of the Shares and the availability of funds involved for each purchase(s) will depend on market conditions and sentiments of the stock market as well as the retained profits and financial resources available to the Group. In addition, the Board will ensure that the Company satisfy the solvency test as stated in the Section 112(2) of the Act before execution of the Proposed Renewal of Share Buy-Back Authority.

5. RATIONALE, POTENTIAL ADVANTAGES AND DISADVANTAGES FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The Proposed Renewal of Share Buy-Back Authority is expected to benefit the Company and its shareholders in the following manners:-

(a) it is expected to potentially benefit the Company and its shareholders, in terms of stabilising the supply and demand of GBGAQRS Shares as well as the price of the Company's Shares;

(b) it will enhance the EPS of GBGAQRS, irrespective of whether the purchased Shares are held as treasury shares or cancelled, as it will result in a lower number of Shares being taken into account for the purpose of computing the EPS of the Shares; and

(c) if the purchased Shares are held as treasury shares, such Shares may potentially be resold in the open market at a higher price and therefore realising a potential gain without affecting the total number of issued Shares. The treasury shares may also be distributed to the shareholders as dividend and if undertaken, would serve as a reward to the shareholders, or be utilised as purchase consideration by the Company in corporate transactions thereby reducing the financial outflow and/or preserve the working capital of the Company.

The Proposed Renewal of Share Buy-Back Authority, if implemented, would reduce the financial resources of the Group. This may result in the Group having to:-

(a) forgo future investments or business opportunities;

(b) increase its interest expense or reduce its interest income accordingly, that may be derived from not utilising such funds to repay bank borrowings or not depositing such funds in income bearing instruments; and/or; and

(c) reduce the availability of funds for distribution of cash dividends to shareholders.

On the other hand, the financial resources of the Group may increase, if the resale of the purchased Shares (not held as treasury shares) is at prices higher than purchase price.

In this connection, the Board will be mindful of the interests of the Group, the shareholders and stakeholders when implementing the Proposed Renewal of Share Buy-Back Authority and when cancelling and/or reselling the said treasury shares, if any, on Bursa Securities.

STATEMENT ACCOMPANYING NOTICE OF AGM [CONT'D]

6. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

On the assumption that the Proposed Renewal of Share Buy-Back Authority is carried out in full, the effects of the Proposed Renewal of Share Buy-Back Authority on the share capital, net assets, working capital, earnings and dividends are set out below:-

6.1 Share Capital

Based on the issued share capital of the Company as at LPD and assuming that the maximum number of GBGAQRS (of up to ten percent (10%) of the issued share capital) authorised under the Proposed Renewal of Share Buy-Back Authority are purchased and cancelled, it will result the in the issued share capital of the Company being reduced as follows:

Scenario I : Assuming no further exercise of Warrants

Scenario II : Assuming that all the outstanding Warrants are exercised and converted into Shares

	No. of shares	
	Scenario I	**Scenario II**
Total Issued Shares as at LPD	543,937,119	543,937,119
Shares to be issued upon full exercise of the Warrants	–	119,394,407
Enlarged total number of issued Shares	543,937,119	663,331,526
Cancellation of Purchased GBGAQRS Shares	(54,393,711)	(66,333,152)
Total number of issued shares after the Proposed Renewal of Share Buy-Back Authority	**489,543,408**	**596,998,374**

However, the Proposed Renewal of Share Buy-Back Authority will have no effect on the total number of issued shares if all the purchased Shares are to be retained as treasury shares, resold or distributed to the shareholders. Nevertheless, certain rights attached to the Ordinary Shares such as voting, dividends and participation in other distribution will be suspended while they are held as treasury shares.

6.2 NA, NA Per Share and Gearing

The effect of the Proposed Renewal of Share Buy-Back Authority on the consolidated NA per share of the Group would depend on the purchase prices, number of Shares purchased, treatment of the purchased Shares and the effective funding cost or loss of interest income to GBGAQRS if internally generated funds are utilised.

The Proposed Renewal of Share Buy-Back Authority will reduce the NA per share at the time of purchase if the purchase price exceeds the NA per share and conversely, will increase the NA per share at the time of purchase if the purchase price is less than the NA per share.

If the treasury shares are sold at a gain, the NA per share would increase and, conversely, the NA per share would decrease if the treasury shares are sold at a loss. The quantum of the increase or decrease in NA will depend on the selling prices of the purchased Shares and the number of purchased Shares resold.

The effects of the Proposed Renewal of Share Buy-Back Authority on the gearing of the Group will depend on the proportion of borrowing utilised to fund the purchase of the Purchased Shares. At this juncture, the Directors have not determined whether to use borrowings for purposes of purchasing its own Shares.

