



ACCELERATED
TRANSFORMATION

ANNUAL REPORT 2017



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Form of Proxy

An architectural rendering of a large, modern transit hub or airport terminal at night. The building features a long, low profile with a glass facade and a prominent, illuminated, curved roof structure. A multi-level transit system is integrated into the design, with a train visible on an elevated track. The ground level is a busy plaza with a yellow double-decker bus, a white bus, and several cars. Pedestrians are shown walking on the sidewalks. In the background, a city skyline is visible, including a mosque with a large dome and minarets. The sky is dark with some clouds.

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.



Note:-

- | | |
|---|---|
| <p>1. Light Rail Transit 3
Our largest construction job to-date</p> <p>2. Pusat Pentadbiran Sultan Ahmad Shah (PPSAS)
Purpose-built iconic building</p> | <p>3. Sungai Besi - Ulu Kelang Elevated Expressway
Our highway construction job</p> <p>4. One Jesselton Waterfront, Kota Kinabalu
Our flagship property development</p> |
|---|---|

Our Story

OUR VISION

Gabungan AQRS Berhad (“GBG”) is 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.

OUR 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 Values



Our Regional Office in Kota SAS, Kuantan

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 of 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 organisation would continuously move the Group to achieve better standards in quality and to deliver extraordinary products on time and within budget.

Innovativeness

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

Corporate Profile

In 2012, Gabungan AQRS Berhad 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: Motibina Sdn Bhd (“Motibina”), Gabungan Strategik Sdn Bhd (“Gabungan Strategik”) and Pembinaan Megah Ikhlas Sdn Bhd, as well as AQRS The Building Company Sdn Bhd (“AQRS”), 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, Gabungan Strategik Sdn Bhd 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, AQRS The Building Company Sdn Bhd 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

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-WA

Stock Code : 5226 5226WA

SECRETARIES

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. : 03 2084 9000

Facsimile no. : 03 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 8870

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 8870

Facsimile no. : 603 6141 8871

e-mail : enquiries@gbg.com.my

Website : www.gbg.com.my

AUDITORS

BDO (AF 0206)

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

United Overseas Bank (Malaysia) Bhd

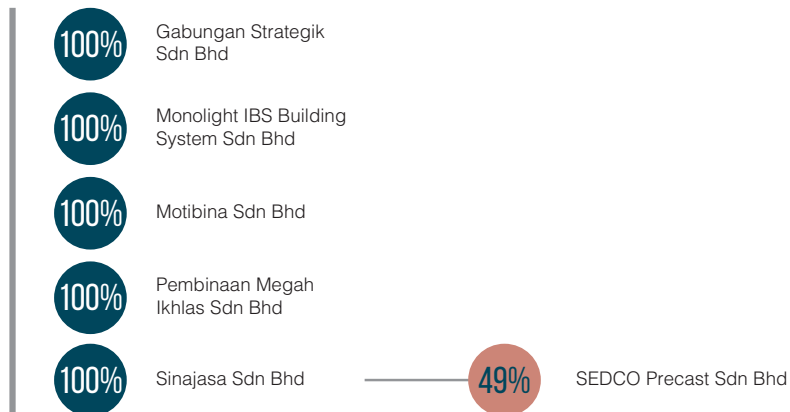
AmBank (M) Berhad

AFFIN Bank Berhad

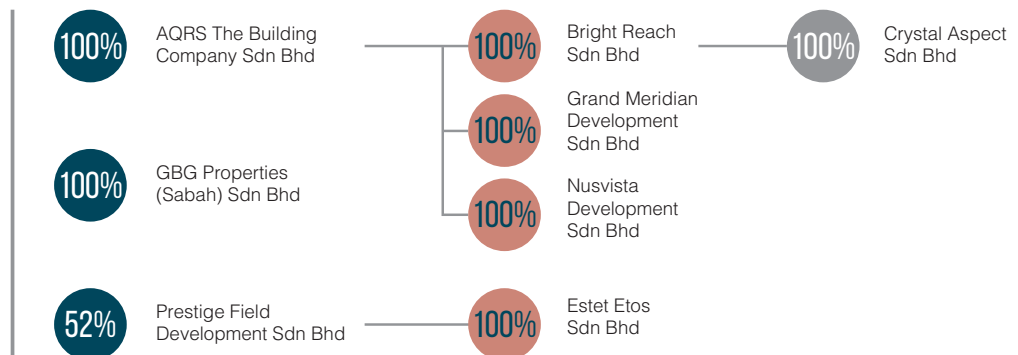
Maybank Islamic Berhad

GROUP CORPORATE STRUCTURE

CONSTRUCTION



PROPERTY DEVELOPMENT



OTHERS



Financial Highlights

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

	2017	2016
REVENUE	469,468	330,058
PROFIT BEFORE TAX	81,220	43,650
EBITDA	106,234	72,902
NET PROFIT Attributable to Equity Holders	48,035	22,631

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

Total Non-Current Assets	140,372	148,778
Total Current Assets	987,086	828,244
Total Assets	1,127,458	977,022
Share Capital	267,081	97,730
Reserves	199,615	246,001
Shareholder's Equity	466,696	343,731
Non-controlling interests	8,454	6,893
Total Equity	471,150	350,624
Total Non-Current Liabilities	29,556	75,458
Total Current Liabilities	622,752	550,940
Total Equity and Liabilities	1,127,458	977,022

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

Operating Profit Before Working Capital Changes	109,769	72,250
Net Cash Flows From Operating Activities	149,333	29,594
Net Cash Flows (Used In)/From Investing Activities	(10,429)	3,642
Net Cash Flows Used In Financing Activities	(119,183)	(6,810)
Net Increase in Cash and Cash Equivalents	19,721	26,426
Cash and Cash Equivalents at Beginning of Year	(38,384)	(64,810)
Cash and Cash Equivalents at End of Year	(18,663)	(38,384)

FINANCIAL ANALYSIS

EBITDA Margin	22.63%	22.09%
Profit Before Tax Margin	17.30%	13.22%
Net Profit Margin	10.23%	6.86%
Free Cash Flow (RM'000)	148,032	28,132
Returns on Average Shareholders Equity (ROE)	11.9%	6.8%
Returns on Average Total Assets (ROA)	4.6%	2.3%
Earnings Per Share (sen)*	11.74	5.80
Net Dividends Per Share (sen)	2.00	- n/a -
Payout Ratio	18.5%	- n/a -
Cash and Bank Balances (RM'000)	136,391	32,932
Total Borrowings (RM'000)	188,160	268,415
Net Gearing (x)	0.10	0.40

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.

Management Discussion & Analysis



Dato' Azizan bin Jaafar
Group Chief Executive Officer

BUSINESS OVERVIEW

The Group is principally engaged in construction and property development activities within Malaysia. The construction division, a key contributor to revenue and operating income, specialises in the construction infrastructure, residential and commercial buildings, as well as purpose-built buildings. Notable jobs the Group has undertaken or are currently undertaking include the Klang Valley Mass Rapid Transit Line 1, Sungai Besi – Ulu Kelang (SUK) Highway, Light Rail Transit 3 (LRT3) and Pusat Pentadbiran Sultan Ahmad Shah, the new Pahang State Government and State Assembly Complex. Meanwhile, the property development division is involved in the development of residential and commercial properties, as well as mixed development projects. In addition to that, the Group is also building a sustainable stream of recurring income, which began with the Petronas Basecamp in Sipitang and in the future, commercial properties in One Jesselton Waterfront.

We aim to build great infrastructure and properties via 4 key strategies. Firstly, by challenging existing conventions in design, building, quality, craft and value; secondly, by inculcating a learning organisation to drive innovation; thirdly, by cultivating a collaborative network of industry partners and thought leaders to create extraordinary products; and finally, establishing a performance-driven culture, emphasizing pride in work well done, inclusiveness, diversity and reward to attract the industry's best and brightest talents.

A REBORN GBG

In April 2016, the Group embarked on a massive restructuring exercise, spearheaded by the Group CEO, Dato' Azizan Jaafar. When the transformation plan was initiated, the Group identified several key areas that required much needed improvements. These were: a) mounting debt levels, b) a dwindling construction order book and c) a high operating cost base against revenue, signalling inefficiencies within the Group's operations.

Firstly, to tackle the mounting debt levels, the Group embarked on an asset monetisation strategy. We identified several non-core assets that could be monetised, which amongst others, include 3 parcels of lands in Selangor. Disposals of non-core landbanks resulted in the Group raising net cash proceeds of about RM58.0 million, of which RM25.6 million was received in FYE 2017. As a result, our net gearing level has been reduced to 0.11x as at FYE 2017, compared to 0.69x in FYE 2016.

Nevertheless, we still plan to be in the property development business, and as such, we continued on our development plans for 2 parcels of land under joint-venture agreements with the respective landowners. The property developments that we wish to still partake in include our ongoing development in Johor Bahru, dubbed The Peak and a mixed development in Kota Kinabalu. We foresee our Kota Kinabalu development, One Jesselton Waterfront, to be our flagship development with the potential to contribute a sizeable chunk of recurring income from the mall and hotel operations in the future.

A dwindling construction order book was a concern to the Group. Henceforth, upon the entry of Dato' Azizan Jaafar as our Group CEO, we revamped our contract procurement strategy which resulted to a major turnaround in our order book, which focused on large, top quality orders which are of national interest. As such, in 2016 and 2017, we managed to boost our construction order book by RM1.5 billion and RM1.3 billion respectively. A new milestone was also achieved in 2017, having secured our largest job to date worth RM1.13 billion from Prasarana Malaysia Berhad to construct and complete package GS04 of the Light Rail Transit 3 (LRT3). To compare, prior to the appointment of Dato' Azizan as the Group CEO, our total contract wins over 3 years was RM350 million vis-à-vis RM1.5 billion and RM1.3 billion that were clinched in FYE 2016 and FYE 2017 respectively.

Our high operating cost base was also a key reason on the need for The Group to be restructured. Our overhead costs as a percentage of revenue, a measure of operating efficiency, went to a high of 22.8% in FYE 2015. However, this ratio has seen a gradual drop to 16% and 14% in FYE 2016 and FYE 2017 respectively. This was executed by reducing the number of inefficient employees while boosting productivity and improving our internal management processes and implementing stringent cost controls.



We completed and delivered our portion of the Sungai-Buloh-Kajang MRT Line in 2016.

We are set to handover The Peak in 2018.



A successful organisation relies on the performance of one of its key assets – employees. Under the leadership of Dato' Azizan, we formed "TEAM GBG". Under "TEAM GBG", we explored new frontiers within the construction and property development industry, streamlined internal management process in a bid to improve efficiency. So far, we have been successful on this front, clearly evidenced by our financial numbers and efficiency ratios. Aside that, we also expanded "TEAM GBG" by bringing in new talents from various fields and backgrounds, to ensure our core divisions are being handled by industry experts. We also instilled a professional organisation working culture within the Group to build a resource of employees that are highly committed, rightly experienced and loyal, enabling us to deliver quality projects and in time.

We were constantly supported by our stakeholders during our transformation period in spite of the uncertain success when it was first initiated. The Group remains grateful for the patience, hard work and dedication demonstrated by our employees and business partners, including our subcontractors.

On the risk management side, we set in place a stringent set of risk mitigating policies. This is to ensure amongst others, claims submissions were settled on time. Aside that, to further improve our corporate governance, we moved to appoint more independent directors to the board, to ensure interests of both shareholders and stakeholders are protected.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Revenue

The Group recorded a total revenue of RM469.5 million for the FYE 2017, an increase of 42.2% or RM139.4 million, compared to RM330.1 million in the previous year. The improved performance stems from higher contributions from new and completed construction projects in 2017, coupled with sales from property development and land bank.

The construction division contributed RM365.7 million or 78% of the Group's revenue in FYE 2017, a RM146.2 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 Elevated (Suke) Highway, Pusat Pentadbiran Sultan Ahmad Shah (PPSAS) and Light Rail Transit 3 (LRT3) projects.

The property development division contributed RM92.4 million or 20% of the Group's revenue in FYE 2017. Key drivers to revenue were land sales.

Profitability

In FYE 2017, the Group reported a profit after tax of RM49.6 million compared to RM28.3 million reported in FYE 2016, which represents a 75.4% year-on-year growth. The significant turnaround was driven by higher recognition of revenue from our construction division. In addition to the higher work progress, the improvement in earnings is also attributed to a success of the Group's transformation plans, which focused on reducing finance costs as well as improving cost efficiencies within the Group via more strategic placement of resources.

The Group reported gross profit of RM143.8 million in FYE 2017, a 64.1% year-on-year rise compared to RM87.6 million in FYE 2016, mainly driven by a robust construction division. The significant contributions for the construction division came from the progressive stages of construction for the Sungai Besi – Ulu Kelang Elevated (Suke) Highway, Pusat Pentadbiran Sultan Ahmad Shah (PPSAS) and Light Rail Transit 3 (LRT3) projects. In addition, the Group also recognized a RM47.08 million variation order for its already-completed Klang Valley Mass Rapid Transit Line 1 (MRT1) project.

Function room at The Peak.

**Financial Position and Liquidity**

As at FYE 2017, our total borrowings stood at RM188.2 million, a 30% or RM80.3 million drop compared to FYE 2016. This has resulted in our net gearing level to reach 0.11x, surpassing our pre-listing net gearing level of 0.14x. In comparison, our net gearing as at FYE 2016 stood at 0.69x. As a result in the reduction in borrowings, our interest cost has been slashed by 17% year-on-year to RM12.6 million for FYE 2017, compared to the RM15.2 million reported in FYE 2016. Going forward, we would strive to further improve our net gearing ratio.

To reduce our borrowings, in 2016, we identified several non-core assets that could be monetised. As a result, we disposed off, among other assets, 3 parcels of lands in various parts of Selangor. As a result, we managed to raise net cash proceeds of about RM58.0 million, of which RM25.6 million has been received in 2017, while the remaining RM32.4 million is expected to be received this year. Though there was revampment in its property landbank, the Group still kept properties that would be high-yielding, which include 2 parcels of land under joint-venture agreements with the respective landowners. The property developments that we wish to still partake in include our ongoing development in Johor Bahru, dubbed The Peak and a mixed development in Kota Kinabalu named One Jesselton Waterfront.

Market capitalisation was RM870.3 million, based on a closing price of RM1.93 per share as at 31 December 2017. Equity attributable to owners of the parent company was RM463.17 million as at 31 December 2017 with net assets per share of RM1.03.

Year	Share Price (RM)		Market 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

The Group recorded lower negative cash and cash equivalents of RM18.7 million, an improvement from the corresponding negative figure of RM38.4 million in FYE 2016, mainly attributed to net cash generated from operating activities of RM163.8 million. The cash and bank balances increased to RM11.2 million in FYE 2017 from RM2.4 million in FYE 2016, while fixed deposits with licensed banks increased to RM39.1 million in FYE 2017 from RM29.6 million in FYE 2016. The cash and bank balance position will further improve in future with the expected inflow of RM32.4 million from the sale of land which is expected to be received in 2018.

Dividend

As part of the successful transformation exercise, the Group has recommenced its payment of dividends. The quantum of dividends is determined after taking into account, inter alia, the level of available funds, the amount of retained earnings, capital expenditure commitments and other investment planning requirements.

For FYE 2017, the Group declared total dividends of 2.0 sen per share, which comprises of an interim dividend of 0.5 sen per share and a special dividend of 1.5 sen per share, paid on 21 December 2017. In FYE 2016, the group did not undertake any dividend payments.

OPERATIONS REVIEW

Construction

As at 31 December 2017, the Group's outstanding construction order book stood at RM2.8 billion, which would easily sustain our earnings momentum till the year 2020. During the Financial Year 2017, the Group managed to clinch in two new jobs, including its largest contract to-date worth RM1.13 billion, which

involves the construction of guideways, stations, park and ride facilities for the Light Rail Transit 3 (LRT3) project and a RM189.2 million contract to build 1,004 homes in Kota SAS, Kuantan.

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 building works in Kota SAS.

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 RM627.9 million. The project commenced on 29 August 2016 and is scheduled to be completed in 2019. The project is currently at 17% stage of completion.



Our RM627.9 million Package CA3 is currently 17% completed.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Pusat Pentadbiran Sultan Ahmad Shah, Kota SAS ("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 Kuala 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 quarter of 2020. Currently, the project is at 46% stage of completion.



Construction of Pusat Pentadbiran Sultan Ahmad Shah in Kota SAS is at 46%.

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 is currently 14% completed.



Earthworks has completed for PR1MA Gambang. Project is 14% completed.

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. Currently, the project is at 4% stage of completion.



Bored piling works for LRT3 have commenced with project 4% completed.

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 Kota SAS Kuantan worth RM189.2 million. We expect construction for the homes to begin in 4Q18.

The Peak, Iskandar Malaysia

The Peak, constituting of serviced apartments within Flagship A of Iskandar Malaysia, Johor Bahru, is one of the Group's projects with a project value of RM251.99 million. We expect this project to complete by June 2018.

One Jesselton Waterfront, Kota Kinabalu

This mixed development project, located at the new Kota Kinabalu waterfront, is now one of the most prime areas of land in Sabah. The project has an estimated net sales value (NSV) of RM1.8 billion is expected to kickstart at the end of 2018.

In line with the Group's entry to Sabah, the Group has, through its wholly-owned subsidiary Sinajasa Sdn Bhd, undertook a joint-venture with the Sabah Economic Development Corporation and holds 49% in SEDCO Precast 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. Given our strong partner in this joint-venture, we are optimistic on the chances of SEDCO Precast to be a key supplier of precast manufactured products for the Sabah Pan Borneo Highway.

Property Development

In FYE 2017, the property development division reported revenue of RM92.4 million, a 9.5% decline compared to FYE 2016. The decline in revenue is mainly due to lower land sales that were recorded in FYE 2017 and fewer ongoing property developments. Presently, we are in the midst of completing a development in Johor Bahru dubbed The Peak and would commence our iconic One Jesselton Waterfront development in Kota Kinabalu this year. As at 31 December 2017, our unbilled sales of sold units amounts to approximately RM122.1 million, while our unsold property units valued at RM590.8 million.



Installation of Aluminum Frames & Window are underway. Handovers to owners are expected in 2018.

The Peak, Johor Bahru

The Peak is a high-rise property development in Johor Bahru. As at 31 December 2017, the development has achieved a take-up rate of about 30%. However, the Group plans to restart its marketing efforts closer to the completion of the development as it believes demand for properties in Johor Bahru would start to pick-up post the recent signing of bilateral agreement between Malaysia and Singapore for the development of the Johor Bahru – Singapore Rapid Transit System (RTS).

The Avenue, Kinrara Uptown

The Avenue in Kinrara Uptown, Phase I is situated in Lestari Perdana, Puchong, Selangor. The project comprises 2-storey and 4-storey shop units serving the local neighbourhood and was launched in late 2014 with a GDV of RM225.1 million. To date, there is only a balance of 4 units unsold.

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, 33 units have been sold.

One Jesselton Waterfront, Kota Kinabalu

A joint-venture with Suria Capital Holdings Berhad, One Jesselton Waterfront is located on 7 acres of prime waterfront real estate in Kota Kinabalu, Sabah and carries a minimum of RM1.8 billion in net sales value (NSV). This mixed development project will feature a shopping mall, corporate offices, serviced suites and apartments, condominiums, as well as car park facilities and a ferry ticketing office. Physical works for the project is expected to commence in 4Q18.

Key development components of One Jesselton Waterfront.



One Jesselton Waterfront is strategically connected between the ferry and international cruise terminal.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Business Operations

The Group constantly strives to improve operational efficiency through a review of business strategies for each reporting division. The continuous effort has yielded favourable results. Our overhead costs as a percentage of revenue, a measure of operating efficiency, went to a high of 22.8% in 2015. However, this ratio has seen a gradual drop to 16% and 14% in FYE 2016 and FY2017 respectively. 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 2017 we reduced by 17.2% to RM12.6 million, due to a significant drop in borrowings. Also, from the balance land sale proceeds amounting to RM32.4 million, we expect our financing costs to continue trending down. Looking ahead, we expect further improvement in our gearing.

RISK EXPOSURES

Financial Risk

Interest rate fluctuations would affect Group earnings, given that our borrowings and the payment of interest are dependent on prevailing interest rates. In addition, certain restrictive covenants in credit facility agreements entered by the Group with banks and financial institutions may limit our operating and financial flexibility. Any breach of such covenants may give rise to the financiers' right to terminate the credit facility and/or enforce any security granted in relation to the particular credit facility.

We currently enjoy good credit standing and have adequate credit facilities for operations. Our Management also closely monitors Group compliance with all covenants and takes precautions necessary to prevent any breaches.

Supply and Cost of Raw Materials

The main raw materials used in Group operations such as steel bars, ready-mixed concrete, timber and building materials are sourced within Malaysia. However, any future shortage of raw materials or an increase in their respective costs would create an adverse impact on our cost of goods sold. We have not, to date, encountered a shortage of main raw materials nor difficulties in procuring these goods at competitive prices since these raw materials are sourced from a varied base of suppliers; hence there is no over-dependence on any single supplier.

Dependence on Supply of Foreign Workers

The Group does not directly employ foreign workers, but our sub-contractors do. As such, our business operations are indirectly dependent on foreign workers due to the shortage of local workers in the construction industry. In the event there are Government restrictions imposed on the number of foreign workers allowed to be employed for a project, the completion of our construction or property development projects may be delayed, resulting in an increase in overheads which may adversely affect our Group's financial performance.

Moving forward, we anticipate the higher use of IBS components in our projects, thus reducing manpower requirements per project and consequently reduce the need for hiring foreign workers by our sub-contractors.

