



ADVANCING WITH **PRIDE**
annual report 2018

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E+ISLAND
LAKE HAVEN
PUCHONG

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Form of Proxy



One Jesselton Waterfront, Kota Kinabalu

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.

Sungai Besi -Ulu Kelang Expressway (SUKE)



The Peak, Johor Bahru City Centre



E'Island Lake Haven, Puchong

OUR STORY

vision

Gabungan AQRS Berhad ("GBG") is now moving forward to be one of the leading construction companies with the expertise in building urban infrastructure 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 loyal, enabling us to deliver quality projects and in time.

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 Gabungan AQRS Berhad Headquarters in Kota Damansara

OUR VALUES

Integrity

We aim to create a collaborative, respectful and nurturing work environment, actively contributing to nation building in the communities in which we operate.

We ensure the continued success and sustainability of our people, our clients and partners, with trust in both reputation and service quality.

Commitment

A committed team has ensured for projects to be executed in spite of the massive headwinds that we faced.

Commitments shown has built a strong sense business trust with clients, which would be an asset when undertaking future projects.

Competence driving Operational Excellence

We strive to ensure that a professionally run organization 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 and stakeholders.



Our Regional Office in Kota SAS, Kuantan

CORPORATE PROFILE

GBGAQRS

In 2012, Gabungan AQRS Berhad ("GBG") was listed on the Main Board of Bursa Malaysia, using the listing code GBGAQRS. The Company has its roots in the amalgamation of four successful businesses - three construction and engineering companies: Gabungan Strategik Sdn Bhd ("GSSB"), Motibina Sdn Bhd ("Motibina") and Pembinaan Megah Ikhlas Sdn Bhd ("PMISB"), as well as AQRS The Building Company Sdn Bhd ("AQRSTBC"), a property developer. Each a good, strong Company with a reputable brand.

A transformation which led to the rebirth of GBG

In 2016, GBG initiated a transformation plan which marks the start of a change to build an almost reborn-company. The transformation plan had to be initiated back then as the Group was facing tremendous headwinds, including a dwindling construction order book and a poor financial standing.

We repositioned ourselves to further enhance our value, given the headwinds we faced. Eventually, the success of the transformation plan was evident in 2017, proven by a healthy business growth rate, leading to profitability to the Group and value to its shareholders. Our financial standing has also tremendously improved in 2017, including a balance sheet that is leaner than what it was during its IPO days.

The repositioning of the Group also meant that we had to restructure our brand from 2016, especially against the rest of our competitors. Fast forward to end-2017, we have been successful, evidenced by our construction subsidiary, GSSB having a tall construction order book. In 2017 too, we received our first construction project worth more than a billion Ringgit, the Light Rail Transit 3 (LRT3) job - our largest job to-date.

Our property development division, AQRSTBC has also built a solid portfolio of property development assets that will eventually be high-yielding assets. This include our flagship property development, One Jesselton Waterfront in Kota Kinabalu which will be developed under our subsidiary, GBG Properties (Sabah) Sdn Bhd.

Our precast products manufacturing arm, SEDCO Precast Sdn Bhd is also poised to be of great significance to the Group. SEDCO Precast Sdn Bhd currently operates a precast and IBS product manufacturing facility in Tuaran, Sabah and could be the future supplier of precast products to the Pan Borneo Highway in Sabah.

Values that drive growth are of priority

GBG has considerable talents and a wealth of experience across a broad range of infrastructure products. 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 transformation plan was initiated. This is evidenced by our capabilities in securing new, high quality and prominent construction jobs. We have built our expertise in the construction of urban highways (the SUKE highway), urban railways (the LRT3) as well as purpose-built iconic buildings (PPSAS).

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 and Chairman

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

Loo Choo Hong
Independent, Non-Executive Director

Muk Sai Tat
Independent, Non-Executive Director

AUDIT COMMITTEE

Loo Choo Hong (Chairman)
Datuk Kamarudin bin Md. Ali (Member)
Muk Sai Tat (Member)

NOMINATION COMMITTEE

Muk Sai Tat (Chairman)
Datuk Kamarudin bin Md. Ali (Member)
Loo Choo Hong (Member)

REMUNERATION COMMITTEE

Datuk Kamarudin bin Md. Ali (Chairman)
Loo Choo Hong (Member)
Muk Sai Tat (Member)

RISK MANAGEMENT COMMITTEE

Muk Sai Tat (Chairman)
Y.M. Tunku Alizan bin Raja Muhammad Alias (Member)
Dato' Azizan bin Jaafar (Member)
Dato' Ow Chee Cheoon (Member)
Datuk Kamarudin bin Md. Ali (Member)
Loo Choo Hong (Member)

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

912527-A

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Sector : Construction
Shares Warrants
Stock Name : GBGAQRS GBGAQRS-WB
Stock Code : 5226 5226WB

SECRETARY

Ooi Li Ann (MAICSA 7065065)
Chua Siew Chuan (MAICSA 0777689)
Tan Ley Theng (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. : 03-6141 8871
e-mail address : enquiries@gbg.com.my
Website : www.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
AmBank (M) Berhad
AFFIN Bank Berhad
United Overseas Bank (Malaysia) Bhd

GROUP CORPORATE STRUCTURE



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

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%

GBG Properties (Sabah) Sdn Bhd

100%

Grand Meridian Development Sdn Bhd

100%

Nusvista Development Sdn Bhd

52%

Prestige Field Development Sdn Bhd

100%

Estet Etos Sdn Bhd (in the process of striking-off)

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

SUMMARIZED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER (RM'000)

2018 2017

REVENUE	585,330	462,305
PROFIT/(LOSS) BEFORE TAX	86,962	103,798
EBITDA	99,970	128,811
NET PROFIT/(LOSS) Attributable to Equity Holders	61,210	67,039

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER (RM'000)

Total Non-Current Assets	100,766	102,441
Total Current Assets	1,312,791	985,460
Total Assets	1,413,557	1,087,901
Share Capital	324,240	267,081
Reserves	147,589	126,578
Shareholder's Equity	471,829	393,659
Non-controlling interests	5,620	8,079
Total Equity	477,449	401,738
Total Non-Current Liabilities	29,147	29,308
Total Current Liabilities	906,961	656,855
Total Equity and Liabilities	1,413,557	1,087,901

SUMMARISED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER (RM'000)

Operating Profit Before Working Capital Changes	98,038	108,329
Net Cash Flows Generated/(Used) in Operating Activities	(23,725)	148,715
Net Cash Flows Generated/(Used) in Investing Activities	(43,863)	(10,371)
Net Cash Flows (For)/From Financing Activities	(26,197)	(118,623)
Net Increase in Cash and Cash Equivalents	(93,785)	19,721
Cash and Cash Equivalents at Beginning of Year	(18,663)	(38,384)
Cash and Cash Equivalents at End of Year	(112,448)	(18,663)

FINANCIAL ANALYSIS

EBITDA Margin	17.08%	27.86%
Profit Before Tax Margin	14.86%	22.45%
Net Profit Margin	10.46%	14.50%
Free Cash Flow (RM'000)	(29,669)	147,414
Returns on Average Shareholders Equity (ROE)	13.9%	20.4%
Returns on Average Total Assets (ROA)	4.9%	6.6%
Earnings Per Share (sen)*	13.05	16.39
Net Dividends Per Share (sen)^	5.00	2.00
Payout Ratio	38.3%	13.2%
Cash and Bank Balances (RM'000)	128,572	136,391
Total Borrowings (RM'000)	205,707	188,160
Net Gearing (x)	0.16	0.13



One Jesselton Waterfront, Kota Kinabalu

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



Dato' Azizan bin Jaafar
Group Chief Executive Officer

MANAGEMENT DISCUSSION & ANALYSIS

DEAR SHAREHOLDERS,

2018 marks another year of remarkable achievement as the Group continues to deliver strong earnings and continues to be operationally stronger. This was achieved as a result of the transformation exercise that we initiated in April 2016, and completed in December 2017. The Group was not only resilient, but also managed to continue efficiently cruise ahead in spite of the headwinds that the construction sector faced. We remain committed to ensure that our core strength would be used to our advantage to continue to deliver value to our shareholders.

The Group's organisation and business fundamentals remain solid and would play a crucial driver to the Group's future performance to withstand the uncertainty in the construction sector, achieved as a result of successfully completed transformation plan. We would continue to monitor the fundamentals of its business operations to ensure that projects continue to be efficiently-managed, including the monitoring of its cash flows, operating expenses and finance cost. Furthermore, we remain confident that our future performance would remain robust.

Our financial footing has been further strengthened in FYE 2018 with our total shareholders' funds rising by 19% to RM477.4 million. On top of that, our operating cost to revenue, a measure of Group efficiency, has improved to 8.8% from 12.0% in FYE 2018. This has put us into a more competitive position, particularly when tendering for new jobs. Our financing cost has also been reduced by 57.1% to RM5.4 million, compared to RM12.6 million in FYE 2018. These two factors would put us in a competitive position, particularly with the Government's stance to transparently award contracts based on merits and value.

The construction division, a stellar performer for the Group since 2016 would be able to weather through and possibly, outperform again this year, if external factors permit. Nevertheless, our current outstanding orderbook of RM2.3 billion would be able to sustain our earnings trajectory up to the year 2021. We would continue to be on the lookout for any new local infrastructure projects that would benefit the Group.



*Sungai Besi -Ulu Kelang
Expressway (SUK)*

Our property development division on the other hand is expected to stage a turnaround in FYE 2019 after 3-years of negligible contributions to the Group. This year, we are targeting to secure RM500 million in new property sales, on the back of RM934 million in new launches, which comprises RM501 million of properties in E'Island Lake Haven in Puchong, Selangor, and our "cash-cow" The Peak in Johor Bahru. Progress on our One Jesselton Waterfront development has also been positive, and we hope to rope in a joint-venture partner for our flagship development this year.

During the year, we have also rewarded our shareholders with cash dividends and the issuance of new warrants for their continuous support to the Group. In 2018 alone, we declared 4.0 sen in interim dividends and 1.0 sen in special dividends. On top of that, to reward our shareholders, we issued 119.4 million new warrants, which were distributed to shareholders on a 1-for-4 basis. The warrants could raise the Group up to RM133.7 million as well as works to being an additional derivative for shareholders to invest. Additionally, the Group also distributed 9.6 million in treasury shares that it bought in mid-2018 back to shareholders. The treasury shares that we bought back then were from the cashflows that were generated by the Group's division in the first-half of 2018.

	Dividend
Year	(sen)
FY2013	1.91
FY2014	Share Dividend of 1 treasury share for every 100 ordinary shares
FY2015	n.a
FY2016	n.a
FY2017	2.00
FY2018	5.00

MANAGEMENT DISCUSSION & ANALYSIS

(CONT'D)

SMOOTH SAILING IN CHOPPY WATERS

Revenue

In FYE 2018, GBG registered a total revenue of RM585.3 million, an increase of 26.6% or RM123.0 million, compared to RM462.3 million in the previous financial year. The improvement in Group revenue is as a result of the higher contributions from the ongoing construction projects coupled with the ongoing progress billings for a single ongoing property development in 2018, The Peak in Johor Bahru City Centre.

The construction division contributed to RM549.5 million or 94% of the Group's revenue in FYE 2018, a RM193.7 million increase compared from the previous financial year. Revenue for the construction division was mainly contributed from the work progress for the Sungai Besi - Ulu Kelang (SUK) Highway, Pusat Pentadbiran Sultan Ahmad Shah (PPSAS) and Light Rail Transit 3 (LRT3) projects, albeit at a slower pace.

The property development division contributed RM24.5 million or 4% of the Group's revenue in FYE 2018, a 74% or RM70.7 million drop due to the absence of land sales that were recorded in the previous financial year. In FYE 2018, almost all of the revenue recognized for the property development division is from its single ongoing project, The Peak in Johor Bahru City Centre.

Profitability

In FYE 2018, the Group reported a profit after tax of RM65.1 million compared to RM71.2 million reported in FYE 2017, an 8.6% decline due to the recognition of one-off liquidated ascertained damages (LAD) for our Johor Bahru City Centre project, The Peak amounting to RM13.8 million. Profits were driven by a higher recognition in revenue coupled with a

significantly lean balance sheet, an efficient team and a more strategic placement of resources.

Gross profit stood at RM123.3 million in FYE 2018. In terms of divisional breakdown, the construction division contributed to a gross profit of RM113.9 million, with significant contributions for the construction division came from the progressive stages of construction for the Sungai Besi - Ulu Kelang (SUK) Highway, Pusat Pentadbiran Sultan Ahmad Shah (PPSAS) and Light Rail Transit 3 (LRT3) projects. On the flipside, our property development arm recorded negative earnings contribution, mainly due to the abovementioned LAD charge.

Financial Position and Liquidity

As at FYE 2018, our total borrowings stood at RM205.7 million, an 9.3% increase compared to FYE 2017 due to additional project financing that was drawn down for the construction division. In terms of net gearing, the Group's net gearing stood at a healthy 0.16x, a marginal increase from 0.13x in FYE 2017 due to the abovementioned reason and a higher level of treasury shares.

On the other hand, our interest costs have been on a downtrend. In FYE 2018, the Group recorded an interest expense of only RM5.4 million, more than half of the interest expense in FYE 2017 of RM12.6 million. Going forward, we would strive to further improve our net gearing ratio.

Our market capitalisation stood at RM658 million, based on a closing price of RM1.33 per share on 29 March 2019. Equity attributable to owners of the parent company was RM471.8 million as at 31 December 2018 with net assets per share of RM0.97.

Year	Share Price (RM)		Market Capitalisation as at 31 December (RM million)
	Low	High	
2012	1.07	1.21	387.5
2013	0.88	1.70	376.5
2014	1.05	1.86	485.6
2015	0.82	1.38	324.1
2016	0.82	1.18	353.3
2017	0.89	2.00	870.3
2018	0.62	2.16	422.9

Business Operations

The Group constantly strives to improve operational efficiency through a review of business strategies for each reporting division and has yielded favourable results. Our overhead costs as a percentage of revenue, a measure of operating efficiency, stood at 8.8% in spite of the recognition of one-off expenses. This was executed by reducing the number of inefficient employees while boosting productivity and improving our internal management processes as well as tightening our risk management policies.

Aside that, our financing cost in FYE 2018 was reduced by 57.1% to RM5.4 million, due to a significant drop in term loans, which also in turn, saved the Group about RM7.2 million in interest expense compared to FYE 2017. Looking ahead, we expect further improvement in our gearing.

DIVISIONAL REVIEW AND OUTLOOK

CONSTRUCTION - OPERATIONS REVIEW

As at 31 December 2018, the Group's outstanding construction order book stood at RM2.2 billion which would easily sustain our earnings momentum till the year 2021. Looking ahead, the Group is optimistic on the potential growth of the construction division, primarily driven by the strong pipeline of new projects that are coming on stream, which includes the East Coast Rail Line, Pan Borneo Highway Sabah and other public infrastructure projects.

SUKE Highway

The estimated value of Package CA3 for the execution and completion of bridge structure works from CH4200 to CH7800 of the SUKE Highway is valued at a contract sum of RM648.5 million. The project commenced on 29 August 2016 and is scheduled to be completed by mid-2020. The project is currently at 61% stage of completion.



Sungai Besi-Ulu Kelang Expressway (SUKE)

MANAGEMENT DISCUSSION & ANALYSIS

(CONT'D)



Pusat Pentadbiran Sultan Ahmad Shah, Kuantan

Pusat Pentadbiran Sultan Ahmad Shah, Kuantan (“PPSAS”)

We secured the RM361.0 million job back in December 2016. The project involves the construction of the entire Pahang Government state complex in Kuantan, Pahang and is expected to positively contribute to both revenue and profits for the construction division. Construction works commenced back in December 2016 and is expected to be completed in the first half of 2020. Currently, the project is at 81% stage of completion.

PR1MA Gambang, Kuantan

The project involves the construction of 2,186 residential units and 36 retail units under the 1Malaysia People's Housing Programme or PR1MA. This affordable housing scheme project, which commenced on 30 September 2016, is valued at RM389.2 million and has a tentative completion date in May 2021. Currently, the project is at 15% stage of completion.

Light Rail Transit 3 (LRT3)

In October 2017, we secured package GS04 of the Light Rail Transit 3 project worth RM1.13 billion, our largest contract to-date. The project involves the construction of guideways, stations, park and ride facilities.

On 22 February 2019, we announced that our wholly-owned subsidiary, Gabungan Strategik Sdn Bhd executed one (1) separate Novation Agreement with Prasarana and MRCB George Kent, in which all of the rights, interest, benefits, obligations, duties and liabilities of Prasarana under the LRT 3 Contracts shall be transferred and conveyed absolutely to MRCB George Kent subject to the terms and conditions as stipulated in the respective Novation Agreement. Concurrently, we are in negotiations with our client to finalise the contract value post the cost rationalisation exercise mentioned in Budget 2019. The progress of the job is still ongoing but at a slower pace pending the review to redesign the 3 stations within our alignment.

The project is currently at 18% stage of completion.



Light Rail Transit 3



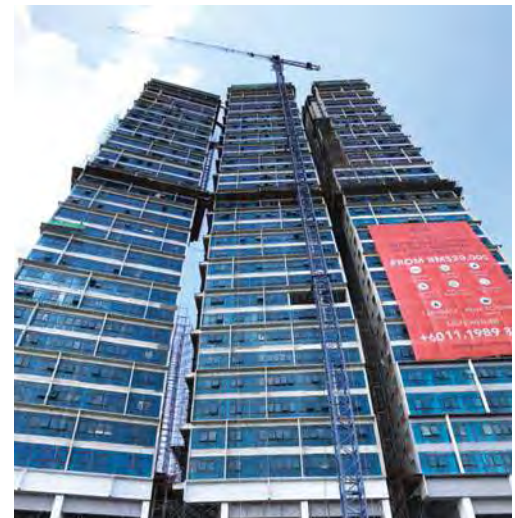
Light Rail Transit 3

Landed Homes in Kota SAS

In November 2017, we were appointed the turnkey contractor by KotaSAS Sdn Bhd as a turnkey contractor to build 1,004 landed homes in KotaSAS Kuantan worth RM189.2 million. We expect construction for the homes to begin in 2019.

The Peak, Johor Bahru City Centre

The Peak is a commercial and freehold title development in the heart of Johor Bahru City Centre. The project construction cost is RM251.99 million. The project is set to be progressively completed by June 2019.



The Peak, Johor Bahru City Centre

One Jesselton Waterfront, Kota Kinabalu

An integrated commercial waterfront development in the new central business district of Kota Kinabalu. The development would comprise of a shopping centre, a 4-star hotel and spa, luxury condominiums, serviced residences and office space. The development is expected to generate a gross development value of RM1.8 billion and is targeted to begin construction in early 2020.

MANAGEMENT DISCUSSION & ANALYSIS

(CONT'D)



CONSTRUCTION - OUTLOOK

The Group believes that it would stand to benefit in a more transparent project tendering process given its strong technical capability, a good track record and a solid financial position. Additionally, we are now able to be more competitive in our future project tenders given our lean operating cost structure and low financing cost as a result of a low gearing.

Looking ahead, the Group envisions to increase its construction order book by a further RM1.5 billion this year, which would continue to positively contribute to the Group's future revenue and earnings.

We are targeting to secure a portion of the civil and structure works for the East Coast Rail Line, given our active presence in Pahang. Our strong presence in Pahang is evidenced by our to date RM974.4 million worth of Pahang State related infrastructure and building jobs secured.

Presently, we have tendered for the Sabah portion of the Pan Borneo Highway. We believe our strong presence in Sabah would benefit the group. We have partnered with one of Sabah State's companies, Suria Capital Holdings Berhad to jointly bid for the Pan Borneo Highway Sabah.

We will also look into participating in new tenders by the Government, which include key railway related jobs within the Klang Valley and Malaysia.

PROPERTY DEVELOPMENT - OPERATIONS REVIEW

The turnaround in its property development division is expected to commence in FYE 2019 after a negligible core earnings contribution to the Group since FYE 2016.

In FYE 2018, the property development division reported revenue of RM24.5 million, a 74% decline compared to FYE 2017 due to the absence of land sales. As at 31 December 2018, our unbilled sales of sold units amounts to approximately RM94.6 million, while our unsold property units valued at RM531.5 million.

PROPERTY DEVELOPMENT - OUTLOOK

The turnaround in its property development division is expected to commence in FYE 2019 after a negligible core earnings contribution to the Group since FYE 2016. In FYE 2019, the Group is aiming a property sales target of RM500 million, stemming from the E'Island Lake Haven project in Puchong and the relaunch of The Peak in Johor

Bahru City Centre, which would generate combined GDVs of over RM934 million. We are also aiming to rope in a joint-venture partner for our flagship One Jesselton Waterfront development in Kota Kinabalu, Sabah.

Barring any unforeseen circumstances, The Group expects the property development arm to be a significant contributor to cash flow from 2019 to 2022. The "cash-cow" of the Group will be driven by its current completed-unsold inventories, boosted further by future sales of The Peak that is free of borrowings and progress billings from E'Island Lake Haven.

Based on a recent survey undertaken by Star Property's Buyers' Sentiment Survey, a majority of the 3,000 respondents have indicated that they are keen to make a purchase of a property in 2019. In terms of timeline of purchase, 42% of the respondents indicated that they are keen to purchase a property within the next 12 months. 87% of the respondents indicate a high preference of purchasing newly-launch houses over sub-sale properties. In terms of location, the most popular location among buyers is Johor Bahru (50%), followed by Kuala Lumpur (19%), Puchong (18%) and Petaling Jaya (17%). We are proud to share that our planned launches this year is in Puchong and Johor Bahru City Centre.

MANAGEMENT DISCUSSION & ANALYSIS

(CONT'D)

The Peak, Johor Bahru

The rebranding exercise for our “cash-cow” and unencumbered development, The Peak in Johor Bahru has commenced in April 2019. We are also introducing our rent-to-own scheme for The Peak called “Reside Before You Decide” - an ownership scheme whereby a buyer would be able to ‘lock-in’ their purchase price for 36 months and use the period to build-up their savings, and at the end of the 36-month period, total rentals that have been paid will go towards reducing the actual loan sum to be applied. Currently, The Peak has 479 units up for sale with a total value of RM473.2 million. The Group aims to monetise this development over years 2019 - 2022. The net cash proceeds received from the sale of The Peak will be utilized for dividend payments and business expansion.



Sandplay area, E'Island Lake Haven, Puchong

E'Island Lake Haven, Puchong

The official launch of our RM501 million GDV E'Island Lake Haven development will take place end April 2019. E'Island Lake Haven would house a total of 1,140 units of affordably-priced and semi-furnished apartments with sizes starting from 881 square feet. Each apartment would be fitted with kitchen cabinets and wardrobes by Signature Kitchen, 4 air conditioners, and large electrical appliances at an affordable price starting from RM295,000 per unit, with 70% of units being below RM399,000 per unit. The apartments will sit across 4-towers on a 19-acre parcel of land.



Contours, Melawati Heights

Contours, Melawati Heights

Contours comprises 40 units of freehold, gated and guarded twin courtyard villas in Melawati Heights, Kuala Lumpur. The project, featuring a private lift for each villa, was launched in July 2010 and completed in March 2014 with a GDV of RM157.4 million. To-date, 32 units have been sold.



The Peak, Johor Bahru City Centre

MANAGEMENT DISCUSSION & ANALYSIS

(CONT'D)

One Jesselton Waterfront, Kota Kinabalu

An integrated commercial waterfront development in the new central business district of Kota Kinabalu. The development would comprise of a shopping centre, a 4-star hotel and spa, luxury condominiums, serviced residences and office space. The development is expected to generate a gross development value of RM1.8 billion and is targeted to begin construction in early 2020.



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*One Jesselton Waterfront,
Kota Kinabalu*

2

*Sedco Precast
Batching Plant in Tuaran,
Sabah*



INVESTMENTS

SEDCO Precast

The Group has, through its wholly-owned subsidiary Sinajasa Sdn Bhd, undertaken a joint-venture with the Sabah Economic Development Corporation and holds 49% in SEDCO Precast Sdn Bhd ("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 Sdn Bhd operates on an 18.67-acre parcel of 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. Aside from gunning the construction jobs for the Pan Borneo Highway Sabah, the Group is also poised to secure significant orders for pre-cast components for the Pan Borneo Highway Sabah via SEDCO Precast Sdn Bhd. Also, given the fact that the remaining 51% stake in SEDCO Precast is owned by the Sabah Economic Development Corporation, we are optimistic on our chances to secure orders for pre-cast components for the Sabah highway.



Petronas Basecamp in Sipitang, Sabah

Petronas Basecamp in Sipitang

Part of the Group's strategy is to expand its recurring income base. In line with the strategy, we entered into a 5+5 rental agreement with Petronas to provide "base-camp" facilities to its employees in Sipitang, Sabah. The project was completed and handed over in March 2016, and generates a recurring revenue of RM2.84 million per quarter for the Group. Going forward, more of such facilities could be built by the Group.

Business Environment

The Malaysian economy expanded at a more moderate pace of 4.7% in 2018 (2017: 5.9%). Despite a positive start to 2018, the economy subsequently was confronted with several external and domestic challenges. Major policy and political shifts, arising partly from the global trade tensions and the historic change of government in Malaysia, became sources of uncertainty for the economy. Unanticipated supply disruptions in the mining and agriculture sectors, as well as commodity exports adversely affected Malaysia's economic performance, resulting in a larger-than-expected moderation in growth.

In 2019, the global economy is projected to expand moderately, following slower growth in both advanced and major emerging market economies. In the advanced economies, economic activity is projected to moderate. While labour market strength will continue to support domestic demand, moderating investments and external demand will affect overall growth.

Against the backdrop of a challenging global environment, the Malaysian economy is expected to sustain its growth momentum, expanding by 4.3% - 4.8% in 2019 (2018: 4.7%). Domestic demand will remain the anchor of growth, underpinned by continued expansion in private sector activity. Private consumption growth is expected to moderate, but remain firm supported by stable labour market conditions and continued wage growth.

Labour market conditions are expected to be stable, with continued employment and income growth, underpinned by steady expansion in services and manufacturing sectors. The unemployment rate is projected to be relatively unchanged. In the long run, the rollout of government policies such as the tiered levy and social security contribution for foreign workers is a positive step in reducing the reliance on foreign labour and spurring the creation of higher skilled, higher income jobs in the economy.

Malaysia's strong fundamentals and the diversified nature of the economy will help to weather these risks and vulnerabilities while preserving macroeconomic and financial stability. These strong fundamentals include a healthy labour market, stable inflation rate, continued surplus in the current account of the balance of payments, deep financial markets as well as a strong financial sector. Exchange rate flexibility and sufficient level of international reserves further enhance the economy's capability to withstand external shocks. Moreover, commitment by the Government to fiscal, structural and institutional reforms will contribute to inclusive and sustainable growth going forward.

Source: Bank Negara Malaysia Annual Report 2018



One Jesselton Waterfront, Kota Kinabalu

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.

The Peak, Johor Bahru City Centre



One Jesselton Waterfront, Kota Kinabalu



E'Island Lake Haven, Puchong



The Peak, Johor Bahru City Centre

BOARD OF DIRECTORS.

the board

[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

[4] DATO' OW CHEE CHEON
Executive Director and Group Deputy Chief Executive Officer

[5] OW YIN YEE
Executive Director and Group Chief Financial Officer

[6] LOO CHOO HONG
Independent Non-Executive Director

[7] MUK SAI TAT
Independent Non-Executive Director

1.





2.



3.



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5.



6.



7.

BOARD OF DIRECTORS' PROFILE

(CONT'D)

Y.M. TUNKU
ALIZAN BIN RAJA
MUHAMMAD ALIAS

**Independent Non-Executive
Director and Chairman**

Malaysian
Male, 52



Date of Appointment

17 March 2017

Length of Service

2 years 1 month (as at April 2019)

Date of Last Re-election

22 May 2017

Membership of Board Committees:

- Chairman of Board Committee
- Risk Management Committee

Academic / Professional Qualifications:

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

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 twenty-eight (28) years of post-qualification, specialising in the areas of Corporate and Construction Law.

Directorships of other Public Companies:

NIL

His interest in the securities of the Company is as disclosed on pages 189 and 191 of this Annual Report.

BOARD OF DIRECTORS' PROFILE

(CONT'D)

DATUK KAMARUDIN
BIN MD. ALI

Senior Independent
Non-Executive Director

Malaysian
Male, 68

Date of Appointment

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

Length of Service

7 years 9 months (as at April 2019)

Date of Last Re-election

14 May 2018

Membership of Board Committees:

- Chairman of Remuneration Committee
- Audit Committee
- Nomination Committee
- Risk Management Committee

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 Defense Studies, United Kingdom (2001)

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 Financial Group Berhad, Libra Invest Berhad, Ann Joo Resources Berhad and various other private limited companies.

His interest in the securities of the Company is as disclosed on pages 189 and 191 of this Annual Report.



BOARD OF DIRECTORS' PROFILE

(CONT'D)

DATO' AZIZAN
BIN JAAFAR

**Executive Director &
Group Chief Executive Officer**

Malaysian
Male, 51



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

Length of Service

7 years 9 months (as at April 2019)

Date of Last Re-election

22 May 2017

Membership of Board Committees:

- Risk Management Committee

Academic / Professional Qualifications:

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

Working Experience:

Dato' Azizan has more than 26 years of experience in the construction industry and 9 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. He had then expanded to property development where he became the shareholders of Tanah Makmur Kotasas Sdn Bhd in April 2013.

Directorships of other Public Companies:

NIL

His interest in the securities of the Company are as disclosed on pages 189 and 191 of this Annual Report.

BOARD OF DIRECTORS' PROFILE

(CONT'D)

DATO' OW
CHEE CHEOON

**Executive Director & Group
Deputy Chief Executive Officer**

Malaysian
Male, 58

Date of Appointment

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

Length of Service

7 years 9 months (as at April 2019)

Date of Last Re-election

2 June 2016

Membership of Board Committees:

- Risk Management Committee

Academic / Professional Qualifications:

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

Working Experience:

Dato' Ow has more than 27 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 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:

NIL

He is the brother of Ms Ow, a Group Chief Financial Officer of the Company. His interests in the securities of the Company are as disclosed on pages 189 and 191 of this Annual Report.



BOARD OF DIRECTORS' PROFILE

(CONT'D)

OW YIN YEE

**Executive Director &
Group Chief Financial Officer**

Malaysian
Female, 51



Date of Appointment

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

Length of Service

1 year 6 months (as at April 2019)

Date of Last Re-election

14 May 2018

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)

Working Experience:

Ms Ow has 28 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 2011.

Towards late year 2011, Ms Ow joined the subsidiary of the Company 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:

NIL

She is also 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 189 and 191 of this Annual Report.

BOARD OF DIRECTORS' PROFILE

(CONT'D)

LOO CHOO HONG

Independent
Non-Executive Director

Malaysian
Male, 46

Date of Appointment

6 July 2011

Length of Service

7 years 9 months (as at April 2019)

Date of Last Re-election

14 May 2018

Membership of Board Committees:

- Chairman of the Audit Committee
- Nomination Committee
- Remuneration Committee
- Risk Management Committee

Academic / Professional Qualifications:

- Member of the ACCA (1998) and a fellow member of the accountancy body
- Member of the MIA (since 2001)
- Associate Member of the Institute of Internal Audit (since 2005)

Working Experience:

Mr Loo commenced his career as an Audit Assistant in a local accounting firm in 1998 and subsequently left as an Audit Supervisor in 2001, before he joined K.H. Kwong & Company as an Audit and Tax Manager. In 2005, he founded Messrs C.H. Loo & Co. and Pro Cast Management Services which offer various professional corporate and management services. Pro Cast Group of Companies was merged with ASQ Group in January 2018, he is currently the tax director of ASQ Tax Services Sdn. Bhd. and the Principal of C.H. Loo & Co.