6.3 Earnings

The effect of the Proposed Renewal of Share Buy-Back Authority on the EPS of GBGAQRS will depend on the purchase price of the Shares, the number of Shares purchased and the opportunity cost arising from the funds utilised for the Proposed Renewal of Share Buy-Back.

Any cancellation of the Shares purchased is expected to give rise to increase EPS provided the income foregone and/or interest expenses incurred on the share purchased is less than the EPS prior to the Proposed Renewal of Share Buy-Back Authority.

Assuming that the Shares purchased are retained as treasury shares and resold, the effects on the earnings of the Group will depend on the actual selling price, the number of treasury shares resold and the effective gain or interest savings from the exercise.

6.4 Working Capital

The Proposed Renewal of Share Buy-Back Authority will reduce the working capital of the Group, the quantum of which will depend on, amongst others, the purchase prices, the number of Shares purchased and the effective funding cost, if any.

However, the cash flow or working capital position of the Company will be restored if the purchased of GBGAQRS Shares are resold at least at the purchase price.

6.5 Dividends

The Proposed Renewal of Share Buy-Back Authority may result in a lower amount of cash reserves available for dividends to be declared to shareholders as funds are utilised to purchase Shares. Nonetheless, the treasury shares may be distributed as dividend to the shareholders if the Company so decides.

STATEMENT ACCOMPANYING NOTICE OF AGM [CONT'D]

7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Based on the Register of Substantial Shareholders and Directors' Shareholdings as at the LPD, and assuming the Proposed Renewal of Share Buy-Back Authority is implemented in full (i.e. up to 10% of the total number of issued shares) and that the Purchased Shares are from shareholders other than the Directors and Substantial Shareholders, the effects of the Proposed Renewal of Share Buy-Back Authority on the shareholdings of the existing Directors and Substantial Shareholders of the Company by virtue of Section 127 of the Act are as follows:-

Scenario I : Assuming that none of the Warrants are exercised and the Proposed Renewal of Share Buy-Back Authority is implemented in full:-

	As at LPD [(a)]				After the Proposed Renewal of Share Buy-Back Authority [(b)]			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors								
Y.M Tunku Alizan bin Raja Muhammad Alias	1,200,492	0.22	–	–	1,200,492	0.24	–	–
Datuk Kamarudin bin Md. Ali	394,000	0.07	–	–	394,000	0.08	–	–
Dato' Azizan bin Jaafar	2,935,146	0.54	[(1)] 53,602,938	9.87	2,935,146	0.59	[(1)] 53,602,938	10.94
Dato' Ow Chee Cheoon	33,966,774	6.25	–	–	33,966,774	6.93	–	–
Ow Yin Yee	163,812	0.03	–	–	163,812	0.03	–	–
Muk Sai Tat	–	–	–	–	–	–	–	–
Latifah binti Abdul Latiff	–	–	–	–	–	–	–	–
Substantial Shareholders								
Dato' Azizan bin Jaafar	2,935,146	0.54	[(1)] 53,602,938	9.87	2,935,146	0.59	[(1)] 53,602,938	10.94
Dato' Ow Chee Cheoon	33,966,774	6.25	–	–	33,966,774	6.93	–	–
Ganjaran Gembira Sdn Bhd	53,602,938	9.87	–	–	53,602,938	10.94	–	–
Dato' Kamisah binti Johan	49,342,852	9.09	–	–	49,342,852	10.07	–	–
Employees Provident Fund Board	36,401,888	6.70	–	–	36,401,888	7.43	–	–

Notes :-

(a) Calculated based on the total number of issued shares of 542,771,375 Ordinary Shares excluded 1,165,744 treasury shares.

(b) Assuming that the Proposed Renewal of Share Buy-Back Authority is implemented in full, i.e. 10% of the total number of issued shares of the Company, the purchased Shares are held as treasury shares under the respective scenarios and that the Directors and substantial shareholders' shareholdings remain unchanged.

(1) Deemed interested via shareholding in Ganjaran Gembira Sdn Bhd pursuant to Section 8 of the Act.