Cost Overruns

Additional costs arising from unforeseen circumstances not factored into the contract value or selling price of properties such as adverse soil conditions, unexpected construction constraints at work site, fluctuations in price of raw materials, and increase in pricing of sub-contractor services may lead to cost overruns which would have to be absorbed by the Group. Since none of our sale and purchase agreements for property transactions allow for subsequent adjustment to the selling price, cost overruns will adversely affect the project's profit margin and in turn, Group profitability.

We adhere to detailed planning and budgeting prior to tendering for construction projects and commencement of property development projects to mitigate the risk of cost overruns. In addition, wider acceptance of IBS components by customers will reduce the number of construction workers required, minimize wastage, shorten the construction period, and decrease labour costs.

Government Regulations and Controls

The operations of our construction division are subject to the terms of the licences awarded by CIDB, which sets out the types and nature of activities that a construction company in Malaysia can undertake. Any breach of terms of these licences will result in substantial fines and criminal prosecution, permit revocation, cessation of or restriction in operations, and remedial work to be undertaken.

Likewise, the property development division is subject to various state and federal government regulations and laws and local authorities' policies affecting the issuance of land titles, development planning, design and construction, payment of premium, and limit on ownership of properties by foreigners. Changes to existing regulations and laws, or the introduction of new policies in the future may require the Group to incur additional costs or affect its financial position.

GROUP OUTLOOK

The Group anticipates a better performance in FYE 2018 as the construction progress for its ongoing construction jobs picks up pace with the potential of an expanding order book. We also expect a turnaround in the property development division as we plan to increase our marketing efforts for The Peak and also begin launching our flagship One Jesselton Waterfront development in Kota Kinabalu, Sabah.

Construction division

Looking ahead, the Group envisions increasing its construction order book by a further RM1.5 billion by first half of the Financial Year 2018 which will continue to positively contribute to the Group's revenue and profit sustainability up to year 2021.

The Group is optimistic on its chances to secure a portion of the civil and structure works in relation to the East Coast Rail Line (ECRL), given its active presence and cordial relationship with the state Government of Pahang. Its strong presence in Pahang is evidenced by its to date of over RM974.4 million worth of Pahang-State related infrastructure and building jobs secured.

With our strong presence in Sabah, the Group is optimistic that it could secure part of the construction work packages for the Pan Borneo Highway Sabah. Due to our strong working relationship, we have partnered with one of Sabah State's company, Suria Capital Holdings Berhad to jointly bid for construction contracts for the Pan Borneo Highway Sabah. As announced by the Borneo Highway Project Delivery Partner Sdn Bhd (BHP), Phase 1 of the Pan Borneo Highway Sabah would stretch 706 km and costs RM12.86 billion. The Highway is scheduled to be fully completed by the end of 2021.

We also look forward to secure more construction jobs in Kota SAS. Presently, we are undertaking two key jobs in Kota SAS which are: a) the construction of the new Pahang State Assembly Complex (PPSAS) and b) a contract to design and build 1,004 units of landed homes together with its infrastructure. Going forward, we continue to be optimistic to secure more infrastructure and building jobs in Kota SAS, which are mostly government related buildings.

Property development division

Our property development division would continue to focus on achieving new milestones for our flagship development, One Jesselton Waterfront in Kota Kinabalu as well as to complete our Johor Bahru development, The Peak. As at 31 December 2017, our unbilled sales of sold units amounts to approximately RM122.1 million, while our unsold property units valued at RM590.8 million.

The One Jesselton Waterfront is expected to generate RM1.8 billion in Net Sales Value (NSV) for the Group. In addition, our construction and pre-cast concrete manufacturing arm would also benefit given the significant value of construction work that is required to complete the development. We also expect positive forthcoming developments from our potential future partner, Tera Capital Ltd, a company based in Singapore, which has expressed interest via a Memorandum of Understanding to jointly develop One Jesselton Waterfront.

Overall, from year 2018 onwards, the Group is poised for significant growth stemming from its key divisions which are construction and property development. We believe our strong presence in both the Pahang and Sabah States will be the key anchor to propel us for further growth.

Business Environment

In its annual report, Bank Negara is expecting Malaysia's economy to grow at a firm pace of between 5.5% and 6% in 2018, versus 5.9% in 2017, with domestic demand remaining the anchor for growth.

The private sector expenditure will remain the key driver of growth, underpinned mainly by continued growth in wages and employment, business optimism and favourable demand. Bank Negara expects the private consumption growth to be sustained at 7.2% in 2018. The key factors that will support consumption spending during the year include continued growth in employment and income, lower inflation, and improving sentiments.

In 2018, labour market conditions are expected to remain favourable and supportive of growth. This is underpinned by continued strong economic activity and improving hiring sentiments. Employment is expected to remain expansionary, and job growth will be sufficiently robust to absorb new entrants into the labour force. Hence, unemployment rate is expected to be relatively unchanged at between 3.2% - 3.5% (2017 unemployment rate at 3.4%).

Construction

During the Budget 2018 announcement, the Government indicated that the construction sector would continue to be a key focus. It plans to further improve the public transport system in Malaysia, mostly focusing on the rail system. In 2018, several significant events to the construction sector is expected to take place, particularly in terms of job awards. Key jobs that are expected to be rolled out include the East Coast Rail Line (ECRL), the Sabah Pan Borneo Highway, Mass Rapid Transit Line 3 (MRT3) and the KL – Singapore High Speed Rail (HSR). These mega projects are expected to further propel the already robust growth within the construction sector. We are optimistic that construction order book growth for our construction division to be promising.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

PROPERTY DEVELOPMENT

Our ongoing and future property developments are located in Johor Bahru, Kota Kinabalu and Selangor.

Johor Bahru

We anticipate a positive property market outlook for Johor Market 2018 onwards. One of the significant catalyst that will spur up the market is the bilateral agreement between Malaysia and Singapore for the construction of Johor Bahru-Singapore Rapid Transit System (RTS) which was signed in Jan 2018. Upon completion in 2024, the RTS will provide seamless public transportation from Johor Bahru Bukit Chagar Station to Singapore Woodlands North Station with capacity of 10,000 passengers each direction every hour. To complement the RTS, BRT system with station right in front of The Peak development will connect The Peak to RTS Bukit Chagar Station with estimated travelling time of 15 minutes only, providing Peak residents hassle free integrated public transportation to Singapore. The BRT which is scheduled to complete in 2021 will also connect to the HSR station with estimated travelling time of 25 minutes from The Peak. Apart from that, Eastern Dispersal Link (EDL), which passes in front of The Peak and connects to JB City Centre and RTS is already toll free effective 1 Jan 2018, saving the average motorist RM16.50 per roundtrip. With the seamless public transportation systems (BRT, RTS and HSR) integration in place and major highways within door steps, The Peak, which is strategically located will be a well sought after property.

Kota Kinabalu

Kota Kinabalu is increasingly gaining popularity to be a prominent destination in Asia. Tourist arrivals has increased from 2.87 million in 2012 to 3.68 million in 2017. According to UKAS' projections, tourist arrivals to Kota Kinabalu is expected to hit 9 million by year 2020. With the government the government's implementation of the Pan Borneo Highway Sabah and other infrastructures, Kota Kinabalu will emerge as a more prominent hub for East Malaysia and Asia region.

One Jesselton Waterfront at Jesselton Waterfront City, accredited as a Tourism Oriented Development (TOD) and a Transport Oriented Development (TOD), is a destination within a destination. One Jesselton Waterfront is sandwiched between JP Ferry Terminal and International Cruise Terminal. Also, with the proposed BRT station which is 400 meters away and the Sabah International Convention Centre (SICC), which is 800 meters away, One Jesselton Waterfront is strategically located at the epicentre of Jesselton Waterfront City and will be the jewel of the crown.

Selangor

Selangor housing industry is looking forward to an exciting 2018 as the public has become more vocal in expressing their needs for affordable housing in the price range of RM250,000 to RM500,000.

This is in line with Bank Negara Malaysia 2017 annual report "The Living Wage: Beyond Making Ends Meet" that stated provisional estimates of a living wage in Klang Valley from RM2,700 per month for single adult and RM6,500 per month for couple with two children. Median income in Kuala Lumpur being RM9,073 per month. The provisional estimates of living wage translate into affordability of housing loan with monthly repayment between RM1,500 to RM2,500.

CBRE 2018 Real Estate Market Outlook stated that residential units with good transportation connectivity poised to be properties that will be well sought after in the market.

Flanked by Elite Highway, SKVE, LDP, Mex Highway and Lingkaran Putrajaya, E'Island is located in the hustle city of Puchong, Selangor. It is a direct lake front development over 19 acres with 1,140 units over 4 blocks of condominiums with direct access to LDP, Elite and SKVE. The development is 15minutes to Bandar Puteri Puchong and 20minutes to Cyberjaya and Putrajaya, with 9 shopping malls and hypermarkets and 7 higher education centers within 10km radius.

E'Island is a product created to meet the market demand with affordable price range of RM280,000 to RM495,000 but however with condominium living facilities. The development comes with lakefront play pool with slides, lakefront gymnasium, lakefront boardwalk/jogging and cycling track, indoor badminton courts, indoor futsal court, indoor basketball court, kindergarden and nursery, convenient stores and many more. It is also equipped with state of the art smart phone bluetooth access control and carpark storage area. All four blocks are designed with dedicated high ceiling main lobbies with covered drop-off. There are also 32 special garden units with private gardens and direct access to sheltered carpark in front of the units at ground floor. E'Island is scheduled to be soft launched in 4Q18 with anticipation of overwhelming response from the market.

E' Island Residence.



MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

OTHERS

SEDCO Precast

We pride ourselves to be a 49% shareholder of one of the largest pre-cast component manufacturer in Sabah, SEDCO Precast Sdn Bhd. SEDCO Precast Sdn Bhd operates on an 18.67-acre parcel of land in Tuaran, 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.

SEDCO Precast Batching Plant in Tuaran, Sabah.



Petronas Basecamp in Sipitang, Sabah

Part of the Group's strategy is to expand its recurring income base. In line with the strategy, we entered into a 5+5 years 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.

With the finalisation of the proposed fertiliser producing plant at the Sipitang Oil & Gas Industrial Park (SOGIP) Phase 1 by chemical giant, EuroChem Group and construction and technology firm Maire Tecnimont SpA, the Group could be the potential beneficiary with the opportunity to expand the accommodation facilities for the aforesaid plant.

EuroChem, one of the world leading fertiliser companies is combining strength with Maire Tecnimont SpA of Italy, an international engineering and construction specialist to bring this project to fruition.

Aerial View of the Petronas Basecamp in Sipitang.



OUTSTANDING OPULENCE



Note:-

1. One Jesselton Waterfront, Kota Kinabalu.

2. E' Island Residence, Selangor.

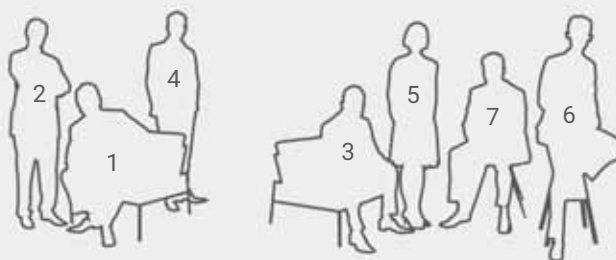
3. The Peak, Johor Bahru.



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

Board of Directors





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 CHEOON**
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



Board of directors' profile

Y.M. TUNKU ALIZAN BIN RAJA MUHAMMAD ALIAS

Independent Non-Executive Director and Chairman

Malaysian, Male, Aged 51

Y.M. Tunku Alizan bin Raja Muhammad Alias was appointed as Chairman of the Board on 17 March 2017. He is also a member of the Risk Management Committee of the Company.

Y.M. Tunku Alizan holds an LLM from the University of Bristol and LLB (Honours) from the University of Malaya.

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-seven (27) years of post-qualification, specialising in the areas of Corporate and Construction Law.

Y.M. Tunku Alizan also holds directorships in KUB Malaysia Berhad and various other private limited companies. His interest in the securities of the Company is as disclosed on page 158 of this Annual Report.



DATUK KAMARUDIN BIN MD. ALI**Senior Independent Non-Executive Director**

Malaysian, Male, Aged 67

Datuk Kamarudin Bin Md. Ali was appointed as Chairman of the Board on 6 July 2011 and was subsequently redesignated as the Senior Independent Non-Executive Director on 17 March 2017. He is also the Chairman of the Remuneration Committee as well as a member of the Audit Committee, Nomination Committee and Risk Management Committee of the Company.

Datuk Kamarudin graduated from the Technical College Kuala Lumpur in 1973 with a Diploma in Engineering. In 1976, he obtained his Bachelor of Science Degree in Mechanical Engineering from The University of Strathclyde, Glasgow, United Kingdom and in 1980, he successfully obtained a Masters of Science in Engineering from the University of Birmingham, United Kingdom. He was selected to attend a course on Finance and Budgeting at the University of Pittsburgh, United States of America in 1990. In 2001, he was also selected to attend a post graduate course at the prestigious Royal College of Defence Studies, United Kingdom.

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.

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



BOARD OF DIRECTORS' PROFILE (CONT'D)

DATO' AZIZAN BIN JAAFAR**Executive Director and Group Chief Executive Officer**

Malaysian, Male, Aged 50

Dato' Azizan bin Jaafar was appointed to the Board as an Independent Non-Executive Director on 6 July 2011. He was subsequently redesignated to an Executive Director on 2 November 2012 and appointed as the Chief Executive Officer on 25 April 2016. On 1 January 2017, Dato' Azizan was promoted as the Group Chief Executive Officer. Dato' Azizan is also a member of the Risk Management Committee of the Company.

Dato' Azizan graduated from the University of Salford, United Kingdom in 1992 with a Bachelor of Science in Quantity Surveying. He has more than 25 years of experience in the construction industry and 8 years in property industry.

Dato' Azizan 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.

At present, Dato' Azizan is a director of most of our subsidiaries and holds several other directorships in a number of private limited companies. His interests in the securities of the Company are as disclosed on pages 158 and 160 of this Annual Report.



DATO' OW CHEE CHEON**Executive Director and Group Deputy Chief Executive Officer**

Malaysian, Male, Aged 57

Dato' Ow Chee Cheon was appointed to the Board on 6 July 2011 and became the Deputy Chief Executive Officer on 25 April 2016. He was subsequently redesignated as the Group Deputy Chief Executive Officer on 1 January 2017. Dato' Ow is responsible for overseeing the property development activities of the Group. He is a member of the Risk Management Committee of the Company.

Dato' Ow has more than 26 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 graduated from Monash University, Australia in 1986 with a Bachelor of Engineering degree.

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, Boulderstone 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.

He is currently a director of most of our subsidiaries and holds several other directorships in a number of private limited companies. He is also 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 page 158 of this Annual Report.



BOARD OF DIRECTORS' PROFILE (CONT'D)

OW YIN YEE**Executive Director and Group Chief Financial Officer**

Malaysian, Female, Aged 50

Ms Ow Yin Yee, the Chief Financial Officer of the Group, joined the Board as an Executive Director on 12 October 2017. She was officially redesignated as the Group Chief Financial Officer on 28 December 2017.

Ms Ow is a Certified Practising Accountant with Certified Public Accountant (CPA) Australia since 1994 and also a member of Malaysia Institute of Accountants since 2001. She graduated with a Bachelor Degree in Economics (Majoring in Accounting and Finance) from Monash University, Melbourne, Australia in 1990.

Ms Ow has 27 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 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 finally joined Sunway Shared Service Centre Sdn Bhd in year 2004 as the Senior Manager of Finance. She was later promoted to Assistant General Manager of Finance in Sunway Share Service 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 of Finance in year 2014. She was redesignated to Group Financial Controller of the Company in year 2016.

She is currently a director in some of our subsidiaries. She is the sister of Dato' Ow Chee Cheoon, the Group Deputy Chief Executive Officer of the Company. Her interests in the securities of the Company are as disclosed on page 158 of this Annual Report.



LOO CHOO HONG**Independent Non-Executive Director**

Malaysian, Male, Aged 44

Mr Loo Choo Hong was appointed to the Board on 6 July 2011. He is the Chairman of the Audit Committee and member of both the Nomination Committee and Remuneration Committee of the Company.

He was admitted as a member of the ACCA in 1998, and is currently a Fellow member of the accountancy body. He is also a member of the MIA and an associate member of the Institute of Internal Audit since 2001 and 2005 respectively.

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, and he is currently the tax director of ASQ Tax Services Sdn. Bhd. and Principal of C.H. Loo & Co.

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.



BOARD OF DIRECTORS' PROFILE (CONT'D)

MUK SAI TAT**Independent Non-Executive Director**

Malaysian, Male, Aged 54

Mr Muk Sai Tat came on board on 2 November 2012. He is the Chairman of the Risk Management Committee and Nomination Committee. Mr Muk is also a member of the Audit Committee and Remuneration Committee of the Company.

Mr Muk holds a Masters of Business Administration (General Management) from the University of Bath, United Kingdom. He is a Certified Public Accountant (CPA) and a member of the MIA.

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 an 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. In 2016, Mr Muk moved to Mahzan Sulaiman Consulting as a Partner.

At present, Mr Muk sits on the board of Melewar Industrial Group Berhad and Mycron Steel Berhad.

**Notes:**

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

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

KEY SENIOR MANAGEMENT'S PROFILE



IR. BAKRI BIN ISHAK

**Managing Director
Construction Division**
Malaysian, Male, Aged 57

Ir. Bakri bin Ishak holds a Bachelor Degree in Civil Engineering from University Malaya in 1985 and a postgraduate Master Degree in Civil and Environmental Engineering from Kumamoto University, Japan (1994).

Upon graduation in 1985, he 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 as an Operation Director on 2 April 2012 till now. He was then subsequently redesignated as the Chief Operating Officer of the Construction Division on 26 May 2016 and on 1 March 2018, he was promoted to Managing Director of Gabungan Strategik Sdn Bhd, our Group's Construction subsidiary.

Having about 32 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.

IR. TAI JIUNN HONG

**Managing Director
Property Division**
Malaysian, Male, Aged 40

Ir. Tai Jiunn Hong is the Board of Engineer (BEM) Registered Professional Engineer with Practising Certificate (PEPC) since year 2006 and is a member of REHDA Selangor Chapter, Malaysia. He joined Gabungan AQRS Berhad's Property Division in March 2015 as the Division Head and was redesignated as the Chief Operating Officer of the Property Division on 26 May 2016. On 1 March 2018, he was then promoted to Managing Director, Property Division.

Ir. Tai graduated from the University of Technology Malaysia with a Bachelor Degree in Civil Engineering (Honours) in 2001, majoring in Construction Management. He also holds a Master of Business Administration (Honours) from University of Malaya, majoring in Finance and Strategic Management (2005).

Ir. Tai has more than 17 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, Aged 49

Abd Razak bin Abd Manan holds a Bachelor Degree of Science in Civil Engineering from the University of Colorado at Denver USA and a Master of Science in Structural Engineering from University of Manchester Institute of Technology United Kingdom. In October 2017, he joined the Company and served as Senior Project Director. He was then appointed as the Executive Director, Operations on 1 March 2018.

He is an enthusiastic and dedicated professional with over 20 years of extensive experience in managing projects related to infrastructure and building works. He started his career with SIRIM. After 2 years of service, he joined Taisei Consortium for KLIA project before served as Senior Engineer in 1998 at Ahmad Zaki Sdn Bhd and was later promoted to the Project Director of the construction department. He also held a position as Project Director for both Dasa Sentosa Sdn Bhd for school projects and SMPP for MRT V1 project.

SI SO TIAN ANN**Executive Director****Contracts**

Malaysian, Male, Aged 49

Si So Tian Ann holds a Bachelor of Applied Science in Construction Management and Economics from Curtin University of Technology, Australia.

He joined the Group on 2 January 2015 as Assistant General Manager for Post Contracts Department and was then redesignated as Head of Pre & Post Contracts on 26 May 2016. On 1 March 2018, he was promoted as the Executive Director, Contracts.

He has about 25 years of experience in the construction industry and involved in various construction and development contracts. During his tenure with the Group, he spearheaded the team in the procurement and contracts management for the projects undertaken by the Group.



IR. SUDIRMAN BIN KAMAL

**Vice President
Technical**

Malaysian, Male, Aged 59

Ir. Sudirman bin Kamal holds a Bachelor Degree of Science in Civil and Structural Engineering from University of Aston, Birmingham. He is also member of the Board of Engineers (BEM), Professional Engineer with Practicing Certificate (PEPC) and Associate Asean Engineer (AAE). He joined the Company on 2 January 2013 as Operations Manager and subsequently on 1 March 2018, he was promoted to Vice President, Technical.

He had accumulated a total of 36 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 of Conrail 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 SMPP as Interfacing Manager handling MRT Line 1, Package V1 project in 1 September 2012.

SR. MUSTAFA BIN MOHD SAID

**Vice President
Contracts**

Malaysian, Male, Aged 39

Sr. Mustafa Bin Mohd Said is the Registered Quantity Surveyor of Board of Quantity Surveyors, Malaysia since 2017 and is a Member of The Royal Institution of Surveyors Malaysia. He holds a Bachelor Degree of Quantity Surveying from Universiti Teknologi Mara (UiTM) since June 2002. He joined the Company on 2 June 2015 as a Contract Services Manager and subsequently on 1 March 2018, he was appointed as Vice President, Contracts.

He has more than 15 years experience in various contracts especially in construction 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 2005 until 2009 where he was responsible for handling contracts and procurements for all Saudi projects. He was involved in overseeing the 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 SMPP as a Contracts Manager, where he was handling contracts and procurements for MRT Package V1 – Kota Damansara – Sungai Buloh.

THUM PENG YONG

**Vice President
Operations**

Malaysian, Male, Aged 55

Thum Peng Yong graduated in 1984 with a Bachelor Degree of Science in Civil and Structural Engineering from the University of Manchester Institute of Science and Technology (UMIST) United Kingdom.