Directorships of other Public Companies:

Mr Loo is also an Independent Non-Executive Director and the Chairman of the Audit Committee of Wang-Zheng Berhad and Timberwell Berhad. In addition, he holds several other directorships in a number of private limited companies.

His interest in the securities of the Company is as disclosed on pages 189 and 191 of this Annual Report.



BOARD OF DIRECTORS' PROFILE

(CONT'D)

MUK SAI TAT

**Independent
Non-Executive Director**

Malaysian
Male, 55



Date of Appointment

2 November 2012

Length of Service

6 years 5 months (as at April 2019)

Date of Last Re-election

2 June 2016

Membership of Board Committees:

- Chairman of the Risk Management Committee
- Chairman of the Nomination Committee
- Audit Committee
- Remuneration Committee

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)

Working Experience:

He began his working career in 1983 with PriceWaterhouseCoopers 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 Industried 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.

Directorships of other Public Companies:

At present, Mr. Muk sits on the board of Goodway Integrated Industries Berhad.

Note:-

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

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

KEY SENIOR MANAGEMENT'S PROFILE



IR. BAKRI BIN ISHAK
Managing Director,
Construction Division

Malaysian, Male, 58

Date of Appointment

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



IR. TAI JIUNN HONG
Managing Director,
Property Division

Malaysian, Male, 41

Date of Appointment

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

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

Working Experience:

Upon graduation in 1985, Ir. Bakri bin Ishak started his career as a Design Engineer and later as District Engineer with Public Works Department of Malaysia. In 1995, he was seconded to KLIA Berhad for the construction of KL International Airport as Assistant General Manager, Construction. Subsequently, he joined Ahmad Zaki Sdn Bhd as Executive Director, Operation from 1999 to 2009 before joining Gabungan Strategik Sdn Bhd, our Group's Construction subsidiary.

Having about 33 years working experience in the construction industry, Ir. Bakri Ishak has vast hands-on experience as Project Manager and Project Director for various construction works, such as housing and shop lots development, infrastructure works, hospitals, stadiums, universities, mosques, urban elevated highways and other public amenities.

Beside Project Management, he is also giving lectures in Safety Engineering to Executive Master in Occupational Safety & Health (EMOSH) course students for UTM/KLIA College and to various organizations (Private and Government) on Project Management experience. He also stands in as a member of various subcommittee for CIDB, UTM and KLIA College as Technical Advisor.

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 18 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 development locally as well as internationally.

KEY SENIOR MANAGEMENT'S PROFILE

(CONT'D)



**ABD RAZAK
BIN ABD MANAN**
Executive Director, Operations

Malaysian, Male, 50

Date of Appointment

- October 2017 - Senior Project Director
- 1 March 2018 - Appointed as Executive Director, Operations



SI SO TIAN ANN
Executive Director, Contracts

Malaysian, Male, 50

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
- 1 March 2018 - Promoted as Executive Director, Contracts

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 25 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.

Academic / Professional Qualifications:

- Bachelor of Applied Science in Construction Management and Economics from Curtin University of Technology, Australia (conferral Year : 2000)

Working Experience:

Si So Tian Ann has about 27 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.

KEY SENIOR MANAGEMENT'S PROFILE

(CONT'D)



**IR. SUDIRMAN
BIN KAMAL**
Vice President, Technical

Malaysian, Male, 60

Date of Appointment

- 2 January 2013 - Operation Manager
- 1 March 2018 - Promoted as Vice President, Technical



**SR. MUSTAFA
BIN MOHD SAID**
Vice President, Contracts

Malaysian, Male, 40

Date of Appointment

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

Academic / Professional Qualifications:

- Bachelor Degree of Science in Civil and Structural Engineering from University of Aston, Birmingham (1981)
- Member of the Board of Engineers (BEM) (since 2010)
- Member of Institute of Engineers (IEM) (since 2010)
- Member of the Associate Asean Engineer (AAE) (since 2012)
- Member of the Professional Engineer with Practicing Certificate (PEPC) (since 2017)

Working Experience:

Ir. Sudirman bin Kamal had accumulated a total of 37 years of experience in the industry, from the aspects of planning, designing, tendering, managing and supervision covering the construction and maintenance of roads, bridges, buildings, infrastructure works including public amenities, elevated roadways, MRT viaducts and stations.

He began his career with Jabatan Kerja Raya, designing, managing and supervising myriad project both States and Federal funded project including maintenance works. Served the public service for 16 years, 5 of which was with the Implementation Coordination Unit, Prime Minister's Department and 3 years as District Engineer.

Upon leaving the public service, he was appointed as Project Director with Contrail Sdn Bhd, involving himself with the construction of Package CA01, KLIA 1 and the underpass of the KTM rail line near Bank Negara for a period of 5 years before joining Khairi Consult in the capacity of Chief Resident Engineer undertaking the demolition of Pudu Jail for the construction of the Bukit Bintang Underpass Tunnel in early 2009. Subsequently, he joined Syarikat Muhibbah Perniagaan dan Pembinaan as Interfacing Manager handling MRT Line 1, Package V1 project in 01 September, 2012.

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 16 years' experience in various contracts especially in constructions and property development. He began his career in 2002 with Ahmad Zaki Sdn Bhd as an Assistant Quantity Surveyor. He was subsequently transferred to Ahmad Zaki Saudi Arabia Ltd in year 2005 until 2009 where he responsible for handling contracts and procurements for all Saudi projects. He was involved in overseeing the project construction of Alfaisal University Project (Riyadh), King Abdullah University (Jeddah) and Jabal Omar (Mecca).

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

KEY SENIOR MANAGEMENT'S PROFILE

(CONT'D)



THUM PENG YONG

**Vice President,
Operations**

Malaysian, Male, 56

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 33 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 including the recently completed MRT SBK Line - Package V1.



CHEW WEI SHIN

**Vice President,
Development**

Malaysian, Male, 39

Date of Appointment

- 15 July 2015 - Project Manager for Development
- 1 March 2018 - Appointed as Vice President, Development

Academic / Professional Qualifications:

- Bachelor Degree (Hons) in Civil Engineering from University of Technology, Malaysia (year 2002)

Working Experience:

Chew Wei Shin has more than 16 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, 29

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

Save as disclosed above, none of the key personnel has:-

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

SUSTAINABILITY STATEMENT

Sustainability Vision

GBG believes that with the growing momentum in the construction and property development activities, we strive to deliver a better tomorrow. In line with its motivation “From Good to Better, Now going to be Great”, GBG envisions a world where infrastructure development and property developments are Built Great.

We are actively managing our commitment to the Economic, Environmental and Social (“EES”) sustainability, as our mission is to build a sustainable business that is positioned for long term success.

Sustainability Development Goals

The United Nations has formulated 17 Sustainability Development Goals (“SDG”) to achieve the global challenge including those related to poverty, inequality, climate, environmental degradation, prosperity, responsible production and consumption.



Of these 17 goals, GBG has identified nine SDGs that we contribute to.

They are:-

	Ensuring healthy lives and promoting the well-being for all at all ages		Investments in infrastructure
	Quality education to improve people's lives		Cities with access to basic services, energy, housing and transportation
	Fundamental human right for peaceful world		Ensure sustainable consumption and production patterns
	Clean and accessible water to live in		Strengthen the partnership for sustainable development
	Sustainable economic growth and quality jobs		

Sustainability Governance

Our Board of Directors is ultimately responsible for the company's sustainability strategies and its performance. The Board of Directors, having considered sustainability issues as an integral part of its long-term strategic plan and essential for its continuous transformation plan to generate the right business momentum for long-term value creation to shareholders in particular and stakeholders in general.

Scope of Report

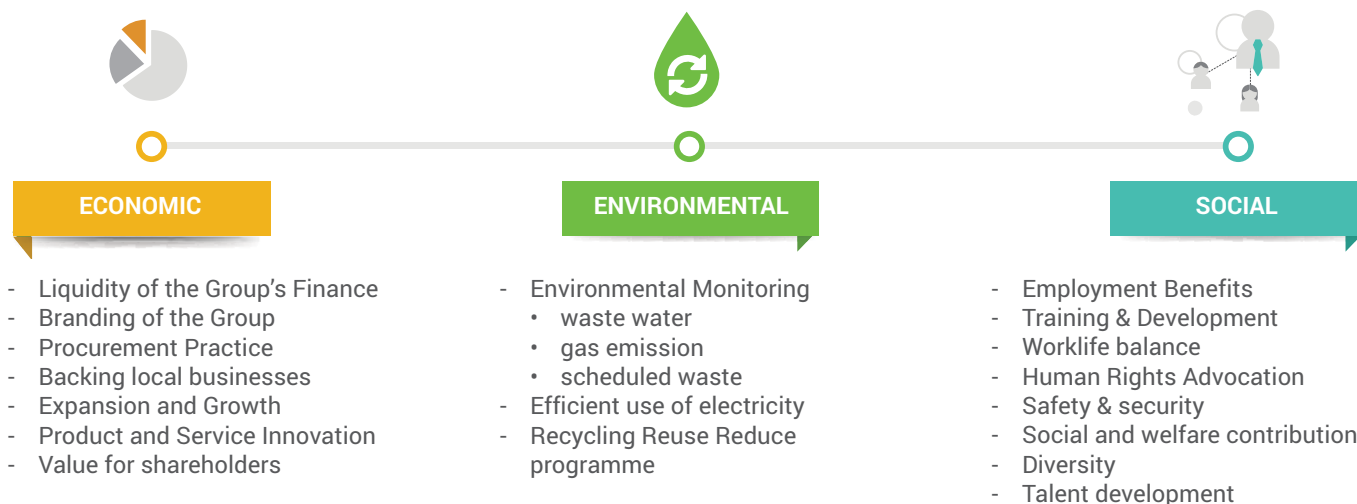
Reporting period	1 January 2018 to 31 December 2018
Reporting cycle	Annually
Coverage	This report covers only the active operating business units with focus on key risks and opportunities based on the materiality assessment exercise. Unless otherwise stated, the information presented in this Report covers only business activities in Malaysia
Reporting guidelines	Sustainable Development Goals, EES principles and Bursa Malaysia's Sustainability Reporting Guide

SUSTAINABILITY STATEMENT

(CONT'D)

Sustainability Framework

Overall, the Group focuses on the following EES Sustainability Framework as the fundamental basis to guide the sustainability policies in its day-to-day operations as follows:-



Stakeholder Engagement

Our Stakeholders are important to the Company's long-term success. Our constant interaction with many of our stakeholders has resulted in facilitation to continuously improve all areas of our operations. By understanding their expectations and responding to their concerns, we aim to strengthen our stakeholder's confidence in us. We seek to engage stakeholders' concern through multiple forms of engagement as outlined below:-

Stakeholder Group	Issue concern	Engagement Methods
Employees	<ul style="list-style-type: none"> • Health, safety and well-being • Talent, performance and rewards • Equal Opportunity • Benefits • Training and education • Diversity and inclusion 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Trust and Safety • Connectivity • Family-friendly facilities • Delivery • Defect rectifications • Service Quality • Customer Service and experience 	<ul style="list-style-type: none"> • Project meetings • Client engagement surveys and feedback forms • Quality Assurance monitored by Quality Unit Department

Stakeholder Group	Issue concern	Engagement Methods
Subcontractors and suppliers	<ul style="list-style-type: none"> • Legal Compliance • Payment schedule • Equal Opportunity of bidding • Completion deadline 	<ul style="list-style-type: none"> • Periodic meeting and dialogue sessions • Liaison with subcontractors/suppliers before sourcing and engaging with contract managers • Contracts negotiation and bidding opportunities
Shareholders & Analyst	<ul style="list-style-type: none"> • Acquisition and expansion • Risk Management • Corporate Governance • Reporting standards 	<ul style="list-style-type: none"> • General meetings, quarterly results and annual report • Walk-in visits and inquiries • Investors or Analysts briefing and engagements • Corporate announcements
Community	<ul style="list-style-type: none"> • Work opportunities • Environmental safety 	<ul style="list-style-type: none"> • Volunteering to help the underprivileged • Control of waste and gas emission
Government	<ul style="list-style-type: none"> • Compliance with government policies • Adhere to the law and regulation 	<ul style="list-style-type: none"> • Support government initiatives in complying with the latest statutory development
Non-Governmental Organisation	<ul style="list-style-type: none"> • Consumerism • Employee's human rights • Environmental pollution 	<ul style="list-style-type: none"> • Address consumers' complaints professionally • Comply with the statutory labour law • Address the NGO's concern professionally

Material Sustainability Matters

GBG has gathered the essential information on potential risk areas to determine and identify the material sustainability matters that may affect our business in relation to the economic, environment and social in which our business operates.

Our material areas were identified based on feedbacks and views which were inputs from both external and internal stakeholders. The internal assessment was based on a 4-step approach as follows:

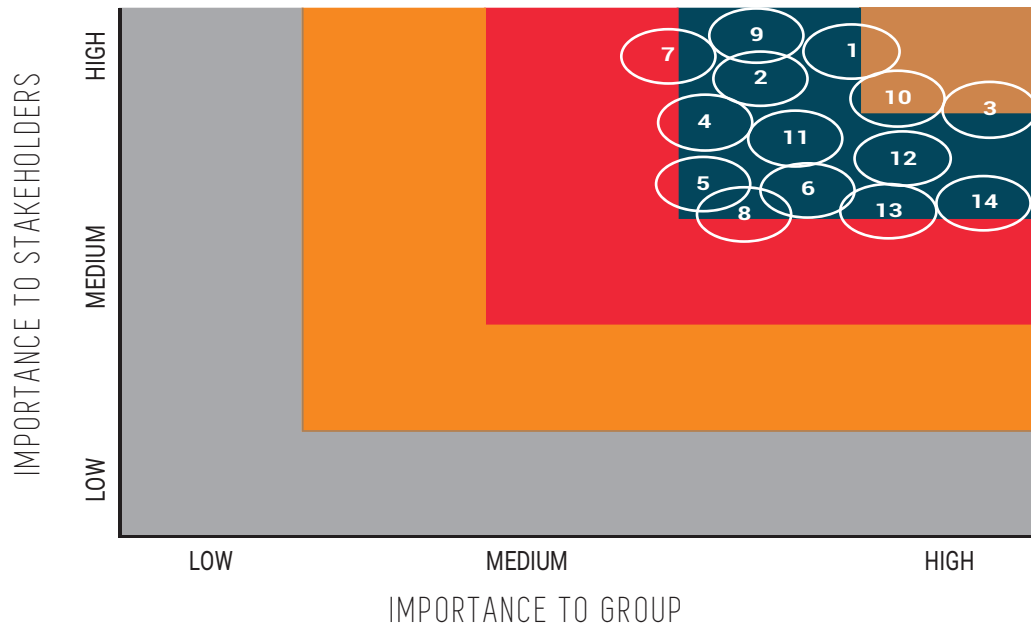
- 1) Issues identified from Key Risk Areas
- 2) Prioritization matrix employed
- 3) Review and feedback from the stakeholders
- 4) Materiality assessment

SUSTAINABILITY STATEMENT

(CONT'D)

Materiality Assessment

All essential information is gathered during our stakeholder engagement exercise. This process helps us determine, identify and prioritise the material issues in relation to our Group's business. The risk issues identified within the Heat Map will be reviewed from time to time and updated accordingly.



No.	Material issues	EES Focus
1	Tender margin outcome	Economic
2	Business opportunities	Economic
3	Business continuity	Economic
4	Regulatory compliance	Economic
5	Health and safety	Social
6	Performance driven culture	Social
7	Waste management	Environment

No.	Material issues	EES Focus
8	Employment and job opportunities	Social
9	Increasing asset value	Economic
10	Financial viability	Economic
11	Committed to delivering quality	Economic
12	Customer satisfaction	Economic
13	Responsive complaint management system	Economic
14	Corporate governance	Governance

ECONOMIC SUSTAINABILITY



Our business procurement strategy practice fully supports our Government Policy of awarding the subcontracts works to the local business and smaller CIDB Grade of contractors and purchasing materials from local suppliers.

In addition to the above, we are also actively implementing the Industrial Collaboration Programme (ICP) at various phases i.e.; the initiative by the Government to ensure best value of money on the procurement programme, as specified by the Government Policy & Guideline.

The on-going projects that are being implemented are:

- Subcontracting Programme including training
- Skim Latihan 1 Malaysia (SL1M) Programme
- Green Building Index Programme at Pusat Pentadbiran Sultan Ahmad Shah and The Peak
- Indirect Programme i.e.; collaboration with Higher Learning Institution (HLI)

The subcontractors and main suppliers are being trained on the awareness of GBGAQRS Safety, Health & Environment and Quality procedures. Their performances are evaluated annually to ensure compliance with the company ISO9001:2015 Quality Management System.

The annual review of the sub contractors' and suppliers' performance will improve quality of services and product delivery to our projects. Projects will be delivered in a timely manner by DOING THINGS RIGHT FIRST TIME AND ALL THE TIME. Optimization of resources and materials will reduce wastages and improve cost saving.

Industrial Building System (IBS)

Besides producing and supplying IBS structural elements, the construction team also has been using IBS in our Design & Build projects e.g.; schools, PPSAS, and The Peak etc.

Among the standard components used are:

- Precast beams / columns / slabs
- Staircase
- Prefabricated roof trusses / window & door frames
- Wall panels

These methods of construction have proven to improve efficiency and timely project delivery. The implementation of IBS also promotes sustainability deliverables.

This could be achieved by better control of production, environment, minimizing construction environment using efficient building material energy and stabilising works condition. These also reduce the dependency of foreign workers as the construction involved a lot of plants and machinery that are more efficient.

SUSTAINABILITY STATEMENT

(CONT'D)

Risk Management

GBG has made reference to COSO framework for effective Risk Management not only to all ongoing projects but also to cater for property development activities.

It has become a useful tool in identifying, assessing and controlling and mitigating threats to the organization and progress of the projects.

The tracking and monitoring of these risks have been carried out and tabled to the Risk Management Committee every quarterly. The risks have been reviewed at every phase of construction activities.

Hazard Identification, Risk Assessment And Determining Controls (HIRADC)

In recent years, Hazard Identification, Risk Assessment and Determining Controls (HIRADC) have become fundamental to the practice of planning, management and the operation of a business as a basic risk management methodology in the workplace and also the project site.

The organizations that have carried out risk assessment at the workplace have noted numerous changes in their working practice.

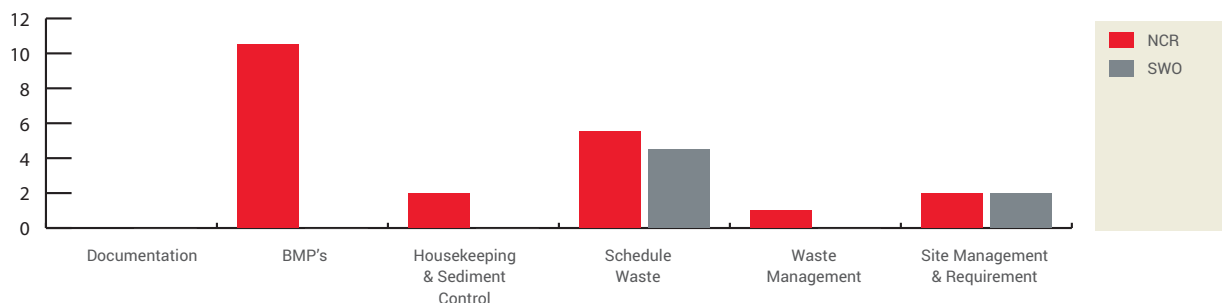
Those who have already carried out risk assessment in their work, have reported positive changes in their working practice. They recognize substandard act and working condition as they develop and take necessary corrective action.

ENVIRONMENTAL SUSTAINABILITY



Self Regulate - Stop Work Authority

To continuously maintain and reducing Environmental Impact, one of the GBG approached for self-regulation is stop work authority (SWA). This approach plays an important role in preventing incident at site. All employees and contractors have the authority and responsibility to stop a task if they observe any unsafe act or condition at the worksite. This program is called "You See You Act" (UCUA). Any concern regarding the control of Environment, Health and Safety can be highlighted in the forms and respective personnel will take immediate action to resolve the issue. The chart below is our LRT3 projects' Non-conformance report (NCR) and Stop Work Order (SWO) that will be issued to our subcontractors in the event that they do not comply to the requirements.



• Preventing Pollution

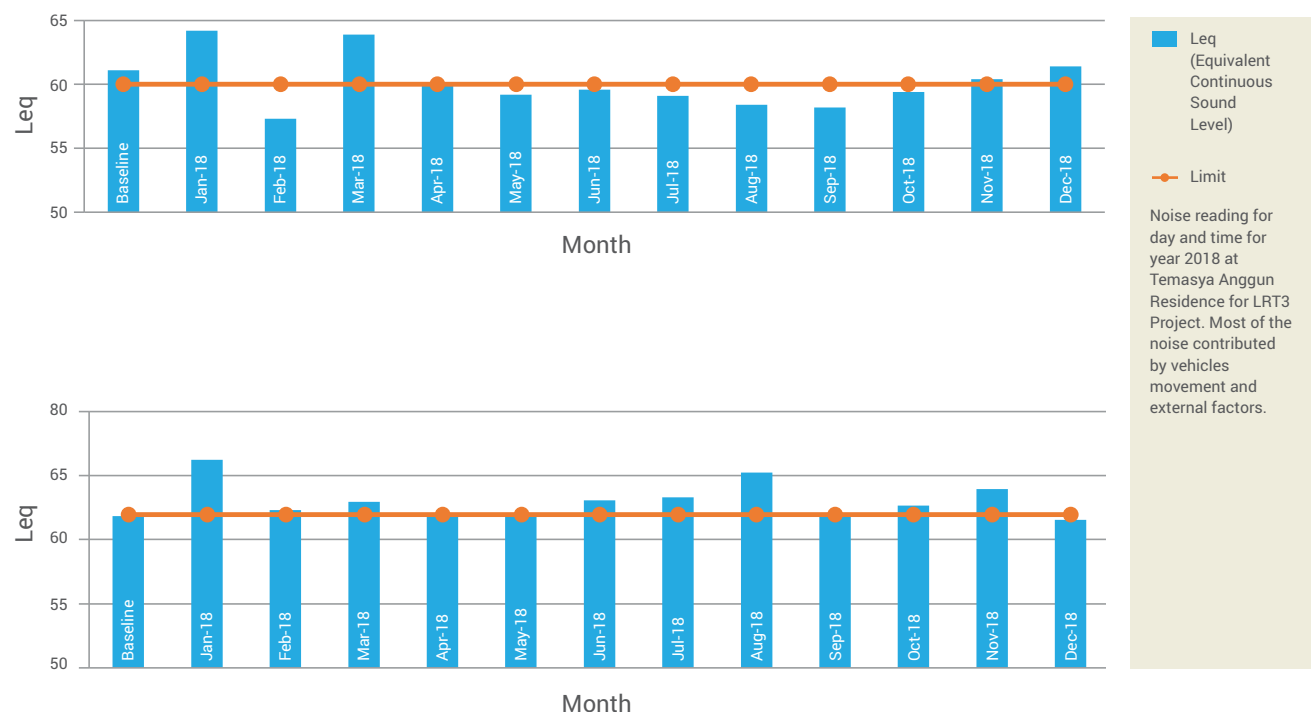
As we are aware, construction or development can have a significant impact on the environment and nature, thus GBG is committed to control and minimize environment pollution and creating a better environment and society. Environmental monitoring is designed to help us to identify the existing natural condition and protect it from the negative outcome arising from our activities or surrounding human activities. We can identify potential impact to the environment and we can control from the source by conducting monthly monitoring.

For example, our LRT3 mega project is located along Persiaran Kerjaya, Shah Alam towards to Stadium Melawati Shah Alam and it is within residential areas and educational institutes, which are the sensitive areas. From our assessments, we noticed that the significant environmental impact is the emission of noise in these sensitive areas. However, most of the noise pollution comes from the traffic and vehicle movements and not by our construction activities, based on our monitoring result. To maintain a sustainability to social and environment we had installed a temporary noise barrier adjacent to the residential areas to minimize the noise emission.

Polution is prevented as proper Erosion and Sedimentation Control is made mandatory to prevent destruction of natural resources from our activities. We ensure that all areas have to complete the Best Management Practice (BMP's) before we start any work at site. Reducing Environment footprint is a big responsibility towards Sustainability Development Goals.

• Environmental Monitoring

Below is the example of 2018's data for noise monitoring at one of our projects whereby noise is the most significant environmental aspect due to adjacent to residential area. We continuously monitor our readings to mitigate and reduce the environmental foot print. It is part of our social responsibility to serve society and be good to the environment.



SUSTAINABILITY STATEMENT

(CONT'D)



Monthly water quality monitoring at drainage, upstream and downstream to check and control our discharged



Monthly noise monitoring will be conducted at the boundary of sensitive receptor/area to monitor our noise level and ensure compliance to the legal requirement.



Monthly air quality monitoring will be conducted to all active area to monitor the quality of air at the area. This is to ensure we are complying as per stipulated limit in the requirement.

- **Erosion and Sediment Control**

Erosion and Sediment Control is part of our pollution prevention. Maintenance of BMP's (Best Management Practice) is very important to ensure no muddy or silt water runoff is discharged from our site during heavy rain. We have a designated maintenance team to make sure all environmental protection work can be conducted efficiently. GBG gives its full commitment to minimize environmental footprint.



• Waste Management

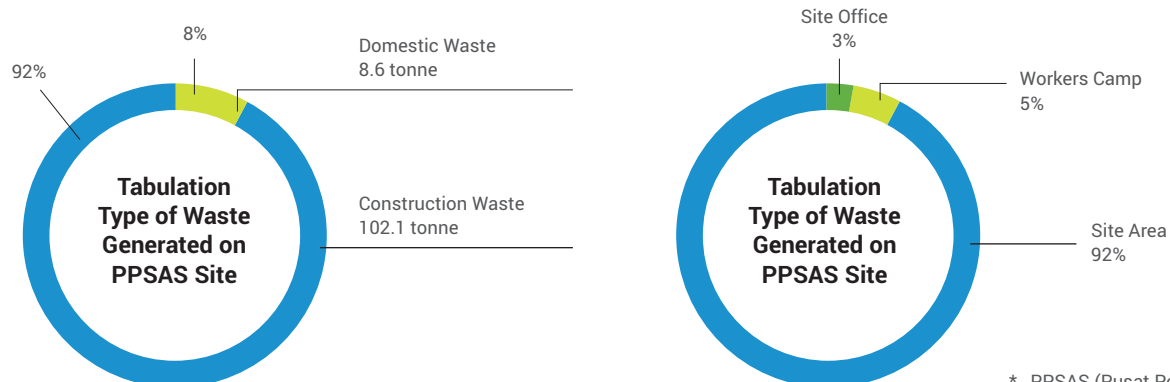
GBG is committed in ensuring proper waste management is undertaken at our construction sites. Our approach to waste management covers construction waste, domestic waste and scheduled waste during construction phase and daily operations. With regards to scheduled waste, GBG complies with the Scheduled Waste Regulation 2005 (Environmental Quality Act 1974) by Department of Environment, Malaysia. We require our sub-contractors to manage their waste according to requirement and standards to reduce environmental impact arising from construction activities. The subcontractor is required to submit the designated location of the dumping location and proof of authority approval prior to disposing the waste from our construction sites.

Ongoing initiatives:-

Waste Segregation	<ul style="list-style-type: none"> RORO Bin available at site for construction waste and domestic waste for segregation.
Recycling	<ul style="list-style-type: none"> Waste bins for recycle waste placed at project site. Ongoing awareness training to all staff and workers.
Waste Reduction	<ul style="list-style-type: none"> Ongoing tracking waste data collection. Awareness training to workers and staff during grand toolbox and posters and briefing. Ongoing collaboration with local authorities - campaign on awareness.



Below is tabulation from PPSAS (Pusat Pentadbiran Sultan Haji Ahmad Shah) in Kuantan, Pahang for the waste data collected in 2018. We move towards to a better waste management and ISO 14001:2015. Staff and workers' awareness are the most important factors to achieved the sustainable environmental at site. Waste reduction and waste segregation are still undergoing improvement for the years ahead. We look forward that all GBG project sites to segregate and reduce the volume of waste generated by strategic approach and programmes.



* PPSAS (Pusat Pentadbiran Sultan Haji Ahmad Shah)

SUSTAINABILITY STATEMENT

(CONT'D)

- **Towards Implementation of ISO 14001:2015**

GBG is in the midst of implementing of 14001:2015. Below is our commitment to sustainable environment:

To ensure Project comply with Environmental Regulations and requirement by client.

To achieve Zero Major Environmental incident at project site

Communicate and Cultivate Environmental Awareness to all staff

Managed and responded to public and community concern which related to environmental issues



Sustainability logo at GBG office



Sustainability poster at LRT3 site

- **Site Environmental Awareness**

Training and campaigns were conducted to create awareness among staff and workers on environmental issues. The inculcation of environmental awareness and consciousness among our employees is also an important component in our implementation and strategy.

Looking ahead, we are putting efforts towards the mitigation of environmental footprint and in operating responsibly to continually maintain as per Sustainability Development Goals.



• E'Island Lake Haven

We introduced leisure and health improvement facilities into our new development, i.e. jogging & cycling track with trellis, indoor and outdoor gym, badminton court etc which have already being part of our sustainability design in our projects.

Apart for the hardscapes, the variety of softscapes species are vital and important to ensure healthy living and promote well-being for all at all ages. Greenery and nearest to nature can make people calmer, happier, more concentrating and improvement on memory.

The above facilities have been included on the Building Plan and Landscape Submission Plan for the upcoming project E-Island Lake Haven Residency in year 2018.



• Clean Water and Sanitation

The availability of freshwater in sufficient quantity and quality is the basis for every aspect of life and sustainability in any development designed to create a balanced ecosystem.

In every new development planned, some aspects to be emphasized include:

- Implementing the full Environment Management Plan (EMP) and Erosion and Sedimentation Control Plan (ESCP) approved by Department of Environment.
- Surface wastewater control; control of the perimeter control and the perimeter drainage area shall be provided at the project site before any earthworks are carried out. In addition, any surface runoff emission from the project site where groundwork is not allowed to be discharged directly to any watercourse unless to undergo sedimentation or the sediment pool 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.

The above facilities measurements being taken place since November 2018 for the project E-Island Lake Haven Residency.



1 Overall site development of E-Island Lake Haven Residency.

2 Site clearing and earth works without contamination to surrounding lakes

SUSTAINABILITY STATEMENT

(CONT'D)

- **Responsible consumption & production**

The company adopts the following operating process and practices: -

- For corporate office:
 - Basic environmental waste elimination control (REDUCE, REUSE & RECYCLE) has been implemented at the office. The above 3Rs posters been put up on the notice board as well as the critical common office area i.e. photocopier, light & air-cond switches, dustbin etc to promote 3Rs awareness amongst the staff and minimise the amount of waste disposed of.
 - Reduce paper usage by storing through digital files where most documents can be stored digitally (project server) to save paper and office space, whereby it is more convenient, time saving and secure.
- For development / project site:
 - Using recyclable aluminium moulds instead of the conventional plywood and timber for concrete casting work.
 - Compact Sub Station from permanent power supply being used for site operation and sub office. The usage of conventional Gen Set has been reduced thus greatly reducing the CO2 emission and noise pollution.
 - Adopt the Green Technology in the development projects i.e. Rain Water Harvesting system, Home Automation system, Security Access system via Bluetooth, Retaining wall system filled with greenery etc.