Scenario II : Assuming that all the outstanding Warrants are exercised and the Propose Share Buy-Back is implemented in full:-

	As at LPD [a]				Assuming full exercise of Warrants [b]				After the Proposed Renewal of Share Buy-Back Authority [c]			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors												
Y.M Tunku Alizan bin Raja Muhammad Alias	1,200,492	0.22	–	–	1,374,142	0.20	–	–	1,374,142	0.23	–	–
Datuk Kamarudin bin Md. Ali	394,000	0.07	–	–	795,200	0.12	–	–	795,200	0.13	–	–
Dato' Azizan bin Jaafar	2,935,146	0.54	[1] 53,602,938	9.87	3,395,721	0.51	[1] 60,423,438	9.12	3,395,721	0.56	[1] 60,423,438	10.12
Dato' Ow Chee Cheoon	33,966,774	6.25	–	–	42,291,964	6.38	–	–	42,291,964	7.08	–	–
Ow Yin Yee	163,812	0.03	–	–	203,962	0.03	–	–	203,962	0.03	–	–
Muk Sai Tat	–	–	–	–	–	–	–	–	–	–	–	–
Latifah binti Abdul Latiff	–	–	–	–	–	–	–	–	–	–	–	–
Substantial Shareholders												
Dato' Azizan bin Jaafar	2,935,146	0.54	[1] 53,602,938	9.87	3,395,721	0.51	[1] 60,423,438	9.12	3,395,721	0.56	[1] 60,423,438	10.12
Dato' Ow Chee Cheoon	33,966,774	6.25	–	–	42,291,964	6.38	–	–	42,291,964	7.08	–	–
Ganjaran Gembira Sdn Bhd	53,602,938	9.87	–	–	60,423,438	9.12	–	–	60,423,438	10.12	–	–
Dato' Kamisah binti Johan	49,342,852	9.09	–	–	49,342,852	7.45	–	–	49,342,852	8.26	–	–
Employees Provident Fund Board	36,401,888	6.70	–	–	36,401,888	5.49	–	–	36,401,888	6.09	–	–

Notes :-

(a) Calculated based on the total number of issued shares of 542,771,375 Ordinary Shares excluded 1,165,744 treasury shares

(b) Calculated based on the total number of issued shares and warrants converted of 662,165,782 Ordinary Shares excluded 1,165,744 treasury shares.

(c) Assuming that the Proposed Renewal of Share Buy-Back Authority is implemented in full, i.e. 10% of the total number of issued shares of the Company, the purchased Shares are held as treasury shares under the respective scenarios and that the Directors and substantial shareholders' shareholdings remain unchanged.

(1) Deemed interested via shareholding in Ganjaran Gembira Sdn Bhd pursuant to Section 8 of the Act.

STATEMENT ACCOMPANYING NOTICE OF AGM [CONT'D]

8. PUBLIC SHAREHOLDING SPREAD

Pursuant to Paragraph 8.02(1) of the MMLR, a listed issuer must ensure that at least 25% of its total listed Shares (excluding treasury shares) are in the hands of public shareholders.

The public shareholding spread of the Company as at LPD is 57.32%. In implementing the Proposed Renewal of Share Buy-Back Authority, the Company will ensure that the minimum public shareholding spread of 25% is complied with.

9. PURCHASE, RESALE AND CANCELLATION OF TREASURY SHARES MADE IN THE PREVIOUS TWELVE (12) MONTHS

The Company has been no purchase, resale or cancellation of treasury shares in the preceding twelve (12) months.

As at the LPD, the balance of 1,165,744 Purchased Shares is retained as Treasury Shares.

10. HISTORICAL SHARE PRICES

The monthly high and low prices of the Company as traded on Bursa Securities for the last twelve (12) months from April 2020 to April 2021 are as follows:-

	Shares	
	High RM	**Low RM**
2020		
April	0.875	0.770
May	0.950	0.835
June	0.945	0.845
July	0.905	0.820
August	0.820	0.690
September	0.745	0.650
October	0.655	0.595
November	0.705	0.585
December	0.760	0.660
2021		
January	0.655	0.560
February	0.625	0.560
March	0.695	0.620
April	0.710	0.635

Last transacted market price of GBGAQRS Shares on 30 April 2021 was RM0.635 (being the last practicable date prior to the printing of this Statement).

STATEMENT ACCOMPANYING NOTICE OF AGM [CONT'D]

11. IMPLICATIONS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY IN RELATION TO THE RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS, 2016

The Company also intends to implement the Proposed Renewal of Share Buy-Back Authority in the manner that will not result in any of the shareholders having to undertake a mandatory offer pursuant to the Rules. In this respect, the Board will be mindful of the requirement of the Rules when implementing the Proposed Renewal of Share Buy-Back Authority.

As the Board has no intention for the Proposed Renewal of Share Buy-Back Authority to trigger the obligation to undertake a mandatory general offer under the Rules by any of its substantial shareholders and/or parties acting in connect with them, the Board will ensure that only such number of Ordinary Shares are purchased, retained as treasury share, cancelled or distributed such that the Rules will not be triggered.