He joined the Company on 15 November 2008 as an Operations Manager and was then promoted to Assistant General Manager, Operations on 1 June 2013, General Manager, Operations on 1 June 2014 and re-designated to Deputy Chief Operation Officer, Operations on 26 May 2016. On 1 March 2018, he was promoted to Vice President, Operations.

He has more than 32 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 infrastructure works including the recently completed MRT SBK Line - Package V1.

KEY SENIOR MANAGEMENT'S PROFILE (CONT'D)

**CHEW WEI SHIN**

**Vice President
Development**

Malaysian, Male, Aged 38

Chew Wei Shin holds a Bachelor Degree (Hons) in Civil Engineering from University of Technology, Malaysia.

He joined the Company on 15 July 2015 as Project Manager for Development and was promoted as Vice President, Development on 1 March 2018.

He has more than 15 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 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.

MUHAMMAD RIDHWAN BIN EFFENDY

**Vice President
Strategic Planning
& Investment (CEO's Office)**

Malaysian, Male, Aged 28

Muhammad Ridhwan bin Effendy graduated from Monash University in 2012 with a Bachelor of Commerce, majoring in Banking and Finance. He joined the Company on 2 April 2018 as Vice President of Strategic Planning & Investment under the CEO's Office and is involved in the company's planning and strategic investments.

He 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.

LAWRENCE GOH YIN HUAT

Deputy Group Financial Controller

Malaysian, Male, Aged 37

Lawrence Goh Yin Huat graduated in year 2001 with a Bachelor Degree of Arts in Accounting from the University of Hertfordshire, United Kingdom. He is also a chartered accountant by profession and was admitted as a member of the ACCA in 2007 and is currently a Fellow member of the accountancy body. He is also a member of the Malaysian Institute of Accountants.

He joined the Group as Finance Manager on 10 September 2012 and was later promoted to Senior Finance Manager on 1 September 2015. He was then promoted to Deputy Group Financial Controller effective from 1 March 2018.

Prior to joining the Group, he had worked in a public accounting firm for 10 years. He has extensive exposure in financial management with his working experience of over 15 years which covers the principal areas of auditing, accounting, and finance.

Notes:

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

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

SUSTAINABILITY STATEMENT

THE STATEMENT PROVIDES AN OVERVIEW OF THE COMPANY'S STRATEGIC APPROACH TOWARDS SUSTAINABILITY INITIATIVES BY EMBEDDING ECONOMIC, ENVIRONMENTAL AND SOCIAL ("EES") AS AN INTEGRATED BUSINESS AGENDA

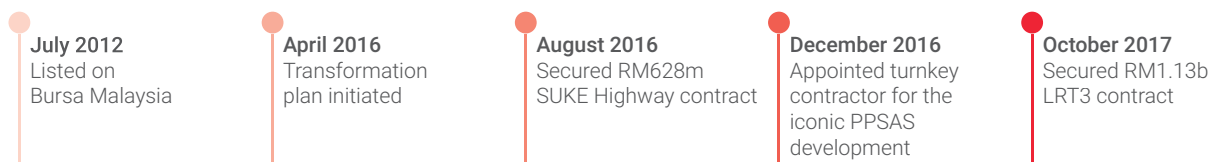
Sustainability Vision

Gabungan AQRS Berhad ("GBG") believes that with the growing positive momentum in the construction and development of large scale infrastructure activities, the Group can strive to deliver a better tomorrow. In resonance with its motivation "From Good to Better, Now going to be Great", GBG envision a world where infrastructure development and property projects are Built Great.

Our Sustainability Journey since inception

New Heights Of Excellence

The transformation plan initiated will ensure our business long-term sustainability and strategically position the Group to be a leading construction and development powerhouse in Malaysia



Governance Structure

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.

Board of Directors

- Oversee sustainability performance
- Approve sustainability initiatives and budget
- Setting the tone in overall ownership of the Group's sustainability agenda

Sustainability and Management Team

- Monitor and action on related risk and report on progress
- Monitor, align and facilitate adherence to the sustainability policy
- Responsible for sustainable business policies and practices
- Formulate sustainability strategy, policies and KPI goals
- Facilitate and support operating divisions to meet sustainability goals
- Conduct sustainability awareness and engagement activities

SUSTAINABILITY STATEMENT (CONT'D)

Operating Divisions

- Day-to-day management of sustainability risks and issues
- Own and ensure compliance of relevant sustainability related policies and practices
- Record all sustainability source data
- Implement and monitor the Group's sustainability initiatives progress and recommend sustainability targets

Scope of Report

Reporting period	1 January 2017 to 31 December 2017
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 Framework

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



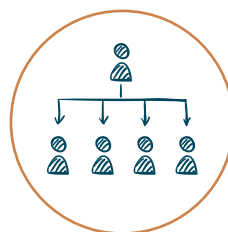
ECONOMIC

- _ Liquidity of the Group's Finances
- _ Branding of the Group
- _ Procurement Practice
- _ Bacing local businesses
- _ Expansion and Growth
- _ Product and Service Innovation



ENVIRONMENTAL

- _ Environmental Monitoring
- **waste water** • **gas emission**
- **scheduled waste**
- _ Efficient use of electricity
- _ Recycling Reuse Reduce programme



SOCIAL

- _ Employment Benefits
- _ Training & Development
- _ Work-life balance
- _ Human Rights Advocacy
- _ Safety & security
- _ Social and welfare contribution
- _ Diversity

Vision, Key Behaviours & Brand Attributes

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 • On-time delivery • Minimum 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
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"> • Asset acquisition and business 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

Material Sustainability Matters

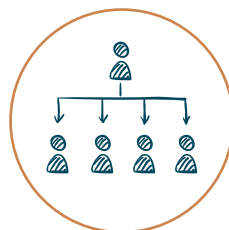
GBG has gathered the essential information on potential risk areas to determine and identify the material sustainability matters that may affect our business in relation to the economic, environment and social in which our business operates.



ECONOMIC



ENVIRONMENTAL



SOCIAL

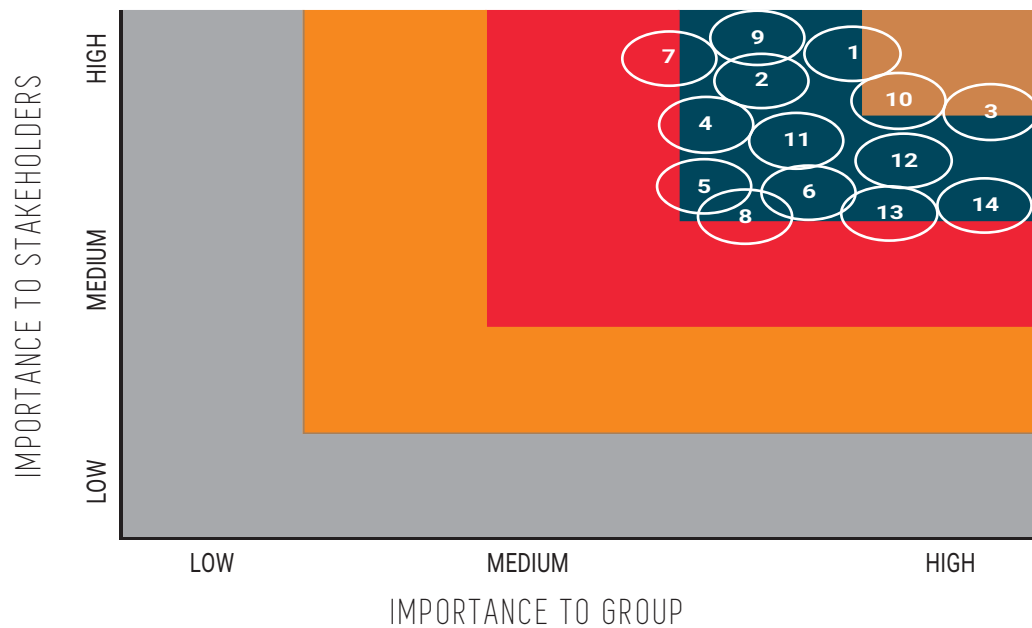
SUSTAINABILITY STATEMENT (CONT'D)

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 steps approach as follows:

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

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	No.	Material issues	EES Focus
1	Tender margin outcome	Economic	8	Employment and job opportunities	Social
2	Business opportunities	Economic	9	Increasing asset value	Economic
3	Business continuity	Economic	10	Financial viability	Economic
4	Regulatory compliance	Economic	11	Committed to delivering quality	Economic
5	Health and safety	Social	12	Customer satisfaction	Economic
6	Performance driven culture	Social	13	Responsive complaint management system	Economic
7	Waste management	Environment	14	Corporate governance	Governance

Economic Sustainability



Our business procurement strategy practice fully supports our Government's 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 ISO9001:2008 Quality Management System.

The annual review of the sub contractors' and suppliers' performance will improve quality of services and product delivery to our projects. Project 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 has proven to improve overall cost 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 project status for monitoring and mitigating threats to the timely progress of the on-going 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.

The continuous improvement to risk assessment practices at the workplace have resulted in numerous positive working practices and initiatives that promote a high performance culture.

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



The Group adopts the following operating processes and practices:-

- The basic environmental waste elimination control (REDUCE, REUSE & RECYCLE) has been implemented at Corporate Head Office and project sites
- Safety, Health & Environmental unit has been actively promoting the awareness of 3R concept to staff & workers
- Basic recycling waste bins for the separation of different solid waste have been provided at strategic locations
- For PROJECT SITE:
 - Using modular recyclable steel/aluminium moulds instead of conventional timbers and plywood in the structural works activities
 - Implement cut to size steelbars at factory to reduce wastages compared to site cutting of steelbars for structural works
 - Prior to commencement of works, carry out dilapidation survey to all buildings and premises and structures within the vicinity likely to be affected by the construction activities of the project. This is to record the original and existing condition of the structures/properties to avoid disputes on building/properties damages in the later stage during construction.
 - Prior to the works, public engagement also been carried out to inform on the works to be carry out and mitigation measures of the environment that will be implemented to avoid and reduce the impact to the nearby residents
 - Implementing the full Environmental Management Plan (EMP) and Erosion and Sediment Control Plan (ESCP) approved by Department of Environment.

- Carry out the baseline data of the following common environmental parameters:
 - Noise
 - Air / Dust
 - Vibration
 - Suspended Solids
 - E.Coli
 - Biochemical Oxygen demand & Chemical Oxygen demand
- Provide necessary measures to control those parameters not to exceed the standard requirement set up by Department of Environment.
- Ensure compliance of the Detailed Environmental Impact Assessment (DEIA) throughout the entire project duration



Slope Protection



Check Dams & sediment filtration fence



Slope protection and silt fence

The Group has also adopted the green technology in the design and build project managed by GSSB (eg. Pusat Pentadbiran Sultan Ahmad Shah), the following have been implemented:

- Rain water harvesting system
- Building Automation System
- LED lighting
- Lighting Efficiency Zoning
- Façade design and External Solar Shading Coefficient Requirement
- Building orientation against sun rise and sun set
- Wetland and lake design as main landscaping surrounding building

At GBG, our property development arm embed the following best practice into delivering sustainable products.

Good design is the catalyst to promoting citizens' mental health and counteracting the stresses of urban life. A well-designed project will not only foster closer social bonds and create a more resilient populace but also increase creativity and productivity.

Major cities across the world are recognising that poor urban design can lead to more stress and anxiety for their residents, with research showing that the frenetic and isolating nature of city life can lead to a higher risk of mental diseases such as depression.

Contrary, a well-designed city can foster closer social bonds among residents and encourage creativity and productivity and lead to a more resilient populace. Part of achieving thriving, resilient and sustainable cities is ensuring that citizens can realise their potential, cope with the normal stresses of life, work productively and fruitfully and make a contribution to their community.

SUSTAINABILITY STATEMENT (CONT'D)

GBG acknowledged the importance of sustainability design in all elements of the development projects. Good integration of people with the environment and taking consideration of people culture and social play a vital role in the success of every project that GBG is developing. Some of the important consideration in the restless efforts in sustainability design are:-

Going green for well-being

We believe that people signal of health and happiness correlate with the green intensity of their environment. Studies shown that greenery and nearest to the nature can make people calmer, happier and improve their memory and focus on work. We are putting green spaces into part of our design checklists, i.e green streetscap, rooftop gardens, urban farming which enriches people's lives with the comfort that such green areas bring.

Healthy bodies, healthy minds

Physical activity improves both physical and mental wellbeing. We incorporate healthy lifestyle and encourage indoor and outdoor sports in the project as part of the lifestyle we promote. Gym equipment, futsal court, tennis court, basketball court, jogging and cycling track, strolling path etc have already being part of our sustainability design in all our projects.

The ties that bind

Public spaces are designed to ease casual meetings as people move through their everyday routines and daily lives, as communities with naturally high levels of social interaction can grow to be stronger, healthier and more resilient. We encourage a multitude of activities, collective cultural experiences and social connections. People can linger and move around more safely and comfortably.

Community facilities are adapted for a range of recreational activities, including ping pong, yoga and basketball. In parks, playgrounds and chess tables are located near one another to bring older and younger people into close proximity. These nurture multigenerational and multicultural bonds as people learn to embrace one another and live in harmony.

"GAPS"

We adopt "GAPS" in all our development design – an acronym for Green places, Active spaces, Pro-social design and Safety-conscious urban planning – to build societies that promote mental wellbeing. We appreciate and seize the opportunities as we realise the potential and value of urban design in promoting public mental health and well-being. We ensure the installation of appropriate roads design, good street lighting and distinct landmarks and way-finding cues which increase the perceptions of safety in a neighbourhood.

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

SUSTAINABILITY STATEMENT (CONT'D)



Fire Drill And Evacuation Training together with BOMBA DOSH



Grand Tool Box Meeting with Staff & Workers



Safety Induction for New Staff



Briefing to workers on wearing body harness while working at height

LOSS TIME INJURY (LTI)

During the financial year the following safety record was achieved against the previous 2 financial years as follows:-

	2015	2016	2017
Injury Rate (Total Injury / Total Staff)	0.0%	0.0%	0.0%
Lost Days Injury	0	0	0
Fatalities	0	0	0
Report Unsafe Condition	0	12	3

As of December 2017, Pusat Pentadbiran Sultan Ahmad Shah and Sungai Besi Ulu Kelang Elevated Highway projects have achieved passed 500,000 man hour without lost time injury.

Beyond building sustainability in our projects and our organisation, we believe in providing opportunities to engage our surrounding communities. To support our government initiative, Skim Latihan 1 Malaysia (SL1M), we have recruited over 50 employees under this programme in December 2017. These employees were placed under various departments to undergo training before they are considered for a permanent position within the organisation.



Charity and Community

This year, we organised a Jamuan Raya for the several orphanage listed under Senarai Pusat Kebajikan dan Yayasan as our act of good cheer during the Hari Raya festive period. The orphanage were:

- 1) Pusat Jagaan Cahaya Kasih Bestari
- 2) Pusat Jagaan Kasih Harapan
- 3) Yayasan Anak-Anak Yatim Wardatul Jannah

Besides hosting a sumptuous meal, cash donations as well as hampers were presented to the representatives from these orphanage.

Besides the above event, GBG continues to give donations to various charitable causes, especially in support of the underprivileged and places of worship.

Manpower Diversity

The development of our employees, retention of knowledge through internal succession and investing in technology driven working 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 the 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.

SUSTAINABILITY STATEMENT (CONT'D)

Workplace diversity data for the 3 financial years

Workforce Data	2015	2016	2017
Total Number of Employees	271	214	281
Male	170	130	182
Female	101	84	99
Employees by Age Group			
<30	97	70	105
30 - 40	93	72	90
41 - 50	49	48	55
>50	32	24	31
Employees by Ethnicity			
Bumiputera	171	146	227
Non-Bumiputera	100	68	54
Foreigners	0	0	0
% of Women in Management			
Board of Directors	0%	0%	14%
Senior Management	30%	27%	11%
Middle Management	46%	42%	38%
Executive/ Supervisory	45%	49%	47%
Non-Executive	30%	32%	24%
New Hires Data			
Total Number of New Hires	64	40	133
Male	41	25	94
Female	23	15	39
Turnover rate (%)	5.5%	4.7%	2.5%

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

Training Subject	No. of Participants	Male	Female
Accident Reports and Investigation Procedure	1	1	
2016 Employer's Income Tax Reporting Seminar	2		2
Transforming your Constitution to conform to the Companies Act 2016	1		1
CEP Seminar on empowering OSH for all	2	2	
Preparing the Sustainability Report & Management Discussion & Analysis- What a Company Secretary Need to Know	1		1
Precast Concrete Design 2017	1	1	
2 Days workshop on the Companies Act 2016 & Companies Secretaries Practice Part II	1		1
World Day for Safety and Health at work 2017 'Optimize the collection and use of OSH data'	1	1	
MBAM Annual Safety & Health Conference 2017	1	1	
Emergency Response Management & CIMA Regulations 1996	1	1	
Authorised Entrant and Standby person for confined space	1	1	
Accident Prevention Summit 2017	1	1	
MIA Conference 2017	5	3	2
26 th National Real Estate Convention	1	1	
Briefing on Housing Development Act & Strata Management Act	3	2	1
Security Insights of Do's and Don'ts on Security Planning in Malaysia Property Development	2	2	

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Gabungan AQRS Berhad ("Company") recognises the importance of maintaining a high standard of 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 will continuously evaluate the status of the Group's corporate governance practices and procedures with a view to adopt and implement the best practices in so far as they are relevant to the Group, bearing in mind the nature of the Group's businesses and the size of its business operations.

The Board also acknowledges and takes note of the latest MCCG, which was released on 26 April 2017. The MCCG introduces substantial changes and recommendations with the objective of raising the standards of the principal features of corporate governance practices.

Accordingly, this overview statement is prepared in compliance with Paragraph 15.25(1) of the MMLR of Bursa Securities and it is to be read together with the CG Report 2017 of the Company (CG Report) which is also available on Company's website: <http://www.gbg.com.my/>. The CG Report outlines the details and the commitments as to how the Company has applied each Practice as set out in the MCCG during the financial year 2017.

This Corporate Governance Overview Statement should also be read with reference to the Statement on Risk Management and Internal Control, Audit Committee Report and Sustainability Statement.

COMPLIANCE WITH THE CODE

The Board considers that the Company has complied with the provisions and applied the main practices of the Code for the whole of the financial year ended 31 December 2017, except for

- Practice 4.5 : The Board must have at least 30% women Directors;
- Practice 4.6 : The Board utilises independent sources to identify suitably qualified candidates;
- Practice 11.2 : Large company is encouraged to adopt integrated reporting
- Practice 12.3 : Listed companies with a large member of shareholders or which have meetings in remote locations should leverage technology.

The relevant explanations for the deviations are further disclosed in the appropriate sections below.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

BOARD LEADERSHIP

Board's Roles and Responsibilities

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 roles and responsibilities of the Board are clearly defined in the Board Charter, which is available on the Company's website www.gbg.com.my. It defines the roles and responsibilities of the Independent, Non-Executive Chairman, Group CEO, Group Deputy CEO, EDs and INEDs.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The followings are the roles of the Board and its principal responsibilities:-

- review and adopt a strategic plan, as developed by the Management, taking into account the sustainability of the Company's business, with attention given to the governance and social aspects of the business;
- oversee the conduct of the Company's business, including monitoring the performance of Management to determine whether the business is being properly managed;
- identify principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to manage such risks;
- review the adequacy and integrity of the Company's management information and internal control systems, ensuring there is a sound framework of reporting internal controls and regulatory compliance;
- put succession planning in place by ensuring that all candidates appointed to senior management positions are of sufficient calibre and that there are avenues to provide for the orderly succession of senior management;
- review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the Company's continued ability to compete effectively in the marketplace; and
- oversee the Group's adherence to high standards of conduct or ethics and corporate behaviour.

Board Charter

The Board has formalised and adopted a Board Charter which serves as a source of reference for Directors. The Board Charter is established to provide guidance and clarity on the Board's roles and responsibilities as well as the relationship between the Board and shareholders. The Board Charter also sets out processes and procedures for convening Board Meetings. The Board Charter is available on the Company's website at www.gbg.com.my

The Board Charter addresses, amongst others, the following matters:-

- Responsibilities of the Board;
- Relationship between the Board and Management;
- The Chairperson;
- Composition;
- Performance;
- Board Committees;
- Meetings;
- Advice to Directors
- Publication of the Board Charter and Committee Charters;
- Review of the Board Charter.

The approval and adoption of the Board Charter formalises the standard of ethical value and behaviour that is expected of the Directors at all times.

Schedule of Matters Reserved to the Board

The Board must have a schedule of matters reserved for its decision. This is to ensure that the direction and control of the Group is within its firm control and to safeguard against misjudgement and possible illegal practices. Hence, the Company has its own policy covers Schedule of Matters Reserved to the full Board. The following matters were covered by and decided by the Board and may be subject to the approval of the Group's shareholders:-

- Strategy and Management;
- Capital Management and Funds Raising Exercise;
- Financial Reporting and Controls;
- Project Capital Expenditure, Acquisition and Disposal of Assets and Other Legal Commitments;
- Shareholder Matters;
- Board Membership and Other Appointments (i.e. Top Executive Management/Senior Management);
- Remuneration and Share Schemes;
- Delegation of Authority; and
- Governance and Policies;

Qualified 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.

Board Delegation

The Chairmen of the Board Committees, namely the Audit Committee ("AC"), Nomination Committee ("NC"), Remuneration Committee ("RC") and Risk Management Committee ("RMC"), brief and update the Board on matters discussed as well as decisions taken at the meetings of their respective Board Committees.

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 (RMC)
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 re-appointment 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 the any risk management policies and strategies 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 consult the Chairman or other Board members prior to seeking any independent professional advice.