Compact Sub at The Peak



Aluminium Formworks at The Peak



Security Access System via Bluetooth

SOCIAL SUSTAINABILITY



As a dynamic Group, we focus on the following key core work initiatives to drive our sustainability practices within our business operations.



Health, Safety & Environment

Our Construction Division operates a Safety and Health management system conforming to ISO 18001:2007 for all our construction services in building and civil engineering works.

- All staff and workers employed are fully compliant to the CIDB Green Card requirement
- GSSB provides training to staff and workers:
 - In-house safety & health related courses
 - Safety & Health induction
 - Basic Occupational first aid, CPR & AED Training
 - Heavy Lifting Training & Refreshment Course
 - Work at Height Training & Refreshment course
 - OHSAS awareness Training
 - Safety & Health Safety Day Programme
 - Rewards & Recognition Programme for Safety Compliance to Workers
 - Grand Tool Box Meeting for Staff & Workers
 - External courses
 - NIOSH Safety Passport Course
 - KTMB 038 Track Safety
 - Scaffolding Training for Level 1 & 2
 - Managing Safety & Health in Construction Sector
 - OSH Sustainability Approach for Construction Industry
 - Promoting OSH Campaign such as You-See-You-Act (UCUA) Campaign, Blood Donation Campaign & etc.
 - Engagement and involvement with authorities as a witness of OSH activities carried out such as BOMBA, DOSH & MOH

SUSTAINABILITY STATEMENT

(CONT'D)

PERCENTAGE (%) OF WORKPLACE INSPECTION FOR ALL PROJECT SITE FOR YEAR 2018

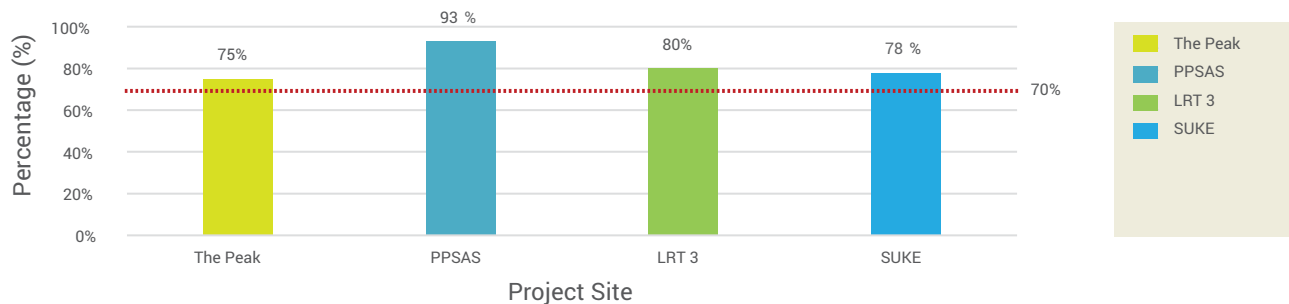
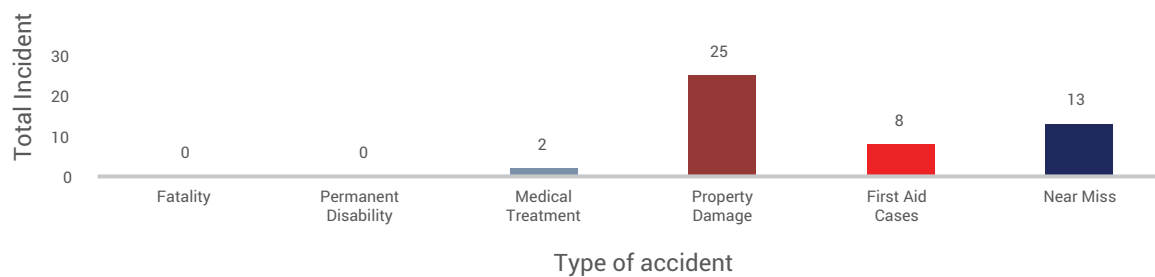


Table above shows that all projects achieved **above 70% score for workplace inspection for year 2018**.

STATISTIC OF ACCIDENT / INCIDENT REPORTING PERIOD FOR YEAR 2018



From statistics above, it was shown there is zero (0) fatality and zero (0) permanent disabilities were recorded for all project sites in 2018. There are 25 total property damages and 13 near miss reported followed by 8 cases of first aid. All near miss reports has been analysed and the control measure has been determined. Then, the issue of unsafe act and condition at our workplace were disseminated to all levels and staff for implementation and for continual improvement.

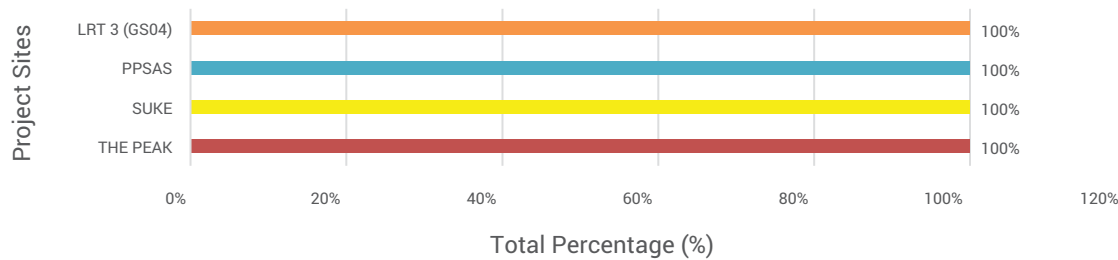
Based on the chart above, it shows that property damage is the highest at project site due to piloting & relocation works. Moreover, the project site is located in the middle of busy road such as SUKE Highway and LRT 3, Glenmarie. The immediate action and corrective action plan have been implemented and awareness training to all personnel to mitigate the incident cases related property damage.

TOTAL MANHOURS AND TARGET AT ALL PROJECT SITES UP TO YEAR 2018

PROJECT	TOTAL MANHOURS	TARGET
THE PEAK	3,600,334	4,000,000
SUKE	3,617,660	3,000,000
PPSAS	922,560	1,000,000
LRT 3 (GS04)	923,538	1,000,000

Referring the above, **all projects are still below the target without Lost Time Injury (LTI)**. The target was carried forward to year 2019 to achieve OSH objective for all projects.

- PERCENTAGE OF STAFF WITH A VALID CIDB GREEN CARD AT ALL PROJECT SITES FOR YEAR 2018



From chart above, all project sites achieved **100% of staff's attendance for green card class and have a valid CIDB**. All staff at project sites shall have a valid CIDB card to enter the site. Hence, all staff complied with GSSB OSH requirements and achieved our OSH Objective for the year 2018.



Mega Housekeeping



Vector Control Disease



Grand Toolbox Meeting



Multi Lingual Signage



Welfare Facilities



Guard Rail Protection

SUSTAINABILITY STATEMENT

(CONT'D)

- **AWARENESS, TRAINING PROGRAM AND CAMPAIGN FOR YEAR 2018**

SCAFFOLD TRAINING

DATE:

11 April 2018 & 10 July 2018

MAIN OBJECTIVE:

To ensure the erection of scaffolding (Peri Up System) follow the standard requirements from DOSH.



Peri Up System Scaffold Training



Internal Scaffolding Erection Training



PERSONAL PROTECTIVE EQUIPMENT (PPE) TRAINING

DATE:

29 June 2018

MAIN OBJECTIVE:

To ensure the workers wear PPE with a correct method to enhance the self-protection towards any hazards related with their work activity.

INVOLVEMENT:

All staff & subcontractors (general workers)



LIFTING TRAINING

DATE:
20 July 2018

MAIN OBJECTIVE:
To ensure the operator use the machinery with the correct method of lifting. This training also aims to maximize productivity levels and reduce accident and insurance costs through the effective application of correct lifting technique.

INVOLVEMENT:
Operators, supervisors and Safety & Health personnel



Operation Lifting Boom Training

EMERGENCY PREPAREDNESS AND RESPONSE (ERP) TRAINING

DATE:
23 July 2018

MAIN OBJECTIVE:
To enhance on basic fire fighting, first aid treatment and emergency response during emergency situation.

INVOLVEMENT:
Emergency Response Team (ERT) from head office & all site projects



Fire Fighting & Emergency Response Training By Cert Academy Sdn. Bhd.

First Aider Training By Cert Academy Sdn.Bhd.

SUSTAINABILITY STATEMENT

(CONT'D)

OCCUPATIONAL SAFETY & HEALTH CAMPAIGN

DATE:

1 March 2018 &
18 July 2018

MAIN OBJECTIVE:

To evaluate the effectiveness time during real emergency and to create awareness on Emergency Preparedness and Response Team in the event of emergency.

INVOLVEMENT:

Emergency Response Team (ERT), All levels of staff & workers



• ENGAGEMENT WITH STAKEHOLDERS AND EMPLOYEE

MACHINERY INSPECTION TRAINING

DATE:

12 September
2018

MAIN OBJECTIVE:

To increase knowledge among personnel (PMI) the correct way to inspect machinery.

INVOLVEMENT:

Project Delivery Partner (PDP), Personal Machinery Inspector (PMI) & Operators



ANTI DENGUE CAMPAIGN BY MINISTRY OF HEALTH (MOH)

DATE:
25 May 2018

MAIN OBJECTIVE:
Increase awareness on preventive action to avoid dengue

INVOLVEMENT:
Authority (MOH),
All levels of staff
& subcontractors



HEALTH SCREENING (FILARIASIS & MALARIA) BY MINISTRY OF HEALTH (MOH)

DATE:
17 July 2018

MAIN OBJECTIVE:
To conduct health surveillance and ensure all workers are healthy and free from transmissible diseases such as filariasis & malaria.

INVOLVEMENT:
Authority (MOH), Safety and Health Personnel & General Workers (KONGSI)



WORKPLACE ACCIDENT FREE WEEK (WAFEW) 2018 ORGANIZED BY DOSH

DATE:
6 July 2018 to
19 July 2018

MAIN OBJECTIVE:
To promote the intervention programme to reduce the number of industrial accidents at workplace.

INVOLVEMENT:
All levels of staff &
subcontractors



SUSTAINABILITY STATEMENT

(CONT'D)

HSE REWARDS AND RECOGNITION PROGRAM

DATE: Monthly award	MAIN OBJECTIVE: To promote self-responsibilities towards OSH Management	INVOLVEMENT: All subcontractors	CRITERIA: The best performed workers evaluated by participation on environment, safety and health good practice during daily works. The staff also will be evaluated by proactively highlight in You see you act (UCUA) forms.
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FUTURE OSH CAMPAIGN AND PROGRAM

YOU-SEE-YOU-ACT CAMPAIGN

DATE: 11 April 2018 & 10 July 2018	INVOLVEMENT: All levels of staff
MAIN OBJECTIVE: To create awareness on safe act & safe condition at workplace	FREQUENCY: Quarterly



5S ACTIVITIES IMPLEMENTATION

MAIN OBJECTIVE: To increase efficiency of work, safety and morale due to improvements in the work environment	INVOLVEMENT: All levels of staff
	FREQUENCY: Yearly



TOWARDS 5 STAR SHASSIC CERTIFICATION BY CIDB

MAIN OBJECTIVE:

Transition from OHSAS 18001:2007 to new certification of ISO 45001:2018 before March 2021

INVOLVEMENT:

Head Office & All Project Team



• GENDER EQUALITY

Gender equality is not only a fundamental human right, but a necessary foundation for a peaceful, healthy and sustainable working environment.

We constantly promote for gender equality within the company, not only for a well balance of male & female employee at corporate office and project sites, but all staff are being provided the equal access to health care, decent work environment, career promotion etc.



• SUSTAINABILITY CITY AND COMMUNITY

The city's population is constantly increasing. To accommodate the needs, we need to build modern and sustainable developments in order to create safe and resilient residency with culturally inspiring living conditions.

- For our on-going project The Peak and the upcoming project E-Island Lake Haven Residency, a single entry enclave designed for security and peace of mind. Multi-tier security is being introduced within the developments i.e. perimeter CCTV, security boom gates as well as the resident access system operated by a bluetooth mobile phone application (mobile app) for unparalleled convenience and safety.
- Safe, affordable, accessible and sustainable transport system just a stone throw distance from The Peak development. The latest transport system in planning is the BRT (Bus Rapid Transit) which linked to the RTS (Rapid Transit System).

SUSTAINABILITY STATEMENT

(CONT'D)

Corporate Social Responsibility

Program Mesra Amal bersama Anak-Anak Yatim

The Program Mesra Amal bersama Anak-Anak Yatim was organised by TEAM GBG SLIM trainees on the 14 July 2018. The event was participated by 49 children from 3 orphanages, namely Rumah Amal Cahaya Kasih Bestari, Rumah Kasih Harmoni, and Yayasan Wardatul Jannah.

The mini sport carnival was filled with fun-packed activities that were meant to cheer those children up. They were treated with breakfast, titbits, cakes and lunch. They were also given a small token of duit raya.

In line with the event tagline “Unity in Adversity, Together We are Family, some regular TEAM GBG members had also volunteered and helped out in this event.



Mini Libraries & Tuitions

Mini Libraries

In the spirit of giving back to the society, TEAM GBG had contributed mini libraries to Rumah Amal Cahaya Kasih Bestari, Rumah Kasih Harmoni Paya Jaras, and Yayasan Wardatul Jannah. The orphanages received academic reference books for their mini libraries and some stationeries.

Tuition Classes

In addition to the mini library contributions, TEAM GBG had also organised tuition classes for the children of Rumah Amal Cahaya Kasih Bestari and Rumah Kasih Harmoni Paya. The tuitions focused on 3 PT3 Mathematics, English and Science subjects. PT3 tuition classes which were conducted from July until September, on Sundays, was the brainchild of our Group CEO, Dato' Azizan Jaafar. All students that participated in the tuition classes passed the PT3 examination on the 3 subjects.





Blood Donation

In November and December 2018, HR and Safety jointly organised a Blood Donation Campaign aimed at educating our people and raising awareness about voluntary blood donation.

The Blood Donation drive managed to attract 34 eligible donors to donate their blood.

The blood donation is part of TEAM GBG's Corporate Social Responsibility agenda which aim to give back to the community. TEAM GBG firmly believes in the importance of CSR and will continue to expand on other initiatives.

Training: Voluntary Teacher Workshop

A 2-day Teach the Teachers workshop was organized in early January to introduce the teaching syllabus that would be used in this program to the Volunteer Teachers. The Volunteer Teachers were also trained on how to help the students to improve their basic skills on reading and writing.

Teaching Kids to Read, Write & Count

TEAM GBG had successfully conducted a tuition programme for PT3 students of Rumah Anak Yatim Kasih Harmoni Paya Jaras. In the course of conducting the tuition classes, it was found that there were 18 students who could not read, write and count, ranging from the age of 4 years old to 14 years old. We therefore decided to assemble a team of Volunteer Teachers to help and teach those unfortunate children to read, write and count. A total of 12 TEAM GBG members came forward to support this cause.

Orientation and Induction Day

Orientation and Induction Day was organised for the teachers to meet and greet the students at Rumah Kasih Harmoni Paya Jaras. The response from the students were amazing thus boosting the teachers' motivation to ensure that the Volunteer Teacher Program would be successful.

SUSTAINABILITY STATEMENT

(CONT'D)

Team GBG Club

Zumba: Show your move!

TEAM GBG has organised the Zumba classes, the Latin-inspired dance workout, on a weekly basis. The main objective of these free classes which are opened to all is promote a healthy lifestyle among employees while helping them to burn calories, regenerate metabolism and enhance their body's coordination. These Zumba classes will eventually be opened to the public.

Movie and Bowling Nights:

The Movie and Bowling Nights were organized to enable employees to mingle and enjoy each other's company outside of the work setting. Both the Movie Night and Bowling Night aims to bringing every employee closer to one another in a setting that was less formal, and more relaxed.



Manpower Diversity

The development of our employees, retention of knowledge through internal succession and investing in technology driven environment are major key success factors for the Group. We want our employees to be healthy and happy at work.

At the same time, the changing market landscape requires a different way of working and thinking in terms of addressing customers' needs. As a result, our employees feel a sense of accountability and responsibility for their own work and are motivated to innovate and modernise for better performance outcome.

More human capital investment on training during the year:-

- to translate the training requirements into high-quality programmes,
- to disseminate knowledge and to generate new technical skillsets and insights, and
- to connect operating companies through actively working on creating an internal network to prepare our employees for the increasingly complex and knowledge-intensive marketplace.

Workplace diversity data

Workforce Data		2018
Total Number of Employees		365
Male		238
Female		127
Employees by Age Group		
<30		147
30 - 40		125
41 - 50		56
>50		37
Employees by Ethnicity		
Bumiputera		315
Non-Bumiputera		50
Foreigners		0
% of Women in Management		
Board of Directors		14%
Senior Management		0%
Middle Management		78%
Executive/ Supervisory		46%
Non-Executive		24%
New Hires Data		
Total Number of New Hires		156
Male		100
Female		56
Turnover rate (%)		1.3%

During the financial year the following training plan was carried out and implemented as follows:-

Training Subject	No. of Participants	Male	Female
Cyber Security: Cyber Proofing for the Wave.	1	1	
Working at Height & Confined Space Safety Seminar.	1	1	
Infracore Essential Training.	1	1	
Navisworks Manage Essential Training.	5	4	1
MBAM Annual Safety & Health Conference 2018.	2	2	
Seminar EIA in Implementation and Compliance of Related Laws and Guidelines.	4	1	3
Managing OSH in Construction: Enhancing Performance Towards Excellence.	2	2	
Income Tax Audit Convergence with GST Audit by Dr Choong Kwai Fatt.	1	1	

SUSTAINABILITY STATEMENT

(CONT'D)

Training Subject	No. of Participants	Male	Female
Seminar on Introduction to MBRS.	1		1
Malaysia Commuting Accident and Road Safety Seminar (MyCARSS).	2	2	
Autocad Civil 3D Essential Training.	5	4	1
ISO 45001:2018 Occupational Health and Safety Management Systems Awareness (Code: OHS01).	6	2	4
MAICSA Annual Conference 2018	1		1
Authorised Entrant & Stand-by person for Confined Space (AESP).	2	2	
Lead Auditor Course ISO 45001:2018 Exemplar Global Certified (Code: LOHS01).	1		1
Seminar Pematuhan Akta Kualiti Alam Sekeliling, 1974 Bagi Projek-Projek Pembangunan 2018.	2	1	1
IFRS Masterclass 2018.	3	2	1
MSOSH National Seminar 2018.	1	1	
ISO 45001:2018 Occupational Health and Safety Management Systems - Understanding & Implementing (Code: OHS02).	4	2	2
Advocacy Program on CG Assessment using the revised Asean CG Scorecard Methodology.	1		1
Practical Workshop on Board Evaluation for Company Secretary of Listed Issues.	1		1
Authorised Gas Tester & Entry Supervisor for Confined Space.	2	2	
Certified Environmental Professional in Scheduled Waste Management.	1	1	
Power Pivot: Powerful Data Analysis & Data Modelling Microsoft Excel.	1		1
Isu-isu Praktikal & Perundangan Berkenaan Bayaran didalam Kotrak Binaan	1		1
Talimat Perakuan Pematuhan Standard (PPS) Bagi Bahan Binaan	3		3
MIA Conference 2018.	4	2	2
Gearing up for Corporate Liability.	1	1	
Independent Director Program 'The Essence of Independence'	1	1	

Training Subject	No. of Participants	Male	Female
Seminar Pematuhan Pengurusan Buangan Terjadual Akta Kualiti Alam Sekeliling 1974.	1		1
Seminar Spesifikasi LS1-JKR Dan Pengurusan Projek Dalam Industri Elektrik.	1	1	
Strata Management Workshop.	2	1	1
Board of Town Planners Professional Course.	1	1	
Symposium on Earthquake Resistant Design of RC Building based on the EC8 Malaysia.	1	1	

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Gabungan AQRS Berhad ("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.

This Corporate Governance Overview Statement is augmented with a Corporate Governance Report, based on the application of the Group's corporate governance practices during the financial year ended 31 December 2018. The Corporate Governance Report is available on the website of Bursa Securities together with Company's Annual Report 2018 and is also posted on the Company's website (<http://www.gbg.com.my/>).

This Corporate Governance Overview 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 Statement, Reports on Board Committees 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 for 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. The Board is responsible for examining and approving with the Group's operating objectives, business goals and performance targets to be met by the Management.

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 of Charter, and Code of Conduct and Ethics setting out the roles, duties and responsibilities of the Board, the principles and practices of corporate governance to be followed and its commitment of fair practices to its stakeholders.

The Board has reviewed its Board Charter and Code of Conduct and Ethics on 18 October 2018. The Board Charter, Code of Conducts and Ethics, Whistleblowing Policy and as well as the terms of reference of the Board Committees are published in the Company Corporate website at <http://www.gbg.com.my/>.

Separation of Positions of the Chairman and Group CEO

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 roles of the Chairman and Group CEO are separated and clearly defined, and are held individually by two (2) persons.

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.

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 ready and unrestricted access to the advice and the services of the Company Secretaries in ensuring 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 announcement 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.

Whistle Blowing Policy

The Company has on 18 October 2018 reviewed 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 Mr Loo Choo Hong. Datuk Kamarudin assume the role of Senior Independent Non-Executive Director 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/>

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

Board Committees

The Board has established Board Committees, namely Audit Committee ("AC"), Nomination Committee ("NC"), Remuneration Committee ("RC"), and Risk Management Committee ("RMC") to examine specific matters within their respective terms of reference as approved by the Board that mandate the functions, duties and responsibilities of relevant Board Committees in line with the Board's objective in pursuing good governance practice. Although specific powers are delegated to the Board Committees, the Board keeps itself abreast of the key issue 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.

Board Responsible for providing stewardship and oversight of the Group's business affairs

Audit Committee (AC)	Nomination Committee (NC)	Remuneration Committee (RC)	Risk Management Committee (RC)
Review of financial reporting, internal controls, related party transactions and conflicts of interest, internal audit as well as external audit process.	Review candidatures for Board appointment and reappointment as well as annual assessment of the Board, Board Committees and Directors.	Review and oversee administration of remuneration policies and procedures of Directors.	Review and oversee to ensure the effective implementation of any risk management policies and strategies that may deemed fit including the setting of risk appetite and risk tolerance.

All Directors are 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.

Accordingly, the composition of the Board Committees and the attendances of members of Board Committees meetings held in year 2018 are as follows:-

a) Audit Committee

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

b) Nomination Committee

The details of attendance are disclosed under the Statement of Nomination Committee

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

c) Remuneration Committee

Name of Committee Members	Designation	No. of Meetings Attended/ Meetings Held During Tenure of Office
Datuk Kamarudin bin Md Ali	Chairman	1/1
Muk Sai Tat	Member	1/1
Loo Choo Hong	Member	1/1

d) Risk Management Committee

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

II. BOARD COMPOSITION

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.

Presently, the Board of Directors of the Company comprised majority of Independent Directors with an Independent Non-Executive Chairman. It comprises seven (7) members, comprising three (3) Executive Directors and four (4) Independent Non-Executive Directors. 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. Thus, the requirement under Paragraph 15.02 of the MMLR of Bursa Securities that at least two (2) Directors or 1/3 of the Board, whichever is higher, must be Independent Directors, is fulfilled. This is also in line with Practice 4.1 of the MCCG where it requires at least half of the Board members comprises majority independent directors. Profile of the Directors are as set out in this Annual Report.

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 has engaged in the day-to-day management of the Company, participated in any business dealings or was involved in any other relationship with the Company (other than in situations permitted by the applicable regulations).

CORPORATE GOVERNANCE OVERVIEW STATEMENT

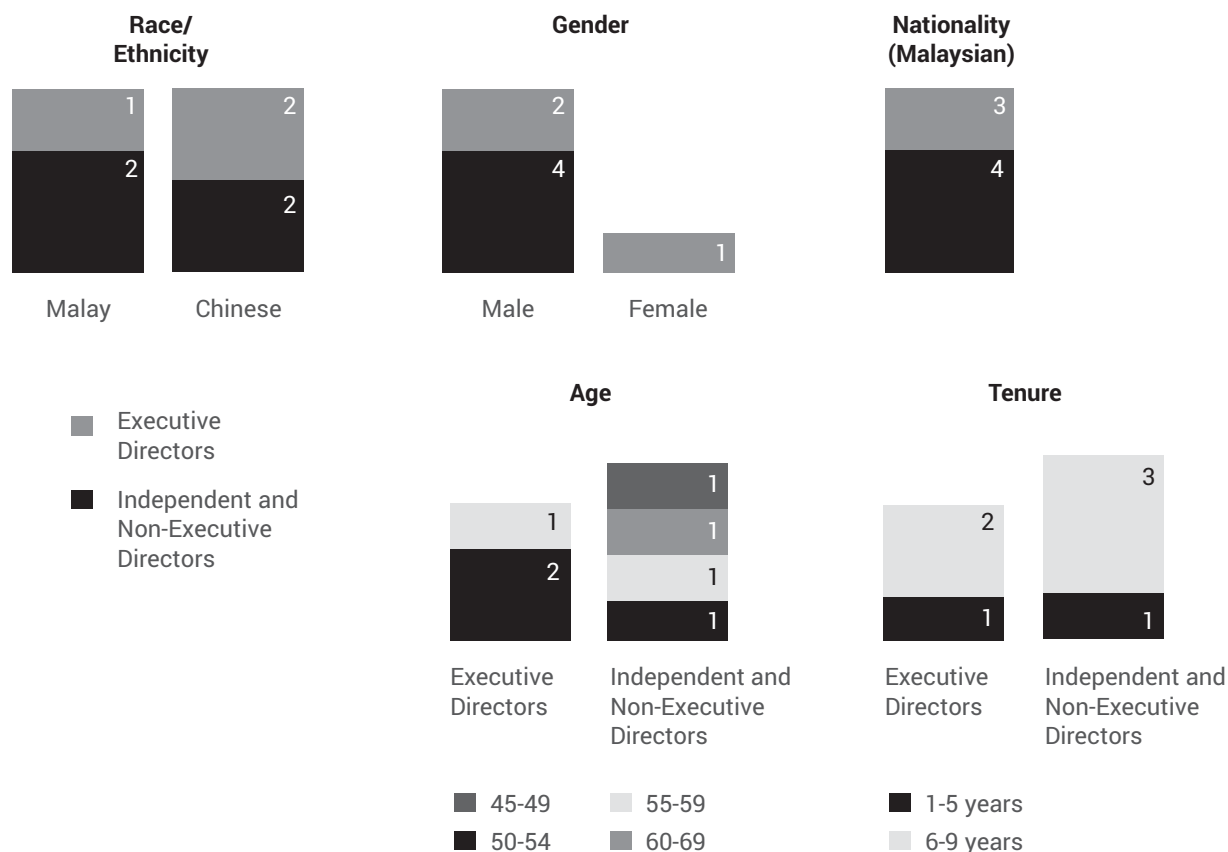
(CONT'D)

As at the date of this Overview Statement, none of the Independent Directors has served more than nine (9) years on the Board. For reason of continuity in the Board, the search for candidates with the requisite experience and core competencies to serve on the Board as Independent Directors will take time. Hence, the Board had then reviewed and include the provision of Tenure of Independent Directors in the Board Charter by taking into account the recommendation of the Nomination Committee specifies that an independent director who has reached the threshold of 9 year's tenure will be re-designated as Non-Independent Non-Executive Director, unless he has obtained shareholders' approval to be retained in the Board as Independent Non-Executive Director. If the Board continues to retain the independent Director after 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.

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 currently has one female director out of 7 directors which makes up to 14.29% of the Board members. The Company will increase female representation on the Board if appropriate candidates are available when Board vacancies arise.

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



CORPORATE GOVERNANCE OVERVIEW STATEMENT

(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 across industry knowledge, international experience perspective and specific subject matter expertise which tabled below sets out the composition of skills and experience of the Board:-

Experience & Skills

Accounting / Financial Management		85.71%
Construction And Property Development		100%
Governance / Corporate Governance		100%
Leadership		100%
Legal / Regulatory		100%
Risk Management & Internal Control		100%
Stakeholders Engagement		100%
Strategic Planning / Strategic		100%

Appointments to the Board

The NC 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 NC 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' independency 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 NC.

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 TOR of the NC are available for viewing in the Company's corporate website at <http://www.gbg.com.my/>

The Company Secretaries have the responsibility of ensuring that relevant procedures relating to the appointment of new Directors are properly executed.

Annual Assessment

During the FYE 2018, the NC undertook an evaluation process involving self and peer assessments by individual Director and an assessment of the independence of the Independent Directors. The Board of Directors including the EDs are subject to the process of self and peer assessments annually.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

The following assessments were undertaken by the NC during the year under review:-

- reviewed the outcome of the self and peer assessments of individual Directors;
- reviewed the outcome of the assessment of the Board;
- reviewed the outcome of the assessment of effectiveness and contributions of the AC, RMC, NC and RC; and
- reviewed the adequacy of the Board in terms of its mix of skills and core competencies.

The Directors are provided with a questionnaire to carry out the assessment with absolute anonymity. The results are then tabulated by the Company Secretary and presented to the NC for its review and recommendation to the Board. 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.

The individual Director is assessed based on their competency, capability, time commitment, objectivity, integrity, participation in Board deliberations and their contribution to the objectives of the Board and the Board Committees on which they served. The assessment of the Group CEO are co-related to the execution of the Group's strategic business plans by the Management and the achievement of performance targets set by the Board.

The NC upon its assessment of the above, is satisfied that the Board has met the policy on its composition.

Time Commitment

The Board is satisfied with the level of time committed by the Board 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 provides the schedule 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 the Directors that they allocate sufficient time to discharge their duties effectively.

The Directors remain fully committed in carrying out their duties and responsibilities effectively, as reflected by their attendance at the 6 Board meetings held during the financial year ended 31 December 2018 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
Loo Choo Hong	6/6
Muk Sai Tat	6/6

All the Directors complied with the minimum 50% attendance in respect of Board Meetings held during the FYE 2018 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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 Company.

During the year under review, the Directors attended and participated in programmes, conferences and seminars that covered the areas of corporate governance, finance, legal, sustainability and relevant industry updates which they considered as useful for the effective discharge of their duties.