12. DIRECTORS' RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Board and they individually and collectively accept full responsibility for the accuracy of the information given in this Statement and confirm that, after making all reasonable enquiries, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

13. DIRECTORS' RECOMMENDATION

The Directors, having considered all aspects of the Proposed Renewal of Share Buy-Back Authority are of the opinion that it is in the best interests of the Company and its shareholders and accordingly, recommends that you vote in favour of the ordinary resolution to be tabled at the forthcoming Eleventh AGM.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's Registered Office at G-58-1, Blok G, Jalan Teknologi 3/9, Bistari 'De' Kota, Kota Damansara, PJU 5, 47810, Petaling Jaya, Selangor Darul Ehsan, Malaysia, during normal business hours and on Mondays to Fridays (except public holidays) from the date of this Statement to the date of the forthcoming AGM:

(i) the Constitution of the Company; and
(ii) the audited consolidated financial statements of GBGAQRS for the two financial years ended 31 December 2019 and 31 December 2020.

ABBREVIATIONS

AGM	Annual General Meeting
BDO	Messrs BDO PLT
Board	Board of Directors of the Company
Bursa Securities	Bursa Malaysia Securities Berhad
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Company	Gabungan AQRS Berhad
dB(A)	Weighted Decibel
DO	Dissolved Oxygen
EBITDA	Earnings before interest, taxes, depreciation and ammortization
ED/EDs	Executive Director or its plural
EPS	Earnings Per Share
FYE	Financial year ended
GBGAQRS Share(s) / Shares	Ordinary share(s) in the Company
GDV	Gross Development Value
GRI	Global Reporting Initiative
Group/GBG/GBGAQRS	Gabungan AQRS Berhad and/or its group of companies
IBS	Industrialised Building System
IFRS	International Financial Reporting Standards
ISO	International Organization for Standardization
LPD	30 April 2021, being the latest practicable date prior to the printing of this statement
MMLR	Main Market Listing Requirements of Bursa Securities including any amendment(s) thereto which may be made from time to time
MRCB	Malaysian Resources Corporation Berhad
MRT	Mass Rapid Transit
MT	Metric Ton
NA	Net Assets
NCI	Non-controlling interest
NED/NEDs	Non-Executive Director or its plural
NGO/NGOs	Non-Governmental Organisations
NH3-N	Ammonia-Nitrogen
NYSE	New York Stock Exchange
OSH	Occupational Safety and Health
PPR	Projek Perumahan Rakyat
PR1MA	Perumahan Rakyat 1 Malaysia
Prevailing Laws	Any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the Proposed Share Buy-Back
RHS	Right Hand Side
RM and sen	Ringgit Malaysia and sen respectively, being the lawful currency of Malaysia
sq.ft	square feet
TSS	Total Suspended Solids
UN	United Nations

GABUNGAN AQRS BERHAD
[201001028608 (912527-A)]

FORM OF **PROXY**

Number of shares held	
CDS account no.	

*I/We, ... Company No./NRIC No.
(full name as per NRIC/Certificate of Incorporation in capital letters)

..... of .....
(full address)

being a member of **GABUNGAN AQRS BERHAD** ("**Company**") hereby appoint

1) Name of Proxy: ..... NRIC/Passport No.: .....

Address: .....

Email: ..... Contact No. .....

2) Name of Proxy: ..... NRIC/Passport No.: .....

Address: .....

Email: ..... Contact No. .....

or failing him/her the Chairman of the Meeting as *my/our proxy, to vote for *me/us on *my/our behalf at the Eleventh AGM of the Company to be held on a **fully virtual basis** via live streaming and online remote voting at a broadcast venue at The Function Room, G-58-3, Block G, Jalan Teknologi 3/9, Bistari 'De' Kota, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 24 June 2021 at 10.00 a.m. and at any adjournment thereof, on the following resolutions referred to in the Notice of Eleventh AGM.

*My/Our proxy(ies) *is/are to vote as indicated below:-

NO.	ORDINARY RESOLUTION	FOR	AGAINST
1	To re-elect Datuk Kamarudin bin Md. Ali who retires in accordance with Clause 119 of the Company's Constitution.		
2	To re-elect Ms Ow Yin Yee who retires in accordance with Clause 119 of the Company's Constitution.		
3	To re-elect Puan Latifah binti Abdul Latiff who retires in accordance with Clause 118 of the Company's Constitution.		
4	To re-appoint Messrs. BDO PLT as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration.		
5	To approve the payment of Directors' fees of up to RM468,000 for the financial year ending 31 December 2021.		
6	To approve the payment of Directors' benefits (excluding Directors' fees) up to an amount of RM32,000 from 25 June 2021 until the next Annual General Meeting of the Company in year 2022.		
7	Proposed retention of Datuk Kamarudin bin Md. Ali as Independent Non-Executive Director.		
8	Proposed retention of Mr Muk Sai Tat as Independent Non-Executive Director.		
9	Authority to Issue and Allot Shares pursuant to the Companies Act 2016.		
10	Proposed Renewal of Authority for Share Buy-Back.		