Board Composition and their attendances

The Board currently has seven (7) members, comprising three (3) EDs and four (4) INEDs. 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. Profile of the Directors are as set out in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The Directors remain fully committed in carrying out their duties and responsibilities effectively, as reflected by their attendance at the 7 Board meetings held during the financial year ended 31 December 2017 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 (Appointed on 17 March 2017)	5/5
Datuk Kamarudin bin Md. Ali	7/7
Dato' Azizan bin Jaafar	7/7
Dato' Ow Chee Cheoon	7/7
Ow Yin Yee (appointed on 12 October 2017)	1/1
Loo Choo Hong	7/7
Muk Sai Tat	7/7
Bernard Lim Soon Chiang (resigned on 28 December 2017)	5/7
Datuk Badil Zaman bin Fazul Rahman (resigned on 13 January 2017)	0/0

All the Directors complied with the minimum 50% attendance in respect of Board Meetings held during the FYE 2017 as stipulated under Paragraph 15.05 of the MMLR of Bursa Securities.

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

The Group practises the division of responsibility between the Chairman and Group CEO and there is a balance of Executive, Non-Executive and INEDs. The roles of the Chairman and Group CEO are separate and clearly defined, and are held individually by two (2) persons. The Group CEO is primarily responsible for the overall management and the day-to-day operations of the business of the Group whereas the Chairman, who is an INED of the Board, is primarily responsible for the overall implementation of Board policies and decisions.

Presently, the Board has appointed one (1) female Director on 12 October 2017 which makes up to 14.29% of the Board members. It is important to promote gender diversity in the Board composition. Hence, 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.

The Company recognises the contribution of Independent Directors as vital to the development of the Group's strategies and providing a balanced and independent view to the Board. All Independent Directors are independent of the Management and free from any relationship that could interfere with their independent judgement.

Board Committees Composition and their attendances

The Board appoints the following Board Committees with specific Terms of Reference ("ToR"):-

- Audit Committee
- Nomination Committee
- Remuneration Committee
- Risk Management Committee

The Board has also approved and adopted formal ToRs that mandate the functions, duties and responsibilities of relevant Board Committees in line with the Board's objective in pursuing good governance practice. Hence, the function and ToRs as well as authority delegated by the Board to the Board Committees are clearly defined by the Board.

Adhering to the MCGG, on 23 November 2017, the Board has reconstructed the establishment of a RC consisted all of whom are INEDs and RMC consisted of majority INEDs respectively. Hence, the composition of the Board Committees and the attendances of members of Board Committees meetings held in year 2017 are as follows:-

a) Audit Committee

Name of Committee Members	Designation	No. of Meetings Attended/ No. of Meetings Held During Tenure of Office
Loo Choo Hong	Chairman	5/5
Datuk Kamarudin bin Md Ali	Member	5/5
Muk Sai Tat	Member	5/5

b) Nomination Committee

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

c) Remuneration Committee

Name of Committee Members	Designation	No. of Meetings Attended/ No. of Meetings Held During Tenure of Office
Datuk Kamarudin bin Md Ali	Chairman	3/3
Muk Sai Tat	Member	3/3
Loo Choo Hong	Member	3/3
Dato' Azizan bin Jaafar (resigned as RC member on 23 November 2017)	Member	3/3
Dato' Ow Chee Cheoon (resigned as RC member on 23 November 2017)	Member	3/3

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

d) Risk Management Committee

Name of Committee Members	Designation	No. of Meetings Attended/ No. of Meetings Held During Tenure of Office
Muk Sai Tat	Chairman	2/2
Y.M. Tunku Alizan bin Raja Muhammad Alias (appointed as RMC member on 23 November 2017)	Member	0/0
Datuk Kamarudin bin Md Ali (appointed as RMC member on 23 November 2017)	Member	0/0
Dato' Azizan bin Jaafar	Member	2/2
Dato' Ow Chee Cheoon	Member	1/2
Loo Choo Hong (appointed as RMC member on 23 November 2017)	Member	0/0
Bernard Lim Soon Chiang (resigned as RMC member on 23 November 2017)	Member	1/2

EFFECTIVENESS

Board Activities in Year 2017

At every Board Meeting, the Board received updates from the Group CEO, Group CFO and the respective Board Committee Chairmen which covers the matters concerning the Group's financial and operational performance as well as business that the Board should be made aware of.

The below are the highlights of the Board activities carried out during the FYE 2017:-

- Reviewed and authorised for issue the Group's quarterly and annual audited statutory financial statements and the Annual Report for financial year 2016 ("FY 2016").
- Reviewed and noted the reports and minutes of the Board Committees.
- Conducted and examined the result of the assessments of the Board, Board Committees and individual Directors for FY 2016.
- Approved dividends payment and assessed the solvency position of the Group.
- Reviewed and approved the Group's budget, forecast & key performance targets and indicators.
- Reviewed any potential major litigations, claims and/or issues with substantial financial impact (if any).
- Reviewed and assessed on the execution of Declaration of Solvency in relation to Share Buy-Back.
- Deliberated and approved the Multiple Proposals of the Proposed Acquisition and Proposed Private Placement.
- Reviewed and approved for changes in Board composition and Company Secretaries appointment.
- Examined on a quarterly basis, the following agenda items:-
 - Recurrent Related Party Transactions;
 - Disclosure of Director's Interest and Dealing;
 - Summary of the Directors' Resolutions in Writing passed during the period;
 - List of Announcements released to Bursa Securities during the period;
 - Company's share price traded within 3 months;
 - Tabling of Summary of Corporate Guarantees; and
 - Top 30 Securities Holders.

Board Composition and Independence

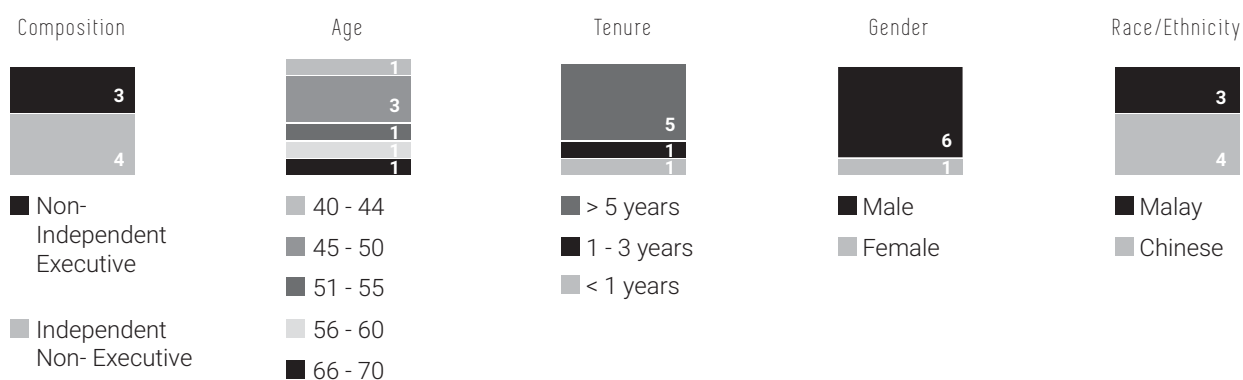
The concept of independence adopted by the Board is in tandem with the definition of an Independent Director in the MMLR. The MMLR's definition of independence includes a series of objective tests such as Independent Director is not an employee of the Company and is not engaged in any type of business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

The Board assesses the independence of the INEDs 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.

Based on the assessment carried out during the FYE 2017, the Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company.

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 INEDs. None of the Independent Directors had any relationship that could materially interfere with his unfettered and independent judgment.

Board Diversity



As at the date of this Overview Statement, none of the Independent Directors has served more than nine (9) years on the Board. The Director Independence Policy specifies that the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the board subject to the director's re-designation as a Non-Independent Director.

Nevertheless, the search for candidates with the requisite experience and core competencies to serve on the Board as Independent Directors will take time. For reason of continuity in the Board, the Board may subject to the shareholders' approval, taking into account the recommendation of the NC, continue to retain Independent Directors after they have exceeded the duration of service of nine (9) years.

Appointments to the Board

Selection of candidates for appointment as Directors will be recommended by the Directors or external parties. The NC will assess the suitability of the candidates before recommending the candidates to the Board for appointment.

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. 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Selection and Nomination Process of Board Members

The NC is responsible for proposing new nominees to the Board and Board Committees, for assessing on an annual basis, the contribution of each individual Director and the overall effectiveness of the Board. 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.

The ToR of the NC are available for viewing in the Company's corporate website.

During the financial year, the NC, upon its recent annual review carried out, was satisfied that the size of the Board is optimum and with good mix of experiences and expertise in the composition of the Board.

As documented in the Board Charter, the appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation by the NC. New Directors are expected to have such expertise so as to qualify them to make positive contribution to the Board, performance of its duties and to give sufficient commitment, time and attention to the affairs of the Company.



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

Directors' Core Areas of Expertise

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 the tabled below sets out the composition of skills and experience of the Board:-

Experience & Skills

Accounting / Financial Management		85.71%
Construction And Property Development		100.00%
Governance / Corporate Governance		100.00%
Leadership		100.00%
Legal / Regulatory		100.00%
Risk Management & Internal Control		100.00%
Stakeholders Engagment		100.00%
Strategic Planning / Strategic		100.00%

Time Commitment

Directors are expected to give sufficient time and attention to carry out their responsibilities. The Board Charter sets out a policy where a Director shall notify the Chairman officially before accepting any new directorships in other companies and the notification shall explain the expectation and an indication of time commitment that will be spent on the new appointments.

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 have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities as Directors of the Company.

Conflict of Interest and Related Party Transaction

The Board has established process for declaring and monitoring actual and potential conflicts via independent assessment, related party transaction policy and remuneration confirmation with the external auditors.

The Directors recognise that they have to declare their respective interest in transactions with the Company and the Group, and abstain from deliberation and voting on the relevant resolution in respect of such transactions at the Board or at any general meetings convened to consider the matter.

All related party transactions are reviewed as part of the annual internal audit plan, and the AC reviews any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that causes questions of management integrity to arise.

Information provided to the Directors

The Company Secretaries are responsible for ensuring good information flows within the Board and its Committees and between senior management and Non-Executive Directors.

The agenda for the meeting of the Board are set by the Company Secretaries in consultation with the Chairperson and the Management strives to ensure that the Board papers together with the agenda are circulated in a timely manner prior to the scheduled Board Meetings. The Directors are given sufficient time to read the Board papers and seek any clarification that they need from the Management or to consult the Company Secretaries or independent advisers before the Board Meetings, if necessary. This enables the Directors to discuss the issues effectively at the Board Meetings.

Decisions of the Board are made unanimously or by consensus. All proceedings, deliberations and conclusions of the Board and Board Committees Meetings, including whether any director abstained from voting or deliberating on a particular matter are clearly recorded in the minutes of meetings. Such minutes of each Board and Board Committees are circulated to Chairperson and/or Chairman of Meeting as well as other Board members for perusal prior to confirmation of the minutes at the following meetings and execution as correct record by the Chairperson and/or Chairman of Meeting. Where appropriate, decisions made be taken away of Directors' Resolution in Writing between scheduled and special meeting on routine matters as allowed under the Company's Constitution.

Individual Directors may also obtain independent professional or other advice in furtherance of their duties at the Company's expenses on specific issues, subject to approval by the Chairperson or the Board, depending on the quantum of the fees involved. Whenever necessary, consultants and experts will be invited to brief the Board on their areas of expertise or their reports.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Board Evaluation

During the FYE 2017, 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.

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 and Group Deputy 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.

Re-Appointment and Re-Election of Directors

In accordance with the MMLR of Bursa Securities and the Company's Constitution ("CC"), at least 1/3 or the number nearest to 1/3 of the Directors shall retire from office each year such that all directors at least once in every three (3) years at the Annual General Meeting ("AGM"). The retiring Directors shall be eligible for re-election at the AGM.

Further, the Directors shall have power at any time, and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but the total number of Directors shall not at any time exceed the number fixed. Any Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election but he or she shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

The NC had carried out annual assessment of each Directors' contribution to the Company on 22 February 2018, and recommends the Directors who will be subject to re-election at the upcoming AGM, to the Board and shareholders for approval.

Whistle Blowing Policy

The Company has in place a whistle blowing policy which provides a mechanism for officers and employees of the Company to report instances of unethical behaviour, actual or suspected fraud or dishonesty or violation of the Company's Code of Conduct.

There were no concerns reported during the FYE 2017 or during the period from 1 January 2018 to the date of publication of this statement.

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.

All the present Board members have successfully completed the Mandatory Accreditation Program and Board members are also encouraged to attend training programs conducted by highly competent professionals that are relevant to the Company's operations and business to keep abreast with developments on a continuous basis in compliance with the MMLR.

During the FYE 2017, the Board had assessed the training needs of each Director and the Directors had attended the following programmes and seminars to keep abreast of relevant changes in law, regulations, business environment, risk management, general economic and industry developments:-

Director	Training/Seminars/Conferences
Y.M. Tunku Alizan bin Raja Muhammad Alias	<ul style="list-style-type: none"> • Draft Malaysian Code on Corporate Governance 2016 & The New Companies Act 2016 • Cyber Risk Awareness Training And Visit to KPMG Asia Pacific Cybersecurity & Digital Hub • Critical and Creative Thinking Skills for Decision-Making and Problem-Solving • The Malaysian Code on Corporate Governance 2017 • New Malaysian Code of Corporate Governance 2017 – A Comprehensive & Actionable Work Plan
Datuk Kamarudin bin Md. Ali	<ul style="list-style-type: none"> • CG Breakfast Series with Directors: Board Excellence : How to Engage and Enthuse Beyond Compliance with Sustainability • Advocacy Session on Corporate Disclosure for Directors and Principal Officers of Listed Issuers • Anti-Money Laundering and Counter Terrorism Financing Controls • Leading in Volatile Uncertain Complex Ambiguous World • New Malaysian Code of Corporate Governance 2017 – A Comprehensive & Actionable Work Plan
Dato' Azizan bin Jaafar	<ul style="list-style-type: none"> • New Malaysian Code of Corporate Governance 2017 – A Comprehensive & Actionable Work Plan
Dato' Ow Chee Cheoon	<ul style="list-style-type: none"> • New Malaysian Code of Corporate Governance 2017 – A Comprehensive & Actionable Work Plan

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Director	Training/Seminars/Conferences
Ow Yin Yee	<ul style="list-style-type: none"> • MIA 50th Anniversary Commemorative Lecture – Integrity : The Game Changer • MIA 50th Anniversary Commemorative Lecture – Trust • Mandatory Accreditation Programme for Directors of Public Listed Companies • MIA International Accountants Conference 2017 • New Malaysian Code of Corporate Governance 2017 – A Comprehensive & Actionable Work Plan
Loo Choo Hong	<ul style="list-style-type: none"> • Seminar Percukaian Kebangsaan 2017 • National Tax Conference 2017 • Audit Express User Training • Seminar Bajet 2017 – Pindaan GST Dalam Bajet • New Malaysian Code of Corporate Governance 2017 – A Comprehensive & Actionable Work Plan
Muk Sai Tat	<ul style="list-style-type: none"> • Boards and C-Level Executives : Balancing Trust and Tension • What Directors Need to Know on Reporting & Disclosure Obligations to Prevent Public Reprimand & Fines by the Regulators • Enterprise Risk Management : Harnessing Disruption • MIA International Accountant Conference 2017 • New Malaysian Code of Corporate Governance 2017 – A Comprehensive & Actionable Work Plan

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.

Directors & Senior Management's Remuneration

The RC's principal objective is to evaluate, deliberate and recommend to the Board a remuneration policy of the EDs that is fairly guided by market norms and industry practice. The RC also recommends the EDs' remuneration and benefits based on their individual performances and that of the Group.

The RC reviews the remuneration packages, reward structure and fringe benefits applicable to the Group CEO, Group Deputy CEO, Group Chief Financial Officer ("Group CFO") and EDs on an annual basis and makes recommendations to the Board. The Board as a whole determines the remuneration of the Group CEO, Group Deputy CEO, Group CFO and EDs with each individual Director abstaining from decision in respect of his own remuneration.

In establishing the level of remuneration for the Group CEO, Group Deputy CEO, Group CFO and EDs, the RC may access to packages offered by comparable companies and may also obtain independent advice if deem necessary. The Board believes in remuneration policy that fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board's objective in this respect is to offer a competitive remuneration package in order to attract, develop and retain talented individuals to serve as Directors.

The levels of remuneration for EDs are structured to link rewards to the Group and individual performance in order to ensure that the remuneration offered to the Directors are sufficient to attract, retain and motivate the EDs with the relevant experience and expertise needed to run the Group successfully, while at the same time taking into consideration the state of the economy in general and the performance of the industry and the Group particular. The levels of remuneration for NEDs are based on their contribution to the Group in terms of their knowledge, experience and level of responsibilities undertaken by the NEDs concerned.

Further, the NEDs 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 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.

Starting in this current financial year 2018, the Board proposed for each of NED receives a base fixed Directors' fee and meeting allowance for each Board Meeting that they had attended.

Accordingly, the Company will also be seeking the shareholders' approval for following resolutions:-

- the Directors' fees payable to Non-Executive Directors for the financial year ended 31 December 2017;
- the Directors' fees payable to Non-Executive Directors for the financial ending 31 December 2018 until the next AGM in 2019; and
- the payment of Directors' benefits (excluding Directors' fees) to the Non-Executive Directors from 1 January 2018 until the next Annual General Meeting of the Company;

for the purposes of facilitating payment of the Directors' fees on a monthly basis and/or as and when incurred. The Board opined that it is just and equitable for the NEDs to be paid such payment on such basis upon them discharging their responsibilities and rendering their services to the Company. Individual Directors do not participate in the discussions and determination of their own remuneration.

In compliance with the Listing Requirements and MCGG practice, the details of the remuneration paid to Directors (including two former Directors who resigned from the Company during the year) for the FYE 2017 are as follows:-

	Fees (RM)	Salaries and other emoluments (RM)	Bonuses (RM)	Benefit-in- kind (RM)	EPF and SOCSSO (RM)	Total (RM)
EDs (on Group level)						
Dato' Azizan bin Jaafar	-	1,088,358.06	-	38,969.86	117,499.60	1,244,827.52
Dato' Ow Chee Cheoon	-	1,072,330.65	-	-	121,234.60	1,193,565.25
Ow Yin Yee	-	83,745.82	-	1,442.47	10,233.91	95,422.20
<i>(Appointed on 12 October 2017)</i>						
Bernard Lim Soon Chiang	-	672,000.00	-	18,000.00	81,468.60	771,468.60
<i>(Resigned on 28 December 2017)</i>						
Datuk Badil Zaman bin Fazul Rahman	-	8521.29	-	-	1101.05	9,622.34
<i>(Resigned on 13 January 2017)</i>						
NEDs (on company level)						
Y.M. Tunku Alizan bin Raja Muhammad Alias	142,258.07	-	-	-	-	142,258.07
<i>(Appointed on 17 March 2017)</i>						
Datuk Kamarudin bin Md. Ali	117,000.00	-	-	-	-	117,000.00
<i>(Re-designated on 17 March 2017)</i>						
Loo Choo Hong	96,000.00	-	-	-	-	96,000.00
Muk Sai Tat	84,000.00	-	-	-	-	84,000.00

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The number of the Directors (including Directors who resigned and appointed from the Company during the year) whose remuneration bands falls within the following successive bands of RM50,000 for the FYE 2017 is as follows:-

Remuneration Bands (RM, in Gross)	EDs	NEDs
Below 100,000	2	2
100,001 – 150,000	-	2
500,000 – 1,000,000	1	-
1,150,001 – 1,200,000	1	-
1,200,001 – 1,250,000	1	-

The Structure of the fees payable to NEDs of the Company for FYE 2018 is as follows:-

Position	Per annum (RM)
Board Chairman's fee	180,000
AC Chairman's fee	96,000
Senior NED	96,000
NED	94,000

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 five named basis senior management personnel who are not Directors.

Hence, the number of the top 2 key senior management whose remunerations bands falls within the following successive bands of RM50,000 for the FYE 2017 is as follows:-

Remuneration Bands (RM, in Gross)	Ir. Bakri Bin Ishak	Ir. Tai Jiun Hong
550,000 – 600,000	√	√

*** Note :** *Encik Abd Razak bin Abd Manan, Mr Si So Tian Ann, IR. Sudirman bin Kamal, SR. Mustafa bin Mohd Said, Thum Peng Yong, Mr Chew Wei Shin, Lawrence Goh Yin Huat and Muhammad Ridhwan bin Effendy which were identified under Key Senior Management's Profile in this Annual Report were appointed on 1 March 2018 onwards. Hence, their remunerations were not disclosed as for FYE 2017.*

Promote Sustainability

The Board is aware of the importance of business sustainability and ensures that there is a plan for promoting sustainability embedded in the development of the Group's strategies, taking into account the environment, social and governance aspects of business operations. These strategies seek to meet the expectations of stakeholders such as customers, shareholders, regulators, bankers, joint venture partners and the communities in which the Group operates.

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT**Audit Committee**

The Company has an AC whose composition meets the MMLR, where Independent Directors form the majority. All members of the AC are INEDs and relatively financially literate, while the Chairman of the AC is a member of the Malaysian Institute of Accountants. The AC reviews issues of accounting policy and presentation for external financial reporting, monitors the work of the internal audit function and ensures an objective and professional relationship is maintained with the External Auditors.

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 AC Report in this Annual Report.

The ToR of the AC are available for viewing in the Company's corporate website, www.gbg.com.my

Relationship with External Auditors

The AC undertakes an annual assessment of the suitability and independence of the 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.

The AC considered the non-audit services provided by the External Auditors during the FYE 2017 and concluded that the provision of these services did not compromise the External Auditors' independence and objectivity. The amount of fees paid for these services was not significant when compared to the total fees paid to the External Auditors.