The details of seminars and training programmes attended by the Directors during the financial year ended 31 December 2018 are set out below:-

Director	Date of Training/ Programme	Training/Seminars/Conferences
Y.M. Tunku Alizan bin Raja Muhammad Alias	26.02.2018	Cyber Security: Cyber Proofing for the Next Wave
	17.10.2018	Business Transformation Challenges - Shaping High Performance Organisation
	26.10.2018	Heightened Expectations of Directors Under New Companies Act 2016
Datuk Kamarudin bin Md. Ali	25.05.2018	Corporate Liability Bill
	29.08.2018	Money Laundering, Terrorism Financing & Proliferation Financing
	10.10.2018	Gearing Up for Corporate Liability
	17.10.2018	Business Transformation Challenges - Shaping High Performance Organisation
	22.11.2018	Cyber Risk Awareness
	04.12.2018	Breakfast Series - Companies of the Future - The Role for Boards
Dato' Azizan bin Jaafar	17.10.2018	Business Transformation Challenges - Shaping High Performance Organisation
Dato' Ow Chee Cheoon	17.10.2018	Business Transformation Challenges - Shaping High Performance Organisation

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

Director	Date of Training/ Programme	Training/Seminars/Conferences
Ow Yin Yee	01.03.2018	Corporate Governance Briefing Sessions : MCCG Reporting & CG Guide
	26.07.2018	IFRS Masterclass 2018
	31.07.2018	Sustainability Engagement Series for Directors / Chief Executive Officers of Listed Issuers (Main Market)
	02.08.2018	Evolution of Future CFOs
	09.10.2018 - 10.10.2018	MIA International Accountants Conference 2018
	17.10.2018	Business Transformation Challenges - Shaping High Performance Organisation
Loo Choo Hong	01.03.2018	Corporate Governance Briefing Sessions : MSSG Reporting & CG Guide
	31.05.2018	MIA - The Insight to Preparing Transfer Pricing Documentation
	16.07.2018- 17.07.2018	National Tax Conference 2018
	17.10.2018	Business Transformation Challenges - Shaping High Performance Organisation
	21.11.2018	2019 Budget Seminar
Muk Sai Tat	09.10.2018 -10.10.2018	MIA International Accountants Conference 2018
	17.10.2018	Business Transformation Challenges - Shaping High Performance Organisation
	17.12.2018	Would a Business Judgement Rule Help Directors Sleep Better at Night? by Low Chee Keong

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's 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 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 are subject to shareholders' approval at the AGM annually in accordance with the Company's Constitution and Section 230(1) of the Companies Act, 2016. In view thereof, 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 Company 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 MCGG practice, the details of the remuneration paid to Directors for the FYE 2018 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	-	1,614,150	1,000,000	56,000	314,622	-	2,984,772
Dato' Ow Chee Cheoon	-	1,363,250	1,000,000	-	300,210	130,800 ⁽¹⁾	2,794,260
Ow Yin Yee	-	413,320	226,340	22,085	77,688	-	739,433
NEDs (on Company level)							
Y.M. Tunku Alizan bin Raja Muhammad Alias	180,000	-	-	-	770	6000 ⁽²⁾	186,770
Datuk Kamarudin bin Md. Ali	96,000	-	-	-	493	6000 ⁽²⁾	102,493
Loo Choo Hong	96,000	-	-	-	770	6000 ⁽²⁾	102,770
Muk Sai Tat	94,000	-	-	-	770	6000 ⁽²⁾	100,770

⁽¹⁾ Car Allowance

⁽²⁾ Meeting Allowance

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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 firm believes that disclosing the senior management's remunerations in bands is sufficient enough for the shareholder's information and the Company also believes that the interest of the shareholders will not be prejudiced as a result of such non-disclosure of the identity and remunerations of the Company's top named basis key senior management personnel who are not Directors.

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 2018 is as follows:-

Name	Range of Remuneration (RM, in Gross)
Ir. Bakri Bin Ishak	800,000-850,000
Ir. Tai Jiunn Hong	650,000-700,000
Encik Abd Razak bin Abd Manan	500,000-550,000
Mr Si So Tian Ann	450,000-500,000
Ir. Sudirman bin Kamal	350,000-400,000
Sr. Mustafa bin Mohd Said	250,000-300,000
Thum Peng Yong	500,000-550,000
Mr Chew Wei Shin	250,000-300,000
Encik Muhammad Ridhwan bin Effendy	200,000-250,000

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

The AC comprises 3 members whom are Independent Non-Executive Directors. All members of the AC are relatively financially literate, while the Chairman of the AC is a member of the Malaysian Institute of Accountants. The Board is assisted by the AC 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 AC and the external auditors (for audited financial statements) and approved by the Board before being released to Bursa Securities.

The AC has full access to both the Internal and External Auditors who in turn, have access at all times to the Chairman of the AC. The role of the AC and the numbers 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 AC are available for viewing in the Company's corporate website, <http://www.gbg.com.my/>

Relationship with External Auditors

The AC meets with the External Auditors to discuss their audit plan, audit findings and the Company's financial statements. At least twice a year and whenever necessary, the AC shall meet with the External Auditors without the presence of Executive Board members or management personnel to allow the AC and the External Auditors to exchange independent views on matters which need to be brought to the AC's attention. In addition, the external auditors attend the Annual General Meeting ("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 audit report.

The AC considered the non-audit services provided by the External Auditors during the FYE 2018 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

The External Auditors have confirmed to the AC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence rules of the MIA By-Laws (on Professional Ethics, Conduct and Practice) and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants.

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

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The RMC 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. RMC evaluates the adequacy and effectiveness of the internal control system by reviewing the actions taken on lapses, recommendations of internal auditors and Management responses.

The RMC 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 RMC 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 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 carried out by IA Essential Sdn. Bhd. ("IA Essential") an internal audit consulting firm. 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 a qualified Accountant while other team members are accounting graduates from local universities. Save for the internal audit service, there is no other engagement between the Group and IA Essential which may create conflict of interest or impair their objectivity and independence.

The outsourced Internal Auditors have conducted their work in consideration of the broad principles of the International Professional Practice Framework of IIA covering 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 AC in respect of the Internal Audit function. The AC 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 AC.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

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.

II. CONDUCT OF GENERAL MEETINGS

The Annual General Meeting ("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 2018, all Directors were present whilst for Extraordinary General Meeting ("EGM"), majority Directors had 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 and the attendant outcome. It is customary for Directors to be present early at AGM and EGM venue to socialise with shareholders and gather first-hand views which otherwise would not be raised through formalised engagement fora.

The Board has adopted the recommendation of MCCG for the notice of AGM to be given shareholders at least 28 days prior to the meeting. Explanation for each proposed resolution is set out in the Notice of AGM and EGM 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 that they can appoint proxies to attend and vote on their behalf.

COMPLIANCE STATEMENT

This Statement on the Company's CG practices is made in compliance with Paragraph 15.25 of the MMLR and approved by the Board on 18 April 2019.

AUDIT COMMITTEE REPORT

COMPOSITION OF THE AUDIT COMMITTEE

The AC consists of the following members, all of whom are Independent Non-Executive Directors:-

Chairman

Mr. Loo Choo Hong Independent Non-Executive Director

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 where by all three (3) Audit Committee members are independent Non-Executive Directors.

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

TERMS OF REFERENCE

The AC 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 AC are available for viewing on the Company's website at www.gbg.com.my.

MEETINGS AND ATTENDANCE

The Audit Committee meets at least four (4) times in each financial year and the quorum shall consist of majority and shall not be less than two (2). The Company Secretary shall be the Secretary of Audit Committee.

A total of seven (7) meetings were held during the financial year ended 31 December 2018. 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
Loo Choo Hong	Chairman	7/7
Datuk Kamarudin bin Md Ali	Member	7/7
Muk Sai Tat	Member	7/7

The Group Chief Financial Officer was invited to all AC 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 AC meetings to present their audit plan and audit findings respectively, and for the external auditors to assist the AC in its review of the unaudited quarterly financial reports and year-end financial statements.

AUDIT COMMITTEE REPORT

(CONT'D)

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

SUMMARY OF THE WORK OF THE AUDIT COMMITTEE

The work undertaken by the AC in the discharge of its functions and duties for the financial FYE 2018 is summarised as follows:-

A. Financial Reporting

The AC reviewed the unaudited quarterly financial results and year-end financial statements, prior to the approval by the Board of Directors focusing particularly on:-

- i) changes in or implementation of major accounting policy changes;
- ii) significant and unusual events;
- iii) significant judgements arising from the audit;
- iv) the going concern assumption; and
- v) compliance with accounting standards and other legal requirements.

In its review of the quarterly financial reports and year-end financial statements, discussed with Management and the external auditors the financial reporting standards applied, including the judgment exercised in the application of those standards and the critical accounting estimates and assumptions used in arriving at the reported amounts of items in the quarterly financial reports and year-end financial statements.

In respect to the above, the matters were discussed and make the necessary recommendations to the Board prior to release to the relevant authorities and public included:-

- i) compliance with existing and new accounting standards, policies and practices affecting the construction and property development industry;
- ii) any significant adjustments or unusual events; and
- iii) compliance with MMLR of Bursa Securities, the Act and other regulatory requirements.

B. Annual Report Requirements

- i) Reviewed and recommended to the Board for approval, the Statement on Risk Management and Internal Control for inclusion in the 2017 Annual Report, at the AC meeting held on 3 April 2018;
- ii) Reviewed and approved the AC Report for inclusion in the 2017 Annual Report, at the AC Meeting held on 3 April 2018;

C. External Audit

- i) Reviewed the audit planning for the financial year ended 31 December 2018;
- ii) Reviewed with the external auditors, the results of their audit, their Management Letter together with the Management's responses to the findings of the External Auditors; and
- iii) Reviewed the annual audited financial statements and recommended the same to the Board for approval.

The AC had met with the external auditors without the presence of Management thrice, on 8 February 2018, 3 April 2018 and 18 October 2018, 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.

AC 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, recommended to the Board to propose to shareholders the re-appointment of the external auditors at the forthcoming 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 the 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 22 February 2018, 11 May 2018, and 18 October 2018 respectively to the AC.

E. Related Party Transactions

The AC reviewed the quarterly and annual financial statements on the disclosures relating to related party transactions or conflict of interest situations that arose within the Group and ensure compliance with provisions of the MMLR of Bursa Securities

INTERNAL AUDIT FUNCTION

The Internal Audit Function is outsourced to an independent professional services firm, IA Essential Sdn. Bhd., which reports directly to the AC and has direct access to the AC Chairman on all internal control and audit issues. The AC 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 controls system so as to provide reasonable assurance on the adequacy, integrity and effectiveness of the Group's system of internal controls, 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.

The total cost incurred in relation to the conduct of the outsourced internal audit functions of the Group for the FYE 2018 amounted to RM100,000 against RM70,324 in FYE 2017.

AUDIT COMMITTEE REPORT

(CONT'D)

SUMMARY OF WORK OF INTERNAL AUDIT FUNCTION FOR THE FINANCIAL YEAR

The Internal Auditors carried out their activities based on the Annual Internal Audit Plan approved by the AC. During the financial year under review, internal audit function had completed and reported the following reviews covering the on-going projects in the Group to the AC:-

- Internal Audit Report on Monitoring and Project Delivery;
- Internal Audit Report on Contract Management; and
- Internal Audit Report on Payments and Collections;

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. The Internal Audit Reports were also presented to the AC for deliberation and review during the quarterly AC meetings.

This AC Report has been reviewed by the AC and approved by the Board on 18 April 2019.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("Board") of Gabungan AQRS Berhad is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 December 2018. The disclosure in this Statement is presented pursuant to Paragraph 15.26(b) of the MMLR of Bursa Malaysia Securities Berhad ("Bursa Securities") and is guided by the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" ("Guidelines").

BOARD'S RESPONSIBILITIES

In accordance with the latest Malaysian Code of Corporate Governance, the Board who is responsible for the Group's risk management and internal control systems, shall set appropriate policies on internal control and seek assurance that the systems are functioning effectively. In addition, the Board must also ensure that the system of internal control manages risks and forms part of its corporate culture.

The Board has established a Risk Management Committee ("RMC"). The members of RMC are same as last year. The RMC has reviewed and revised its Terms of Reference ("TOR") during the year. The revision of the TOR was done coincide with the practices promulgated in the latest MCGG. The revised TOR was tabled and approved by the Board. This latest TOR of RMC is published in Company's website for stakeholders' reference.

Functionally, the RMC is assisted by Managing Director of Construction Division, Managing Director of Property Division and Executive Director / Group Chief Financial Officer in identifying, analysing, evaluating, managing and monitoring significant risks faced by the Group.

Composition of RMC:-

Chairperson	Mr Muk Sai Tat (Independent Non-Executive Director)
Members:	Y.M. Tunku Alizan bin Raja Muhammad Alias (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)
	Datuk Kamarudin bin Md Ali (Senior Independent Non-Executive Director)
	Mr. Loo Choo Hong (Independent Non-Executive Director)

RISK MANAGEMENT

The Group risk management framework is organised in two (2) main segments, namely the Construction and Property Development. The risks of these two segments are identified, analysed, evaluated and reported by the Managing Directors of the Construction and Property Development respectively as well as the Group Chief Financial Officer. At the same time, the Group has adopted the principles of the risk management process of the COSO framework and ISO standard on risk management in the risk management process and the documentation of the risks identified in these segments.

Primarily, the focus of the Group's risk management is on the critical potential events and situations that may affect the progress of the construction and property development projects which in turn will impact the overall timing of delivery of these projects, cost and cash flows of the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

Manpower, stakeholder and work coordination, safety and quality management as well as compliance of authority requirements remain the key challenges of the construction business segment. In order to address and manage these risks, management continuously strengthening its project management and supervision processes on suppliers and stakeholders management, design, sourcing of alternative materials, deployment of value engineering and site safety.

In respect of the property development segment, the Group will focus on developing well integrated mixed development project with good infrastructure and lifestyle features to manage the risk of softening of the property market while continuing in completing the on-going project according to targeted time. Management had engaged and mobilised more manpower and subcontractors to its on-going project. On the other hand, consistent with the Group's property development focus mentioned earlier, management will relaunch its on-going project with new lifestyle concept in order to capture new market's interest.

With respect to the strategies to enhance and sustain the Group cash flow, management has constantly accumulating and strengthening the Group coffer through prudence cash flow forecast and tighter payment management process. Operationally, management has also streamlined its pool of contractors and suppliers and focus on improving the trade relationship with these stakeholders as well as leveraging on corporate guarantee in order to improve its working capital position.

INTERNAL CONTROLS

Complementing the risk management practices, the following key control procedures and processes are continuing in place in the Group:-

- i. management organisation chart outlining the management responsibilities and hierarchical structure of reporting, accountability and segregation;
- ii. approval and authority limits of the top executives and heads of department;
- iii. pre-evaluation of suppliers, sub-contractors and consultants before selection;
- iv. post-evaluation of suppliers' and sub-contractors' performance for future reference and selection;
- v. review of divisional operating performance by the key management team members of the respective heads;
- vi. implementation of ISO Quality Management System ISO 9001:2015 and OHSAS 18001:2007 for key subsidiaries in order to ensure consistency of standard in quality management system, compliance with customers' safety requirements as well as minimisation of operational hazard risks;
- vii. legal review to ensure contractual risks are addressed and managed before entering into material contracts or agreements;
- viii. job descriptions are established providing understanding to employees of their responsibilities
- ix. regular Safety and Health Committee meetings to enforce safety awareness at site; and
- x. review of related party transactions.

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance with the Guidelines, the Management is responsible to the Board for:-

- identifying risks relevant to the business of the Group's objectives and strategies;
- implementing and maintaining sound systems of risk management and internal control; and

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

- monitoring and reporting to the Board of significant control deficiencies and changes in risks that could affect the Group's achievement of its objective and performance.

Before producing this Statement, the Board has received assurances 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 respects.

Board Assurance and Limitation

The Board acknowledges its overall responsibility for reviewing the adequacy and integrity of the Group's systems of internal control, identifying principal risks and establishing appropriate control environment and framework to manage risks. The Board continues to derive its comfort of the state of risk management and internal control of the Group from the following oversight mechanisms and information compiled for these oversight processes:-

- periodic review of financial information covering financial performance and quarterly financial results;
- RMC's oversight of risk management framework, changes in risk magnitudes and status of management implementation of risk mitigation plan;
- AC's review and consultation with Management on the integrity of the financial results, Annual Report and audited financial statements;
- audit findings and reports on the review of systems of internal control provided by the Internal Auditors and status of Management's implementation of the audit recommendations; and
- Management's assurance that the Group's risk management and internal control systems have been operated adequately and effectively, in all material respects.

For the financial year under review, the Board is satisfied that the existing level of systems of risk management and internal control is effective to enable the Group to achieve its business objectives and there were no material losses resulted from significant control weaknesses that require additional disclosure in this Annual Report.

The Board recognises that the systems of risk management and internal control should be continuously improved in line with the evolving business development. Nonetheless, it should be noted that all risk management systems and systems of internal control could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, these 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

As required by Paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement on Risk Management and Internal Control. As set out in their terms of engagement, the procedures were performed in accordance with the Audit and Assurance Practice Guide 3 ("AAPG3") issued by MIA. The External Auditors' procedures have been conducted to assess whether the Statement on Risk Management and Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the process the Directors have adopted in reviewing the adequacy and integrity of the system of internal control for the Group.

Based on their procedures performed, the External Auditors have reported to the Board that nothing has come to their attention which 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 on Risk Management and Internal Control was made in accordance with the approval by the Board dated 18 April 2019.

STATEMENT BY NOMINATION COMMITTEE

The following statement is made by the NC of the Board in accordance with Paragraph 15.08A of the MMLR requiring all public listed companies to disclose a statement on the activities of the NC.

The key responsibilities of the NC are to assist the Board among others, to assess the performance of Directors, as well as to evaluate and recommend suitable candidates for the Board and Senior Management, if necessary. The NC had reviewed and recommended to the Board on the revised Terms of Reference of NC on 21 March 2019. The Terms of Reference of the NC is published on the corporate website of the Company for reference at www.gbg.com.my.

The members of the NC comprise exclusively Independent Non-Executive Directors (“INEDs”).

During the financial year ended 31 December 2018, the NC held one (1) meeting. The members of the NC and the details of their meeting attendance are as follows:-

Name of Committee Members	Designation	No. of Meetings Attended/ No. of Meetings Held During Tenure of Office
Muk Sai Tat (Independent Non-Executive Director)	Chairman	1/1
Datuk Kamarudin bin Md Ali (Senior Independent Non-Executive Director)	Member	1/1
Loo Choo Hong (Independent Non-Executive Director)	Member	1/1

The key agenda deliberated in these meetings are as follows:-

- Reviewed the size and composition of the Board and Board Committee;
- Nominated for the re-election of Board members at the forthcoming AGM and recommended to the Board that a resolution for their re-election be tabled at the forthcoming AGM;
- 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; and
- Reviewed annual assessment of the contribution and performance of each Director, Board Committees as well as the contribution of the NEDs.
- Reviewed the structure of the Senior Management by nominating and re-designation some Senior Management’s positions in order to set the direction of the property development and construction division of the Company and the Group for next phase of growth. The conduct was made in order to adhere good corporate governance.

The NC upon its assessment of the above, is satisfied that the Board has met the policy on its composition.

STATEMENT BY NOMINATION COMMITTEE

(CONT'D)

The performance evaluations of the Board, Board Committee and individual Directors are conducted by way of self-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 compiled by the Company Secretary and tabled to the NC for review and deliberation. The key criteria applied in these assessments include integrity, availability, meeting preparation and attendance, Board participation, business planning contribution and teamwork.

The Board currently has one (1) female director out of seven (7) directors which makes up to 14.29% of the Board members. The Board would ensure that women candidates are continuously sought when considering future candidate(s) for vacancy at the Board level. Further, the Board also believes that the current size and compositions are appropriate for its purpose, and is satisfied that the current Board composition fairly reflects the interest of minority shareholders within the Group.

All Directors are required to retire but are eligible to submit themselves for re-election at least once in every three (3) years. This requirement allows shareholders to assess the Directors' performances and contributions to the Group and, if required, to replace them. Before recommending the retiring Directors to the Board for re-election, the NC would summarise the past performance assessment of the retiring Directors for the Board's review while the retiring Directors abstain from deliberations of their performance.

The Constitution of the Company provides that the minimum and maximum size of the Board shall be two (2) and twelve (12) members respectively. The objective of the Board composition is to maintain an effective size of the Board which reflects its responsibilities, dynamism and sense of sharing common purposes among its members.

DIRECTORS'

RESPONSIBILITY STATEMENT

FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are required pursuant to the Act to prepare the financial statements for each financial year in accordance with the applicable approved accounting standards in Malaysia.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year, and of the results and cash flows of the Company and the Group for the financial year.

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 records which disclose the financial position of the Group and of the Company with reasonable accuracy at any time, thus enabling the financial statements to be complied with the requirements of the Act and have been made out in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the MMLR of Bursa Securities.

The Directors are also responsible for 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 systems, by their nature, can only provide reasonable and not absolute assurance against material misstatements, whether due to fraud or error.

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and details of the subsidiaries are set out in Note 16 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
Profit for the financial year	65,110,939	4,930,584
Attributable to:		
Owners of the parent	61,209,887	4,930,584
Non-controlling interests	3,901,052	-
	65,110,939	4,930,584

DIVIDEND

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 2018:	
First interim single tier dividend of 2.0 sen per ordinary share, paid on 12 June 2018	9,277,196
Special single tier dividend of 1.0 sen per ordinary share, paid on 12 June 2018	4,638,598
Second interim single tier dividend of 2.0 sen per ordinary share, paid on 10 January 2019	9,551,586
	23,467,380

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2018.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued share capital of the Company was increased from 451,476,525 to 494,594,005 by way of issuance of 43,117,480 new ordinary shares pursuant to 43,117,480 warrants exercised at an exercise price of RM1.30 each for cash.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company. There were no other issues of shares during the financial year.

The Company did not issue any 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 A 2013/2018

A total of 159,984,000 free warrants were issued on 25 July 2013 pursuant to the Deed Poll dated 5 July 2013 ("Deed Poll A") to all the shareholders of the Company on the basis of nine (9) warrants for every twenty (20) existing ordinary shares held on 17 July 2013. The Company had fixed the exercise price for the free warrants at RM1.30 each.

During the financial year, 43,117,480 new ordinary shares were issued pursuant to the exercise of warrants for the equivalent numbers by the registered holders.

The number of warrants unexercised at the end of the reporting period comprises 95,348,395 warrants. The warrants had expired on 20 July 2018.

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.

REPURCHASE OF OWN SHARES

The shareholders of the Company, by an ordinary resolution passed at the 8th Annual General Meeting held on 14 May 2018, 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 494,594,005 (2017: 451,476,525) issued ordinary shares as at the end of each reporting period, 17,014,702 (2017: 535,502) ordinary shares purchased for RM17,241,864 (2017: RM509,881) are held as treasury shares by the Company. The number of outstanding ordinary shares in issue after deducting the treasury shares is 477,579,303 (2017: 450,941,023).

DIRECTORS' REPORT

(CONT'D)

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

Dato' Azizan Bin Jaafar
Dato' Ow Chee Cheoon
Datuk Kamarudin Bin Md. Ali
Y.M. Tunku Alizan Bin Raja Muhammad Alias
Loo Choo Hong
Muk Sai Tat
Ow Yin Yee

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	
Ir. Bakri Bin Ishak	
Ow Yin Yee	
Choo Choon Seng	
Azhar Khan bin Badil Zaman	
Norahmad bin Yussuff	
Ir. Tai Jiunn Hong	
Si So Tian Ann	(Appointed on 1 March 2018)
Abd Razak bin Abd Manan	(Appointed on 1 March 2018)
Tan Ban Eu	(Appointed on 12 July 2018)
Datin Paduka Low Siew Moi	(Resigned on 13 July 2018)
Yau Jye Yee	(Resigned on 15 November 2018)
Teo Jua Chi	(Resigned on 15 November 2018)

In accordance with Article 95 of the Company's Constitution, Dato' Ow Chee Cheoon and Muk Sai Tat 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 during the financial year ended 31 December 2018 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:

	<div>←</div> <div>Balance as at 1.1.2018</div>	<div>←</div> <div>Number of ordinary shares</div>	<div>→</div> <div>Balance as at 31.12.2018</div>
Shares in the Company		Bought	Conversion of warrants
<u>Direct interests</u>			
Y.M. Tunku Alizan Bin Raja Muhammad Alias	5,000	289,600	-
Dato' Azizan Bin Jaafar	202,000	1,550,300	90,000
Dato' Ow Chee Cheoon	32,800,760	500,000	-
Ow Yin Yee	60,600	100,000	-
Loo Choo Hong	-	70,000	-
Datuk Kamarudin bin Md. Ali	-	200,000	-
<u>Indirect interest</u>			
Dato' Azizan Bin Jaafar	52,001,900	-	550,000
	<div>←</div> <div>Balance as at 1.1.2018</div>	<div>←</div> <div>Number of warrants</div>	<div>→</div> <div>Balance as at (Expiry date) 20.7.2018</div>
Warrants A 2013/2018		Bought	Conversion of warrants
<u>Direct interest</u>			
Dato' Azizan Bin Jaafar	90,000	-	(90,000)
<u>Indirect interest</u>			
Dato' Azizan Bin Jaafar	1,500,000	-	(550,000)

DIRECTORS' REPORT

(CONT'D)

DIRECTORS' INTERESTS (continued)

Warrants B 2018/2023	Number of warrants		
	Balance as at 27.9.2018 (Issue date)	Bought	Sold
Balance as at 31.12.2018			
<u>Direct interests</u>			
Y.M. Tunku Alizan Bin Raja Muhammad Alias	73,650	-	-
Dato' Azizan Bin Jaafar	460,575	-	-
Dato' Ow Chee Cheoon	8,325,190	-	-
Ow Yin Yee	40,150	-	-
Loo Choo Hong	17,500	-	-
Datuk Kamarudin bin Md. Ali	50,000	50,000	-
<u>Indirect interest</u>			
Dato' Azizan Bin Jaafar	13,137,975	-	-

By virtue of Section 8 of the Companies Act 2016 in Malaysia, Dato' Ow Chee Cheoon and Dato' Azizan Bin Jaafar, are also deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

The other Director, Muk Sai Tat 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 a benefit 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 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.

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 27 to the financial statements.

DIRECTORS' REMUNERATION

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

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.

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.

(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.

DIRECTORS' REPORT

(CONT'D)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

(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.

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 2018 amounted to RM284,500 and RM70,000 respectively.

BDO PLT (LLP0018825-LCA & AF 0206) was registered on 2 January 2019 and with effect from that date, BDO (AF 0206), a conventional partnership was converted to a limited liability partnership.

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

.....
Dato' Azizan Bin Jaafar
Director

Kuala Lumpur
18 April 2019

.....
Dato' Ow Chee Cheoon
Director

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 104 to 185 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 2018 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

Kuala Lumpur
18 April 2019

.....
Dato' Ow Chee Cheoon
Director

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 104 to 185 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)
18 April 2019)

Ow Yin Yee

Before me:

Commissioner for Oaths
Baloo A/L T.Pichai
W663

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GABUNGAN AQRS BERHAD

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 2018 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 104 to 185.

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 2018 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' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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 judgements 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 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

TO THE MEMBERS OF GABUNGAN AQRS BERHAD (CONT'D)

Key Audit Matters (continued)

(a) *Revenue recognition for construction contracts and property development (continued)*

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) Visited project sites and 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 are set out in Note 22 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; and
- (iii) Inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GABUNGAN AQRS BERHAD (CONT'D)

Key Audit Matters (continued)

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

Included in intangible assets is customer contract with a carrying amount of RM28,564,072, which arose from the acquisition of a subsidiary as disclosed in Note 20 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 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.

Audit response

Our audit procedures included the following:

- (i) Reviewed cash flow projections, assessed and challenged 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 Company and relevant risk factors; 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 investments in subsidiaries*

As at 31 December 2018, investments in subsidiaries of the Company were RM322,542,482 net of impairment of RM28,623,124 as disclosed in Note 16 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 cash flow projections of the subsidiaries. In this instance, their recoverable amounts are based on their 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.

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 challenged key assumptions used in the projections; and
- (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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GABUNGAN AQRS BERHAD (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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GABUNGAN AQRS BERHAD (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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: (continued)

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GABUNGAN AQRS BERHAD (CONT'D)

Other Matters

As stated in Note 3 to the financial statements, Gabungan AQRS Berhad adopted Malaysian Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These Standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2017 and 1 January 2017, and the statements of profit and loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended 31 December 2017 and related disclosures. We were not engaged to report on the restated comparative information, and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2018 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2018 do not contain misstatements that materially affect the financial position as of 31 December 2018 and the financial performance and cash flows for the financial year then ended.