(Please indicate with an "X" in the appropriate box against each Resolution on how you wish your vote to be cast. If no specific direction as to how the proxy shall vote, the proxy shall vote as he/she thinks fit or, at his/her discretion, abstain from voting.)

Signed this ..... day of 2021

.....
Signature(s) / Common Seal of Member(s)

For appointment of two proxies, percentage of shareholdings to be represented by the proxies		
	No. of shares	**Percentage**
Proxy 1		
Proxy 2		
Total		**100%**

NOTES:-

1. As part of the initiatives to curb the spread of COVID-19, the 11th AGM will be conducted on a fully virtual basis by way of live streaming and online remote voting via the Remote Participation and Voting ("**RPV**") facilities to be provided by SS E Solutions Sdn. Bhd. via Securities Services e-Portal's platform at https://sshsb.net.my/login.aspx. Please read carefully and follow the procedures provided in the Administrative Guide in order to register, participate and vote remotely via the RPV facilities.

2. The Broadcast Venue, which is the main venue of the 11th AGM, is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Clause 81 of the Company's Constitution, which require the Chairman to be present at the main venue of the 11th AGM. Members, proxies and/or corporate representatives will not be allowed to be physically present at the Broadcast Venue on the day of the 11th AGM.

   With the RPV facilities, the members, proxies and/or corporate representatives are strongly encouraged to exercise their rights to participate (including to pose questions to the Chairman, Board of Directors or Management) and vote at the 11th AGM.

   As guided by the Securities Commission Malaysia's Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all members, proxies and/or corporate representatives shall communicate with the main venue of the 11th AGM via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the 11th AGM as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, members, proxies and/or corporate representatives may email their questions to eservices@sshsb.com.my during the 11th AGM. The questions and/or remarks submitted by the members, proxies and/or corporate representatives will be responded via broadcast by the Chairman, Board of Directors and/or Management during the Meeting.

3. 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 participate and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing. In the event the appointer is a corporation, the instrument appointing a proxy must be either under the appointer's Common Seal or under the hand of its officer or attorney duly authorised.

5. A member of the Company may appoint more than one (1) proxy to attend at the same meeting. Where a member appoints more than one (1) proxy to attend and vote at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

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

7. Where a member of the Company is an exempt authorised nominee holding ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account") as defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

8. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority shall be deposited to SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or submitted electronically via Securities Services e-Portal at https://sshsb.net.my/login.aspx not later than forty-eight (48) hours before the time set for holding the 20th AGM or any adjournment thereof.

   The lodging of the Form of Proxy does not preclude a member from attending and voting remotely at the 11th AGM should he subsequently decides to do so, provided a notice of termination of proxy authority in writing is given to the Company and deposited to SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than twenty-four (24) hours before the time stipulated for holding the 11th AGM or any adjournment thereof, and you register for RPV as guided in the Administrative Guide. Please contact the poll administrator, SS E Solutions Sdn Bhd, at 03-2084 9000 for further assistance.

9. For the purpose of determining a member who shall be entitled to attend this Eleventh Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 84 of the Constitution of the Company and Section 34(1) of SICDA to issue a General Meeting Record of Depositors ("ROD") as at 17 June 2021. Only a depositor whose name appears on the ROD as at 17 June 2021 shall be entitled to participate the said meeting or appoint proxies to attend and/or vote on his/her behalf.

**** Delete if not applicable***

Please fold here

Stamp

The Company Secretary
GABUNGAN AQRS BERHAD
[Registration No. 201001028608 (912527-A)]
G-58-1, Block G
Jalan Teknologi 3/9
Bistari 'De' Kota
Kota Damansara, PJU 5
47810 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Please fold here

GABUNGAN AQRS BERHAD
[Registration No : 201001028608 (912527-A)]

G-58-1, Blok G, Jalan Teknologi 3/9, Bistari 'De' Kota
Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan

Tel: +603 6141 8870 | Fax: +603 6141 8871

Email: enquiries@gbg.com.my

www.gbg.com.my