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

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

Risk Management Framework and Internal Control System

The Company has established a general framework under the RMC for the oversight and management of material business risks. As required by the Board, the Management has established relevant frameworks, policies and Risk Management and Internal Control policy which risk management systems coupled with internal control and reports to the Board and Senior Management. 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 RMC is to assist the Board in identifying, mitigating and monitoring critical risks highlighted by business units.

The RMC is 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 reports and briefs the Board on its findings if so required.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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. 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 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.

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.

PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKE HOLDERS

INTEGRITY IN CORPORATE REPORTING

Directors' Responsibility for Preparing the Annual Audited Financial Statements

The Directors are required to prepare financial statements for each financial year which give a true and fair view of the Group and of the Company's state of affairs, results and cash flows. The Directors are of the opinion that the Group uses appropriate accounting policies that are consistently applied and supported by reasonable as well as prudent judgments and estimates, and that the financial statements have been prepared in accordance with approved Financial Reporting Standards and the provisions of the Act and the MMLR of Bursa Securities.

The Directors are satisfied that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company which enable proper financial statements to be prepared.

Corporate Disclosure Policies and Procedures

The Company is fully committed in maintaining a high standard for the dissemination of relevant and material information on the Group's development. The Company also places strong emphasis on the importance of timely and equitable dissemination of information to shareholders. The Company uses a number of formal channels for effective dissemination of information to the shareholders and stakeholders particularly through the Annual Report, announcements to Bursa Securities, media releases, quarterly results, analyst briefings, Company websites and investor relations. The Company recognises the value of transparent and effective communication with the investment community and aims to build long-term relationships with its shareholders and investors through such appropriate channels for disclosure of information.

The Annual Report has comprehensive information pertaining to the Group, while various disclosures on quarterly and annual results provide investor with financial information. Apart from the mandatory public announcements through Bursa Securities, the Company's website at www.gbg.com.my provides corporate, financial and non-financial information. Through the website, shareholders are able to direct queries to the Company.

Information disseminated through press releases, press conference, timely announcements and disclosures made to Bursa Securities is clear, relevant and comprehensive, provided on a timely basis and is readily accessible by all stakeholders. The Company endeavours to provide investors with sufficient business, operational and financial information on the Group to enable them to make informed investment decisions.

The Annual Report, which is also a key communication channel between the Company and its shareholders and investors, is published within four (4) months after the financial year ended. The Group CEO's Report provides an insightful interpretation of the Group's performance, operations, prospects and other matters affecting the Company's business and/or shareholders' interests.

RELATIONS WITH STAKEHOLDERS

Communication with Shareholders

In addition to the dissemination of information to shareholders and other interested parties via announcements to Bursa Securities, its website, circular and press releases, interviews are conducted as and when necessary with local journalists by the Management and reported in the local newspapers.

The Company is of the view that the AGM and other general meetings are important opportunities for meeting investors and addressing their concerns. The Board, Senior Management and External Auditors attend all such meetings. Registered shareholders are invited to attend and participate actively in such meetings, including clarifying and questioning the Company's strategic direction, business operations, performance and proposed resolutions.

A press conference is normally held after every AGM to brief members of the press on the performance of the Group for the benefit of potential investors as well as those shareholders who were unable to attend the meeting.

The Annual Report, which contains the Notice of AGM for year 2018, is sent to shareholders at least 28 days prior to the date of the AGM. The Notice of AGM, which sets out the business to be transacted at the AGM, is also published in a major local newspaper. Items of special business included in the Notice of AGM will be accompanied by an explanation of the proposed resolution.

In maintaining its commitment to effective communication with shareholders, the Group adopts the practice of comprehensive, timely and continuing disclosure of information to its shareholders as well as the general investing public.

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.

Where possible, the Group also provides additional disclosures of information on a voluntary basis. The Group believes that consistently maintaining a high level of disclosure and extensive communication is vital to shareholders and investors in making informed investment decisions.

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.

Encourage Shareholders' Participation at General Meetings

At general meetings, the Board encourages shareholders' participation and responds to their questions. Shareholders may also leave written questions for the Board to respond.

Further, each shareholder can vote in person or by appointing a proxy to attend and vote on his/her behalf. Separate issues are tabled in separate resolutions at general meetings, voting is carried out systematically and resolutions are properly recorded. With effect from 1 July 2016, in accordance with the MMLR, all resolutions as stated in the Notice of Meetings are to be voted solely by poll.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Leverage on Information Technology for Effective Dissemination of Information

The Company's website www.gbg.com.my incorporates an Investor Relations section which provides all relevant information on the Company accessible to the public. This section enhances the Investor Relations function by including all announcements made by the Company and its Annual Reports.

The quarterly financial results are announce via Bursa LINK immediately after the Board's approval. This is important in ensuring equal and fair access to information by the investing public.

FOCUS AREAS ON CORPORATE GOVERNANCE

As part of the long-term value creation process for stakeholders, the Board composition was reinforced during the year 2017 the following initiatives:-

1. Appointment of New Board Chairman

Y.M. Tunku Alizan bin Raja Muhammad Alias was appointed on 17 March, 2017 to be the Independent Non-Executive Chairman of the Board.

2. Board Diversity

Ms Ow Yin Yee was appointed on 12 October, 2017 to be an Executive Director, the first female director on the Board since 2015 as an effort to embrace gender diversity.

3. Review of Board Charter and Board Committees' ToR

The Board undertook to review and update its Board Charter together with the Terms of Reference for each Board Committees to reflect the revised regulatory expectations as well as the expectations of stakeholders.

4. Professional Development of Directors

Directors are encouraged to attend various training programmes to keep themselves abreast of changes in regulatory and industry practices. The Board through the NC was satisfied with the type of trainings attended by each Director during the year to enhance their knowledge and performance.

CORPORATE GOVERNANCE PRIORITIES (2018 and Beyond)

The Board seeks opportunities for improvement in its corporate governance activities in order or the Group to continue to gain trust and confidence amongst stakeholders. The Board has identified the following activities to better improve on its corporate governance outcomes.

- 1) Review of Constitution
- 2) Boardroom Diversity
- 3) Review of ToR and Policies

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 3 April 2018.

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

TERMS OF REFERENCE

The AC is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practises 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

A total of five (5) meetings were held during the financial year ended 31 December 2017. The attendance record of each member is as follows:-

Name of Member	Meeting Dates				
	23.02.2017	13.04.2017	22.05.2017	24.08.2017	23.11.2017
Mr. Loo Choo Hong (Chairman)	✓	✓	✓	✓	✓
Datuk Kamarudin bin Md. Ali (Member)	✓	✓	✓	✓	✓
Mr. Muk Sai Tat (Member)	✓	✓	✓	✓	✓

The Group CFO was invited to all AC meetings to facilitate direct communications and to provide clarification on financial reports. 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.

Mr. Loo Choo Hong, 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 during the financial FYE 2017 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:-

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

AUDIT COMMITTEE REPORT (CONT'D)

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. External Audit

- i) Reviewed the audit planning for the financial year ended 31 December 2017.
- 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.
- 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 twice, on 23 February 2017 and 23 November 2017, 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 AGM of the Company.

C. Internal Audit

- i) Reviewed the internal audit's scope of work, functions, competency and resources and that it has the necessary authority to carry out its work.
- ii) Reviewed the internal audit plan to ensure the scope and coverage of the internal audit on the operations of the Group is adequate and comprehensive and that all the risk areas are audited annually.
- iii) Reviewed the internal audit reports prepared by the outsourced internal auditors and appraised the adequacy and effectiveness of Management's response in resolving the audit issues reported.
- iv) Reviewed the follow-up internal audit reports prepared by the outsourced internal auditors and monitored the outcome of follow-up audits to ascertain the extent to which agreed action plans have been implemented by Management.

During the financial year under review, the Internal Auditors had conducted the audit activities as per the approved audit plan and presented their Internal Audit reports on 23 February 2017, 24 August 2017, and 23 November 2017 respectively to the AC.

D. Related Party Transactions

AC make enquiry if there are any recurrent related party transactions ("RRPTs") and to review and ensure the RRPTs, if any, are on ordinary commercial terms and are not favourable to the related party than is generally available to the public, and that the transactions are not detrimental to the minority party.

E. Other Matters

Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control, prior to submission to the Board for consideration and inclusion in the Annual Report of the Company.

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 2017 amounted to RM70,324 against RM69,300 in FYE 2016.

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 audit assignments covering the following areas:-

- Fact Findings Audit Report on Defects Liability and Rectification in Kinrara Uptown;
- Defect Liability and Rectification in Tropicana Metropark Pandora;
- Proposed Internal Audit Plan for next two years; and
- Follow-up Audit Report on key subsidiaries covering Gabungan Strategik Sdn Bhd and AQRS The Building Company Sdn Bhd.

The findings of the Internal Auditors were highlighted to the relevant management representatives for corrective actions. 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 3 April 2018.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board hereby presents its Statement on Risk Management and Internal Control pursuant to Paragraph 15.26(b) of the MMLR. In producing this Statement, the Board has considered the new Malaysian Code on Corporate Governance and was guided by the "Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers" ("Guidelines").

RISK MANAGEMENT

The Group's risk management and execution is primarily driven by all EDs and senior management. The EDs and senior management identify, evaluate and manage significant risks facing the organisation in its business and operations. Monthly Management Committee meetings, involving the EDs and members of the senior management are held to deal with the progress of business operations and financial issues in greater details and to ensure risks are adequately managed.

The Board has formed the RMC comprising INEDs and executive members of the Board. The primary responsibility of RMC is to oversee the efficacy of risk management process. Presently, the composition of the members are as follows:

Name of Committee Members	Designation	No. of Meetings Attended/ No. of Meetings Held During Tenure of Office
Mr. Muk Sai Tat (Independent Non-Executive Director)	Chairman	2/2
Y.M. Tunku Alizan bin Raja Muhammad Alias (Independent Non-Executive Director) (appointed as RMC member on 23 November 2017)	Member	N/A
Datuk Kamarudin bin Md Ali (Senior Independent Non-Executive Director) (appointed as RMC member on 23 November 2017)	Member	N/A
Dato' Azizan bin Jaafar (Executive Director and Group Chief Executive Officer)	Member	2/2
Dato' Ow Chee Cheoon (Executive Director and Group Deputy Chief Executive Officer)	Member	2/2
Mr. Loo Choo Hong (Independent Non-Executive Director) (appointed as RMC member on 23 November 2017)	Member	N/A
Mr. Bernard Lim Soon Chiang (Executive Director and Group Chief Financial Officer) (resigned as RMC member on 23 November 2017)	Member	1/2

The Group has made reference to the broad principles of Enterprise Risk Management framework of COSO framework as well as ISO31000 on risk management in carrying out its process of risk identification and assessment. Going forward in year 2018, we will enhance the current Risk Management framework by defining and formalising risk appetite which can be used as a standard parameter for assessment of the risk across the Group. During the financial year, the RMC conducted two meetings to review the key risks identified and assessed by the respective heads from construction division, property development division and finance.

The key focus of the Group risk management presently is on the manpower, machineries and supplier management as well as site safety for the construction operation in order to ensure timely progress and delivery of each project. With respect to the property development division the focus is on achieving the new milestones for the flagship project in Kota Kinabalu while completing the on-going project in Johor Bahru in order to unlock the revenue. Given the present size of projects undertaken by the Group and the future order book and development plan, parallelly the Group has taken measures to strengthen its cash flows and funding. By focusing and managing these risks effectively, the Group will be able to achieve higher growth and to meet the expectation and demand of the market and stakeholders.

Based on these identified risks, the Internal Auditors have aligned their audit focus and plan accordingly. The result of the internal audit findings will be used by the AC to gauge the effectiveness of risk management system to mitigate the identified risks.

SYSTEMS OF INTERNAL CONTROL

Fundamentally, the key control procedures and processes in the Group are:-

- 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 9001:2008 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;
- x. review of related party transactions; and
- xi. AC's review of the quarterly financial reports, annual financial statements and internal audit reports. Discussions with Management were held to deliberate on actions to be taken to address internal control matters identified by the Internal Auditors.

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
- 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.

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

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 key processes and information:-

- periodic review of financial information covering financial performance and quarterly financial results;
- RMC's oversight of risk management framework;
- 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") [Previously known as "RPG5 (Revised) 2015"] 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.

AAPG3 does not require the External Auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control procedures. 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 not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines, nor is it factually inaccurate.

This Statement is made in accordance with the approval by the Board dated 3 April 2018.

STATEMENT BY NOMINATION COMMITTEE

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. The Terms of Reference of the NC are published on the corporate website of the Company for shareholders' 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 2017, the NC held three (3) meetings. The members of the NC and the details of their meeting attendance are as follows:-

Committee Members	Designation	Attendance
Muk Sai Tat (Independent Non-Executive Director)	Chairman	3/3
Datuk Kamarudin bin Md Ali (Senior Independent Non-Executive Director)	Member	3/3
Loo Choo Hong (Independent Non-Executive Director)	Member	2/3

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

- the retirement and re-election of Board members at the last AGM;
- the nomination, appointment and re-designation of INEDs and ED for the structure of Boards' composition in order to adhere to good corporate governance. In this case, the NC had evaluated the experience, integrity, independency, competency and character of the candidate by considering their qualifications, past career history, references and expected contributions to the Group;
- annual assessment of the effectiveness and performance of the Board; and
- annual assessment of the contribution and performance of each Director, Board Committees as well as the contribution of the NEDs.

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.

Presently, the Board has appointed one (1) female Director on 12 October 2017 which makes up to 14.29% of the Board members. It is important to promote gender diversity in the Board composition. Hence, 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.

financial statements

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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 2017.

PRINCIPAL ACTIVITIES

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

RESULTS

	Group RM	Company RM
Profit for the financial year	49,595,386	8,997,272
Attributable to:		
Owners of the parent	48,034,749	8,997,272
Non-controlling interests	1,560,637	-
	49,595,386	8,997,272

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 2017:	
Interim single tier dividend of 0.5 sen per ordinary share, paid on 21 December 2017	2,218,905
Special single tier dividend of 1.5 sen per ordinary share, paid on 21 December 2017	6,656,715
	8,875,620

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2017.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than the effects of adoption of Companies Act 2016 as disclosed in Note 29 to the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued share capital of the Company was increased from 390,920,000 to 451,476,525 by way of issuance of 60,556,525 new ordinary shares pursuant to the following:

- (i) 21,518,125 warrants exercised at an exercise price of RM1.30 each for cash.
- (ii) 19,477,400 shares pursuant to private placement exercise at an issue price of RM1.35 each for cash.
- (iii) 19,561,000 consideration shares pursuant to acquisition of a subsidiary at an issue price of RM1.51 each, being the fair value of the consideration shares at the acquisition date.

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.

WARRANTS

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") 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, 21,518,125 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 138,465,875 warrants. The Warrants will expire on 20 July 2018.

REPURCHASE OF OWN SHARES

The shareholders of the Company, by an ordinary resolution passed at the 7th Annual General Meeting held on 22 May 2017, 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 451,476,525 (2016: 390,920,000) issued ordinary shares as at the end of each reporting period, 535,502 (2016: 535,502) ordinary shares purchased for RM509,881 (2016: RM509,881) are held as treasury shares by the Company. The number of outstanding ordinary shares in issue after deducting the treasury shares is 450,941,023 (2016: 390,384,498).

DIRECTORS' REPORT (CONT'D)

DIRECTORS

The Directors who have held office since the date of the last report are as follows:

Gabungan AQRS Berhad

Dato' Azizan Bin Jaafar	
Dato' Ow Chee Cheoon	
Datuk Kamarudin Bin Md. Ali	
Loo Choo Hong	
Muk Sai Tat	
Y.M. Tunku Alizan Bin Raja Muhammad Alias	
Ow Yin Yee	(Appointed on 12 October 2017)
Bernard Lim Soon Chiang	(Resigned on 28 December 2017)

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	
Datin Paduka Low Siew Moi	
Choo Choon Seng	
Azhar Khan bin Badil Zaman	
Norahmad bin Yussuff	
Ir. Tai Jiunn Hong	
Yau Jye Yee	(Appointed on 27 March 2017)
Teo Jua Chi	(Appointed on 27 March 2017)
Si So Tian Ann	(Appointed on 1 March 2018)
Abd Razak bin Abd Manan	(Appointed on 1 March 2018)
Datuk Badil Zaman Bin Fazul Rahman	(Resigned on 30 March 2018)
Bernard Lim Soon Chiang	(Resigned on 2 April 2018)

In accordance with Article 95 of the Company's Constitution, Datuk Kamarudin Bin Md. Ali and Loo Choo Hong retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

In accordance with Article 101 of the Company's Constitution, Ow Yin Yee retires at the forthcoming Annual General Meeting and being eligible, offers herself 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 2017 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:

Shares in the Company	Number of ordinary shares			Balance as at 31.12.2017
	Balance as at 1.1.2017 / *Date of appointment	Bought	Sold	
<u>Direct interests</u>				
Y.M. Tunku Alizan Bin Raja Muhammad Alias*	-	5,000	-	5,000
Dato' Azizan Bin Jaafar	202,000	-	-	202,000
Dato' Ow Chee Cheoon	32,800,760	-	-	32,800,760
Ow Yin Yee*	60,600	-	-	60,600
Loo Choo Hong	101,000	-	(101,000)	-
<u>Indirect interests</u>				
Dato' Azizan Bin Jaafar	52,001,900	-	-	52,001,900
Dato' Ow Chee Cheoon	52,001,900	-	(52,001,900)	-
Warrants in the Company	Number of warrants^			Balance as at 31.12.2017
	Balance as at 1.1.2017	Bought	Sold	
<u>Direct interests</u>				
Dato' Azizan Bin Jaafar	90,000	-	-	90,000
<u>Indirect interests</u>				
Dato' Azizan Bin Jaafar	1,500,000	-	-	1,500,000
Dato' Ow Chee Cheoon	1,500,000	-	(1,500,000)	-

[^] Issuance of 159,984,000 free warrants on 25 July 2013 on the basis of nine (9) warrants for every twenty (20) existing ordinary shares held.

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.

None of the other Directors holding office at the end of the financial year held 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' REPORT (CONT'D)

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 37 to the financial statements.

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

DIRECTORS' REMUNERATION

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

INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS

The Group and the Company maintains a corporate liability insurance, which provides appropriate insurance cover for the Directors and officers of the Group throughout the financial year. The amount of insurance premium paid by the Company for the financial year 2017 was RM19,000.

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

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts to be 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 had 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 necessitate the writing off of bad debts or render 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

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)**(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT (continued)**

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

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 38 to the financial statements.

AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

The details of the auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2017 are disclosed in Note 9 to the financial statements.

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

.....
Dato' Azizan Bin Jaafar
 Director

Kuala Lumpur
 3 April 2018

.....
Dato' Ow Chee Cheoon
 Director

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 89 to 154 have been drawn up in accordance with 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 2017 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
 3 April 2018

.....
Dato' Ow Chee Cheoon
 Director

STATUTORY DECLARATION

I, Ow Yin Yee, 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 89 to 154 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)
 3 April 2018)

Ow Yin Yee
MIA: 10002

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 2017 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 89 to 154.

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 2017 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards ("FRSs") 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

We refer to Note 6 to the financial statements on the recognition of revenue from construction contracts and property development, 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.

Audit response

Our audit procedures included the following:

- (i) Compared management's estimates of budgeted contract costs and budgeted development costs to relevant supporting documents and recalculated the stage of completion based on actual costs incurred up to reporting date;
- (ii) Inspected documentation to support cost estimates made including contract variations and cost contingencies;

INDEPENDENT AUDITORS' REPORT (CONT'D)

To The Members Of Gabungan AQRS Berhad

Key Audit Matters (continued)

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

Audit response (continued)

- (iii) Compared the architect certificates against the stage of completion of property development projects to ascertain the reasonableness of the percentage of completion used to calculate the profit or loss of the respective projects;
- (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 receivables

As at 31 December 2017, trade receivables of the Group that were past due but not impaired amounted to RM98,651,572. The details of trade receivables and its credit risk have been disclosed in Note 24 to the financial statements.

Management recognised allowances for impairment losses on trade receivables based on specific known facts or circumstances and customers' abilities to pay, which involved significant management judgement.

Audit response

Our audit procedures included the following:

- (i) Assessed recoverability of trade receivables that were past due but not impaired with reference to their ageing profiles of the customers, past historical repayment trends and expectation of repayment patterns;
- (ii) Inquired with management regarding the action plans to recover overdue amounts; and
- (iii) Assessed the levels of cash received subsequent to year end for its effect in reducing amounts outstanding at year end.

(c) Assessment of foreseeable losses

As at 31 December 2017, provision for foreseeable losses of RM14,927,317 had been recognised in the financial statements as disclosed in Note 7 to the financial statements.

The determination of whether there is any exposure to foreseeable losses and the amounts to be recognised involved significant management judgement based on available facts and circumstances including:

- (i) The expected completion date of the projects;
- (ii) The likelihood of impact on the outcome of the negotiations with contract customers; and
- (iii) Consultations with, and opinions from technical experts of the Group.

Key Audit Matters (continued)

(c) *Assessment of foreseeable losses (continued)*

Audit response

Our audit procedures in respect of this area included the following:

- (i) Sighted to the latest extension of time, letter of awards or sales and purchase agreements for project completion dates to determine whether there is any further exposure to foreseeable losses;
- (ii) Inspected the work progress to assess the ability to meet the expected completion date;
- (iii) Inquired the technical experts of the Group and inspected their documentations to corroborate the key judgement applied by management; and
- (iv) For the affected projects, recalculated the foreseeable losses provided by management, based on latest extension of time/Certificate of Practical Completion obtained from contract customers and based on completion dates estimated by management.