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

Lum Chiew Mun
03039/04/2019 J
Chartered Accountant

Kuala Lumpur
18 April 2019

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

			Group		Company
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Revenue	6	585,329,884	462,304,595	61,490,000	10,000,000
Cost of sales	7	(462,074,129)	(319,954,831)	-	-
Gross profit		123,255,755	142,349,764	61,490,000	10,000,000
Other income		19,613,902	29,870,226	9,292,932	6,154,353
Operating costs		(51,393,275)	(55,882,408)	(65,457,576)	(4,443,986)
Finance costs	8	(5,395,739)	(12,572,879)	(179,227)	(1,669,185)
Share of loss of an associate, net of tax		(79,880)	(119,784)	-	-
Share of profit of a joint venture, net of tax		961,146	153,114	-	-
Profit before tax		86,961,909	103,798,033	5,146,129	10,041,182
Tax expense	11	(21,850,970)	(32,597,104)	(215,545)	(460,918)
Profit for the financial year		65,110,939	71,200,929	4,930,584	9,580,264
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income, net of tax		65,110,939	71,200,929	4,930,584	9,580,264
Attributable to:					
Owners of the parent		61,209,887	67,038,505	4,930,584	9,580,264
Non-controlling interests	16(f)	3,901,052	4,162,424	-	-
		65,110,939	71,200,929	4,930,584	9,580,264
Earnings per ordinary share attributable to equity holders of the Company:					
Basic earnings per ordinary share (sen)	12	13.05	16.39		
Diluted earnings per ordinary share (sen)	12	10.40	12.24		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
ASSETS				
Non-current assets				
Property, plant and equipment	14	30,921,974	32,253,103	43,582,892
Investment properties	15	33,006,684	33,701,258	37,782,012
Investment in an associate	17	3,307,146	3,387,026	3,526,410
Investment in a joint venture	18	739,256	378,110	224,996
Deferred tax assets	19	3,007,864	2,938,048	3,223,170
Intangible assets	20	29,783,152	29,783,152	-
		100,766,076	102,440,697	88,339,480
Current assets				
Inventories	21	378,990,294	293,340,799	363,686,233
Trade and other receivables	22	239,588,597	191,629,878	276,781,683
Contract assets	23	562,968,746	355,053,807	165,249,571
Other investment	24	1,328,068	8,122,815	2,511,775
Current tax assets		1,343,765	921,802	335,080
Short term funds	25	36,725,170	86,053,973	951,587
Cash and bank balances	26	91,846,550	50,337,485	31,980,361
		1,312,791,190	985,460,559	841,496,290
TOTAL ASSETS		1,413,557,266	1,087,901,256	929,835,770
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	27	324,240,605	267,080,518	97,730,000
Reserves	28	147,588,816	126,578,292	153,960,763
		471,829,421	393,658,810	251,690,763
Non-controlling interests	16(f)	5,620,010	8,078,958	3,916,534
TOTAL EQUITY		477,449,431	401,737,768	255,607,297

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018 (CONT'D)

	Note	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
LIABILITIES				
Non-current liabilities				
Borrowings	29	28,919,928	29,182,894	72,525,745
Deferred tax liabilities	19	226,872	125,543	1,712,507
		29,146,800	29,308,437	74,238,252
Current liabilities				
Trade and other payables	31	674,167,014	412,808,198	293,769,262
Contract liabilities	23	34,710,420	52,067,919	97,523,832
Borrowings	29	176,787,067	158,976,648	195,889,567
Current tax liabilities		21,296,534	33,002,286	12,807,560
		906,961,035	656,855,051	599,990,221
TOTAL LIABILITIES		936,107,835	686,163,488	674,228,473
TOTAL EQUITY AND LIABILITIES		1,413,557,266	1,087,901,256	929,835,770

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018 (CONT'D)

	Note	31.12.2018 RM	Company 31.12.2017 RM	1.1.2017 RM
ASSETS				
Non-current assets				
Investments in subsidiaries	16	322,542,482	115,196,747	78,259,637
Investment in a joint venture	18	255,000	255,000	255,000
		322,797,482	115,451,747	78,514,637
Current assets				
Trade and other receivables	22	64,185,125	101,893,128	180,556,302
Short term funds	25	35,365,153	85,943,076	844,425
Cash and bank balances	26	1,365,656	1,103,592	1,621,149
		100,915,934	188,939,796	183,021,876
TOTAL ASSETS		423,713,416	304,391,543	261,536,513
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	27	324,240,605	267,080,518	97,730,000
Reserves	28	(769,292)	34,499,487	119,340,199
TOTAL EQUITY		323,471,313	301,580,005	217,070,199
LIABILITIES				
Current liabilities				
Trade and other payables	31	99,678,620	2,350,620	8,235,552
Borrowings	29	-	-	36,230,762
Current tax liabilities		563,483	460,918	-
TOTAL LIABILITIES		100,242,103	2,811,538	44,466,314
TOTAL EQUITY AND LIABILITIES		423,713,416	304,391,543	261,536,513

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Group	Note	Non-distributable			Distributable			Total attributable to owners of the parent RM	Non- controlling interests RM	Total equity RM
		Share capital RM	Treasury shares RM	Share premium RM	Retained earnings RM	Share premium RM	Retained earnings RM			
Balance as at 1 January 2017		97,730,000	(509,881)	85,545,356	160,965,564	343,731,039	6,893,462	350,624,501		
Effects of adoption of:										
MFRS 9	35	-	-	-	(63,185,551)	(63,185,551)	(2,976,928)	(66,162,479)		
MFRS 15	35	-	-	-	(28,854,725)	(28,854,725)	-	(28,854,725)		
Balance as at 1 January 2017, as restated		97,730,000	(509,881)	85,545,356	68,925,288	251,690,763	3,916,534	255,607,297		
Profit for the financial year		-	-	-	67,038,505	67,038,505	4,162,424	71,200,929		
Other comprehensive income, net of tax		-	-	-	-	-	-	-		
Total comprehensive income, net of tax		-	-	-	67,038,505	67,038,505	4,162,424	71,200,929		
Transaction with owners										
Dividend paid	13	-	-	-	(8,875,620)	(8,875,620)	-	(8,875,620)		
Ordinary shares issued pursuant to:-										
- Acquisition of a subsidiary	27	29,537,110	-	-	-	29,537,110	-	29,537,110		
- Private placement	27	26,294,490	-	-	-	26,294,490	-	26,294,490		
- Exercise of warrants	27	27,973,562	-	-	-	27,973,562	-	27,973,562		
Total transaction with owners		83,805,162	-	-	(8,875,620)	74,929,542	-	74,929,542		
Transfer pursuant to Companies Act 2016*	27(c)	85,545,356	-	(85,545,356)	-	-	-	-		
Balance as at 31 December 2017		267,080,518	(509,881)	-	127,088,173	393,658,810	8,078,958	401,737,768		

* Pursuant to the Companies Act 2016, the credit balance in the share premium account has been transferred to the share capital account.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER (CONT'D)

Group	Note	Non-distributable			Distributable		Total attributable to owners of the parent RM	Non- controlling interests RM	Total equity RM
		Share capital RM	Treasury shares RM	Retained earnings RM					
Balance as at 1 January 2018, as previously reported		267,080,518	(509,881)	200,124,693		466,695,330	8,454,099	475,149,429	
Effects of adoption of:									
MFRS 9	35	-	-	(42,742,203)		(42,742,203)	(375,141)	(43,117,344)	
MFRS 15	35	-	-	(30,294,317)		(30,294,317)	-	(30,294,317)	
Balance as at 1 January 2018, as restated		267,080,518	(509,881)	127,088,173		393,658,810	8,078,958	401,737,768	
Profit for the financial year		-	-	61,209,887		61,209,887	3,901,051	65,110,939	
Other comprehensive income, net of tax		-	-	-		-	-	-	
Total comprehensive income, net of tax		-	-	61,209,887		61,209,887	3,901,051	65,110,939	
Transaction with owners									
Dividend paid	13	-	-	(23,467,380)		(23,467,380)	(6,360,000)	(29,827,380)	
Ordinary shares issued pursuant to exercise of warrants	27	56,052,724	-	-		56,052,724	-	56,052,724	
Ordinary shares repurchased		-	(20,682,405)	-		(20,682,405)	-	(20,682,405)	
Ordinary shares resold in open market		1,107,363	3,950,422	-		5,057,785	-	5,057,785	
Total transaction with owners		57,160,087	(16,731,983)	(23,467,380)		16,960,724	(6,360,000)	10,600,724	
Balance as at 31 December 2018		324,240,605	(17,241,864)	164,830,680		471,829,421	5,620,010	477,449,431	

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

STATEMENT OF CHANGES IN EQUITY

Company	Note	Non-distributable			Distributable	Total equity RM
		Share capital RM	Treasury shares RM	Share premium RM	Retained earnings RM	
Balance as at 1 January 2017, as previously reported		97,730,000	(509,881)	85,545,356	35,635,294	218,400,769
Effects of adoption of MFRS 9 (Note 35)		-	-	-	(1,330,570)	(1,330,570)
Balance as at 1 January 2017, as restated		97,730,000	(509,881)	85,545,356	34,304,724	217,070,199
Profit for the financial year		-	-	-	9,580,264	9,580,264
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income, net of tax		-	-	-	9,580,264	9,580,264
Transaction with owners						
Dividend paid	13	-	-	-	(8,875,620)	(8,875,620)
Ordinary shares issued pursuant to:						
- Acquisition of a subsidiary	27	29,537,110	-	-	-	29,537,110
- Private placement	27	26,294,490	-	-	-	26,294,490
- Warrants exercised	27	27,973,562	-	-	-	27,973,562
Total transaction with owners		83,805,162	-	-	(8,875,620)	74,929,542
Transfer pursuant to Companies Act 2016	27	85,545,356	-	(85,545,356)	-	-
Balance as at 31 December 2017		267,080,518	(509,881)	-	35,009,368	301,580,005

* Pursuant to the Companies Act 2016, the credit balance in the share premium account has been transferred to the share capital account.

STATEMENT OF CHANGES IN EQUITY

(CONT'D)

Company	Note	Non-distributable Share capital RM	Treasury shares RM	Distributable Retained earnings RM	Total equity RM
Balance as at 1 January 2018, as previously reported		267,080,518	(509,881)	35,756,946	302,327,583
Effects of adoption of MFRS 9 (Note 35)		-	-	(747,578)	(747,578)
Balance as at 1 January 2018, as restated		267,080,518	(509,881)	35,009,368	301,580,005
Profit for the financial year		-	-	4,930,584	4,930,584
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income, net of tax		-	-	4,930,584	4,930,584
Transaction with owners					
Dividend paid	13	-	-	(23,467,380)	(23,467,380)
Ordinary shares issued pursuant to warrants exercised	27	56,052,724	-	-	56,052,724
Ordinary shares repurchased		-	(20,682,405)	-	(20,682,405)
Ordinary shares resold in open market		1,107,363	3,950,422	-	5,057,785
Total transaction with owners		57,160,087	(16,731,983)	(23,467,380)	16,960,724
Balance as at 31 December 2018		324,240,605	(17,241,864)	16,472,572	323,471,313

* Pursuant to the Companies Act 2016, the credit balance in the share premium account has been transferred to the share capital account.

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		86,961,909	103,798,033	5,146,129	10,041,182
Adjustments for:					
Bad debts recovered		-	(200,000)	-	-
Bad debts written-off:					
- third parties		355,304	-	-	-
- subsidiaries		-	-	36,138,600	-
Depreciation of:					
- property, plant and equipment	14	11,941,500	11,384,462	-	-
- investment properties	15	698,572	4,080,754	-	-
Dividend income		-	-	(61,490,000)	(10,000,000)
Fair value adjustment on other investment		6,794,747	1,822,120	-	-
Impairment losses on:					
- trade receivables	22	3,000,077	4,366,160	-	-
- other receivables	22	2,348	498,175	-	-
- contract assets	23	372,591	272,235	-	-
- investments in subsidiaries		-	-	25,997,755	-
Gain on disposal of property, plant and equipment		(412,095)	(47,283)	-	-
Interest expense	8	5,395,739	12,572,879	179,227	1,669,185
Interest income		(5,027,718)	(3,024,652)	(5,940,660)	(5,571,361)
Property, plant and equipment written off	14	247,797	1,993,733	-	-
Reversal of impairment losses on:					
- trade receivables	22	(8,166,249)	(17,569,050)	-	-
- other receivables	22	(3,224,873)	(11,480,139)	-	-
- contract assets	23	(20,881)	(104,644)	-	-
- amount owing by subsidiaries		-	-	(747,578)	(582,922)
Share of loss of an associate, net of tax	17	79,880	119,784	-	-
Share of profit of a joint venture, net of tax		(961,146)	(153,114)	-	-
Waiver of debts on subsidiaries		-	-	(2,604,694)	-
Operating profit/(loss) before changes working capital changes		98,037,502	108,329,453	(3,321,221)	(4,443,916)
Changes in working capital:					
Inventories		(85,649,495)	70,345,434	-	-
Trade and other receivables		(39,925,194)	102,530,452	1,116,657	217,895
Contract assets		(208,266,649)	(189,971,827)	-	-
Trade and other payables		261,358,816	117,977,030	(121,859)	(7,702,975)
Contract liabilities		(17,357,499)	(45,455,913)	-	-
Cash generated from/(used in) operations		8,197,481	163,754,629	(2,326,423)	(11,928,996)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

		Group	Company	
Note	2018 RM	2017 RM	2018 RM	2017 RM
Interest paid	(3,003,308)	(3,990,542)	(179,227)	(1,591,244)
Interest received	5,027,718	3,024,652	1,923,058	269,352
Tax paid	(34,747,787)	(14,074,129)	(112,980)	-
Tax refunded	800,615	-	-	-
Net cash (used in)/from operating activities	(23,725,281)	148,714,610	(695,572)	(13,250,888)
CASH FLOWS FROM INVESTING ACTIVITIES				
(Advances to)/Repayments from subsidiaries	-	-	(128,070,879)	88,748,253
Acquisitions of:				
- a subsidiary	-	172,098	-	-
Dividend received from				
- an associate	-	19,600	-	-
- a joint venture	18	600,000	600,000	-
- subsidiaries	-	-	60,890,000	-
Proceeds from disposals of property, plant and equipment	446,246	270,083	-	-
Purchases of:				
- property, plant and equipment	14	(5,944,919)	-	-
- investment properties	15	(3,998)	-	-
(Placements)/Withdrawals of fixed deposits pledged	(38,960,777)	(9,531,400)	(27,143)	457,657
Net cash (used in)/from investing activities	(43,863,448)	(10,370,525)	(66,608,022)	89,205,910
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid	(2,392,431)	(8,582,337)	-	(77,941)
Shares repurchased	28	(20,682,405)	(20,682,405)	-
Proceeds from resale of shares in open market	28	5,057,653	5,057,653	-
Proceeds from issuance of ordinary shares pursuant to:				
- private placement	27	-	-	26,294,490
- exercise of warrants	27	56,052,724	56,052,724	27,973,562
Dividend paid	13	(23,467,380)	(23,467,380)	(8,875,620)
Dividend paid to non-controlling interests		(6,360,000)	-	-
Drawdowns of term loans		1,000,000	-	-

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

		2018 RM	Group 2017 RM	2018 RM	Company 2017 RM
	Note				
Repayments of revolving credits		(2,000,000)	(2,057,035)	-	-
Repayments of term loans		(45,757,069)	(149,395,529)	-	(36,230,762)
Repayments of hire-purchase creditors		(1,204,583)	(4,980,810)	-	-
Net cash (used in)/from financing activities		(26,196,842)	(118,623,279)	16,960,592	9,083,729
Net (decrease)/increase in cash and cash equivalents		(93,785,571)	19,720,806	(50,343,002)	85,038,751
Cash and cash equivalents at beginning of financial year		(18,663,039)	(38,383,845)	85,982,998	944,247
Cash and cash equivalents at end of financial year	26	(112,448,610)	(18,663,039)	35,639,996	85,982,998

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Term loans (Note 29)		Revolving credits (Note 29)		Hire purchase creditors (Note 30)	
	Group RM	Company RM	Group RM	Company RM	Group RM	Company RM
At 1 January 2017	215,140,471	36,230,762	6,057,035	-	5,485,606	-
Cash flows	(148,395,529)	(36,230,762)	(2,057,035)	-	(5,164,237)	-
Non-cash flows :						
- Unwinding of interest	-	-	-	-	183,427	-
- Acquisition of property, plant and equipment	-	-	-	-	970,300	-
At 31 December 2017/ 1 January 2018	66,744,942	-	4,000,000	-	1,475,096	-
Cash flows	(31,200,420)	-	(2,000,000)	-	(1,427,639)	-
Non-cash flows :						
- Unwinding of interest	-	-	-	-	223,056	-
- Acquisition of property, plant and equipment	-	-	-	-	4,947,400	-
At 31 December 2018	35,544,522	-	2,000,000	-	5,217,913	-

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

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 2018 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 18 April 2019.

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 16 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.

These are the first financial statements of the Group and the Company prepared in accordance with MFRSs and IFRSs and MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRSs") in Malaysia.

The Group and Company have consistently applied the same accounting policies in its opening MFRS statements of financial position as at 1 January 2017 and throughout all financial years presented, as if these policies had always been in effect. Comparative information for the financial year ended 31 December 2017 in these financial statements have been restated to give effect to these changes. Note 35 to the financial statements discloses the new MFRSs, amendments to MFRSs adopted during the financial year and the impact of the transition to MFRSs, on the reported financial position of the Group and the Company as at 1 January and 31 December 2017, and the financial performance and cash flows for the financial year ended 31 December 2017.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

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.

2018	Construction RM	Property development RM	Other operating segments RM	Total RM
Segment revenue				
Total revenue	621,541,046	24,506,724	83,955,800	730,003,570
Inter segment revenue	(72,071,902)	-	(72,601,784)	(144,673,686)
Revenue from external customers	549,469,144	24,506,724	11,354,016	585,329,884
Interest income	1,164,799	1,939,712	1,923,207	5,027,718
Finance costs	(2,716,180)	(596,422)	(2,083,137)	(5,395,739)
Net finance (expenses)/income	(1,551,381)	1,343,290	(159,930)	(368,021)
Segment profit before tax	60,024,072	53,686,089	38,617,256	152,327,417

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

4. OPERATING SEGMENTS (continued)

2018	Construction RM	Property development RM	Other operating segments RM	Total RM
Share of loss of an associate, net of tax	(79,880)	-	-	(79,880)
Share of profit of a joint venture, net of tax	-	-	961,146	961,146
Tax expense	(17,953,357)	365,993	(4,263,606)	(21,850,970)
Other material non-cash item:				
- Depreciation of:				
- Property, plant and equipment	(11,116,009)	(198,779)	(626,712)	(11,941,500)
- Investment properties	(5,675)	-	(692,897)	(698,572)
Investment in an associate	3,307,146	-	-	3,307,146
Investment in a joint venture	-	-	739,256	739,256
Additions to non-current assets other than financial instruments and deferred tax assets	9,318,044	155,709	1,574,826	11,048,579
Segment assets	947,750,635	498,958,597	508,090,872	1,954,800,104
Segment liabilities	745,015,229	288,602,419	131,989,204	1,165,606,852

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

4. OPERATING SEGMENTS (continued)

2017	Construction RM	Property development RM	Other operating segments RM	Total RM
Segment revenue				
Total revenue	365,338,273	95,194,740	28,576,183	489,109,196
Inter segment revenue	(9,582,434)	-	(17,222,167)	(26,804,601)
Revenue from external customers	355,755,839	95,194,740	11,354,016	462,304,595
Interest income	547,960	2,207,100	269,592	3,024,652
Finance costs	(3,804,124)	(4,582,970)	(4,185,785)	(12,572,879)
Net finance expenses	(3,256,164)	(2,375,870)	(3,916,193)	(9,548,227)
Segment profit/(loss) before tax	114,617,445	(4,179,531)	11,336,838	121,774,752
Share of loss of an associate, net of tax	(119,784)	-	-	(119,784)
Share of profit of a joint venture, net of tax	-	-	153,114	153,114
Tax expense	(27,340,910)	(3,437,382)	(1,818,812)	(32,597,104)
Other material non-cash item:				
- Depreciation of:				
- Property, plant and equipment	(10,561,470)	(385,703)	(437,289)	(11,384,462)
- Investment properties	-	-	(4,080,754)	(4,080,754)
Investment in an associate	3,387,026	-	-	3,387,026
Investment in a joint venture	-	-	378,110	378,110
Additions to non-current assets other than financial instruments and deferred tax assets	1,920,910	139,618	269,422	2,329,950
Segment assets	775,195,816	529,360,273	429,966,488	1,734,522,577
Segment liabilities	560,979,046	546,218,593	126,408,788	1,233,606,427

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

4. OPERATING SEGMENTS (continued)

(a) Reconciliations

Reconciliations of reportable segment profit or loss to the corresponding amounts of the Group are as follows:

	2018 RM	Group 2017 RM
Profit for the financial year		
Total profit or loss for reportable segments	152,327,417	121,774,752
Elimination of inter-segment losses	(66,246,774)	(18,010,049)
Share of loss of an associate, net of tax	(79,880)	(119,784)
Share of profit of a joint venture, net of tax	961,146	153,114
Profit before tax	86,961,909	103,798,033
Tax expense	(21,850,970)	(32,597,104)
Profit for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	65,110,939	71,200,929
Assets		
Total assets for reportable segments	1,954,800,104	1,734,522,577
Elimination of investments in subsidiaries and consolidation adjustments	(325,414,616)	(106,732,905)
Elimination of inter-segment balances	(215,828,222)	(539,888,416)
Assets of the Group per consolidated statement of financial position	1,413,557,266	1,087,901,256
Liabilities		
Total liabilities for reportable segments	1,165,606,852	1,233,606,427
Elimination of consolidation adjustments	(13,670,795)	(7,554,523)
Elimination of inter-segment balances	(215,828,222)	(539,888,416)
Liabilities of the Group per consolidated statement of financial position	936,107,835	686,163,488

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

4. OPERATING SEGMENTS (continued)

(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:

	2018 RM	Group 2017 RM
Customer A	293,078,271	156,633,781
Customer B	122,019,853	-
Customer C	123,407,370	131,984,884
Customer D	69,933,353	-
	608,438,847	288,618,665

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 2018 and 31 December 2017.

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, less cash and bank balances (including fixed deposits with licensed banks) and short term funds. Capital represents total equity.

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(a) Capital management (continued)

	2018 RM	Group 2017 RM	2018 RM	Company 2017 RM
Borrowings	205,706,995	188,159,542	-	-
Less:				
Short term funds	(36,725,170)	(86,053,973)	(35,365,153)	(85,943,076)
Cash and bank balances	(91,846,550)	(50,337,485)	(1,365,656)	(1,103,592)
Net debt/(Net cash)	77,135,275	51,768,084	(36,730,809)	(87,046,668)
Total capital	477,449,431	401,737,768	323,471,313	301,580,005
Net debt/(Net cash)	77,135,275	51,768,084	(36,730,809)	(87,046,668)
Total	554,584,706	453,505,852	286,740,504	214,533,337
Gearing ratio	14%	11%	*	*

* Gearing ratio is not presented as the Company is in net cash position as at the end of the reporting period.

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 2018.

The Group is not subject to any other externally imposed capital requirements.

(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 and market price risk. Information on the management of the related exposures is detailed below.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management objectives and policies (continued)

(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.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 29 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, loans and borrowings and other payables. 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 22, 26, 29 and 31 to the financial statements respectively.

(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 22 to the financial statements.

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management objectives and policies (continued)

(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 24 and 25 to the financial statements respectively.

6. REVENUE

	2018 RM	Group 2017 RM	2018 RM	Company 2017 RM
Revenue from contracts with customers:				
Construction contracts	549,469,144	355,755,839	-	-
Property development revenue	24,506,724	95,194,740	-	-
Other revenue:				
Rental income	11,354,016	11,354,016	-	-
Dividend income from a subsidiary	-	-	61,490,000	10,000,000
	585,329,884	462,304,595	61,490,000	10,000,000

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

6. REVENUE (continued)

(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).

(c) 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.

(d) Dividend income

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

7. COST OF SALES

	2018 RM	Group 2017 RM
Inventories sold	-	3,236,928
Property development costs	26,693,017	82,250,874
Construction contract costs	435,381,112	234,467,029
	462,074,129	319,954,831

Included in the property development costs of the Group are cost on sales of land held for property development and property development costs amounting to RM26,693,017 (2017: RM82,250,874).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

8. FINANCE COSTS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Interest expense on:				
- bank overdrafts	2,053,989	2,720,158	-	-
- hire-purchase creditors	223,056	183,427	-	-
- revolving credits	213,159	300,250	-	-
- term loans	2,169,375	8,398,910	-	1,591,244
- late payment for land instalments	-	410,745	-	-
- advances from subsidiaries	-	-	179,227	52,048
- others	736,160	559,389	-	25,893
	5,395,739	12,572,879	179,227	1,669,185

9. DIRECTORS' REMUNERATION

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Directors' remuneration:				
- Directors of the Company:				
- fees:				
- payable by the Company	466,000	439,258	466,000	439,258
- emoluments other than fees:				
- payable by Company	24,000	-	24,000	-
- payable by the subsidiaries	6,443,183	3,256,495	2,803	-
	6,933,183	3,695,753	492,803	439,258
Directors of subsidiaries:				
- emoluments other than fees	2,116,965	1,095,650	-	-
	9,050,148	4,791,403	492,803	439,258

The estimated monetary value of benefits-in-kind received by the Directors other than in cash from the Group amounted to RM152,786 (2017: RM92,620).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

10. EMPLOYEE BENEFITS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Wages, salaries and bonuses	29,926,525	18,867,190	223,865	203,560
EPF and Socso contributions	3,374,106	2,379,557	29,438	26,243
Other employee benefits	449,404	292,810	21,789	4,105
	33,750,035	21,539,557	275,092	233,908

Included in the employee benefits of the Group are Directors' remuneration amounting to RM8,584,148 (2017: RM4,352,145).

11. TAX EXPENSE

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Current year tax expense based on profit for the financial year	25,080,781	34,529,244	563,483	460,918
Over provision in prior years	(3,261,324)	(847,111)	(347,938)	-
	21,819,457	33,682,133	215,545	460,918
Deferred tax (Note 19):				
- Relating to origination and reversal of temporary differences	25,155	(907,954)	-	-
- Under/(Over) provision in prior years	6,358	(177,075)	-	-
	31,513	(1,085,029)	-	-
	21,850,970	32,597,104	215,545	460,918

- (a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated taxable profits for the fiscal year.

11. TAX EXPENSE (continued)

- (b) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	2018 RM	Group 2017 RM	2018 RM	Company 2017 RM
Profit before tax	86,961,909	103,798,032	5,146,129	10,041,182
Tax at Malaysian statutory tax rate of 24% (2017: 24%)	20,870,858	24,911,528	1,235,071	2,409,884
Tax effects in respect of:				
Non-allowable expenses	81,989,256	14,941,642	15,324,765	647,928
Non-taxable income	(77,386,336)	(7,445,737)	(15,818,762)	(2,456,976)
Tax effect on real property gains tax	-	870,085	-	-
Deferred tax assets not recognised	-	343,772	(177,591)	(139,918)
Utilisation of previously unrecognised tax assets	(367,842)	-	-	-
	25,105,936	33,621,290	563,483	460,918
(Over)/Under provision in prior years				
- current tax expense	(3,261,324)	(847,111)	(347,938)	-
- deferred tax expense	6,358	(177,075)	-	-
	21,850,970	32,597,104	215,545	460,918

12. EARNINGS PER ORDINARY SHARE

- (a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

12. EARNINGS PER ORDINARY SHARE (continued)

(a) Basic (continued)

	2018 RM	Group 2017 RM
Profit for the financial year attributable to equity holders of the parent	61,209,887	67,038,505
Weighted average number of ordinary shares in issue (unit)	450,941,023	390,384,498
- shares repurchased	(11,957,008)	-
- shares resale	1,570,313	-
- issuance of ordinary shares pursuant to private placement exercise	-	8,111,136
- acquisition of a subsidiary by way of issuance of ordinary shares	-	8,145,951
- conversion of warrants into ordinary shares	28,351,518	2,461,594
Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share	468,905,846	409,103,179
Basic earnings per ordinary share (sen)	13.05	16.39

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the 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.

	2018 RM	Group 2017 RM
Profit for the financial year distributable to equity holders of the parent	61,209,887	67,038,505
Adjusted weighted average number of ordinary shares applicable to basic earnings per share	468,905,846	409,103,179
Effect of outstanding warrants convertible into ordinary shares	119,394,669	138,465,875
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share	588,300,515	547,569,054
Diluted earnings per ordinary share (sen)	10.40	12.24

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

13. DIVIDENDS

		Group and Company		
	Dividend per share Sen	2018 Amount of dividend RM	Dividend per share Sen	2017 Amount of dividend RM
In respect of the financial year ended 31 December 2018				
First interim single tier dividend of 2.0 sen per ordinary share, paid on 12 June 2018	2.0	9,277,196	-	-
Special single tier dividend of 1.0 sen per ordinary share, paid on 12 June 2018	1.0	4,638,598	-	-
Second interim single tier dividend of 2.0 sen per ordinary share, paid on 10 January 2019	2.0	9,551,586	-	-
In respect of the financial year ended 31 December 2017				
Interim single tier dividend of 0.5 sen per ordinary share, paid on 21 December 2017	-	-	0.5	2,218,905
Special single tier dividend of 1.5 sen per ordinary share, paid on 21 December 2017	-	-	1.5	6,656,715
	5.0	23,467,380	2.0	8,875,620

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 1.1.2018 RM	Additions RM	Disposals RM	Written off RM	Depreciation charge for the financial year RM	Balance as at 31.12.2018 RM
Carrying amount						
Leasehold land and buildings	13,692,684	3,081,291	-	-	(702,103)	16,071,872
Information technology equipment	75,914	3,447	(3)	(10,207)	(43,481)	25,670
Furniture and fittings	1,571,552	4,559	-	(235,734)	(204,941)	1,135,436
Motor vehicles	1,608,208	5,189,788	(33,744)	(1,649)	(1,383,809)	5,378,794
Office and computer equipment	1,037,476	2,161,268	(404)	(207)	(720,603)	2,477,530
Operation and construction equipment	8,293,648	118,455	-	-	(5,269,452)	3,142,651
Plant, machinery and cabins	5,973,621	333,511	-	-	(3,617,111)	2,690,021
	32,253,103	10,892,319	(34,151)	(247,797)	(11,941,500)	30,921,974

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

14. PROPERTY, PLANT AND EQUIPMENT (continued)

	←	At 31.12.2018	→
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Leasehold land and buildings	16,833,734	(761,862)	16,071,872
Information technology equipment	1,216,311	(1,190,641)	25,670
Furniture and fittings	3,213,573	(2,078,137)	1,135,436
Motor vehicles	10,237,418	(4,858,624)	5,378,794
Office and computer equipment	6,192,585	(3,715,055)	2,477,530
Operation and construction equipment	29,620,856	(26,478,205)	3,142,651
Plant, machinery and cabins	18,329,866	(15,639,845)	2,690,021
	85,644,343	(54,722,369)	30,921,974

Group	Balance as at 1.1.2017 RM	Additions RM	Disposals RM	Written off RM	Depreciation charge for the financial year RM	Balance as at 31.12.2017 RM
Carrying amount						
Leasehold land and buildings	13,847,512	263,422	-	-	(418,250)	13,692,684
Information technology equipment	199,451	7,918	-	(16)	(131,439)	75,914
Furniture and fittings	3,744,920	109,749	-	(1,978,963)	(304,154)	1,571,552
Motor vehicles	1,285,286	1,439,761	(222,340)	(2,692)	(891,807)	1,608,208
Office and computer equipment	1,260,165	243,156	(460)	(12,062)	(453,323)	1,037,476
Operation and construction equipment	13,777,080	33,450	-	-	(5,516,882)	8,293,648
Plant, machinery and cabins	9,468,478	173,750	-	-	(3,668,607)	5,973,621
	43,582,892	2,271,206	(222,800)	(1,993,733)	(11,384,462)	32,253,103

	←	At 31.12.2017	→
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Leasehold land and buildings	15,318,255	(1,625,571)	13,692,684
Information technology equipment	1,313,800	(1,237,886)	75,914
Furniture and fittings	3,444,748	(1,873,196)	1,571,552
Motor vehicles	7,267,284	(5,659,076)	1,608,208
Office and computer equipment	4,046,547	(3,009,071)	1,037,476
Operation and construction equipment	29,502,401	(21,208,753)	8,293,648
Plant, machinery and cabins	17,996,355	(12,022,734)	5,973,621
	78,889,390	(46,636,287)	32,253,103

14. PROPERTY, PLANT AND EQUIPMENT (continued)

- (a) All items of property, plant and equipment are initially recorded at cost. After initial recognition, property, plant and equipment 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	8% to 10%
Motor vehicles	20%
Office and computer equipment	10% to 40%
Operation and construction equipment	10% to 20%
Plant, machinery and cabins	10% to 20%

- (b) The Group has assessed and classified land use rights of the Group as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group arising from the lease term. Consequently, the Group has classified the unamortised upfront payment for land use rights as finance leases in accordance with MFRS 117 *Leases*.
- (c) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	2018 RM	Group 2017 RM
Purchase of property, plant and equipment	10,892,319	2,271,206
Financed by hire-purchase arrangements	(4,947,400)	(970,300)
Cash payments on purchase of property, plant and equipment	5,944,919	1,300,906

- (d) The carrying amount of the property, plant and equipment of the Group under hire purchase arrangements at the end of each reporting period are as follows:

	2018 RM	Group 2017 RM
Motor vehicles	4,062,775	1,290,312
Operation and construction equipment	-	86,024
Plant, machinery and cabins	306,520	-
	4,369,295	1,376,336

- (e) As at the end of the reporting period, leasehold land and buildings with a carrying amount of RM15,948,591 (2017: RM13,565,667) were charged to financial institutions for banking facilities granted to the Group as disclosed in Note 29 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

15. INVESTMENT PROPERTIES

	2018 RM	Group 2017 RM
Investment properties	33,006,684	33,701,258

(a) The details of the investment properties are as follows:

Group	Balance as at 1.1.2018 RM	Additions RM	Depreciation charge for the financial year RM	Balance as at 31.12.2018 RM
Carrying amount				
Investment properties	33,701,258	3,998	(698,572)	33,006,684

	←	At 31.12.2018 Accumulated depreciation RM	→ Carrying amount RM
	Cost RM		
Investment properties	37,786,010	(4,779,326)	33,006,684

Group	Balance as at 1.1.2017 RM	Depreciation charge for the financial year RM	Balance as at 31.12.2017 RM
Carrying amount			
Investment properties	37,782,012	(4,080,754)	33,701,258

	←	At 31.12.2017 Accumulated depreciation RM	→ Carrying amount RM
	Cost RM		
Investment properties	40,807,536	(7,106,278)	33,701,258

15. INVESTMENT PROPERTIES (continued)

- (b) Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties 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 is fifty (50) years.