(d) *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 21 to the financial statements.

We have focused on this impairment assessment as it requires significant judgements 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.

(e) *Impairment assessment of the carrying amount of investments in subsidiaries and amounts owing by subsidiaries (Company level)*

As at 31 December 2017, investments in subsidiaries and amounts owing from subsidiaries amounted to RM115,196,747 and RM101,339,056 respectively as disclosed in Notes 17 and 24 to the financial statements. Certain subsidiaries were loss making and/or reported net current liabilities financial position.

The determination of recoverable amounts requires significant judgement and estimates about the future results and key assumptions applied to cash flow projections of the subsidiaries in determining their recoverable amounts. In this instance, the recoverable amount is based on value-in-use. These key assumptions include budgeted operating profit margins and growth rates as well as determining an appropriate pre-tax discount rate.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To The Members Of Gabungan AQRS Berhad

Key Audit Matters (continued)

(e) *Impairment assessment of the carrying amount of investments in subsidiaries and amounts owing by subsidiaries (Company level) (continued)*

Audit response

Our audit procedures included the following:

- (i) Evaluated management's assessment of recoverable amounts from investments in subsidiaries and amounts owing by subsidiaries, including past historical settlement trends;
- (ii) Compared cash flow projections against recent performance and historical accuracy of forecasts/projections and challenged key assumptions in projections; and
- (iii) Evaluated the reasonableness of pre-tax discount rate by comparing to the weighted average cost of capital of the Company and relevant risk factors.

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 FRSS 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.

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:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (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 (CONT'D)

To The Members Of Gabungan AQRS Berhad

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO

AF : 0206
Chartered Accountants

3 April 2018
Kuala Lumpur

Lum Chiew Mun

03039/04/2019 J
Chartered Accountant

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2017

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Revenue	6	469,468,051	330,058,008	10,000,000	-
Cost of sales	7	(325,678,695)	(242,451,407)	-	-
Gross profit		143,789,356	87,606,601	10,000,000	-
Other income		4,948,211	8,808,262	5,571,361	8,361,954
Operating costs		(54,977,657)	(37,486,642)	(4,443,986)	(2,417,421)
Finance costs	8	(12,572,879)	(15,182,582)	(1,669,185)	(3,151,660)
Share of loss of an associate, net of tax		(119,784)	(76,678)	-	-
Share of profit/(loss) of a joint venture, net of tax		153,114	(19,408)	-	-
Profit before tax	9	81,220,361	43,649,553	9,458,190	2,792,873
Tax expense	11	(31,624,975)	(15,366,444)	(460,918)	(3)
Profit for the financial year		49,595,386	28,283,109	8,997,272	2,792,870
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income, net of tax		49,595,386	28,283,109	8,997,272	2,792,870
Attributable to:					
Owners of the parent		48,034,749	22,631,483	8,997,272	2,792,870
Non-controlling interests	17(f)	1,560,637	5,651,626	-	-
		49,595,386	28,283,109	8,997,272	2,792,870
Earnings per ordinary share attributable to equity holders of the Company:					
Basic earnings per ordinary share (sen)	12	11.74	5.80		
Diluted earnings per ordinary share (sen)	12	8.77	5.80		

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

STATEMENTS OF FINANCIAL POSITION

As At 31 December 2017

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
ASSETS					
Non-current assets					
Property, plant and equipment	14	32,253,103	43,582,892	-	-
Land held for property development	15	37,931,203	60,438,655	-	-
Investment properties	16	33,701,258	37,782,012	-	-
Investments in subsidiaries	17	-	-	115,196,747	78,259,637
Investment in an associate	18	3,387,026	3,526,410	-	-
Investment in a joint venture	19	378,110	224,996	255,000	255,000
Deferred tax assets	20	2,938,048	3,223,170	-	-
Intangible assets	21	29,783,152	-	-	-
		140,371,900	148,778,135	115,451,747	78,514,637
Current assets					
Property development costs	22	193,140,221	244,973,146	-	-
Inventories	23	31,633,677	25,116,175	-	-
Trade and other receivables	24	616,875,875	522,376,389	102,640,706	181,886,872
Other investment	25	8,122,815	2,511,775	-	-
Current tax assets		921,802	335,080	-	-
Short term funds	26	86,053,973	951,587	85,943,076	844,425
Cash and bank balances	27	50,337,485	31,980,361	1,103,592	1,621,149
		987,085,848	828,244,513	189,687,374	184,352,446
TOTAL ASSETS		1,127,457,748	977,022,648	305,139,121	262,867,083
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	28	267,080,518	97,730,000	267,080,518	97,730,000
Reserves	29	199,614,812	246,001,039	35,247,065	120,670,769
		466,695,330	343,731,039	302,327,583	218,400,769
Non-controlling interests	17(f)	8,454,099	6,893,462	-	-
TOTAL EQUITY		475,149,429	350,624,501	302,327,583	218,400,769

STATEMENTS OF FINANCIAL POSITION (CONT'D)

As At 31 December 2017

			Group		Company
	Note	2017 RM	2016 RM	2017 RM	2016 RM
LIABILITIES					
Non-current liabilities					
Borrowings	30	29,182,894	72,525,745	-	-
Deferred tax liabilities	20	373,120	2,932,213	-	-
		29,556,014	75,457,958	-	-
Current liabilities					
Trade and other payables	32	430,773,371	342,243,062	2,350,620	8,235,552
Borrowings	30	158,976,648	195,889,567	-	36,230,762
Current tax liabilities		33,002,286	12,807,560	460,918	-
		622,752,305	550,940,189	2,811,538	44,466,314
TOTAL LIABILITIES		652,308,319	626,398,147	2,811,538	44,466,314
TOTAL EQUITY AND LIABILITIES		1,127,457,748	977,022,648	305,139,121	262,867,083

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2017

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				
Balance as at 1 January 2016		97,730,000	(419,381)	85,545,356	138,334,081		321,190,056	1,241,836	322,431,892
Profit for the financial year		-	-	-	22,631,483		22,631,483	5,651,626	28,283,109
Other comprehensive income, net of tax		-	-	-	-		-	-	-
Total comprehensive profit, net of tax		-	-	-	22,631,483		22,631,483	5,651,626	28,283,109
Transaction with owners									
Shares repurchased	29(a)	-	(90,500)	-	-		(90,500)	-	(90,500)
Total transaction with owners		-	(90,500)	-	-		(90,500)	-	(90,500)
Balance as at 31 December 2016		97,730,000	(509,881)	85,545,356	160,965,564		343,731,039	6,893,462	350,624,501
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
Profit for the financial year		-	-	-	48,034,749		48,034,749	1,560,637	49,595,386
Other comprehensive income, net of tax		-	-	-	-		-	-	-
Total comprehensive income, net of tax		-	-	-	48,034,749		48,034,749	1,560,637	49,595,386
Transaction with owners									
Dividend paid	13	-	-	-	(8,875,620)		(8,875,620)	-	(8,875,620)
Ordinary shares issued pursuant to:-									
- Acquisition of a subsidiary	28(a)	29,537,110	-	-	-		29,537,110	-	29,537,110
- Private placement	28(a)	26,294,490	-	-	-		26,294,490	-	26,294,490
- Exercise of warrants	28(a)	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*	28(c)	85,545,356	-	(85,545,356)	-		-	-	-
Balance as at 31 December 2017		267,080,518	(509,881)	-	200,124,693		466,695,330	8,454,099	475,149,429

* 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.

STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2017

Company	Note	Share capital RM	Non-distributable Treasury shares RM	Share premium RM	Distributable Retained earnings RM	Total equity RM
Balance as at 1 January 2016		97,730,000	(419,381)	85,545,356	32,842,424	215,698,399
Profit for the financial year		-	-	-	2,792,870	2,792,870
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income, net of tax		-	-	-	2,792,870	2,792,870
Transactions with owners						
Shares repurchased	29(a)	-	(90,500)	-	-	(90,500)
Total transactions with owners		-	(90,500)	-	-	(90,500)
Balance as at 31 December 2016		97,730,000	(509,881)	85,545,356	35,635,294	218,400,769
Balance as at 1 January 2017		97,730,000	(509,881)	85,545,356	35,635,294	218,400,769
Profit for the financial year		-	-	-	8,997,272	8,997,272
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income, net of tax		-	-	-	8,997,272	8,997,272
Transaction with owners						
Shares repurchased	29(a)	-	-	-	-	-
Dividend paid	13	-	-	-	(8,875,620)	(8,875,620)
Ordinary shares issued pursuant to:						
- Acquisition of a subsidiary	28(a)	29,537,110	-	-	-	29,537,110
- Private placement	28(a)	26,294,490	-	-	-	26,294,490
- Warrants exercised	28(a)	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*		85,545,356	-	(85,545,356)	-	-
Balance as at 31 December 2017		267,080,518	(509,881)	-	35,756,946	302,327,583

* 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 2017

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		81,220,361	43,649,553	9,458,190	2,792,873
Adjustments for:					
Bad debts recovered		(200,000)	(400,000)	-	-
Depreciation of:					
- property, plant and equipment	14	11,384,462	12,058,496	-	-
- investment properties	16	4,080,754	3,025,524	-	-
Dividend income		-	-	(10,000,000)	-
Fair value adjustment on other investment		1,822,120	-	-	-
Impairment losses on:					
- trade receivables	24(h)	-	3,840	-	-
- other receivables	24(h)	-	113,376	-	-
Gain on disposal of property, plant and equipment		(47,283)	(497,498)	-	-
Interest expense	8	12,572,879	15,182,582	1,669,185	3,151,660
Interest income		(3,024,652)	(1,014,148)	(5,571,361)	(8,361,954)
Property, plant and equipment written off	14	1,993,733	31,721	-	-
Share of loss of an associate, net of tax		119,784	76,678	-	-
Share of (profit)/loss of a joint venture, net of tax		(153,114)	19,408	-	-
Operating profit/(loss) before working capital changes		109,769,044	72,249,532	(4,443,986)	(2,417,421)
Changes in working capital:					
Land held for property development		22,566,196	30,239,078	-	-
Property development costs		51,832,925	(18,671,786)	-	-
Inventories		(6,517,502)	8,492,850	-	-
Trade and other receivables		(101,305,693)	(52,661,062)	217,895	(502,613)
Trade and other payables		87,468,403	1,985,756	(7,702,975)	7,895,085
Cash generated from/(used in) operations		163,813,373	41,634,368	(11,929,066)	4,975,051
Interest paid		(3,431,153)	(3,360,325)	(1,669,185)	(27,523)
Interest received		3,024,652	1,014,148	269,352	55,453
Tax paid		(14,074,129)	(9,693,727)	-	(3)
Net cash from/(used in) operating activities		149,332,743	29,594,464	(13,328,899)	5,002,978

STATEMENTS OF CASH FLOWS (CONT'D)
For The Financial Year Ended 31 December 2017

		Group		Company
Note	2017 RM	2016 RM	2017 RM	2016 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Repayments from/(Advances to) subsidiaries	-	-	88,748,323	(3,210,174)
Acquisitions of:				
- a subsidiary	172,098	-	-	-
- additional interest in a wholly-owned subsidiary	-	-	-	(999,998)
Dividend received from an associate	19,600	88,200	-	-
Progress payments for investment properties under construction	-	(2,052,806)	-	-
Proceeds from disposals of property, plant and equipment	270,083	946,279	-	-
Purchases of:				
- property, plant and equipment	14(c) (1,300,906)	(1,060,937)	-	-
- land held for property development	15 (58,744)	(401,411)	-	-
(Placements)/Withdrawals of fixed deposits pledged	(9,531,400)	6,123,014	457,657	(703,327)
Net cash (used in)/from investing activities	(10,429,269)	3,642,339	89,205,980	(4,913,499)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid	(9,141,726)	(11,822,257)	-	(3,124,137)
Shares repurchased	29(a) -	(90,500)	-	(90,500)
Proceeds from issuance of ordinary shares pursuant to:	28			
- private placement	26,294,490	-	26,294,490	-
- exercise of warrants	27,973,562	-	27,973,562	-
Dividend paid	13 (8,875,620)	-	(8,875,620)	-
Drawdowns of term loans	1,000,000	48,179,672	-	9,147,813
Repayments of revolving credits	(2,057,035)	(13,042,965)	-	-
Repayments of term loans	(149,395,529)	(20,355,820)	(36,230,762)	(6,000,000)
Repayments of hire-purchase creditors	(4,980,810)	(9,678,688)	-	-
Net cash (used in)/from financing activities	(119,182,668)	(6,810,558)	9,161,670	(66,824)

STATEMENTS OF CASH FLOWS (CONT'D)

For The Financial Year Ended 31 December 2017

	Note	2017 RM	Group 2016 RM	2017 RM	Company 2016 RM
Net increase in cash and cash equivalents		19,720,806	26,426,245	85,038,751	22,655
Cash and cash equivalents at beginning of financial year		(38,383,845)	(64,810,090)	944,247	921,592
Cash and cash equivalents at end of financial year	27	(18,663,039)	(38,383,845)	85,982,998	944,247

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Term loans (Note 30)		Revolving credits (Note 30)		Hire purchase creditors (Note 31)	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000	Group RM'000	Company RM'000
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)	-	(4,010,510)	-
At 31 December 2017	66,744,942	-	4,000,000	-	1,475,096	-

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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 2017 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 3 April 2018.

2. PRINCIPAL ACTIVITIES

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

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the provisions of the Companies Act 2016 in Malaysia.

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.

The new FRSs and amendments to FRSs adopted during the financial year are set out in Note 39 to the financial statements.

4. OPERATING SEGMENTS

Gabungan AQRS Berhad and its subsidiaries are principally engaged in construction, property development, property investment, provision of management services and investment holding.

Gabungan AQRS Berhad has arrived at two (2) reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which require different business and marketing strategies. The reportable segments are summarised as follows:

(i) Construction

Securing and carrying out construction contracts.

(ii) Property development

Development of residential and commercial properties.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2017

4. OPERATING SEGMENTS (continued)

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.

2017	Construction RM	Property development RM	Other operating segments RM	Total RM
Segment revenue				
Total revenue	375,295,174	92,401,295	28,556,583	496,253,052
Inter segment revenue	(9,582,434)	-	(17,202,567)	(26,785,001)
Revenue from external customers	365,712,740	92,401,295	11,354,016	469,468,051
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	114,910,838	(27,307,818)	11,321,240	98,924,260
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	(26,240,618)	(3,437,382)	(1,946,975)	(31,624,975)
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	839,445,417	506,581,048	431,996,965	1,778,023,430
Segment liabilities	560,780,697	512,349,947	126,620,614	1,199,751,258

4. OPERATING SEGMENTS (continued)

2016	Construction RM	Property development RM	Other operating segments RM	Total RM
Segment revenue				
Total revenue	236,993,692	102,155,582	11,281,202	350,430,476
Inter segment revenue	(17,446,107)	-	(2,926,361)	(20,372,468)
Revenue from external customers	219,547,585	102,155,582	8,354,841	330,058,008
Interest income	746,743	211,840	55,565	1,014,148
Finance costs	(4,017,319)	(5,775,799)	(5,389,464)	(15,182,582)
Net finance expenses	(3,270,576)	(5,563,959)	(5,333,899)	(14,168,434)
Segment profit before tax	23,742,175	17,434,189	2,356,111	43,532,475
Share of loss of an associate, net of tax	(76,678)	-	-	(76,678)
Share of loss of a joint venture, net of tax	-	-	(19,408)	(19,408)
Tax expense	(8,541,038)	(5,895,455)	(929,951)	(15,366,444)
Other material non-cash item:				
- Depreciation of:				
- Property, plant and equipment	(11,139,272)	(509,591)	(409,633)	(12,058,496)
- Investment properties	-	-	(3,025,524)	(3,025,524)
Investment in an associate	3,526,410	-	-	3,526,410
Investment in a joint venture	-	-	224,996	224,996
Additions to non-current assets other than financial instruments and deferred tax assets	618,635	654,567	2,241,951	3,515,153
Segment assets	645,306,439	611,473,861	389,872,071	1,646,652,371
Segment liabilities	451,371,781	586,497,560	168,868,092	1,206,737,433

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2017

4. OPERATING SEGMENTS (continued)

(a) Reconciliations

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

	2017 RM	Group 2016 RM
Revenue		
Total revenue for reportable segments	496,253,052	350,430,476
Elimination of inter-segmental revenues	(26,785,001)	(20,372,468)
Revenue of the Group per consolidated statement of profit or loss and other comprehensive income	469,468,051	330,058,008
Profit for the financial year		
Total profit or loss for reportable segments	98,924,260	43,532,475
Elimination of inter-segment (losses)/profits	(17,737,229)	213,254
Share of loss of an associate, net of tax	(119,784)	(76,768)
Share of profit/(loss) of a joint venture, net of tax	153,114	(19,408)
Profit before tax	81,220,361	43,649,553
Tax expense	(31,624,975)	(15,366,444)
Profit for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	49,595,386	28,283,109
Assets		
Total assets for reportable segments	1,778,023,430	1,646,652,371
Elimination of investments in subsidiaries and consolidation adjustments	(110,677,266)	(97,963,810)
Elimination of inter-segment balances	(539,888,416)	(571,665,913)
Assets of the Group per consolidated statement of financial position	1,127,457,748	977,022,648
Liabilities		
Total liabilities for reportable segments	1,199,751,258	1,206,737,433
Elimination of consolidation adjustments	(7,554,523)	(8,673,373)
Elimination of inter-segment balances	(539,888,416)	(571,665,913)
Liabilities of the Group per consolidated statement of financial position	652,308,319	626,398,147

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:

	2017 RM	Group 2016 RM
Customer A	156,633,781	98,031,781
Customer B	-	50,823,496
Customer C	131,984,884	36,161,098
	288,618,665	185,016,375

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 2017 and 31 December 2016.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2017

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(a) Capital management (continued)

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Borrowings	188,159,542	268,415,312	-	36,230,762
Less:				
Short term funds	(86,053,973)	(951,587)	(85,943,076)	(844,425)
Cash and bank balances	(50,337,485)	(31,980,361)	(1,103,592)	(1,621,149)
Net debt/(Net cash)	51,768,084	235,483,364	(87,046,668)	33,765,188
Total capital	475,149,429	350,624,501	302,327,583	218,400,769
Net debt/(Net cash)	51,768,084	235,483,364	(87,046,668)	33,765,188
Total	526,917,513	586,107,865	215,280,915	252,165,957
Gearing ratio	10%	40%	*	13%

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

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 2017.

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.

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 30 and 32 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 24, 27, 30 and 32 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 24 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2017

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 25 and 26 to the financial statements respectively.

6. REVENUE

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Contract revenue	365,712,740	219,547,585	-	-
Property development revenue	92,401,295	102,155,582	-	-
Rental income	11,354,016	8,354,841	-	-
Dividend income from a subsidiary	-	-	10,000,000	-
	469,468,051	330,058,008	10,000,000	-

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the activities of the Group as follows:

(a) Construction contracts

Contract revenue and expenses are recognised in the statement of profit or loss and other comprehensive income in proportion to the stage of completion of the contract. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

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

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

6. REVENUE (continued)**(a) Construction contracts (continued)**

Significant judgements are required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and costs, as well as the recoverability of the construction projects and determination of liquidated and ascertained damages ("LAD"). In making the judgements, the Group evaluates based on past experience and by relying on the work of specialists.

Based on the assessment of the exposures to LAD for the relevant construction contracts, the Directors are of the opinion that no provision for LAD is necessary at this juncture.

(b) Property development

Property development revenue is recognised in respect of all development units that have been sold. Revenue recognition commences when the sale of the development unit is effected, upon the commencement of development and construction activities and when the financial outcome can be reliably estimated. The attributable portion of property development cost is recognised as an expense in the period in which the related revenue is recognised. The amount of such revenue and expenses recognised is determined by reference to the stage of completion of development activity at the reporting date. The stage of completion is measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

When the financial outcome of a development activity cannot be reliably estimated, the property development revenue is recognised only to the extent of property development costs incurred that is probable to be recoverable and the property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project is recognised as an expense immediately, including costs to be incurred over the defects liability period.

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

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2017

7. COST OF SALES

	2017 RM	Group 2016 RM
Inventories sold	6,329,800	8,954,593
Property development costs	88,789,285	51,707,192
Contract costs	230,559,610	181,789,622
	325,678,695	242,451,407

Included in the property development costs of the Group are provision for foreseeable losses of RM12,154,059 (2016: RM2,773,258) and cost on sales of land held for property development and property development costs amounting to RM66,381,046 (2016: RM30,239,078).

The accumulated provision for foreseeable losses as at 31 December 2017 amounted to RM14,927,317 (2016: RM2,773,258).

8. FINANCE COSTS

	2017 RM	Group 2016 RM	2017 RM	Company 2016 RM
Interest expense on:				
- bank overdrafts	2,720,158	2,628,096	-	-
- hire-purchase creditors	183,427	649,048	-	-
- revolving credits	300,250	544,362	-	-
- term loans	8,398,910	10,628,847	1,591,244	3,124,137
- late payment for land instalments	410,745	258,799	-	-
- advances from subsidiaries	-	-	52,048	-
- others	559,389	473,430	25,893	27,523
	12,572,879	15,182,582	1,669,185	3,151,660

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2017

9. PROFIT BEFORE TAX

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Profit before tax is arrived at after charging:					
Auditors' remuneration:					
- statutory audit		256,133	234,000	58,500	49,000
- non-statutory audit		104,017	73,107	87,517	71,607
Depreciation of:					
- property, plant and equipment	14	11,384,462	12,058,496	-	-
- investment properties	16	4,080,754	3,025,524	-	-
Directors' remuneration paid to:					
- Directors of the Company					
- Fees:					
- payable by Company		439,258	360,000	439,258	360,000
- Other emoluments:					
- payable by subsidiaries		3,256,495	2,132,699	-	-
- Directors of the subsidiaries					
- Other emoluments		1,095,650	490,172	-	-
Fair value adjustment on other investment		1,822,120	-	-	-
Impairment losses on:					
- trade receivables	24(h)	-	3,840	-	-
- other receivables	24(h)	-	113,376	-	-
Interest expense	8	12,572,879	15,182,582	1,669,185	3,151,660
Property, plant and equipment written off	14	1,993,733	31,721	-	-
Rental of:					
- hostel		23,400	21,100	-	-
- leasehold land		102,000	126,023	102,000	126,023
- office equipment		24,352	20,987	-	-
- premises		2,797,442	2,255,886	123,247	48,300
And crediting:					
Bad debts recovered		200,000	400,000	-	-
Gain on disposal of property, plant and equipment		47,283	497,498	-	-
Rental income		213,361	3,816,000	-	-
Interest income from:					
- subsidiaries		-	-	5,302,009	8,306,501
- fixed deposits		867,774	906,878	31,952	29,524
- housing development accounts		9,531	19,158	-	-
- late payment		1,893,710	-	-	-
- property purchasers		-	34,304	-	-
- short term funds		237,400	25,929	237,400	25,929
- others		16,237	27,879	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2017

9. PROFIT BEFORE TAX (continued)

(a) Interest income

Interest income is recognised as it accrues, using the effective interest method.

- (b) The estimated monetary value of benefits-in-kind received and receivable by the Directors otherwise than in cash from the Group amounted to RM92,620 (2016: RM108,736).

10. EMPLOYEE BENEFITS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Wages, salaries and bonuses	18,867,190	14,780,565	203,560	232,969
EPF and Socso contributions	2,379,557	1,919,740	26,243	31,557
Other benefits	292,810	330,785	4,105	4,795
	21,539,557	17,031,090	233,908	269,321

Included in the employee benefits of the Group are Directors' remuneration amounting to RM4,352,145 (2016: RM2,622,871).

11. TAX EXPENSE

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Current year tax expense based on profit for the financial year	34,529,244	13,806,555	460,918	-
(Over)/Under provision in prior years	(847,111)	(429,200)	-	3
	33,682,133	13,377,355	460,918	3
Deferred tax (Note 20):				
- Relating to origination and reversal of temporary differences	(1,157,074)	1,552,564	-	-
- (Over)/Under provision in prior years	(900,084)	436,525	-	-
	(2,057,158)	1,989,089	-	-
	31,624,975	15,366,444	460,918	3

- (a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated taxable profits for the fiscal year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2017

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:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit before tax	81,220,361	43,649,553	9,458,190	2,792,873
Tax at Malaysian statutory tax rate of 24% (2016: 24%)	19,492,887	10,475,893	2,269,966	670,290
Tax effects in respect of:				
Non-allowable expenses	14,977,260	6,281,144	647,928	1,329,493
Non-taxable income	(7,510,853)	(676,472)	(2,456,976)	(1,999,783)
Tax effect on real property gains tax	870,085	-	-	-
Deferred tax assets not recognised	5,542,791	696,926	-	-
Utilisation of previously unrecognised tax losses	-	(1,418,372)	-	-
	33,372,170	15,359,119	460,918	-
Under/(Over) provision in prior years				
- current tax expense	(847,111)	(429,200)	-	3
- deferred tax expense	(900,084)	436,525	-	-
	31,624,975	15,366,444	460,918	3

- (c) Tax savings of the Group are as follows:

	2017 RM	Group 2016 RM
Arising from utilisation of previously unrecognised tax losses	-	1,418,372

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 (CONT'D)

31 December 2017

12. EARNINGS PER ORDINARY SHARE (continued)**(a) Basic (continued)**

	2017 RM	Group 2016 RM
Profit for the financial year attributable to equity holders of the parent	48,034,749	22,631,483
Weighted average number of ordinary shares in issue (unit)	390,384,498	390,484,498
Effects of dilution due to:		
- shares repurchased	-	(33,470)
- 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	2,461,594	-
Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share	409,103,179	390,451,028
Basic earnings per ordinary share (sen)	11.74	5.80

(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.

	2017 RM	Group 2016 RM
Profit for the financial year distributable to equity holders of the parent	48,034,749	22,631,483
Adjusted weighted average number of ordinary shares applicable to basic earnings per share	409,103,179	390,451,028
Effect of outstanding warrants convertible into ordinary shares	138,465,875	-
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share	547,569,054	390,451,028
Diluted earnings per ordinary share (sen)	8.77	5.80

12. EARNINGS PER ORDINARY SHARE (continued)**(b) Diluted (continued)**

In the previous financial year, the diluted earnings per ordinary share equal basic earnings per ordinary share because there was no potential dilutive ordinary shares as at the end of the reporting period as the exercise price of the Warrants exceeded the average market price of ordinary shares during the period (i.e. they were "out of the money").

13. DIVIDENDS

	Group and Company			
	2017		2016	
	Dividend per share Sen	Amount of dividend RM	Dividend per share Sen	Amount of dividend RM
In respect of the financial year ended 31 December 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	-	-
	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 1.1.2017 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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2017

14. PROPERTY, PLANT AND EQUIPMENT (continued)

	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	(1,237,885)	75,915
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	(3,009,072)	1,037,475
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

Group	Balance as at 1.1.2016 RM	Additions RM	Disposals RM	Written off RM	Depreciation charge for the financial year RM	Balance as at 31.12.2016 RM
Carrying amount						
Leasehold land and buildings	14,059,028	180,126	-	-	(391,642)	13,847,512
Information technology equipment	381,700	6,465	-	-	(188,714)	199,451
Furniture and fittings	3,807,437	247,072	-	-	(309,589)	3,744,920
Motor vehicles	3,102,936	-	(439,568)	(23,481)	(1,354,601)	1,285,286
Office and computer equipment	1,699,648	44,744	(9,213)	(8,240)	(466,774)	1,260,165
Operation and construction equipment	18,887,922	582,530	-	-	(5,693,372)	13,777,080
Plant, machinery and cabins	13,122,282	-	-	-	(3,653,804)	9,468,478
	55,060,953	1,060,937	(448,781)	(31,721)	(12,058,496)	43,582,892

	At 31.12.2016		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Leasehold land and buildings	15,054,834	(1,207,322)	13,847,512
Information technology equipment	1,352,411	(1,152,960)	199,451
Furniture and fittings	5,313,962	(1,569,042)	3,744,920
Motor vehicles	6,166,272	(4,880,986)	1,285,286
Office and computer equipment	3,826,645	(2,566,480)	1,260,165
Operation and construction equipment	29,468,951	(15,691,871)	13,777,080
Plant, machinery and cabins	17,822,605	(8,354,127)	9,468,478
	79,005,680	(35,422,788)	43,582,892

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 FRS 117 *Leases*.
- (c) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	2017 RM	Group 2016 RM
Purchase of property, plant and equipment	2,271,206	1,060,937
Financed by hire-purchase arrangements	(970,300)	-
Cash payments on purchase of property, plant and equipment	1,300,906	1,060,937

- (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:

	2017 RM	Group 2016 RM
Motor vehicles	1,290,312	1,116,911
Operation and construction equipment	86,024	6,962,784
Plant, machinery and cabins	-	7,317,997
	1,376,336	15,397,692

- (e) As at the end of the reporting period, leasehold land and buildings with a carrying amount of RM13,565,667 (2016: RM7,579,951) were charged to financial institutions for banking facilities granted to the Group as disclosed in Note 30 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2017

15. LAND HELD FOR PROPERTY DEVELOPMENT

Group	Balance as at 1.1.2017 RM	Additions RM	Disposals RM	Balance as at 31.12.2017 RM
Carrying amount				
Leasehold land	56,049,914	-	(19,342,941)	36,706,973
Development costs	4,388,741	58,744	(3,223,255)	1,224,230
	60,438,655	58,744	(22,566,196)	37,931,203

	At 31.12.2017		
	Cost RM	Accumulated impairment loss RM	Carrying amount RM
Leasehold land	36,706,973	-	36,706,973
Development costs	1,224,230	-	1,224,230
	37,931,203	-	37,931,203

Group	Balance as at 1.1.2016 RM	Additions RM	Disposals RM	Balance as at 31.12.2016 RM
Carrying amount				
Leasehold land	85,981,754	-	(29,931,840)	56,049,914
Development costs	4,294,568	401,411	(307,238)	4,388,741
	90,276,322	401,411	(30,239,078)	60,438,655

	At 31.12.2016		
	Cost RM	Accumulated impairment loss RM	Carrying amount RM
Leasehold land	56,049,914	-	56,049,914
Development costs	4,388,741	-	4,388,741
	60,438,655	-	60,438,655

15. LAND HELD FOR PROPERTY DEVELOPMENT (continued)

- (a) 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.
- (b) As at the end of the reporting period, leasehold land held for property development with carrying amounts of RM36,921,605 (2016: RM59,487,801) were pledged to licensed banks for banking facilities granted to the Group as disclosed in Note 30 to the financial statements.

16. INVESTMENT PROPERTIES

	2017 RM	Group 2016 RM
Investment properties	33,701,258	37,782,012

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

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

Group	Balance as at 1.1.2016 RM	Additions RM	Reclassi- fications RM	Depreciation charge for the financial year RM	Balance as at 31.12.2016 RM
Carrying amount					
Investment properties	-	-	40,807,536	(3,025,524)	37,782,012
Investment properties under construction	38,754,730	2,052,806	(40,807,536)	-	-
	38,754,730	2,052,806	-	(3,025,524)	37,782,012

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2017

16. INVESTMENT PROPERTIES (continued)

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

	← At 31.12.2016 →		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Investment properties	40,807,536	(3,025,524)	37,782,012

(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 ten (10) 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) In the previous financial year, additions to investment properties included interest expense RM710,464. Interest was capitalised at rate of 7.61% per annum.

(e) The Level 3 fair value of investment properties is RM72,864,363 (2016: RM79,071,823). The fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life.

The duration of the cash flow and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related lease up periods. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. In the case of investment properties, periodic cash flow is typically estimated as gross income less any other operating and management expenses.

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

	2017 RM	Group 2016 RM
Rental income	11,354,016	8,354,841

17. INVESTMENTS IN SUBSIDIARIES

	2017 RM	Company 2016 RM
Unquoted equity shares in Malaysia, at cost	117,822,116	80,885,006
Less: Impairment loss	(2,625,369)	(2,625,369)
Balance at 31 December	115,196,747	78,259,637

17. 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 FRSs. 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) The details of subsidiaries, which are all incorporated in Malaysia, are as follows:

Name of Company	Interest in equity held by				Principal activities
	Company 2017	Company 2016	Subsidiaries 2017	Subsidiaries 2016	
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. Properties Sdn. Bhd.	100%	100%	-	-	Property investment
Gabungan AQRS Management Sdn. Bhd.	100%	100%	-	-	Provision of management services
Gabungan AQRS Capital Berhad # (formerly known as Gabungan AQRS Capital Sdn. Bhd.)	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%	-	-	-	Contractors for all building

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2017

17. INVESTMENTS IN SUBSIDIARIES (continued)

(b) 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		
	2017	2016	2017	2016	
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%	Property investment
Subsidiary of Bright					
Reach Sdn. Bhd.					
Crystal Aspect Sdn. Bhd.	-	-	100%	100%	Property development

Change of subsidiary's status from private limited company to public limited company in the current financial year.

- (c) On 31 July 2017, 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.
- (d) On 30 November 2017, 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.
- (e) In the previous financial year, the Company subscribed for an additional 999,998 ordinary shares of RM1.00 each for cash in Gabungan AQRS Properties Sdn. Bhd. ("GAP") pursuant to the allotment of shares. Upon completion of the shares allotment, GAP remained as a wholly-owned subsidiary of the Company.

17. INVESTMENTS IN SUBSIDIARIES (continued)

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

2017	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)	10,494,051	(1,297,388)	(742,564)	8,454,099
Profit/(Loss) allocated to NCI (RM)	1,793,121	(14,997)	(217,487)	1,560,637
2016				
NCI percentage of ownership interest and voting interests	48%	48%	10%	
Carrying amount of NCI (RM)	8,700,930	(1,282,391)	(525,077)	6,893,462
Profit/(Loss) allocated to NCI (RM)	6,696,823	(799,401)	(245,796)	5,651,626

(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:

2017	Prestige Field Development Sdn. Bhd. RM	Estet Etos Sdn. Bhd. RM	Trusvest Sdn. Bhd. RM
Assets and liabilities			
Non-current assets	49,786	-	46,598,297
Current assets	48,374,924	1,842	6,559,245
Non-current liabilities	-	-	(17,898,482)
Current liabilities	(25,615,650)	(2,704,733)	(34,947,875)
Net assets/(liabilities)	22,809,060	(2,702,891)	311,185

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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17. 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):

	Prestige Field Development Sdn. Bhd. RM	Estet Etos Sdn. Bhd. RM	Trusvest Sdn. Bhd. RM
2017			
Results			
Revenue	34,727,683	-	11,354,016
(Loss)/Profit for the financial year	3,721,130	(31,243)	254,647
Total comprehensive (loss)/income	3,721,130	(31,243)	254,647
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
2016			
Assets and liabilities			
Non-current assets	24,579,159	-	52,242,328
Current assets	62,408,125	1,974	8,606,707
Non-current liabilities	(37,489)	-	(26,737,245)
Current liabilities	(67,861,865)	(2,673,622)	(34,055,252)
Net assets/(liabilities)	19,087,930	(2,671,648)	56,538
Results			
Revenue	50,384,327	-	8,354,841
Profit/(Loss) for the financial year	13,966,879	(1,665,419)	279,987
Total comprehensive income/(loss)	13,966,879	(1,665,419)	279,987
Cash flows from/(used in) operating activities	7,483,746	(799,189)	(10,509,779)
Cash flows from/(used in) investing activities	6,145,734	777,551	13,177,338
Cash flows used in financing activities	(12,811,378)	-	(2,759,441)
Net increase/(decrease) in cash and cash equivalents	818,102	(21,638)	(91,882)

17. INVESTMENTS IN SUBSIDIARIES (continued)

(h) The following subsidiaries have significant restrictions on their assets as follows:

(i) Restriction imposed by bank covenants

The covenants of borrowings taken by Gabungan Strategik Sdn. Bhd., a wholly-owned subsidiary of the Company, restrict the ability of the subsidiary to declare dividends to its shareholder in excess of 30% of its profit before tax or 50% of its profit after tax for each of the financial period, prior to the financial institution's consent. The subsidiary is also required to maintain a net tangible asset position of RM73.0 million at all times and gearing of not more than 1.0 times of its net tangible asset at all time. The subsidiary complied with the above covenants during the financial year.

The covenants of borrowings taken by Prestige Field Development Sdn. Bhd., a 52% owned subsidiary of the Company, restrict the ability of the subsidiary to declare dividends to its shareholders prior to the consent of the financial institution. The subsidiary complied with the above covenant during the financial year.

(ii) Restriction imposed by shareholders' agreements

In Prestige Field Development Sdn. Bhd., the non-controlling shareholders hold protective right, which restricts the ability of the Group to mortgage, charge or dispose its shares to any other third party, or assign any of its rights at any point in time, unless written consent is obtained from the non-controlling interest shareholders.

(i) 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.

18. INVESTMENT IN AN ASSOCIATE

	2017 RM	Group 2016 RM
Unquoted equity shares, at cost	3,322,200	3,322,200
Share of post-acquisition reserves, net of tax	64,826	204,210
	3,387,026	3,526,410
Dividend received	19,600	88,200

(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. Management accounts of the associate for the financial years ended 31 December 2016 and 31 December 2017 have been used for the purpose of applying the equity method of accounting.

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18. 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
		2017 %	2016 %	
<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
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

18. INVESTMENT IN AN ASSOCIATE (continued)

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

	SEDCO Precast Sdn. Bhd. RM
2016	
Assets and liabilities	
Non-current assets	4,601,291
Current assets	7,240,574
Non-current liabilities	(214,567)
Current liabilities	(4,833,987)
Net assets	6,793,311
Results	
Revenue	9,990,085
Loss for the financial year	(156,486)
Total comprehensive loss	(156,486)
Cash flows from operating activities	127,118
Cash flows used in investing activities	(1,598,862)
Cash flows from financing activities	2,497,151
Net increase in cash and cash equivalents	1,025,407

(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 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)

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18. 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 2016	
Share of net assets of the Group	3,328,722
Goodwill	197,688
Carrying amount in the consolidated statement of financial position	3,526,410
Share of results of the Group for the financial year ended 31 December 2016	
Share of loss/other comprehensive loss of the Group, net of tax	(76,678)

19. INVESTMENT IN A JOINT VENTURE

	2017 RM	Group 2016 RM	2017 RM	Company 2016 RM
Unquoted equity shares, at cost	255,000	255,000	255,000	255,000
Share of post-acquisition reserves, net of tax	123,110	(30,004)	-	-
	378,110	224,996	255,000	255,000

- (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 Company		Principal activity
		2017 %	2016 %	
Kreatif Sinar Gabungan Sdn. Bhd. ("KSGSB")	Malaysia	30%	30%	Construction

- (c) KSGSB, the only joint venture in which the Company participates, is an unlisted separate structured entity whose quoted market price is not available. The contractual arrangement provides the Company with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for liabilities of the joint arrangement resting primarily with KSGSB. This joint arrangement has been classified as a joint venture.

19. INVESTMENT IN A JOINT VENTURE (continued)

- (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 2016 and 31 December 2017 have been used for the purpose of applying the equity method of accounting.
- (e) The summarised financial information of the joint venture is not presented as it is not material.

20. DEFERRED TAX

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

	2017 RM	Group 2016 RM
Balance as at 1 January	290,957	2,280,046
Acquisition of a subsidiary (Note 36)	216,813	-
Recognised in profit or loss (Note 11)	2,057,158	(1,989,089)
Balance as at 31 December	2,564,928	290,957

Represented by:

	2017 RM	Group 2016 RM
Deferred tax assets, net	2,938,048	3,223,170
Deferred tax liabilities, net	(373,120)	(2,932,213)
	2,564,928	290,957

- (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	Provisions RM	Set-off tax RM	Total RM
At 1 January 2017	3,223,170	-	-	-	3,223,170
Recognised in profit or loss	(285,122)	42,469	-	(42,469)	(285,122)
At 31 December 2017	2,938,048	42,469	-	(42,469)	2,938,048

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20. DEFERRED TAX (continued)

- (b) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows (continued):

Deferred tax assets of the Group (continued)

	Property development costs RM	Unused tax losses and unabsorbed capital allowances RM	Provisions RM	Set-off tax RM	Total RM
At 1 January 2016	4,527,405	150,479	8,792	(159,271)	4,527,405
Recognised in profit or loss	(1,304,235)	(150,479)	(8,792)	159,271	(1,304,235)
At 31 December 2016	3,223,170	-	-	-	3,223,170

Deferred tax liabilities of the Group

	Land held for property development RM	Property, plant and equipment RM	Set-off tax RM	Total RM
At 1 January 2017	1,794,256	1,137,957	-	2,932,213
Recognised in profit or loss	(1,525,746)	(990,878)	(42,469)	(2,559,093)
At 31 December 2017	268,510	147,079	(42,469)	373,120
At 1 January 2016	1,794,256	612,374	(159,271)	2,247,359
Recognised in profit or loss	-	525,583	159,271	684,854
At 31 December 2016	1,794,256	1,137,957	-	2,932,213

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

	2017 RM	Group 2016 RM
Unused tax losses, gross	34,746,252	25,979,887
Unabsorbed capital allowances, gross	76,470	116,182
Other deductible temporary differences, gross	19,422,067	5,053,759
	54,244,789	31,149,828

20. 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 (continued) :

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 deductible temporary differences do not expire under the current tax legislation.

21. INTANGIBLE ASSETS

Group	Balance as at 1.1.2017 RM	Acquisition of a subsidiary RM	Balance as at 31.12.2017 RM
Carrying amount			
Customer contract (Note 36)	-	28,564,072	28,564,072
Goodwill (Note 36)	-	1,219,080	1,219,080
	-	29,783,152	29,783,152

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.

Customer contract relates to a construction project awarded to Monolight, which would be amortised based on the projected percentage of completion of the construction project.

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.

Goodwill has been allocated to the cash-generating units ("CGU") of the Group, according to business segment as follows:

	2017 RM	Group 2016 RM
Construction	1,219,080	-

- (a) For the purpose of impairment testing, goodwill is allocated to the operating divisions of the Group which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

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31 December 2017

21. INTANGIBLE ASSETS (continued)**(b) Key assumptions used in value-in-use calculation**

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is 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:

	Construction	
	2017	2016
	%	%
Growth rate	32.60	-
Discount rate	10.30	-

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(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.

(c) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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22. PROPERTY DEVELOPMENT COSTS

	2017 RM	Group 2016 RM
Balance as at 1 January		
- Freehold land	66,240,620	55,652,363
- Leasehold land	54,139,460	52,356,610
- Development costs	256,908,747	234,424,987
- Accumulated costs charged to profit or loss	(132,315,681)	(113,620,825)
	244,973,146	228,813,135
Add: Costs incurred during the year		
- Freehold land	12,000,000	11,050,000
- Leasehold land	-	1,782,850
- Development costs	3,039,534	22,483,760
	15,039,534	35,316,610
Less: Costs recognised in profit or loss	(53,851,260)	(18,694,856)
Less: Completed developments		
- Freehold land	(3,490,621)	(461,743)
- Leasehold land	(1,782,850)	-
- Development costs	(7,747,728)	-
	(13,021,199)	(461,743)
Balance as at 31 December	193,140,221	244,973,146

- (a) As at the end of the reporting period, property development costs of the Group with carrying amounts of RM193,140,221 (2016: RM244,973,146) were charged to financial institutions for banking facilities granted to the Group as disclosed in Note 30 to the financial statements.
- (b) Freehold land under development of RM74,750,000 (2016: RM62,750,000) 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.
- (c) Additions to aggregate costs incurred during the financial year include interest expense of RM3,668,188 (2016: RM4,069,150). Interest is capitalised at rate of 8.53% (2016: 7.16%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2017

23. INVENTORIES

	2017 RM	Group 2016 RM
At cost		
Completed properties	31,633,677	25,116,175

(a) In the previous financial year, included in inventories of the Group are completed properties with carrying amounts of RM19,865,993, which were charged to financial institutions for banking facilities granted to the Group as disclosed in Note 30 to the financial statements.