- (c) Investment properties comprise buildings, plant and furnitures which are in respect of the provision of accommodation on base-camp concept that are leased to a third party.
- (d) The Level 3 fair value of investment properties is RM65,994,950 (2017: RM72,864,363). 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.

- (e) The following are recognised in the statements of profit or loss and other comprehensive income in respect of investment properties:

	2018 RM	Group 2017 RM
Rental income	11,354,016	11,354,016

16. INVESTMENTS IN SUBSIDIARIES

	2018 RM	Company 2017 RM
Unquoted equity shares in Malaysia, at cost	117,822,116	117,822,116
Less: Impairment loss	(28,623,124)	(2,625,369)
Equity loans to subsidiaries	89,198,992 233,343,490	115,196,747 -
Balance at 31 December	322,542,482	115,196,747

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

16. INVESTMENTS IN SUBSIDIARIES (continued)

- (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				Principal activities
	Company 2018	Company 2017	Subsidiaries 2018	Subsidiaries 2017	
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
GBG Trading Sdn. Bhd.	100%	100%	-	-	General trading
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

16. INVESTMENTS IN SUBSIDIARIES (continued)

(c) The details of subsidiaries, which are all incorporated in Malaysia, are as follows (continued):

Name of company	Interest in equity held by				Principal activities
	Company		Subsidiaries		
	2018	2017	2018	2017	
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 Prestige Field Development Sdn. Bhd.					
Estet Etos Sdn. Bhd.	-	-	100%	100%	In the process of striking off
Subsidiary of Bright Reach Sdn. Bhd.					
Crystal Aspect Sdn. Bhd.	-	-	100%	100%	Property development

- (d) In the previous financial year, the Company had acquired 750,000 ordinary shares representing 100% equity interest in Monolight IBS Building System Sdn. Bhd. ("Monolight") for a consideration of RM29,537,110, which was satisfied by issuance of 19,561,000 shares of the Company at RM1.51 per share, being the fair value of the consideration shares at the acquisition date. The principal activities of Monolight are carrying on business of contractors for all building. Upon completion of the acquisition, Monolight became a wholly-owned subsidiary of the Company.
- (e) In the previous financial year, the Company subscribed for an additional 7,400,000 ordinary shares of RM1.00 each in Gabungan Strategik Sdn. Bhd. ("GSSB") via capitalisation of amount owing from GSSB. Upon completion of the shares allotment, GSSB remained as a wholly-owned subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(f) The subsidiaries that have non-controlling interests ("NCI") are as follows:

2018	Prestige Field Development Sdn. Bhd.	Estet Etos Sdn. Bhd.	Trusvest Sdn. Bhd.	Total
NCI percentage of ownership interest and voting interests	48%	48%	10%	
Carrying amount of NCI (RM)	5,071,236	(2,159)	550,933	5,620,010
Profit/(Loss) allocated to NCI (RM)	2,534,186	8,645	1,358,221	3,901,052
2017				
NCI percentage of ownership interest and voting interests	48%	48%	10%	
Carrying amount of NCI (RM)	10,183,634	(1,297,388)	(807,288)	8,078,958
Profit/(Loss) allocated to NCI (RM)	4,433,745	(14,997)	(256,324)	4,162,424

(g) 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:

2018	Prestige Field Development Sdn. Bhd. RM	Estet Etos Sdn. Bhd. RM	Trusvest Sdn. Bhd. RM
Assets and liabilities			
Non-current assets	2	-	45,636,428
Current assets	12,830,318	2	15,123,470
Non-current liabilities	-	-	(8,452,058)
Current liabilities	(2,265,244)	(4,500)	(16,734,484)
Net assets/(liabilities)	10,565,076	(4,498)	35,573,356

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

16. INVESTMENTS IN SUBSIDIARIES (continued)

- (g) 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 (continued):

2018	Prestige Field Development Sdn. Bhd. RM	Estet Etos Sdn. Bhd. RM	Trusvest Sdn. Bhd. RM
Results			
Revenue	-	-	11,354,016
Profit for the financial year	4,330,100	18,010	6,421,390
Total comprehensive income	4,330,100	18,010	6,421,390
Cash flows from/(used in) operating activities	41,650,237	(74)	8,826,424
Cash flows (used in)/from investing activities	(29,620,274)	(1,766)	5,508,746
Cash flows used in financing activities	(10,381,290)	-	(10,388,400)
Net increase/(decrease) in cash and cash equivalents	1,648,673	(1,840)	3,946,770
2017			
Assets and liabilities			
Non-current assets	49,786	-	46,598,297
Current assets	58,822,538	1,842	5,252,528
Non-current liabilities	-	-	(17,694,090)
Current liabilities	(30,390,348)	(2,704,733)	(35,068,792)
Net assets/(liabilities)	19,481,976	(2,702,891)	(912,057)
Results			
Revenue	34,727,683	-	11,354,016
Profit/(Loss) for the financial year	6,542,048	(31,243)	(709,723)
Total comprehensive income/(loss)	6,542,048	(31,243)	(709,723)
Cash flows from/(used in) operating activities	44,600,700	(636,321)	4,783,090
Cash flows (used in)/from investing activities	(2,464,962)	636,189	3,235,294
Cash flows used in financing activities	(42,470,446)	-	(8,017,214)
Net (decrease)/increase in cash and cash equivalents	(334,708)	(132)	1,170

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

16. INVESTMENTS IN SUBSIDIARIES (continued)

- (h) Management has made estimates about the future results and key assumptions applied to cash flow projections of subsidiaries 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, growth rates and terminal values.

	2018 %	Group 2017 %
Growth rate	28.99	26.61
Discount rate	12.10	10.30

17. INVESTMENT IN AN ASSOCIATE

	2018 RM	Group 2017 RM
Unquoted equity shares, at cost	3,322,200	3,322,200
Share of post-acquisition (loss)/reserves, net of tax	(15,054)	64,826
	3,307,146	3,387,026
Dividend received	-	19,600

- (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 2017 and 31 December 2018 have been used for the purpose of applying the equity method of accounting.

17. INVESTMENT IN AN ASSOCIATE (continued)

(c) The details of the associate are as follows:

Name of company	Country of incorporation	Interest in equity held by subsidiary		Principal activity
		2018 %	2017 %	
<i>Associate of Sinajasa Sdn. Bhd.</i>				
SEDCO Precast Sdn. Bhd.	Malaysia	49%	49%	Manufacturing and supplying of pre-cast concrete products

(d) The summarised financial information of the associate are as follows:

	SEDCO Precast Sdn. Bhd. RM
2018	
Assets and liabilities	
Non-current assets	4,822,507
Current assets	5,693,007
Non-current liabilities	(1,261,224)
Current liabilities	(2,908,456)
Net assets	6,345,834
Results	
Revenue	12,982,799
Loss for the financial year	(163,019)
Total comprehensive loss	(163,019)
Cash flows used in operating activities	(1,689,789)
Cash flows from investing activities	1,286,207
Cash flows used in financing activities	(792,000)
Net decrease in cash and cash equivalents	(1,195,582)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

17. INVESTMENT IN AN ASSOCIATE (continued)

(d) The summarised financial information of the associate are as follows: (continued)

	SEDCO Precast Sdn. Bhd. RM
2017	
Assets and liabilities	
Non-current assets	4,718,113
Current assets	9,016,175
Non-current liabilities	(1,881,828)
Current liabilities	(5,343,607)
Net assets	6,508,853
Results	
Revenue	12,776,713
Loss for the financial year	(213,552)
Total comprehensive loss	(213,552)
Cash flows from operating activities	1,875,916
Cash flows used in investing activities	(291,530)
Cash flows used in financing activities	(832,001)
Net increase in cash and cash equivalents	752,385

(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 2018	
Share of net assets of the Group	3,109,458
Goodwill	197,688
Carrying amount in the consolidated statement of financial position	3,307,146
Share of results of the Group for the financial year ended 31 December 2018	
Share of loss/other comprehensive loss of the Group, net of tax	(79,880)

17. INVESTMENT IN AN ASSOCIATE (continued)

- (e) The reconciliation of net assets of the associate to the carrying amount of the investment in an associate is as follows:
(continued)

	SEDCO Precast Sdn. Bhd. RM
As at 31 December 2017	
Share of net assets of the Group	3,189,338
Goodwill	197,688
Carrying amount in the consolidated statement of financial position	3,387,026
Share of results of the Group for the financial year ended 31 December 2017	
Share of loss/other comprehensive loss of the Group, net of tax	(119,784)

18. INVESTMENT IN A JOINT VENTURE

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Unquoted equity shares, at cost	255,000	255,000	255,000	255,000
Share of post-acquisition reserves, net of tax	484,256	123,110	-	-
	739,256	378,110	255,000	255,000
Dividend received	600,000	-	600,000	-

- (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.
- (b) The details of the joint venture are as follows:

Name of company	Country of incorporation	Interest in equity held by subsidiary		Principal activity
		2018 %	2017 %	
Kreatif Sinar Gabungan Sdn. Bhd. ("KSGSB")	Malaysia	30%	30%	Construction

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31 DECEMBER 2018 (CONT'D)

18. INVESTMENT IN A JOINT VENTURE (continued)

- (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 2017 and 31 December 2018 have been used for the purpose of applying the equity method of accounting.
- (e) The summarised financial information of the joint venture are as follows:

	Kreatif Sinar Gabungan Sdn. Bhd. RM
2018	
Assets and liabilities	
Current assets	18,405,337
Current liabilities	(15,941,151)
Net assets	2,464,186
Results	
Revenue	46,919,230
Profit for the financial year	1,606,043
Total comprehensive income	1,606,043
Cash flows from operating activities	1,597,985
Cash flows from investing activities	-
Cash flows used in financing activities	(2,000,000)
Net decrease in cash and cash equivalents	(402,015)

18. INVESTMENT IN A JOINT VENTURE (continued)

(e) The summarised financial information of the joint venture are as follows: (continued)

	Kreatif Sinar Gabungan Sdn. Bhd. RM
2017	
Assets and liabilities	
Current assets	30,743,501
Current liabilities	(29,483,134)
Net assets	1,260,367
Results	
Revenue	7,863,399
Profit for the financial year	510,381
Total comprehensive income	510,381
Cash flows from operating activities	1,667,231
Cash flows used in investing activities	-
Cash flows used in financing activities	-
Net increase in cash and cash equivalents	1,667,231

(f) The reconciliation of net assets of the joint venture to the carrying amount of the investment in an joint venture is as follows:

	Kreatif Sinar Gabungan Sdn. Bhd. RM
As at 31 December 2018	
Share of net assets of the Group/Carrying amount in the consolidated statement of financial position	739,256
Share of results of the Group for the financial year ended 31 December 2018	
Share of profit/other comprehensive income of the Group, net of tax	961,146

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31 DECEMBER 2018 (CONT'D)

18. INVESTMENT IN A JOINT VENTURE (continued)

- (f) The reconciliation of net assets of the joint venture to the carrying amount of the investment in a joint venture is as follows: (continued)

	Kreatif Sinar Gabungan Sdn. Bhd. RM
As at 31 December 2017	
Share of net assets of the Group/Carrying amount in the consolidated statement of financial position	378,110
Share of results of the Group for the financial year ended 31 December 2017	
Share of profit/other comprehensive income of the Group, net of tax	153,114

19. DEFERRED TAX

- (a) The deferred tax assets and liabilities are made up of the following:

	2018 RM	Group 2017 RM
Balance as at 1 January	2,812,505	1,510,663
Acquisition of a subsidiary Recognised in profit or loss (Note 11)	- (31,513)	216,813 1,085,029
Balance as at 31 December	2,780,992	2,812,505
Represented by:		
Deferred tax assets, net	3,007,864	2,938,048
Deferred tax liabilities, net	(226,872)	(125,543)
	2,780,992	2,812,505

19. DEFERRED TAX (continued)

- (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	Other deductible temporary differences RM	Set-off tax RM	Total RM
At 1 January 2017	3,223,170	-	-	-	3,223,170
Effects of adoption of:					
MFRS 15	-	-	7,957,982	(7,957,982)	-
MFRS 9	-	-	1,219,706	(1,219,706)	-
At 1 January 2017 (restated)	3,223,170	-	9,177,688	(9,177,688)	3,223,170
Recognised in profit or loss	(285,122)	42,469	(1,577,544)	1,535,075	(285,122)
At 31 December 2017/1 January 2018	2,938,048	42,469	7,600,144	(7,642,613)	2,938,048
Recognised in profit or loss	69,816	(42,469)	(1,109,156)	1,151,625	69,816
At 31 December 2018	3,007,864	-	6,490,988	(6,490,988)	3,007,864

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 2017	1,794,256	1,137,957	-	-	2,932,213
Effects of adoption of:					
MFRS 15	-	-	7,957,982	(7,957,982)	-
MFRS 9	-	-	-	(1,219,706)	(1,219,706)
At 1 January 2017 (restated)	1,794,256	1,137,957	7,957,982	(9,177,688)	1,712,507
Recognised in profit or loss	(1,525,746)	(990,878)	-	1,535,075	(1,586,964)
At 31 December 2017/1 January 2018	268,510	147,079	7,352,567	(7,642,613)	125,543
Recognised in profit or loss	118,370	25,578	(1,194,244)	1,151,625	101,329
At 31 December 2018	386,880	172,657	6,158,323	(6,490,988)	226,872

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

19. DEFERRED TAX (continued)

- (c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	2018 RM	Group 2017 RM
Unused tax losses, gross	40,051,414	41,197,374
Unabsorbed capital allowances, gross	88,930	79,811
Other deductible temporary differences, gross	128,503,969	128,899,803
	168,644,313	170,176,988

Deferred tax assets of 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.

The unused tax losses up to the year of assessment 2018 shall be deductible until year of assessment 2025. The unused tax losses for the year of assessment 2019 onwards will expire in seven (7) years.

20. INTANGIBLE ASSETS

Group	Balance as at 1.1.2018/ 31.12.2018 RM
Carrying amount	
Customer contract	28,564,072
Goodwill	1,219,080
	29,783,152

	Balance as at 1.1.2017 RM	Acquisition of a subsidiary RM	Balance as at 31.12.2017 RM
Carrying amount			
Customer contract	-	28,564,072	28,564,072
Goodwill	-	1,219,080	1,219,080
	-	29,783,152	29,783,152

20. INTANGIBLE ASSETS (continued)

- (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 Monolight, which would be amortised based on the unit of production of the construction 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:

	2018 RM	Group 2017 RM
Construction	1,219,080	1,219,080

- (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.
- (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 three-year period. The key assumptions used for value-in-use calculation for the business segment are:

	2018 %	Construction 2017 %
Growth rate	32.60	32.60
Discount rate	12.10	10.30

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

20. INTANGIBLE ASSETS (continued)

(f) Key assumptions used in value-in-use calculation (continued)

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 three (3) 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) Sensitivity to changes in assumptions

With regard to the assessment of value-in-use, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amount of the CGU to materially exceed their recoverable amounts.

21. INVENTORIES

	Note	2018 RM	Group 2017 RM
Current			
At cost:			
Completed properties		40,875,602	45,607,710
Land held for property development		1,161,860	37,931,203
Property development costs	(a)	336,952,832	209,801,886
		378,990,294	293,340,799
		378,990,294	293,340,799

During the financial year, the Group has transferred land held for property development amounting to RM36,921,605 to property development cost.

21. INVENTORIES (continued)

(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 2018	74,750,000	52,356,610	252,200,553	(186,166,942)	193,140,221
Effects of adoption of MFRS 15	-	-	-	16,661,665	16,661,665
At beginning of financial year (restated)	74,750,000	52,356,610	252,200,553	(169,505,277)	209,801,886
Costs incurred during the year	21,000,000	(1,406,905)	90,939,902	-	110,532,997
Net transfer from land held for property development	-	36,706,973	214,632	-	36,921,605
Recognised during the year	-	-	-	(20,303,656)	(20,303,656)
Balance as at 31 December 2018	95,750,000	87,656,678	343,355,087	(189,808,933)	336,952,832
Balance as at 1 January 2017	66,240,620	54,139,460	256,908,747	(132,315,681)	244,973,146
Effects of adoption of MFRS 15	-	-	-	16,671,984	16,671,984
At beginning of financial year (restated)	66,240,620	54,139,460	256,908,747	(115,643,697)	261,645,130
Costs incurred during the year	12,000,000	-	3,039,534	-	15,039,534
Recognised during the year	(3,490,620)	(1,782,850)	(7,747,728)	-	(13,021,198)
Completed developments	-	-	-	(53,861,580)	(53,861,580)
Balance as at 31 December 2017	74,750,000	52,356,610	252,200,553	(169,505,277)	209,801,886

- (b) Land held for property development is stated at cost less impairment losses, if any. Such land is classified as non-current asset when no significant development work has been carried out or where development activities are not expected to be completed within the normal operating cycle.
- (c) 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 credited over to profit or loss and recognised as an expense when the control of the asset is transferred to the customer.
- (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.

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31 DECEMBER 2018 (CONT'D)

21. INVENTORIES (continued)

- (e) As at the end of the reporting period, property development costs of the Group with carrying amounts of RM48,356,809 (2017: RM246,723,491) were charged to financial institutions for banking facilities granted to the Group as disclosed in Note 29 to the financial statements.
- (f) Freehold land under development of RM95,750,000 (2017: RM74,750,000) 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.
- (g) Additions to aggregate costs incurred during the financial year include interest expense of RM162,301 (2017: RM3,668,188). Interest is capitalised at rate of 8.53% (2017: 8.53%) per annum.
- (h) In the previous financial year, inventories of the Group recognised as cost of sales amounted to RM8,842,039.

22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Trade receivables				
Third parties	157,234,935	107,132,421	-	-
Related parties	10,048,389	3,860,450	-	-
Retention sums	66,875,412	43,897,305	-	-
	234,158,736	154,890,176	-	-
Less: Impairment losses				
- Third parties	(14,826,287)	(17,561,034)	-	-
- Related parties	(995,541)	(851,634)	-	-
- Retention sums	(1,592,006)	(4,167,339)	-	-
	(17,413,834)	(22,580,007)	-	-
	216,744,902	132,310,169	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

22. TRADE AND OTHER RECEIVABLES (continued)

	2018 RM	Group 2017 RM	2018 RM	Company 2017 RM
Other receivables				
Other receivables	25,631,567	61,914,560	-	150,000
Amounts owing from subsidiaries	-	-	64,000,000	101,339,056
Deposits	3,545,316	3,660,970	166,620	166,620
	29,176,883	65,575,530	64,166,620	101,655,676
Less: Impairment losses - Other receivables	(17,000,368)	(20,222,894)	-	(747,578)
	12,176,515	45,352,636	64,166,620	100,908,098
Total trade and other receivables	228,921,417	177,662,805	64,166,620	100,908,098
Prepayments	10,667,180	13,967,073	18,505	985,030
	239,588,597	191,629,878	64,185,125	101,893,128

- (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 (2017: 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:

	2018 RM	Group 2017 RM
Rental of investment properties	10,048,389	3,860,450

- (d) The retention sums are unsecured, interest-free and are expected to be collected as follows:

	2018 RM	Group 2017 RM
Within one (1) year	50,933,307	43,897,305
Within two (2) years	15,942,105	-
	66,875,412	43,897,305

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

22. TRADE AND OTHER RECEIVABLES (continued)

- (e) Amounts owing from subsidiaries represent advances, payments made on behalf and dividend receivable, which are unsecured, bear interests at 3.00% (2017: 3.00%) 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.

No expected credit loss is recognised arising from amounts owing from subsidiaries as it is negligible.

- (f) Trade and other receivables are denominated in Ringgit Malaysia.
- (g) Impairment for trade receivables 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.

Lifetime expected loss provision for trade receivables as at 31 December 2018 are as follows:

Construction	Gross carrying amount RM	Lifetime expected loss RM	Net carrying amount RM
Collective assessment			
Not past due	22,093,448	(28,809)	22,064,639
Past due			
1-30 days	483,748	(7,569)	476,179
31-120 days	21,065,075	(329,617)	20,735,458
121-365 days	20,609,205	(322,484)	20,286,721
Over 365 days	1,107,418	(1,107,418)	-
	65,358,894	(1,795,897)	63,562,997
Individual assessment	140,487,877	(5,495,527)	134,992,350
	205,846,771	(7,291,424)	198,555,347

22. TRADE AND OTHER RECEIVABLES (continued)

(g) Lifetime expected loss provision for trade receivables as at 31 December 2018 are as follows: (continued)

Property development	Gross carrying amount RM	Lifetime expected loss RM	Net carrying amount RM
Collective assessment			
Not past due	2,512,598	(11,542)	2,501,056
Past due			
1-30 days	524,197	(10,114)	514,083
31-120 days	1,007,465	(19,438)	988,027
121-365 days	1,365,385	(26,432)	1,338,953
Over 365 days	8,894,609	(8,894,609)	-
	14,304,254	(8,962,135)	5,342,119
Individual assessment	3,959,323	(164,734)	3,794,589
	18,263,577	(9,126,869)	9,136,708
Others	Gross carrying amount RM	Lifetime expected loss RM	Net carrying amount RM
Collective assessment			
Not past due	-	-	-
Past due			
1-30 days	227,081	(3,553)	223,528
31-120 days	-	-	-
121-365 days	8,969,673	(140,354)	8,829,319
Over 365 days	-	-	-
	9,196,754	(143,907)	9,052,847
Individual assessment	851,634	(851,634)	-
	10,048,388	(995,541)	9,052,847

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31 DECEMBER 2018 (CONT'D)

22. TRADE AND OTHER RECEIVABLES (continued)

(g) Lifetime expected loss provision for trade receivables as at 31 December 2018 are as follows: (continued)

Group	Gross carrying amount RM	Lifetime expected loss RM	Net carrying amount RM
Collective assessment			
Not past due	24,606,046	(40,351)	24,565,695
Past due			
1-30 days	1,235,026	(21,236)	1,213,790
31-120 days	22,072,540	(349,055)	21,723,485
121-365 days	30,944,263	(489,270)	30,454,993
Over 365 days	10,002,027	(10,002,027)	-
	88,859,902	(10,901,939)	77,957,963
Individual assessment	145,298,834	(6,511,895)	138,786,939
	234,158,736	(17,413,834)	216,744,902

During the financial year, the Group did not renegotiate the terms of any trade receivables.

(h) The movements in the impairment allowance for trade receivables are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Trade receivables				
At 1 January under FRS 139	3,840	3,840	-	-
Effects of adoption of MFRS 9	22,576,166	35,779,057	-	-
Opening impairment loss of trade receivables in accordance with MFRS 9	22,580,006	35,782,897	-	-
Reversal of impairment losses	(8,166,249)	(17,569,050)	-	-
Charge for the financial year	3,000,077	4,366,160	-	-
At 31 December	17,413,834	22,580,007	-	-

22. TRADE AND OTHER RECEIVABLES (continued)

- (i) Impairment for other receivables and amounts due from related parties 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 and amounts due from related parties.

It requires management to exercise significant judgement in determining the probability of default by other receivables and amounts due from subsidiaries appropriate forward looking information and significant increase in credit risk.

- (j) The movements in the impairment allowance for other receivables are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other receivables				
<u>Lifetime ECL allowance</u>				
At 1 January under FRS 139	113,376	113,376	-	-
Effects of adoption of MFRS 9	20,109,518	31,091,482	747,578	1,330,570
Opening impairment loss of other receivables in accordance with MFRS 9	20,222,894	31,204,858	747,578	1,330,570
Reversal of impairment losses	(3,224,873)	(11,480,139)	(747,578)	(582,992)
Charge for the financial year	2,348	498,175	-	-
At 31 December	17,000,368	20,222,894	-	747,578

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31 DECEMBER 2018 (CONT'D)

22. TRADE AND OTHER RECEIVABLES (continued)

- (k) 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:

		2018	Group	2017
	RM	% of total	RM	% of total
By industry sectors				
Property development	9,136,710	8%	14,273,805	11%
Construction	198,555,344	88%	115,027,549	87%
Others	9,052,848	4%	3,008,815	2%
	216,744,902	100%	132,310,169	100%

23. CONTRACT ASSETS/(LIABILITIES)

	2018	Group
	RM	2017
	RM	RM
Aggregate costs incurred to date	2,692,210,541	2,163,375,529
Less: Impairment loss	(1,030,947)	(679,237)
Add: Attributable profits	778,553,297	657,843,087
	3,469,732,891	2,820,539,379
Less: Progress billings	(2,941,474,565)	(2,517,553,491)
	528,258,326	302,985,888

	2018	Group
	RM	2017
	RM	RM
Represented by:		
Contract assets		
Construction contracts	486,931,706	301,678,665
Property development contracts	76,037,040	53,375,142
	562,968,746	355,053,807
Contract liabilities		
Construction contracts	(12,499,046)	(18,199,274)
Property development contracts	(22,211,374)	(33,868,645)
	(34,710,420)	(52,067,919)
	528,258,326	302,985,888

23. CONTRACT ASSETS/(LIABILITIES) (continued)

(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.

(b) Additions to aggregate costs incurred during the financial year include:

	2018 RM	Group 2017 RM
Hire of plant and machinery and motor vehicles	11,420,961	14,973,340

(c) 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 22 to the financial statements.

Lifetime expected loss provision for contract assets as at 31 December 2018 are as follows:

	Gross carrying amount RM	Lifetime ECLs RM	Net carrying amount RM
Collective assessment Not past due	563,999,693	(1,030,947)	562,968,746

Movements in the impairment allowance for contract assets are as follows:

	2018 RM	Group 2017 RM
At 1 January under FRS 139	-	-
Effect of adoption of MFRS 9	679,237	511,646
Opening impairment loss of trade receivables in accordance with MFRS 9	679,237	511,646
Reversal of impairment losses	(20,881)	(104,644)
Charge for the financial year	372,591	272,235
At 31 December	1,030,947	679,237

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31 DECEMBER 2018 (CONT'D)

24. OTHER INVESTMENT

	2018 RM	Group 2017 RM
Financial asset at fair value through profit or loss		
- Quoted shares outside Malaysia	1,328,068	8,122,815

- (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 following table demonstrates the sensitivity of the profit after tax of the Group to a reasonably possible change in the foreign exchange rate against the functional currency of the Group, with all other variables held constant.

	2018 RM	Group 2017 RM
USD/RM		
- Strengthen by 10%	100,933	617,334
- Weaken by 10%	(100,933)	(617,334)

- (e) The Group is exposed to the equity price risks arising from quoted outside Malaysia. It is listed on the NYSE American (formerly known as "American Stock Exchange") 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.

25. SHORT TERM FUNDS

	2018 RM	Group 2017 RM	Company 2018 RM	2017 RM
Financial assets at fair value through profit or loss				
- Fixed income trust funds in Malaysia	36,725,170	86,053,973	35,365,153	85,943,076

25. SHORT TERM FUNDS (continued)

- (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.
- (d) The interest rate profile of the short term funds as at the end of each reporting period are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Floating rate	36,725,170	86,053,973	35,365,153	85,943,076

- (e) Sensitivity analysis of interest rates for the short term funds at the end of the reporting period, assuming all other variables remain constant is as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Effects of 100 basis points changes to profit after tax				
- Increase by 1% (2017: 1%)	279,111	654,010	268,775	653,167
- Decrease by 1% (2017: 1%)	(279,111)	(654,010)	(268,775)	(653,167)

- (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	
	2018 %	2017 %	2018 %	2017 %
Short term funds	2.73	3.45	2.73	3.45

- (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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

26. CASH AND BANK BALANCES

	2018 RM	Group 2017 RM	2018 RM	Company 2017 RM
Cash and bank balances	13,770,780	11,222,492	274,843	39,922
Fixed deposits with licensed banks	78,075,770	39,114,993	1,090,813	1,063,670
	91,846,550	50,337,485	1,365,656	1,103,592

- (a) The weighted average effective interest rate of fixed deposits with both licensed banks of the Group and of the Company are 2.91% (2017: 2.10%) and 2.73% (2017: 2.55%) 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 29 to the financial statements.
- (c) Fixed deposits with licensed banks have maturity period ranging from one (1) month to one (1) year (2017: one (1) month to one (1) year).
- (d) Included in cash and bank balances of the Group is a balance of RM1,535,239 (2017: RM514,203) 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:

	Note	2018 RM	Group 2017 RM	2018 RM	Company 2017 RM
Cash and bank balances		13,770,780	11,222,492	274,843	39,922
Fixed deposits with licensed banks		78,075,770	39,114,993	1,090,813	1,063,670
Short term funds	25	36,725,170	86,053,973	35,365,153	85,943,076
		128,571,720	136,391,458	36,730,809	87,046,668
Less:					
Bank overdrafts included in borrowings	29	(162,944,560)	(115,939,504)	-	-
Fixed deposits pledged		(78,075,770)	(39,114,993)	(1,090,813)	(1,063,670)
		(112,448,610)	(18,663,039)	35,639,996	85,982,998

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

27. SHARE CAPITAL

		Group and Company		
		2018		2017
	Number of shares	RM	Number of shares	RM
Issued and fully paid				
Balance as at 1 January	451,476,525	267,080,518	390,920,000	97,730,000
Issuance of ordinary shares pursuant to:				
- Acquisition of a subsidiary	-	-	19,561,000	29,537,110
- Private placement	-	-	19,477,400	26,294,490
- Warrants exercised	43,117,480	56,052,724	21,518,125	27,973,562
	43,117,480	56,052,724	60,556,525	83,805,162
Ordinary shares resold in open market	-	1,107,363	-	-
Transfer from share premium account pursuant to the Companies Act 2016	-	-	-	85,545,356
Balance as at 31 December	494,594,005	324,240,605	451,476,525	267,080,518

- (a) During the financial year, the issued share capital of the Company was increased from 451,476,525 to 494,594,005 by way of issuance of 43,117,480 new ordinary shares pursuant to 43,117,480 warrants exercised at an exercise price of RM1.30 each for cash.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company. There were no other issue of shares during the financial year.

- (b) 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.
- (c) With the introduction of the Companies Act 2016 effective 31 January 2017, the concepts of authorised share capital and par value of share capital have been abolished. Consequently, balance within the share premium account of RM85,545,356 has been transferred to the share capital account pursuant to the transitional provisions set out in Section 618(2) of the Companies Act 2016. Notwithstanding this provision, the Company may utilise its share premium account for purposes stipulated in Section 618(3) of the Companies Act 2016 for a transitional period of 24 months from 31 January 2017. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the member as a result of this transition.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

27. SHARE CAPITAL (continued)

(d) Warrants A 2013/2018

On 25 July 2013, a total of 159,984,000 free Warrants were issued pursuant to the Deed Poll dated 5 July 2013 ("Deed Poll A") to all the shareholders of the Company on the basis of nine (9) warrants for every twenty (20) existing ordinary shares held on 17 July 2013. 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 RM1.30.
- (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 share of the Company.

Movement in the Warrants since the listing and quotation thereof is as follows:

	Number of Warrants
As of 25 July 2013	159,984,000
Exercised in financial year 2017	(21,518,125)
Exercised in financial year 2018	(43,117,480)
As of 20 July 2018	95,348,395

The unexercised number of Warrants A 2013/2018 of 95,348,395 had expired on 20 July 2018.

(e) 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 share of the Company.

During the current financial year, all of the warrants issued remain unexercised.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

28. RESERVES

	2018 RM	Group 2017 RM	2018 RM	Company 2017 RM
Non-distributable				
Treasury shares	(17,241,864)	(509,881)	(17,241,864)	(509,881)
Distributable				
Retained earnings	164,830,680	127,088,173	16,472,572	35,009,368
	147,588,816	126,578,292	(769,292)	34,499,487

Treasury shares

The shareholders of the Company, by an ordinary resolution passed at the 8th Annual General Meeting held on 14 May 2018, 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 current financial year, the Company repurchased 20,049,200 of its ordinary shares from the open market for a total consideration of RM20,682,405 at an average price of RM1.032 per ordinary share and resold 3,570,000 of its ordinary shares for a total consideration of RM5,057,653 at an average price of RM1.417 per ordinary share. The repurchase transactions were financed by internally generated funds. The repurchased shares were held as treasury shares in accordance with the requirement of Section 127 of the Companies Act, 2016 in Malaysia. There were no shares repurchased in previous financial year.

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 494,594,005 (2017: 451,476,525) issued ordinary shares as at the end of each reporting period, 17,014,702 (2017: 535,502) ordinary shares purchased for RM17,241,864 (2017: RM509,881) are held as treasury shares by the Company. The number of outstanding ordinary shares in issue after deducting the treasury shares is 477,579,303 (2017: 450,941,023).

29. BORROWINGS

	Note	2018 RM	Group 2017 RM
Non-current liabilities			
Term loans		25,184,339	28,113,552
Hire-purchase creditors	30	3,735,589	1,069,342
		28,919,928	29,182,894

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

29. BORROWINGS (continued)

	Note	2018 RM	Group 2017 RM
Current liabilities			
Term loans		10,360,183	38,631,390
Revolving credits		2,000,000	4,000,000
Hire-purchase creditors	30	1,482,324	405,754
Bank overdrafts	26	162,944,560	115,939,504
		176,787,067	158,976,648
		205,706,995	188,159,542
Total borrowings			
Term loans		35,544,522	66,744,942
Revolving credits		2,000,000	4,000,000
Hire-purchase creditors	30	5,217,913	1,475,096
Bank overdrafts	26	162,944,560	115,939,504
		205,706,995	188,159,542

(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 building under property, plant and equipment of the Group as disclosed in Note 14 to the financial statements;
- (ii) Fixed deposits as disclosed in Note 26 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 building 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) Leasehold land held for property development of the Group as disclosed in Note 21 to the financial statements;
- (iii) Property development costs of the Group as disclosed in Note 21 to the financial statements;
- (iv) Fixed deposits as disclosed in Note 26 to the financial statements;
- (v) Assignment of HDA Account of the property development projects at Mukim of Ulu Kelang, Selangor and Mukim Tebrau, Johor (sales proceeds inclusive of profit from sales of the projects);
- (vi) Assignment of future rental income that is derived from investment properties of the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

29. BORROWINGS (continued)

- (d) Revolving credits of the Group are secured by fixed deposits as disclosed in Note 26 to the financial statements and are jointly and severally guaranteed by a Director and a shareholder of the Company.
- (e) The repayment terms for the term loans are as follows:

	2018 RM	2017 RM
Group		
Term loan I is repayable based on redemption structure set by a financial institution	14,556,649	24,818,072
Term loan II is repayable by sixty (60) equal monthly instalments of RM421,957 each commencing May 2015	-	11,444,434
Term loan III is repayable by fifty-five (55) equal monthly instalments of RM865,700 each commencing April 2016	17,709,452	26,358,773
Term loan IV is repayable by sixty (60) equal monthly instalments of RM77,238 each commencing October 2016	2,343,781	3,123,663
Term loan V is repayable by seventy two (72) equal monthly instalments of RM17,485 each commencing June 2018	934,640	1,000,000
	35,544,522	66,744,942

	2018 RM	Group 2017 RM
Repayable as follows:		
- within one (1) year	10,360,183	38,631,390
- later than one (1) year and not later than five (5) years	25,089,147	27,840,513
- later than five (5) years	95,192	273,039
	35,544,522	66,744,942

- (f) The interest rate profile of the borrowings as at the end of each reporting period are as follows:

	2018 RM	Group 2017 RM
Fixed rate	5,217,913	1,475,096
Floating rate	200,489,082	186,684,446
	205,706,995	188,159,542

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

29. BORROWINGS (continued)

- (f) The interest rate profile of the borrowings as at the end of each reporting period are as follows: (continued)

Sensitivity analysis for fixed rate borrowings as at the end of the reporting period is not presented as fixed rate instruments are not affected by change in interest rates. 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	
	2018 RM	2017 RM	2018 RM	2017 RM
Effects of 100 basis points changes to profit after tax				
- Increase by 1% (2017: 1%)	(1,523,717)	(1,418,802)	-	-
- Decrease by 1% (2017: 1%)	1,523,717	1,418,802	-	-

- (g) The weighted average effective interest rates of the borrowings as at the end of each reporting period are as follows:

	Group	
	2018 %	2017 %
Term loans	6.87	8.16
Revolving credits	6.77	6.53
Hire-purchase creditors	5.73	5.88
Bank overdrafts	8.05	8.04

- (h) Financial instruments that are not carried at fair values and whose carrying amounts are reasonable approximation of fair values, are as follows:

Group	2018		2017	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Term loans	35,544,522	35,544,523	66,744,942	66,744,942
Revolving credits	2,000,000	2,000,000	4,000,000	4,000,000
Hire-purchase creditors	5,217,913	5,076,855	1,475,096	1,452,169
Bank overdrafts	162,944,560	162,944,560	115,939,504	115,939,504
	205,706,995	205,565,938	188,159,542	188,136,615

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.

29. BORROWINGS (continued)

- (h) Financial instruments that are not carried at fair values and whose carrying amounts are reasonable approximation of fair values, are as follows: (continued)

The fair values of hire-purchase creditors are estimated by discounting expected future cash flows at market incremental lending rate for similar type of lending, borrowings or leasing arrangements at 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.
- (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 2018	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Term loans	11,526,840	25,554,333	96,673	37,177,846
Revolving credits	2,000,000	-	-	2,000,000
Hire-purchase creditors	1,709,480	3,858,233	147,322	5,715,035
Bank overdrafts	162,944,560	-	-	162,944,560
Total undiscounted financial liabilities	178,180,880	29,412,566	243,995	207,837,441
2017				
Term loans	41,352,319	29,874,286	287,040	71,513,645
Revolving credits	4,000,000	-	-	4,000,000
Hire-purchase creditors	465,368	980,517	212,913	1,658,798
Bank overdrafts	115,939,504	-	-	115,939,504
Total undiscounted financial liabilities	161,757,191	30,854,803	499,953	193,111,947

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

30. HIRE-PURCHASE CREDITORS

	2018 RM	Group 2017 RM
Minimum hire-purchase payments:		
- not later than one (1) year	1,709,480	465,368
- later than one (1) year and not later than five (5) years	3,858,233	980,517
- later than five (5) years	147,322	212,913
Total minimum hire-purchase payments	5,715,035	1,658,798
Less: Future interest charges	(497,122)	(183,702)
Present value of hire-purchase payments	5,217,913	1,475,096
Repayable as follows:		
Current liabilities		
- not later than one (1) year	1,482,324	405,754
Non-current liabilities		
- later than one (1) year and not later than five (5) years	3,595,894	872,167
- later than five (5) years	139,695	197,175
	3,735,589	1,069,342
	5,217,913	1,475,096

31. TRADE AND OTHER PAYABLES

	2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Trade payables				
Third parties	53,159,743	24,045,181	-	-
Related parties	-	130,000	-	-
Retention sums	52,075,020	50,289,100	-	-
	105,234,763	74,464,281	-	-

31. TRADE AND OTHER PAYABLES (continued)

	2018 RM	Group 2017 RM	2018 RM	Company 2017 RM
Other payables				
Other payables	15,236,334	30,671,209	292,130	458,753
Amounts owing to related parties	5,100,216	7,100,216	-	-
Accruals	548,239,226	297,394,031	118,588	73,824
Deposits	356,475	374,445	-	-
Amounts owing to corporate shareholders of a subsidiary	-	184,416	-	-
Amounts owing to Directors	-	2,619,600	-	-
Amount owing to a subsidiary	-	-	99,267,902	1,818,043
	568,932,251	338,343,917	99,678,620	2,350,620
	674,167,014	412,808,198	99,678,620	2,350,620

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 14 to 90 days (2017: 14 to 90 days). Other credit term are assessed and approved by the suppliers on a case by case basis.
- (c) In previous financial year, included in other payables of the Group was an amount owing to a former Director of a subsidiary and his close family member amounting to RM3,761,000 that bore interest at rate of 8% per annum.
- (d) Amounts owing to related parties (non-trade) represent advances and payments made on behalf, which are unsecured, interest-free and repayable within next twelve (12) months in cash and cash equivalents.
- (e) In the previous financial year, amounts owing to corporate shareholders of a subsidiary represented advances and payments made on behalf, which bore interest of 8% per annum, unsecured and payable on demand in cash and cash equivalents.
- (f) In the previous financial year, amounts owing to Directors represent advances and payments made on behalf, which are unsecured, interest-free and payable within next twelve month in cash and cash equivalents.
- (g) Amount owing to a subsidiary represents advances and payments made on behalf, which are unsecured, interest-free and payable within next twelve month in cash and cash equivalents.
- (h) Trade and other payables are denominated in Ringgit Malaysia.
- (i) 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.
- (j) Sensitivity analysis for fixed rate profile of other payables at the end of the reporting period is not presented as fixed rate instruments are not affected by change in interest rates.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

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	
	2018 RM	2017 RM	2018 RM	2017 RM
Not later than one (1) year	3,470,533	2,711,414	72,250	102,000
Later than one (1) year and not later than five (5) years	1,429,744	777,678	-	72,250
	4,900,277	3,489,092	72,250	174,250

(ii) The Group as lessor

The Group has entered into a non-cancellable lease arrangement for the rental of investment properties and plant and machinery for a term of five (5) years and two (2) years respectively.

The Group has aggregate future minimum lease receivables as at the end of the reporting period as follows:

	Group	
	2018 RM	2017 RM
Not later than one (1) year	11,364,176	11,588,016
Later than one (1) year and not later than five (5) years	14,192,520	26,183,936
	25,556,696	37,771,952

(b) Capital commitments

	Group	
	2018 RM	2017 RM
Contracted but not provided for		
- Freehold land held under development	21,250,000	42,250,000

33. CONTINGENT LIABILITIES

(a) Guarantees

	2018 RM	Group 2017 RM	2018 RM	Company 2017 RM
Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries	-	-	323,783,270	336,172,144
Corporate guarantees given to suppliers in respect of goods supplied to its wholly-owned subsidiaries	-	-	109,611,030	92,559,780
Bank guarantees given by financial institutions in respect of construction and property projects	200,387,965	180,725,752	5,178,532	5,178,532
	200,387,965	180,725,752	438,572,832	433,910,456

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.

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 16 to the financial statements;
- (ii) Associates and joint ventures as disclosed in Notes 17 and 18 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.

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31 DECEMBER 2018 (CONT'D)

34. RELATED PARTY DISCLOSURES (continued)

(b) The Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Subsidiaries:				
Gross dividend income	-	-	60,890,000	10,000,000
Interest paid/payable	-	-	180,389	52,048
Interest received/receivable	-	-	4,017,603	5,302,009
Rental paid/payable	-	-	115,920	115,920
Management fee paid/payable	-	-	1,190,218	781,585
Related parties:				
Gross dividend income	-	-	600,000	-
Rental of office premises paid/payable	-	85,998	-	-
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 22 and 31 to the financial statements.

(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	
	2018 RM	2017 RM
Short term employee benefits	7,631,163	3,901,726
Contributions to defined contribution plan	928,985	450,419
	8,560,148	4,352,145

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

35.1 New MFRSs adopted during the current financial year

The Group and the Company being transitioning entities as defined by the Malaysian Accounting Standards Board ("MASB"), has applied the MFRS Framework during the financial year ended 31 December 2018. Accordingly, these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

In adopting the new MFRS Framework, the Group applied the transition requirements in MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*. In addition to the adoption of the new MFRS Framework, the following new MFRSs and Amendments to the MFRSs issued by MASB were adopted by the Group during the financial year.

Title	Effective Date
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48

35.2 Explanation of transition to MFRSs

The Group adjusted amounts previously reported in the financial statements that were prepared in accordance with the previous FRS Framework. In preparing the opening statements of financial position at 1 January 2017, an explanation on the impact arising from the transition from FRSs to MFRSs on the financial position and financial performance of the Group and of the Company are set out as follows:

(a) Reconciliation of financial position and equity of the Group

Group	Previously reported under FRSs RM	Effects of MFRS 15 RM	Effects of MFRS 9 RM	Restated under MFRSs RM
1 January 2017				
Non-current assets				
Property, plant and equipment	43,582,892	-	-	43,582,892
Land held for property development	60,438,655	(60,438,655)	-	-
Investment properties	37,782,012	-	-	37,782,012
Investment in an associate	3,526,410	-	-	3,526,410
Investments in a joint venture	224,996	-	-	224,996
Deferred tax assets	3,223,170	-	-	3,223,170
	148,778,135	(60,438,655)	-	88,339,480

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

35.2 Explanation of transition to MFRSs (continued)

(a) Reconciliation of financial position and equity of the Group (continued)

Group	Previously reported under FRSS RM	Effects of MFRS 15 RM	Effects of MFRS 9 RM	Restated under MFRSs RM
1 January 2017				
Current assets				
Property development costs	244,973,146	(244,973,146)	-	-
Inventories	25,116,175	338,570,058	-	363,686,233
Trade and other receivables	522,376,389	(178,724,167)	(66,870,539)	276,781,683
Contract assets	-	165,761,217	(511,646)	165,249,571
Other investment	2,511,775	-	-	2,511,775
Current tax assets	335,080	-	-	335,080
Short term funds	951,587	-	-	951,587
Cash and bank balances	31,980,361	-	-	31,980,361
	828,244,513	80,633,962	(67,382,185)	841,496,290
Total assets	977,022,648	20,195,307	(67,382,185)	929,835,770
Equity				
Share capital	97,730,000	-	-	97,730,000
Reserves	246,001,039	(28,854,725)	(63,185,551)	153,960,763
	343,731,039	(28,854,725)	(63,185,551)	251,690,763
Non-controlling interests	6,893,462	-	(2,976,928)	3,916,534
Total equity	350,624,501	(28,854,725)	(66,162,479)	255,607,297
Non-current liabilities				
Borrowings	72,525,745	-	-	72,525,745
Deferred tax liabilities	2,932,213	-	(1,219,706)	1,712,507
	75,457,958	-	(1,219,706)	74,238,252
Current liabilities				
Trade and other payables	342,243,062	(48,473,800)	-	293,769,262
Contract liabilities	-	97,523,832	-	97,523,832
Borrowings	195,889,567	-	-	195,889,567
Current tax liabilities	12,807,560	-	-	12,807,560
	550,940,189	49,050,032	-	599,990,221
Total liabilities	626,398,147	49,050,032	(1,219,706)	674,228,473
Total equity and liabilities	977,022,648	20,195,307	(67,382,185)	929,835,770

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

35.2 Explanation of transition to MFRSs (continued)

(a) Reconciliation of financial position and equity of the Group (continued)

Group	Previously reported under FRSS RM	Effects of MFRS 15 RM	Effects of MFRS 9 RM	Restated under MFRSs RM
31 December 2017				
Non-current assets				
Property, plant and equipment	32,253,103	-	-	32,253,103
Land held for property development	37,931,203	(37,931,203)	-	-
Investment properties	33,701,258	-	-	33,701,258
Investment in a joint venture	378,110	-	-	378,110
Investment in an associate	3,387,026	-	-	3,387,026
Deferred tax assets	2,938,048	-	-	2,938,048
Intangible assets	29,783,152	-	-	29,783,152
	140,371,900	(37,931,203)	-	102,440,697
Current assets				
Property development costs	193,140,221	(193,140,221)	-	-
Inventories	31,633,677	261,707,122	-	293,340,799
Trade and other receivables	616,875,875	(382,560,313)	(42,685,684)	191,629,878
Contract assets	-	355,733,044	(679,237)	355,053,807
Other investment	8,122,815	-	-	8,122,815
Current tax assets	921,802	-	-	921,802
Short term funds	86,053,973	-	-	86,053,973
Cash and bank balances	50,337,485	-	-	50,337,485
	987,085,848	41,739,632	(43,364,921)	985,460,559
Total assets	1,127,457,748	3,808,429	(43,364,921)	1,087,901,256

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

35.2 Explanation of transition to MFRSs (continued)

(a) Reconciliation of financial position and equity of the Group (continued)

Group	Previously reported under FRSS RM	Effects of MFRS 15 RM	Effects of MFRS 9 RM	Restated under MFRSs RM
31 December 2017				
Equity				
Share capital	267,080,518	-	-	267,080,518
Reserves	199,614,812	(30,294,317)	(42,742,203)	126,578,292
	466,695,330	(30,294,317)	(42,742,203)	393,658,810
Non-controlling interests	8,454,099	-	(375,141)	8,078,958
Total equity	475,149,429	(30,294,317)	(43,117,344)	401,737,768
Non-current liabilities				
Borrowings	29,182,894	-	-	29,182,894
Deferred tax liabilities	373,120	-	(247,577)	125,543
	29,556,014	-	(247,577)	29,308,437
Current liabilities				
Trade and other payables	430,773,371	(17,965,173)	-	412,808,198
Contract liabilities	-	52,067,919	-	52,067,919
Borrowings	158,976,648	-	-	158,976,648
Current tax liabilities	33,002,286	-	-	33,002,286
	622,752,305	34,102,746	-	656,855,051
Total liabilities	652,308,319	34,102,746	(247,577)	686,163,488
Total equity and liabilities	1,127,457,748	3,808,429	(43,364,921)	1,087,901,256

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

35.2 Explanation of transition to MFRSs (continued)

(b) Reconciliation of profit or loss of the Group

Group	Previously reported under FRSs RM	Effects of MFRS 15 RM	Effects of MFRS 9 RM	Restated under MFRSs RM
31 December 2017				
Revenue	469,468,051	(7,163,456)	-	462,304,595
Cost of sales	(325,678,695)	5,723,864	-	(319,954,831)
Gross profit	143,789,356	(1,439,592)	-	142,349,764
Other income	4,948,211	-	24,922,015	29,870,226
Operating costs	(54,977,657)	-	(904,751)	(55,882,408)
Finance costs	(12,572,879)	-	-	(12,572,879)
Share of loss of an associate, net of tax	(119,784)	-	-	(119,784)
Share of profit of a joint venture, net of tax	153,114	-	-	153,114
Profit before tax	81,220,361	(1,439,592)	24,017,264	103,798,033
Tax expense	(31,624,975)	-	(972,129)	(32,597,104)
Profit for the financial year	49,595,386	(1,439,592)	23,045,135	71,200,929
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income, net of tax	49,595,386	(1,439,592)	23,045,135	71,200,929
Attributable to :				
Owners of the parent	48,034,749	(1,439,592)	20,443,348	67,038,505
Non-controlling interests	1,560,637	-	2,601,787	4,162,424
	49,595,386	(1,439,592)	23,045,135	71,200,929
Earnings per ordinary share attributable to equity holders of the Company:				
Basic earnings per ordinary share (sen)	11.74			16.39
Diluted earnings per ordinary share (sen)	8.77			12.24

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

35.2 Explanation of transition to MFRSs (continued)

(c) Reconciliation of financial position and equity of the Company

Company	Previously reported under FRSs RM	Effects of MFRS 9 RM	Restated under MFRSs RM
1 January 2017			
Non-current assets			
Investment in subsidiaries	78,259,637	-	78,259,637
Investments in a joint venture	255,000	-	255,000
	78,514,637	-	78,514,637
Current assets			
Trade and other receivables	181,886,872	(1,330,570)	180,556,302
Short term funds	844,425	-	844,425
Cash and bank balances	1,621,149	-	1,621,149
	184,352,446	(1,330,570)	183,021,876
Total assets	262,867,083	(1,330,570)	261,536,513
Equity			
Share capital	97,730,000	-	97,730,000
Reserves	120,670,769	(1,330,570)	119,340,199
Total equity	218,400,769	(1,330,570)	217,070,199
Current liabilities			
Trade and other payables	8,235,552	-	8,235,552
Borrowings	36,230,762	-	36,230,762
Total liabilities	44,466,314	-	44,466,314
Total equity and liabilities	262,867,083	-	261,536,513

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

35.2 Explanation of transition to MFRSs (continued)

(c) Reconciliation of financial position and equity of the Company (continued)

Company	Previously reported under FRSS RM	Effects of MFRS 9 RM	Restated under MFRSs RM
31 December 2017			
Non-current assets			
Investment in subsidiaries	115,196,747	-	115,196,747
Investments in a joint venture	255,000	-	255,000
	115,451,747	-	115,451,747
Current assets			
Trade and other receivables	102,640,706	(747,578)	101,893,128
Short term funds	85,943,076	-	85,943,076
Cash and bank balances	1,103,592	-	1,103,592
	189,687,374	(747,578)	188,939,796
Total assets	305,139,121	(747,578)	304,391,543
Equity			
Share capital	267,080,518	-	267,080,518
Reserves	35,247,065	(747,578)	34,499,487
Total equity	302,327,583	(747,578)	301,580,005
Current liabilities			
Trade and other payables	2,350,620	-	2,350,620
Current tax liabilities	460,918	-	460,918
Total liabilities	2,811,538	-	2,811,538
Total equity and liabilities	305,139,121	(747,578)	304,391,543

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

35.2 Explanation of transition to MFRSs (continued)

(d) Reconciliation of profit or loss of the Company

Company	Previously reported under FRSS RM	Effects of MFRS 9 RM	Restated under MFRSs RM
31 December 2017			
Revenue	10,000,000	-	10,000,000
Cost of sales	-	-	-
Gross profit	10,000,000	-	10,000,000
Other income	5,571,361	582,992	6,154,353
Operating costs	(4,443,986)	-	(4,443,986)
Finance costs	(1,669,185)	-	(1,669,185)
Profit before tax	9,458,190	582,992	10,041,182
Tax expense	(460,918)	-	(460,918)
Profit for the financial year	8,997,272	582,992	9,580,264
Other comprehensive income, net of tax	-	-	-
Total comprehensive income, net of tax	8,997,272	582,992	9,580,264
Attributable to :			
Owners of the parent	8,997,272	582,992	9,580,264
Non-controlling interests	-	-	-
	8,997,272	582,992	9,580,264

Notes to the reconciliations

(i) Transition from FRS Framework to MFRS Framework

The Group elected to apply MFRS 3 *Business Combinations* prospectively from the date FRS 3 *Business Combinations* was adopted and to deem the carrying amount of investment in each subsidiary, joint venture and associate to be the cost of the investment in the separate financial statements as at the date of transition to MFRSs.

The Group elected to apply the optional exemption in respect of the requirements of MFRS 123 from the date of transition or from an earlier date as permitted by paragraph 28 of MFRS 123. From the date on which the Group begins to apply this exemption from MFRS 123, the Group:

- shall not restate the borrowing cost component that was capitalised under previous generally accepted accounting principles and that was included in the carrying amount of assets at that date; and
- shall account for borrowing costs incurred on or after that date in accordance with MFRS 123, including those borrowing costs incurred on or after that date on qualifying assets already under construction.

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

35.2 Explanation of transition to MFRSs (continued)

Notes to the reconciliations (continued)

(ii) Adoption of MFRS 15

MFRS 15 establishes a comprehensive framework for revenue recognition and measurement. It replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and related Interpretations. Under MFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control, at a point in time or over time, requires significant judgement.

In applying MFRS 15 retrospectively, the Group applied the following practical expedients:

- (a) For completed contracts, contracts that begin and end within the same annual reporting period were not restated;
- (b) For completed contracts that have variable consideration, rather than estimating variable consideration amounts in the comparative reporting periods, transaction price at the date the contract was completed was used; and
- (c) For all reporting period presented before the date of initial application, the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the revenue is expected to be recognised need not be disclosed.

The MFRS 15 adjustments are mainly due to:

- (a) Changes to the timing of revenue recognition for construction and property development activities;
- (b) Reclassification of excess of revenue earned over the billings on construction and property development contracts to contract assets;
- (c) Reclassification of excess of billings over revenue earned on construction and property development contracts, deferred income and customers deposit to contract liabilities; and
- (d) Reclassification of land held for property development and property development costs to inventories.

(iii) Adoption of MFRS 9

MFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces MFRS 139 *Financial Instruments: Recognition and Measurement*.

(a) Classification of financial assets and financial liabilities

The Group and the Company classify their financial assets into the following measurement categories depending on the business model of the Group and the Company for managing the financial assets and the terms of contractual cash flows of the financial assets:

- (i) Those to be measured at amortised cost; and
- (ii) Those to be measured subsequently at fair value either through other comprehensive income or through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

35.2 Explanation of transition to MFRSs (continued)

Notes to the reconciliations (continued)

(iii) Adoption of MFRS 9 (continued)

(a) Classification of financial assets and financial liabilities (continued)

The following summarises the key changes:

- (i) The Available-For-Sale ("AFS"), Held-To-Maturity ("HTM") and Loans and Receivables ("L&R") financial asset categories were removed.
- (ii) A new financial asset category measured at Amortised Cost ("AC") was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by collecting contractual cash flows.
- (iii) A new financial asset category measured at Fair Value Through Other Comprehensive Income ("FVTOCI") was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- (iv) A new financial asset category for non-traded equity investments measured at FVTOCI was introduced.

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities.

However, under MFRS 139 all fair value changes of liabilities designated as FVTPL are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:

- (i) Amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in Other Comprehensive Income; and
- (ii) The remaining amount of change in the fair value is presented in profit or loss.

(b) Impairment of financial assets

The adoption of MFRS 9 has fundamentally changed the accounting for impairment losses for financial assets of the Group by replacing the incurred loss approach of MFRS 139 with a forward-looking expected credit loss approach. MFRS 9 requires the Group to record an allowance for expected credit losses for all debt financial assets not held at fair value through profit or loss.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the original effective interest rate of the asset.

Impairment for trade receivables and contract assets that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information 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.

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

35.2 Explanation of transition to MFRSs (continued)

Notes to the reconciliations (continued)

(iii) Adoption of MFRS 9 (continued)

(b) Impairment of financial assets (continued)

Impairment for receivables from related parties 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. 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.

(c) The MFRS 9 adjustments are mainly due to:

(i) Reclassification of the financial assets and financial liabilities as follows:

	Classification	
	Existing under MFRS 139	New under MFRS 9
Group		
Financial assets		
Other investments	FVTPL	FVTPL
Trade and other receivables	L&R	AC
Short term funds	FVTPL	FVTPL
Cash and bank balances	L&R	AC
Financial liabilities		
Trade and other payables	OFL*	AC
Borrowings	OFL*	AC

* *Other Financial Liabilities at Amortised Cost*

(ii) Additional credit losses to be recognised on trade and other receivables and contract assets.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

35.3 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2019

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these standards, since the effects would only be observable for future financial years.

36. FINANCIAL REPORTING UPDATES

36.1 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.

36. FINANCIAL REPORTING UPDATES (continued)

36.1 IFRIC Agenda Decision - Over time transfer of constructed good (IAS 23) (continued)

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 and adapting its systems to implement this change in accounting policy. The implementation results would be reported during the financial year ending 31 December 2021.

LIST OF PROPERTIES

Land Title Details/ Location	Built-up Area (sq. ft.)	Land Area (hectares)	Description/ Existing Use	Tenure/Age of Property	Date of issuance of Certificates of Fitness for Occupation	Audited Net Carrying Amount as at 31.12.2018
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 1 st floor of a 4-storey shoplot/ Vacant	Freehold/ Approximately 10 years	02.03.2000	123,282
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	10,519		1 unit of a 4-storey shoplot	Leasehold (99 years expiring on 03.09.2107)/ Approximately 7 years	11.03.2008	4,620,285
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 7 years	11.03.2008	2,877,337
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 7 years	11.03.2008	1,639,452

LIST OF PROPERTIES

(CONT'D)

Land Title Details/ Location	Built-up Area (sq. ft.)	Land Area (hectares)	Description/ Existing Use	Tenure/Age of Property	Date of issuance of Certificates of Fitness for Occupation	Audited Net Carrying Amount as at 31.12.2018
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 7 years	11.03.2008	1,718,124
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 7 years	11.03.2008	4,303,374
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		790,020
H.S.(D) 37545 Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan		7.70	Land held for development	99 years leasehold tenure expiring on 19.10.2093		35,300,068

STATISTICS OF SHAREHOLDINGS

AS AT 1 APRIL 2019 (AS PER RECORD OF DEPOSITORS)

The total number of issued shares of the Company stands at 494,594,005 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	239	9.58	8,215	0.00
100 to 1,000	297	11.90	96,386	0.02
1,001 to 10,000	998	40.00	3,814,447	0.78
10,001 to 100,000	680	27.25	18,253,790	3.73
100,001 to less than 5% of issued shares	280	11.22	439,459,604	89.73
5% and above of issued shares	1	0.04	28,145,319	5.75
Total	2,495	100.00	489,777,761	100.00

Note:-

* Negligible

SUBSTANTIAL SHAREHOLDERS

according to the Register of Substantial Shareholders as at 1 April 2019

No.	Name	Direct Interest		Deemed Interest	
		No. of Issued Shares	% of Issued Shares	No. of Issued Shares	% of Issued Shares
1.	Dato' Azizan bin Jaafar	1,879,146	0.38	53,602,938 ⁽¹⁾	10.94 ⁽¹⁾
2.	Dato' Ow Chee Cheoon	33,966,774	6.93	-	-
4.	Ganjaran Gembira Sdn Bhd	53,602,938	10.94	-	-
5.	Brahmal Vasudevan	-	-	29,070,000	5.93
6.	Ng Kit Heng	27,845,319	5.68	-	-
7.	Kumpulan Wang Persaraan (Diperbadankan)	-	-	29,992,044	6.12

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

AS AT 1 APRIL 2019 (AS PER RECORD OF DEPOSITORS) (CONT'D)

DIRECTORS' DIRECT AND DEEMED INTERESTS

in the Company and/or its Related Corporations as at 1 April 2019

Size of Holdings	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	300,492	0.06	-	-
Datuk Kamarudin bin Md. Ali	204,000	0.04	-	-
Dato' Azizan bin Jaafar	1,879,146	0.38	53,602,938 ⁽¹⁾	10.94
Dato' Ow Chee Cheoon	33,966,774	6.93	-	-
Ow Yin Yee	163,812	0.03	-	-
Loo Choo Hong	71,400	0.01	-	-
Muk Sai Tat	-	-	-	-

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 1 April 2019

No.	Name	No. of Issued Shares	% of Issued Shares
1.	Ng Kit Heng	28,145,319	5.75
2.	CIMB Group Nominees (Tempatan) Sdn Bhd <i>CIMB Commerce Trustee Berhad - Kenanga Growth Fund</i>	22,502,934	4.59
3.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Ganjaran Gembira Sdn Bhd (PB)</i>	20,400,000	4.17
4.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt an for Credit Suisse (SG BR-TST-Asing)</i>	20,400,000	4.17
5.	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ganjaran Gembira Sdn Bhd</i>	19,265,658	3.93
6.	MayBank Nominees (Tempatan) Sdn Bhd <i>MTRUSTEE Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)(419455)</i>	16,207,290	3.31
7.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Ow Chee Cheoon (PBCL-OG0066)</i>	14,837,820	3.03
8.	CitiGroup Nominees (Tempatan) Sdn Bhd <i>Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)</i>	14,249,830	2.91
9.	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (MEF)</i>	10,168,788	2.08
10.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Deutsche Trustees Malaysia Berhad for Hong Leong Penny Stockfund</i>	9,792,000	2.00
11.	CitiGroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (AMUNDI)</i>	8,160,000	1.67
12.	MayBank Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ow Chee Cheoon (Margin)</i>	7,650,000	1.56

STATISTICS OF SHAREHOLDINGS

AS AT 1 APRIL 2019 (AS PER RECORD OF DEPOSITORS) (CONT'D)

No.	Name	No. of Issued Shares	% of Issued Shares
13.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Pang Sar</i>	7,191,000	1.47
14.	Ganjaran Gembira Sdn Bhd	6,936,000	1.42
15.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Ow Chee Cheoon (PB)</i>	6,661,739	1.36
16.	CitiGroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (CIMB PRIN)</i>	6,651,624	1.36
17.	Tan Yu Yeh	6,171,000	1.26
18.	Splendid Forte Sdn Bhd	6,003,618	1.23
19.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Terence Wong @ Huang Thar-Rearn</i>	6,000,000	1.23
20.	MayBank Nominees (Tempatan) Sdn Bhd <i>National Trust Fund (IFM Kenanga)</i>	5,968,908	1.22
21.	CIMB Islamic Nominees (Tempatan) Sdn Bhd <i>CIMB Islamic Trustee Berhad - Kenanga Syariah Growth Fund</i>	5,579,196	1.14
22.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ganjaran Gembira Sdn Bhd</i>	5,525,340	1.13
23.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Pang Sar (MY3010)</i>	5,100,000	1.04
24.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Deutsche Trustees Malaysia Berhad for Eastspring Investmentssmall-Cap Fund</i>	5,100,000	1.04
25.	Ng Chun Kooi	5,038,555	1.03
26.	CIMSEC Nominees (Asing) Sdn Bhd <i>CIMB for Alaka Holdings Ltd (PB)</i>	4,590,000	0.94
27.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Deutsche Trustees Malaysia Berhad for Eastspring Investmentsdana Al-Ilham</i>	4,294,710	0.88
28.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt an for Bank Julius Baer & Co. Ltd (Singapore Bch)</i>	4,080,000	0.83
29.	RHB Nominees (Tempatan) Sdn Bhd <i>Tan Ah Loy @ Tan May Ling</i>	4,000,000	0.82
30.	CitiGroup Nominees (Tempatan) Sdn Bhd <i>Kumpulan Wang Persaraan (Diperbadankan) (ESPG IV SC E)</i>	3,866,820	0.79
Total		290,538,149	59.32

STATISTICS OF WARRANT HOLDINGS

AS AT 1 APRIL 2019 (AS PER RECORD OF WARRANT HOLDERS)

Number of Outstanding Warrants B	:	119,394,669
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	397	18.96	11,146	0.01
100 to 1,000	420	20.06	190,670	0.16
1,001 to 10,000	660	31.52	2,892,773	2.42
10,001 to 100,000	457	21.82	15,882,656	13.30
100,001 to less than 5% of issued warrants	159	7.59	85,417,424	71.54
5% and above of issued warrants	1	0.05	15,000,000	12.56
Total	2,094	100.00	119,394,669	100.00

Note:-

* Negligible

DIRECTORS' WARRANT HOLDINGS as at 1 April 2019

No.	Name	Direct Interest		Deemed Interest	
		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	202,800	0.17	-	-
	Dato' Azizan bin Jaafar	460,575	0.39	13,137,975 ⁽¹⁾	11.00 ⁽¹⁾
	Dato' Ow Chee Cheoon	8,325,190	6.97	-	-
	Ow Yin Yee	40,150	0.03	-	-
	Loo Choo Hong	17,500	0.01	-	-
	Muk Sai Tat	-	-	-	-

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

AS AT 1 APRIL 2019 (AS PER RECORD OF WARRANT HOLDERS) (CONT'D)

TOP 30 WARRANT HOLDERS

as per Record of Warrant Holders as at 1 April 2019

No.	Name	No. of Issued Warrants	% of Issued Warrants
1.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt an for Credit Suisse (SG BR-TST-Asing)</i>	15,000,000	12.56
2.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Ganjaran Gembira Sdn Bhd (PB)</i>	5,000,000	4.19
3.	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ganjaran Gembira Sdn Bhd</i>	4,721,975	3.95
4.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Ow Chee Cheoon (PBCL-0G0066)</i>	4,299,584	3.60
5.	Tan Yu Yeh	2,860,000	2.40
6.	How Lin Hong	2,271,200	1.90
7.	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (MEF)</i>	2,235,575	1.87
8.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Cha Weay Chia (MY2307)</i>	2,018,000	1.69
9.	MayBank Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ow Chee Cheoon (Margin)</i>	1,875,000	1.57
10.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Pang Sar</i>	1,762,500	1.48
11.	Ganjaran Gembira Sdn Bhd	1,700,000	1.42
12.	Ng Chun Kooi	1,618,740	1.36
13.	Splendid Forte Sdn Bhd	1,471,475	1.23
14.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Low Chee Yen</i>	1,400,000	1.17
15.	RHB Nominees (Tempatan) Sdn Bhd <i>How Kim Lian</i>	1,360,000	1.14
16.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ganjaran Gembira Sdn Bhd</i>	1,354,250	1.13
17.	Tee See Kim	1,323,000	1.11
18.	Mohd Azman bin Yaacob	1,300,000	1.09
19.	CitiGroup Nominees (Tempatan) Sdn Bhd <i>Great Eastern Life Assurance (Malaysia) Berhad (LBF)</i>	1,263,250	1.06
20.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Pang Sar (MY3010)</i>	1,250,000	1.05
21.	Lee Hock Chin	1,138,200	0.95
22.	CitiGroup Nominees (Tempatan) Sdn Bhd <i>Great Eastern Life Assurance (Malaysia) Berhad (LPF)</i>	1,096,625	0.92
23.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Deutsche Trustees Malaysia Berhad for Eastspring Investmentsdana Al-Ilham</i>	1,052,625	0.88

STATISTICS OF WARRANT HOLDINGS

AS AT 1 APRIL 2019 (AS PER RECORD OF WARRANT HOLDERS) (CONT'D)

No.	Name	No. of Issued Warrants	% of Issued Warrants
24.	Ng Kit Heng	1,017,500	0.85
25.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Ow Chee Cheoon (PB)</i>	969,916	0.81
26.	MayBank Nominees (Tempatan) Sdn Bhd <i>Tan Yoke Chun</i>	950,100	0.80
27.	Khoo Guek Yim	900,000	0.75
28.	Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ow Chee Cheoon (OWC0008M)</i>	883,750	0.74
29.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Rakuten Trade Sdn Bhd for Oo Phaik See</i>	856,000	0.72
30.	MayBank Nominees (Tempatan) Sdn Bhd <i>Pang Kian Wee</i>	798,700	0.67
Total		65,747,965	55.07

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

The Company did not undertake any corporate proposals during the financial year.

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 2018 are as follows:

	Group RM	Company RM
Audit Fees	276,000	63,000
Non-audit fees	48,500	48,500
TOTAL	324,500	111,500

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 or entered into since the end of the previous financial year.

NOTICE OF NINTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Ninth Annual General Meeting of Gabungan AQRS Berhad (912527-A) ("Company") will be held at The Function Room, Level 3, Gabungan AQRS Berhad Headquarters, 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, 13 June 2019 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 2018 together with the Reports of the Directors and Auditors thereon. | (Please refer to Note 2) |
| 2. To re-elect the following Directors who retire by rotation in accordance with Article 95 of the Company's Constitution and being eligible, have offered themselves for re-election:- | |
| (i) Dato' Ow Chee Cheoon | Ordinary Resolution 1 |
| (ii) Mr Muk Sai Tat | Ordinary Resolution 2 |
| 3. To re-appoint 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 3 |
| 4. To approve the following payments to the Non-Executive Directors:- | |
| (i) Directors' fees of up to RM468,000 for the financial year ending 31 December 2019. | Ordinary Resolution 4 |
| (ii) Directors' benefits (excluding Directors' fees) up to an amount of RM32,000 from 14 June 2019 until the next Annual General meeting of the Company in year 2020. | Ordinary Resolution 5 |

Special Business

To consider and if thought fit, with or without modifications, to pass the following Ordinary and Special Resolutions:-

- | | |
|--|-----------------------|
| 5. Ordinary Resolution
Authority to Issue and Allot Shares pursuant to the Companies Act 2016 | Ordinary Resolution 6 |
|--|-----------------------|

"**THAT** subject always to the Companies Act 2016, the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad and any other relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby authorised and empowered pursuant to 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 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** be hereby authorised to do all such acts and things including executing all relevant documents as they may consider expedient or necessary to complete and give full effect to the abovesaid mandate."

NOTICE OF NINTH ANNUAL GENERAL MEETING

(CONT'D)

6. Ordinary Resolution Proposed Renewal of Authority for Share Buy-Back

Ordinary Resolution 7

“THAT, subject to 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).

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

NOTICE OF NINTH ANNUAL GENERAL MEETING

(CONT'D)

- (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."

7. Proposed adoption of new Constitution of the Company

Special Resolution

"THAT approval be and is hereby given to the Company to revoke the existing Constitution of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in Appendix A despatched together with the Company's Annual Report 2018, be and is hereby adopted as the Constitution of the Company.

AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

8. To transact any other ordinary business for which due notice has been given.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this Ninth AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 68(ii) of the Constitution of the Company and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors ("ROD") as at 10 June 2019. Only a depositor whose name appears on the **ROD** as at 10 June 2019 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

BY ORDER OF THE BOARD

OOI LI ANN (MAICSA 7065065)
CHUA SIEW CHUAN (MAICSA 0777689)
TAN LEY THENG (MAICSA 7030358)
Joint Company Secretaries

Selangor Darul Ehsan
30 April 2019

NOTICE OF NINTH ANNUAL GENERAL MEETING

(CONT'D)

1. Proxy

- (1) A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
- (2) 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.
- (3) 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.
- (4) 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.
- (5) 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.
- (6) Where the authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- (7) 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 at the Registered Office of the Company at G-58-1, Blok G, Jalan Teknologi 3/9, Bistari 'De' Kota, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.

2. Audited Financial Statements for the financial year ended 31 December 2018

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.

3. Re-election of Directors

Article 95 of the Constitution of the Company provides that one-third (1/3) of the Directors of the Company for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire by rotation at an AGM of the Company. The shareholders' approval is sought under **Ordinary Resolutions 1 and 2**.

For the purpose of determining the eligibility of the Directors to stand for re-election at the Ninth AGM, the Nomination Committee has considered the requirements under Paragraph 2.20A of the Main Market Listing Requirements ("**Main LR**") of Bursa Securities and recommended Dato' Ow Chee Cheoon and Mr Muk Sai Tat for re-election as Directors pursuant to Article 95 of the Company's Constitution.

These retiring Directors have consented to their re-election, and abstained from deliberations and voting in relation to their individual re-election at the relevant Nomination Committee and Board Meetings, where applicable. The profiles of the retiring Directors are set out in the Directors' Profile of this Annual Report.

NOTICE OF NINTH ANNUAL GENERAL MEETING

(CONT'D)

4. **Re-Appointment of Auditors**

The Board has at its meeting held on 28 February 2019 approved the recommendation by the Audit Committee on the re-appointment of 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 3**.

5. **Payment of Directors' Fees and Benefits**

The Company pays Directors' fees and benefits to the Independent Non-Executive Directors. The Executive Directors do not receive any fees and 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.

In this respect, the Board wishes to seek shareholders' approval at the Ninth AGM on the two (2) separate resolutions as below:-

(i) **Ordinary Resolution 4** on payment of Directors' fees up to an amount of RM468,000 for the financial year ending 31 December 2019.

This resolution 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.

(ii) **Ordinary Resolution 5** on payment of Directors' benefits (excluding Directors' fees) up to an amount of RM32,000 from 14 June 2019 until the next AGM of the Company in 2020 ("Period"). The Directors' benefits payable for the Period comprise the meeting allowance payable to the Non-Executive Directors for attendance of Board meetings, whenever meetings are called during the Period.

6. **Explanatory Notes on Special Business**

Ordinary Resolution 6 - Authority to issue and allot shares pursuant to the Companies Act 2016

The **Ordinary Resolution 6** 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 Eighth AGM of the Company ("Previous Mandate").

As at the date of this Notice, no new shares were issued pursuant to the Previous Mandate and hence, no proceeds were raised therefrom.

Ordinary Resolution 6, if passed, will empower the Directors of the Company pursuant to the Act, from the date of the Ninth 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).

NOTICE OF NINTH ANNUAL GENERAL MEETING

(CONT'D)

Ordinary Resolution 7 - Proposed Renewal of Authority for Share Buy-Back

*The **Ordinary Resolution 7**, 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 LR 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.*

Special Resolution - Proposed Adoption of New Constitution of the Company

The proposed Special Resolution, if passed, will primarily bring the Company's Constitution in line with the Act and the changes made to the Main LR of Bursa Securities as well as to enhance administrative efficiency.

In view of the substantial amendments to be made on the existing Constitution, the Board proposed that the existing Constitution be revoked in its entirety and by the replacement thereof with a new Constitution. Please refer to the new Constitution set out in Appendix A despatched together with the Company's Annual Report 2018.

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")

HIS 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 therein.

1. INTRODUCTION

At the Eighth Annual General Meeting ("**AGM**") of the GBGAQRS held on 14 May 2018, the Board had obtained mandates 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 18 April 2019 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 Ninth AGM.

The purpose of this Statement is to provide you with details pertaining to the Proposed Renewal of Share Buy-Back Authority and to seek your approval for the Ordinary resolution in relation thereto to be tabled at the forthcoming AGM of the Company to be convened and held at The Function Room, Level 3, Gabungan AQRS Berhad Headquarters, 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, 13 June 2019 at 10.00 a.m.. A Notice of the Ninth AGM is enclosed in the Annual Report 2018 of the Company.

STATEMENT ACCOMPANYING NOTICE OF AGM

(PURSUANT TO PARAGRAPHS 8.27(2) AND 12.06(2)(A) OF THE MMLR) (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 Ninth 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

In the calendar year of 2018, the total number of exercised Warrant A 2013/2018 is 43,117,480 which is the total issued shares of GBGAQRS has subsequently amounted to 494,594,005 Ordinary Shares. The Warrant A 2013/2018 has expired on 20 July 2018.

For illustrative purposes, as at LPD, the total number of issued shares of the Company stood at 494,594,005 Shares (including 4,765,244 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 49,594,400 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 Eighth AGM, after the LPD; and
- (ii) any issuance of additional Shares pursuant to Sections 75 and 76 of the Act after the LPD.

STATEMENT ACCOMPANYING NOTICE OF AGM

(PURSUANT TO PARAGRAPHS 8.27(2) AND 12.06(2)(A) OF THE MMLR) (CONT'D)

The Company had then on 27 September 2018, issued new free Warrant B 2018/2023 amounting to 119,394,669. The warrants were listed on Bursa Malaysia Securities Berhad on 4 October 2018. As such, as at the latest LPD Warrant B 2018/2023 amounting to 119,394,669 is remain unexercised and entitles the warrant holders to subscribe for 119,394,669 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 61,398,867 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) distribute the treasury shares as share dividends to shareholders of the Company;
- (b) resell the treasury shares or any of the shares in accordance with the relevant rules of Bursa Securities;
- (c) transfer the treasury shares, or any of the shares for the purposes of or under an employees' share scheme established by the Company;
- (d) transfer the treasury shares, or any of the shares as purchase consideration;
- (e) cancel the shares or any of the treasury shares; and/or
- (f) 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.

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.

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.

STATEMENT ACCOMPANYING NOTICE OF AGM

(PURSUANT TO PARAGRAPHS 8.27(2) AND 12.06(2)(A) OF THE MMLR) (CONT'D)

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 2018, the retained profits of the Company amounted to RM16,472,572.

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.

STATEMENT ACCOMPANYING NOTICE OF AGM

(PURSUANT TO PARAGRAPHS 8.27(2) AND 12.06(2)(A) OF THE MMLR) (CONT'D)

5. RATIONALES, 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 earnings per share ("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

(PURSUANT TO PARAGRAPHS 8.27(2) AND 12.06(2)(A) OF THE MMLR) (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 total issued number of share) 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 number of Shares as at LPD	494,594,005	494,594,005
Shares to be issued upon full exercise of the Warrants	-	119,394,669
Enlarged total number of issued Shares	494,594,005	613,988,674
Cancellation of Purchased GBGAQRS Shares	(49,459,400)	(61,398,867)
Total number of issued shares after the Proposed Renewal of Share Buy-Back Authority	445,134,605	552,589,807

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 Net Assets ("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.

STATEMENT ACCOMPANYING NOTICE OF AGM

(PURSUANT TO PARAGRAPHS 8.27(2) AND 12.06(2)(A) OF THE MMLR) (CONT'D)

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 of 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.

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:-

STATEMENT ACCOMPANYING NOTICE OF AGM

(PURSUANT TO PARAGRAPHS 8.27(2) AND 12.06(2)(A) OF THE MMLR) (CONT'D)

Scenario I : Assuming that none of the Warrants are exercised and the Propose Share Buy-Back 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	300,492	0.06	-	-	300,492	0.07	-	-
Datuk Kamarudin bin Md. Ali	204,000	0.04	-	-	204,000	0.05	-	-
Dato' Azizan bin Jaafar	1,879,146	0.38	⁽¹⁾ 53,602,938	10.94	1,879,146	0.42	⁽¹⁾ 53,602,938	12.04
Dato' Ow Chee Cheoon	33,966,774	6.93	-	-	33,966,774	7.63	-	-
Ow Yin Yee	163,812	0.03	-	-	163,812	0.04	-	-
Loo Choo Hong	71,400	0.01	-	-	71,400	0.02	-	-
Muk Sai Tat	-	-	-	-	-	-	-	-
Substantial Shareholders								
Dato' Azizan bin Jaafar	1,879,146	0.38	⁽¹⁾ 53,602,938	10.94	1,879,146	0.42	⁽¹⁾ 53,602,938	12.04
Dato' Ow Chee Cheoon	33,966,774	6.93	-	-	33,966,774	7.63	-	-
Ganjaran Gembira Sdn Bhd	53,602,938	10.94	-	-	53,602,938	12.04	-	-
Brahmal Vasudevan	-	-	29,070,000	5.93	-	-	29,070,000	6.53
Ng Kit Heng	27,845,319	5.68	-	-	27,845,319	6.26	-	-
Kumpulan Wang Persaraan (Diperbadankan)	-	-	29,992,044	6.12	-	-	29,992,044	6.74

Notes :-

(a) Calculated based on the total number of issued shares of 489,828,761 Ordinary Shares excluded 4,765,244 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.

STATEMENT ACCOMPANYING NOTICE OF AGM

(PURSUANT TO PARAGRAPHS 8.27(2) AND 12.06(2)(A) OF THE MMLR) (CONT'D)

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	300,492	0.06	-	-	474,142	0.08	-	-	474,142	0.09	-	-
Datuk Kamarudin bin Md. Ali	204,000	0.04	-	-	406,800	0.07	-	-	406,800	0.07	-	-
Dato' Azizan bin Jaafar	1,879,146	0.38	⁽¹⁾ 53,602,938	10.94	2,339,721	0.38	⁽¹⁾ 66,740,913	10.96	2,339,721	0.42	⁽¹⁾ 66,740,913	12.08
Dato' Ow Chee Cheoon	33,966,774	6.93	-	-	42,291,964	6.94	-	-	42,291,964	7.65	-	-
Ow Yin Yee	163,812	0.03	-	-	203,962	0.03	-	-	203,962	0.04	-	-
Loo Choo Hong	71,400	0.01	-	-	88,900	0.01	-	-	88,900	0.02	-	-
Muk Sai Tat	-	-	-	-	-	-	-	-	-	-	-	-
Substantial Shareholders												
Dato' Azizan bin Jaafar	1,879,146	0.38	⁽¹⁾ 53,602,938	10.94	2,339,721	0.38	⁽¹⁾ 66,740,913	10.96	2,339,721	0.42	⁽¹⁾ 66,740,913	12.08
Dato' Ow Chee Cheoon	33,966,774	6.93	-	-	42,291,964	6.94	-	-	42,291,964	7.65	-	-
Ganjaran Gembira Sdn Bhd	53,602,938	10.94	-	-	66,740,913	10.96	-	-	66,740,913	12.08	-	-
Brahmal Vasudevan	-	-	29,070,000	5.93	-	-	44,070,000	7.23	-	-	44,070,000	7.98
Ng Kit Heng	27,845,319	5.68	-	-	28,862,819	4.74	-	-	28,862,819	5.22	-	-
Kumpulan Wang Persaraan (Diperbadankan)	-	-	29,992,044	6.12	-	-	30,104,544	4.94	-	-	30,104,544	5.45

Notes :-

(a) Calculated based on the total number of issued shares of 489,828,761 Ordinary Shares excluded 4,765,244 treasury shares

(b) Calculated based on the total number of issued shares and warrants converted of 609,223,430 Ordinary Shares excluded 4,765,244 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

(PURSUANT TO PARAGRAPHS 8.27(2) AND 12.06(2)(A) OF THE MMLR) (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 63.82%. 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 purchased and resale its own Shares in the preceding twelve (12) months and details of the purchases are as follows:-

Date of Purchase	No. of Shares Purchased/ (Resale)	Purchase Price (RM)		Total Consideration (RM)
		Lowest	Highest	
24.04.18	230,000	1.600	1.710	383,668.69
25.04.18	22,500	1.620	1.630	36,793.99
26.04.18	13,000	1.640	1.650	21,563.02
30.04.18	60,400	1.670	1.680	101,571.78
02.05.18	20,000	1.670	1.670	33,623.04
03.05.18	49,900	1.670	1.680	84,090.93
07.05.18	130,000	1.630	1.660	213,964.04
08.05.18	350,000	1.600	1.640	570,634.14
14.05.18	80,000	1.120	1.120	90,198.35
15.05.18	2,922,400	0.845	0.950	2,677,220.45
16.05.18	1,998,300	0.915	0.955	1,874,164.13
17.05.18	1,530,000	0.930	0.960	1,451,598.51
18.05.18	1,947,800	0.930	1.020	1,886,338.77
21.05.18	451,400	0.915	0.950	420,473.23
22.05.18	269,000	0.945	0.955	256,511.40
23.05.18	496,000	0.910	0.940	459,777.75
24.05.18	500,000	0.905	0.930	461,895.09
28.05.18	822,900	0.885	0.915	745,314.65
30.05.18	308,200	0.675	0.885	240,859.59
31.05.18	950,000	0.635	0.650	613,635.02
06.06.18	754,100	0.860	0.885	660,335.34
11.06.18	235,400	0.965	0.980	229,485.93
12.06.18	639,300	1.040	1.110	700,932.51
13.06.18	252,400	1.110	1.130	283,420.82
14.06.18	315,000	1.200	1.220	381,437.56
18.06.18	2,072,900	1.170	1.310	2,606,060.52
19.06.18	1,523,200	1.180	1.270	1,887,268.11
20.06.18	538,000	1.200	1.220	650,413.17
21.06.18	547,100	1.120	1.180	638,223.32
23.07.18	(900,000)	1.360	1.390	1,234,914.28
24.07.18	(800,000)	1.370	1.420	1,114,812.93
25.07.18	(1,234,200)	1.410	1.470	1,765,921.31

STATEMENT ACCOMPANYING NOTICE OF AGM

(PURSUANT TO PARAGRAPHS 8.27(2) AND 12.06(2)(A) OF THE MMLR) (CONT'D)

Date of Purchase	No. of Shares Purchased/ (Resale)	Purchase Price (RM)		Total Consideration (RM)
		Lowest	Highest	
26.07.18	(635,800)	1.470	1.510	942,004.15
13.09.18	20,000	1.040	1.040	20,931.04
20.02.19	(400,000)	1.120	1.130	448,515.00
21.02.19	(200,000)	1.140	1.140	227,247.60
22.02.19	(750,000)	1.150	1.170	867,129.00
25.02.19	(250,000)	1.180	1.180	294,026.50
05.03.19	(10,000)	1.190	1.190	11,820.75
07.03.19	(240,000)	1.190	1.190	284,606.11
11.03.19	(293,500)	1.240	1.250	363,106.35
12.03.19	(206,700)	1.250	1.260	257,477.91
19.03.19	(249,800)	1.260	1.260	313,652.68
28.03.19	(51,000)	1.370	1.370	69,404.66

Pursuant to the existing authority as approved by the shareholders at the AGM held on 14 May 2018 and preceding twelve (12) months from the LPD, the Company has purchased up to 20,049,200 GBGAQRS Shares and had resold 6,221,000 GBGAQRS Shares. All GBGAQRS Shares purchased are retained as Treasury Shares and none of the Treasury Shares held was cancelled.

On 28 February 2019, the Company had declared interim single-tier dividend via a share dividend distribution of treasury shares on the basis of two (2) treasury shares for every one hundred (100) existing ordinary shares held (share dividend). A total of 9,598,458 Shares dividend had been credited into the Depositors' Securities Accounts of all entitled shareholders maintained with Bursa Malaysia Depository Sdn. Bhd. on 22 March 2019. As at the LPD, the balance of 4,765,244 Purchased Shares is retained as Treasury Shares.

STATEMENT ACCOMPANYING NOTICE OF AGM

(PURSUANT TO PARAGRAPHS 8.27(2) AND 12.06(2)(A) OF THE MMLR) (CONT'D)

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 2018 to March 2019 are as follows:-

	Shares	
	High RM	Low RM
2018		
April	1.59	1.77
May	0.63	0.66
June	0.63	1.23
July	1.13	1.43
August	1.09	1.41
September	1.03	1.15
October	0.79	1.05
November	0.80	0.95
December	0.66	0.84
2019		
January	0.87	1.13
February	0.89	1.15
March	1.10	1.33

Last transacted market price of GBGAQRS Shares on 1 April 2019 was RM1.36 (being the last practicable date prior to the printing of this Statement).

(Source, <https://www.bloomberg.com/quote/AQRS:MK>)

11. IMPLICATIONS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY IN RELATION TO THE RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS, 2016 ("RULES")

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 and individually 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.

STATEMENT ACCOMPANYING NOTICE OF AGM

(PURSUANT TO PARAGRAPHS 8.27(2) AND 12.06(2)(A) OF THE MMLR) (CONT'D)

13. DIRECTORS' RECOMMENDATION

The Directors, having considered all aspects of the Proposed Renewal of Share Buy-Back Authority is 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 Ninth 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 2017 and 31 December 2018 and the latest unaudited results since the last audited financial statements.

ABBREVIATIONS

AC	Audit Committee
ACCA	Association of Chartered Certified Accountants
Act	Companies Act, 2016, as amended from time to time and any re-enactment thereof
AGM	Annual General Meeting
AQRSTBC/AQRS	AQRS The Building Company Sdn Bhd
BDO	Messrs BDO
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
COSO	Committee of Sponsoring Organizations of the Treadway Commission
ED/EDs	Executive Director or its plural
EPS	Earnings per share
FRSs	Financial Report Standards
FYE 2017	Financial year ended 31 December 2017
FYE 2018	Financial year ending 31 December 2018
GBGAQRS	Gabungan AQRS Berhad or the Company
GBGAQRS Share(s)	Ordinary share(s) in the Company
GDV	Gross development value
Group/GBG	Gabungan AQRS Berhad and its group of companies
GSSB	Gabungan Strategik Sdn Bhd
IA	Internal audit
INED/INEDs	Independent and Non-Executive Director or its plural
IPO	Initial Public Offering
LPD	1 April 2019, being the latest practicable date before the printing of this Annual Report
MCCG/Code	Malaysian Code on Corporate Governance
MIA	Malaysian Institute of Accountants
MMLR	Main Market Listing Requirements of Bursa Securities including any amendment(s) thereto which may be made from time to time
NC	Nomination Committee
NED/NEDs	Non-Executive Director or its plural
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
Proposed Authorised Period	Period commencing immediately upon obtaining shareholders' approval for Proposed Share Buy-Back until conclusion of next AGM
Proposed Share Buy-Back	Proposed renewal of authority for a share buy-back exercise of up to ten per centum (10%) of the total number of issued shares of the Company
Purchased Shares	GBGAQRS Shares that have been purchased by the Company pursuant to the Proposed Share Buy-Back
RC	Remuneration Committee
RM and sen	Ringgit Malaysia and sen respectively, being the lawful currency of Malaysia
RMC	Risk Management Committee
ROD	Record of Depositors
RPT/RPTs	Related Party Transaction or its plural
RRPT/RRPTs	Recurrent Related Party Transaction or its plural
SC	Securities Commission Malaysia
SMPP	Syarikat Muhibah Perniagaan dan Pembinaan Sdn Bhd
TOR	Terms of Reference



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** hereby appoint _____
(full name as per NRIC in capital letters)

NRIC No. _____ or failing him/her, _____
(full name as per NRIC in capital letters)

NRIC 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 Ninth AGM of the Company to be held at The Function Room, Level 3, Gabungan AQRs Berhad Headquarters, 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, 13 June 2019 at 10.00 a.m. and at any adjournment thereof, on the following resolutions referred to in the Notice of Ninth AGM.

*My/Our proxy(ies) *is/are to vote as indicated below:

Ordinary Resolutions		For	Against
1	To re-elect Dato' Ow Chee Cheoon who retires in accordance with Article 95 of the Company's Constitution.		
2	To re-elect Mr Muk Sai Tat who retires in accordance with Article 95 of the Company's Constitution.		
3	To re-appoint BDO PLT as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration.		
4	To approve the payment of Directors' fees of RM468,000 for the financial year ending 31 December 2019.		
5	To approve the payment of Directors' benefits (excluding Directors' fees) up to an amount of RM32,000 from 14 June 2019 until the next Annual General Meeting of the Company in year 2020.		
6	Authority to Issue and Allot Shares pursuant to the Companies Act 2016.		
7	Proposed Renewal of Authority for Share Buy-Back.		
Special Resolution			
Proposed Adoption of New Constitution of the Company.			

(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 _____ 2019

For appointment of two proxies, percentage of shareholdings to be represented by the proxies		
	No. of shares	Percentage
Proxy 1		
Proxy 1		
Total		100%

Signature(s) / Common Seal of Member(s)

NOTES:-

- A proxy may, but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
- 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.
- 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.
- 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.
- 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.
- 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 at the Registered Office of the Company at G-58-1, Blok G, Jalan Teknologi 3/9, Bistari 'De' Kota, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.
- For the purpose of determining a member who shall be entitled to attend this Ninth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 68(ii) of the Constitution of the Company and Section 34(1) of SICDA to issue a General Meeting Record of Depositors ("ROD") as at 10 June 2019. Only a depositor whose name appears on the ROD as at 10 June 2019 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

* Delete if not applicable

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AFFIX
STAMP

The Company Secretary

GABUNGAN AQRS BERHAD (912527-A)

G-58-1, Blok G
Jalan Teknologi 3/9
Bistari 'De' Kota
Kota Damansara, PJU 5
47810 Petaling Jaya
Selangor Malaysia

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