(b) As at the end of the reporting period, inventories of the Group recognised as cost of sales, amounted to RM6,329,800 (2016: RM8,954,593).

24. TRADE AND OTHER RECEIVABLES

	Note	2017 RM	Group 2016 RM	2017 RM	Company 2016 RM
Trade receivables					
Third parties		97,498,921	189,893,613	-	-
Related parties		19,167,063	3,328,198	-	-
Retention sums		43,897,305	42,279,248	-	-
Accrued billings		53,634,784	75,144,023	-	-
Amounts due from contract customers					
- Third parties	33	323,252,415	113,874,070	-	-
		537,450,488	424,519,152	-	-
Less: Impairment losses					
- Third parties		(3,840)	(3,840)	-	-
		537,446,648	424,515,312	-	-
Other receivables					
Other receivables		61,914,560	81,909,835	150,000	-
Amounts owing from subsidiaries		-	-	101,339,056	180,367,327
Deposits		3,660,970	2,777,192	166,620	156,620
		65,575,530	84,687,027	101,655,676	180,523,947
Less: Impairment losses					
- Other receivables		(113,376)	(113,376)	-	-
		65,462,154	84,573,651	101,655,676	180,523,947
Loans and receivables		602,908,802	509,088,963	101,655,676	180,523,947
Prepayments		13,967,073	13,287,426	985,030	1,362,925
		616,875,875	522,376,389	102,640,706	181,886,872

24. TRADE AND OTHER RECEIVABLES (continued)

- (a) Financial assets classified as loans and receivables are measured at amortised cost using the effective interest method.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 60 days (2016: 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 are trade amounts owing from Directors of the Company and its subsidiaries as well as their close family members arising as follows:

	2017 RM	Group 2016 RM
Purchase of development properties	-	18,992
Progress billings on construction contracts	15,306,614	300,392
Rental of investment properties	3,860,449	3,008,814
	19,167,063	3,328,198

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

	2017 RM	Group 2016 RM
Within one (1) year	43,897,305	25,216,235
Within two (2) years	-	17,063,013
	43,897,305	42,279,248

- (e) Amounts owing from subsidiaries represent advances, payments made on behalf and dividend receivable, which are unsecured, bear interests at 3.00% (2016: 3.00% to 7.60%) per annum and receivable on demand in cash and cash equivalents.

Sensitivity analysis for amounts owing from subsidiaries as at the end of the reporting period is not presented as fixed rate instruments are not affected by change in interest rates.

- (f) Loans and receivables are denominated in Ringgit Malaysia.

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24. TRADE AND OTHER RECEIVABLES (continued)

(g) The ageing analysis of trade receivables of the Group are as follows:

	2017 RM	Group 2016 RM
Neither past due nor impaired	438,795,076	236,485,528
Past due, not impaired		
1 - 30 days	4,180,387	51,929
31 - 120 days	2,496,035	7,067,092
More than 120 days	91,975,150	180,910,763
	98,651,572	188,029,784
Past due and impaired	3,840	3,840
	537,450,488	424,519,152

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. More than 17% (2016: 13%) of the trade receivables of the Group arise from customers with more than two (2) years of experience with the Group and have never defaulted.

None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Trade receivables of the Group that are past due but not impaired are unsecured in nature. They are creditworthy debtors with long business relationship with the Group and have active transactions. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management.

Receivables that are past due and impaired

Trade receivables of the Group that are past due and impaired at the end of each reporting period are as follows:

	Group Individually impaired 2017 RM	2016 RM
Trade receivables, gross	3,840	3,840
Less: Impairment losses	(3,840)	(3,840)
	-	-

24. TRADE AND OTHER RECEIVABLES (continued)

(h) The reconciliation of movements in the impairment losses is as follows:

	2017 RM	Group 2016 RM
Trade receivables		
At 1 January	3,840	-
Charge for the financial year (Note 9)	-	3,840
At 31 December	3,840	3,840
Other receivables		
At 1 January	113,376	154,815
Charge for the financial year (Note 9)	-	113,376
Written off	-	(154,815)
At 31 December	113,376	113,376

Trade and other receivables that were individually determined to be impaired at the end of the reporting period related to those receivables that exhibited significant financial difficulties and had defaulted on payments. These receivables were not secured by any collateral or credit enhancements.

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying amount of receivables.

(i) 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:

	2017		Group		2016	
	RM	% of total	RM	% of total	RM	% of total
By industry sectors						
Property development	20,544,503	4%	23,680,840	7%		
Construction	459,410,752	95%	319,676,660	91%		
Others	3,860,449	1%	6,017,629	2%		
	483,815,704	100%	349,375,129	100%		

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25. OTHER INVESTMENT

	2017 RM	Group 2016 RM
Financial asset at fair value through profit or loss		
- Quoted shares outside Malaysia	8,122,815	2,511,775

- (a) All regular way purchases and sales of financial assets (including loans and 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.

	2017 RM	Group 2016 RM
USD/RM		
- Strengthen by 10%	617,334	190,895
- Weaken by 10%	(617,334)	(190,895)

- (e) The Group is exposed to the equity price risks arising from quoted outside Malaysia. It is listed on the 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.

26. SHORT TERM FUNDS

	2017 RM	Group 2016 RM	2017 RM	Company 2016 RM
Financial assets at fair value through profit or loss				
- Fixed income trust funds in Malaysia	86,053,973	951,587	85,943,076	844,425

- (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.

26. SHORT TERM FUNDS (continued)

(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	
	2017 RM	2016 RM	2017 RM	2016 RM
Floating rate	86,053,973	951,587	85,943,076	844,425

(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	
	2017 RM	2016 RM	2017 RM	2016 RM
Effects of 100 basis points changes to profit after tax				
- Increase by 1% (2016: 1%)	654,010	7,232	653,167	6,418
- Decrease by 1% (2016: 1%)	(654,010)	(7,232)	(653,167)	(6,418)

(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	
	2017 %	2016 %	2017 %	2016 %
Short term funds	3.45	3.07	3.45	3.07

(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.

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27. CASH AND BANK BALANCES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash and bank balances	11,222,492	2,396,768	39,922	99,822
Fixed deposits with licensed banks	39,114,993	29,583,593	1,063,670	1,521,327
	50,337,485	31,980,361	1,103,592	1,621,149

- (a) The weighted average effective interest rate of fixed deposits with both licensed banks of the Group and of the Company are 2.10% (2016: 2.77%) and 2.55% (2016: 2.65%) per annum respectively.

Sensitivity analysis for fixed rate deposits at the end of the reporting period is not presented as fixed rate instruments are not affected by changes in interest rate.

- (b) Fixed deposits with licensed banks of the Group and of the Company were pledged as securities for banking facilities granted to the Group and to the Company as disclosed in Note 30 to the financial statements.
- (c) Fixed deposits with licensed banks have maturity period ranging from one (1) month to one (1) year (2016: one (1) month to one (1) year).
- (d) Included in cash and bank balances of the Group is a balance of RM514,203 (2016: RM606,768) held under Housing Development Account pursuant to Section 7A of Housing Development (Control and Licensing) Act, 1966, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulations, 2015, which is not available for general use by the Group.
- (e) Cash and bank balances are denominated in Ringgit Malaysia.
- (f) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Cash and bank balances		11,222,492	2,396,768	39,922	99,822
Fixed deposits with licensed banks		39,114,993	29,583,593	1,063,670	1,521,327
Short term funds		86,053,973	951,587	85,943,076	844,425
		136,391,458	32,931,948	87,046,668	2,465,574
Less:					
Bank overdrafts included in borrowings	30	(115,939,504)	(41,732,200)	-	-
Fixed deposits pledged	27(b)	(39,114,993)	(29,583,593)	(1,063,670)	(1,521,327)
		(18,663,039)	(38,383,845)	85,982,998	944,247

28. SHARE CAPITAL

	Group and Company			
	2017		2016	
	Number of shares	RM	Number of shares	RM
Issued and fully paid				
Balance as at 1 January	390,920,000	97,730,000	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	21,518,125	27,973,562	-	-
	60,556,525	83,805,162	-	-
Transfer from share premium account pursuant to the Companies Act 2016	-	85,545,356	-	-
Balance as at 31 December	451,476,525	267,080,518	390,920,000	97,730,000

(a) During the financial year, the issued share capital of the Company was increased from 390,920,000 ordinary shares to 451,476,525 ordinary shares by way of issuance of 60,556,525 new ordinary shares pursuant to the following:

- (i) Private placement at an exercise price of RM1.35 each for cash.
- (ii) Consideration shares at a price of RM1.51 each for acquisition of a subsidiary, Monolight IBS Building System Sdn. Bhd..
- (iii) 21,518,125 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.

- (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 (CONT'D)

31 December 2017

28. SHARE CAPITAL (continued)**Warrants**

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") 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)
As of 31 December 2017	138,465,875

29. RESERVES

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Non-distributable					
Treasury shares	(a)	(509,881)	(509,881)	(509,881)	(509,881)
Share premium	(b)	-	85,545,356	-	85,545,356
Distributable					
Retained earnings		200,124,693	160,965,564	35,756,946	35,635,294
		199,614,812	246,001,039	35,247,065	120,670,769

29. RESERVES (continued)**(a) Treasury shares**

The shareholders of the Company, by an ordinary resolution passed at the 7th Annual General Meeting held on 22 May 2017, granted mandate to the Company to repurchase up to 10% of its existing issued share capital ("Share Buy Back"). The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that repurchase plan can be applied in the best interests of the Company and its shareholders.

In the previous financial year, the Company repurchased 100,000 of its ordinary shares of RM0.25 each from the open market for a total consideration of RM90,500 at an average price of RM0.905 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 67A of the Companies Act, 1965 in Malaysia. There were no shares repurchased during the financial year ended 31 December 2017.

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 451,476,525 (2016: 390,920,000) issued ordinary shares as at the end of each reporting period, 535,502 (2016: 535,502) ordinary shares purchased for RM509,881 (2016: RM509,881) are held as treasury shares by the Company. The number of outstanding ordinary shares in issue after deducting the treasury shares is 450,941,023 (2016: 390,384,498).

(b) Share premium

With the introduction of the Companies Act 2016 effective 31 January 2017, the balance within the share premium account has been transferred to the share capital account as disclosed in Note 28(c) to the financial statements.

30. BORROWINGS

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Non-current liabilities					
Term loans		28,113,552	71,895,252	-	-
Hire-purchase creditors	31	1,069,342	630,493	-	-
		29,182,894	72,525,745	-	-
Current liabilities					
Term loans		38,631,390	143,245,219	-	36,230,762
Revolving credits		4,000,000	6,057,035	-	-
Hire-purchase creditors	31	405,754	4,855,113	-	-
Bank overdrafts	27	115,939,504	41,732,200	-	-
		158,976,648	195,889,567	-	36,230,762
		188,159,542	268,415,312	-	36,230,762

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2017

30. BORROWINGS (continued)

		Group		Company
	Note	2017 RM	2016 RM	2017 RM
Total borrowings				2016 RM
Term loans		66,744,942	215,140,471	-
Revolving credits		4,000,000	6,057,035	-
Hire-purchase creditors	31	1,475,096	5,485,606	-
Bank overdrafts	27	115,939,504	41,732,200	-
		188,159,542	268,415,312	-
				36,230,762

(a) Borrowings are classified as other financial liabilities, and are measured at amortised cost using effective interest method.

(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(e) to the financial statements;
- (ii) Fixed deposits as disclosed in Note 27(b) 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(e) 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 15(b) to the financial statements;
- (iii) Property development costs of the Group as disclosed in Note 22(a) to the financial statements;
- (iv) Fixed deposits as disclosed in Note 27(b) 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.

In the previous financial year, term loan of the Group was also secured by completed properties under inventories of the Group as disclosed in Note 23(a) to the financial statements.

The term loans are also jointly and severally guaranteed by a Director and a shareholder of the Company.

The term loan of the Company is also guaranteed by a subsidiary of the Company.

(d) Revolving credits of the Group are secured by fixed deposits as disclosed in Note 27(b) to the financial statements.

The revolving credits are also jointly and severally guaranteed by a Director and a shareholder of the Company.

30. BORROWINGS (continued)

(e) The repayment terms for the term loans are as follows:

	2017 RM	2016 RM
Group		
Term loan I is repayable by one hundred and eighty (180) equal monthly instalments of RM9,964 each commencing March 2009	-	686,492
Term loan II is repayable based on redemption structure set by a financial institution	24,818,072	54,249,007
Term loan III is repayable by sixty (60) equal monthly instalments of RM421,957 each commencing May 2015	11,444,434	15,759,420
Term loan IV is repayable by sixteen (16) equal quarterly instalments commencing May 2016	-	40,000,000
Term loan V is repayable by fifty-five (55) equal monthly instalments of RM865,700 each commencing April 2016	26,358,773	34,375,987
Term loan VI is repayable by eighteen (18) equal monthly instalments of RM1,666,667 each commencing 31st month from the date of first drawdown of term loan or repayment via redemption whichever is earlier	-	30,000,000
Term loan VII is repayable by sixty (60) equal monthly instalments of RM77,238 each commencing October 2016	3,123,663	3,838,803
Term loan IX is repayable by seventy two (72) equal monthly instalments of RM17,485 each commencing June 2018	1,000,000	-
Group and Company		
Term loan VIII is repayable by partial settlement of RM4,000,000 per month on 1.12.2016, 1.1.2017, 1.2.2017 and full settlement on 28.2.2017	-	36,230,762
	66,744,942	215,140,471

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2017

30. BORROWINGS (continued)

(e) The repayment terms for the term loans are as follows (continued):

	2017 RM	Group 2016 RM	2017 RM	Company 2016 RM
Repayable as follows:				
- within one (1) year	38,631,390	143,245,219	-	36,230,762
- later than one (1) year and not later than five (5) years	27,840,513	71,686,280	-	-
- later than five (5) years	273,039	208,972	-	-
	66,744,942	215,140,471	-	36,230,762

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

	2017 RM	Group 2016 RM	2017 RM	Company 2016 RM
Fixed rate	1,475,096	5,485,606	-	-
Floating rate	186,684,446	262,929,706	-	36,230,762
	188,159,542	268,415,312	-	36,230,762

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:

	2017 RM	Group 2016 RM	2017 RM	Company 2016 RM
Effects of 100 basis points changes to profit after tax				
- Increase by 1% (2016: 1%)	(1,418,802)	(1,998,266)	-	(275,354)
- Decrease by 1% (2016: 1%)	1,418,802	1,998,266	-	275,354

30. BORROWINGS (continued)

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

	Group		Company	
	2017	2016	2017	2016
	%	%	%	%
Term loans	8.16	7.18	-	7.60
Revolving credits	6.53	5.94	-	-
Hire-purchase creditors	5.88	5.83	-	-
Bank overdrafts	8.04	7.97	-	-

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

Group	2017		2016	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Term loans	66,744,942	66,744,942	215,140,471	215,140,471
Revolving credits	4,000,000	4,000,000	6,057,035	6,057,035
Hire-purchase creditors	1,475,096	1,452,169	5,485,606	5,301,995
Bank overdrafts	115,939,504	115,939,504	41,732,200	41,732,200
	188,159,542	188,136,615	268,415,312	268,231,701
Company				
Term loans	-	-	36,230,762	36,230,762

The carrying amounts of terms loans, revolving credits and bank overdrafts are reasonable approximations of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of each reporting period.

The fair 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2017

30. BORROWINGS (continued)

- (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 2017	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
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
2016				
Term loans	159,831,287	80,040,374	217,978	240,089,639
Revolving credits	6,057,035	-	-	6,057,035
Hire-purchase creditors	5,015,775	671,538	-	5,687,313
Bank overdrafts	41,732,200	-	-	41,732,200
Total undiscounted financial liabilities	212,636,297	80,711,912	217,978	293,566,187
Company 2016				
Term loans/Total undiscounted financial liabilities	36,861,827	-	-	36,861,827

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2017

31. HIRE-PURCHASE CREDITORS

	2017 RM	Group 2016 RM
Minimum hire-purchase payments:		
- not later than one (1) year	465,368	5,015,775
- later than one (1) year and not later than five (5) years	980,517	671,538
- later than five (5) years	212,913	-
Total minimum hire-purchase payments	1,658,798	5,687,313
Less: Future interest charges	(183,702)	(201,707)
Present value of hire-purchase payments	1,475,096	5,485,606
Repayable as follows:		
Current liabilities		
- not later than one (1) year	405,754	4,855,113
Non-current liabilities		
- later than one (1) year and not later than five (5) years	872,167	630,493
- later than five (5) years	197,175	-
	1,069,342	630,493
	1,475,096	5,485,606

32. TRADE AND OTHER PAYABLES

	Note	2017 RM	Group 2016 RM	2017 RM	Company 2016 RM
Trade payables					
Third parties		24,045,181	24,966,618	-	-
Related parties		130,000	-	-	-
Retention sums		50,289,100	45,128,302	-	-
Amounts due to contract customers					
- Third parties	33	18,766,950	49,275,577	-	-
		93,231,231	119,370,497	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2017

32. TRADE AND OTHER PAYABLES (continued)

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Other payables				
Other payables	30,671,209	22,634,162	458,753	313,336
Amounts owing to related parties	7,100,216	6,850,216	-	-
Accruals	296,592,254	177,489,597	73,824	126,116
Deposits	374,445	764,115	-	-
Amounts owing to corporate shareholders of a subsidiary	184,416	3,632,333	-	-
Amounts owing to Directors	2,619,600	11,502,142	-	7,796,100
Amount owing to a subsidiary	-	-	1,818,043	-
	337,542,140	222,872,565	2,350,620	8,235,552
	430,773,371	342,243,062	2,350,620	8,235,552

- (a) Trade and other payables are classified as other financial liabilities, and measured at amortised cost using the effective interest method.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 14 to 90 days (2016: 14 to 90 days). Other credit term are assessed and approved by the suppliers on a case by case basis.
- (c) Included in other payables of the Group is an amount owing to a former Director of a subsidiary and his close family member amounting to RM3,761,000 (2016: RM6,342,545) that bears interest at rate of 8% (2016: 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 upon demand in cash and cash equivalents.
- (e) Amounts owing to corporate shareholders of a subsidiary represent advances, payments made on behalf and dividend payable, which are unsecured, interest-free and repayable on demand in cash and cash equivalents. In the previous financial year, there was an amount owing to a corporate shareholder of a subsidiary amounting to RM184,416 that bore interest at a rate of 8% per annum.
- (f) Amounts owing to Directors represent advances and payments made on behalf, which are unsecured, interest-free and repayable on demand in cash and cash equivalents.
- (g) Amount owing to a subsidiary represents advances and payments made on behalf, which are unsecured, interest-free and repayable on demand in cash and cash equivalents.
- (h) Trade and other payables are denominated in Ringgit Malaysia.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2017

32. TRADE AND OTHER PAYABLES (continued)

- (i) The maturity profile of the trade and other payables (excluding amounts due to contract customers) 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.

33. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS

	2017 RM	Group 2016 RM
Aggregate costs incurred to date	1,979,150,414	1,755,793,879
Add: Attributable profits	514,420,126	380,095,645
	2,493,570,540	2,135,889,524
Less: Progress billings	(2,189,085,075)	(2,071,291,031)
	304,485,465	64,598,493
Amounts due from contract customers (Note 24)	323,252,415	113,874,070
Amounts due to contract customers (Note 32)	(18,766,950)	(49,275,577)
	304,485,465	64,598,493

34. 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, hostel 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:

	2017 RM	Group 2016 RM	Company 2017 RM	2016 RM
Not later than one (1) year	2,711,414	1,328,707	102,000	169,620
Later than one (1) year and not later than five (5) years	777,678	541,032	72,250	178,500
	3,489,092	1,869,739	174,250	348,120

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2017

34. COMMITMENTS (continued)

(a) Operating lease commitments (continued)

(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:

	2017 RM	Group 2016 RM
Not later than one (1) year	11,588,016	11,462,016
Later than one (1) year and not later than five (5) years	26,183,936	37,005,552
	37,771,952	48,467,568

(b) Capital commitments

	2017 RM	Group 2016 RM
Contracted but not provided for		
- Freehold land held under development	42,250,000	54,250,000

35. CONTINGENT LIABILITIES

(a) Guarantees

	2017 RM	Group 2016 RM	2017 RM	Company 2016 RM
Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries	-	-	336,172,144	360,191,429
Corporate guarantees given to suppliers in respect of goods supplied to its wholly-owned subsidiaries	-	-	92,559,780	88,959,780
Bank guarantees given by financial institutions in respect of construction and property projects	180,725,752	97,995,362	5,178,532	5,178,532
	180,725,752	97,995,362	433,910,456	454,329,741

35. CONTINGENT LIABILITIES (continued)**(a) Guarantees (continued)**

The Group designates corporate guarantees given to banks for credit facilities granted to third party and subsidiaries as insurance contracts as defined in FRS 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.

(b) Material outstanding litigations

On 18 November 2015, AQRS The Building Company Sdn. Bhd. ("AQRS"), a subsidiary of the Company, filed a lawsuit against Goodnite Sdn. Bhd. ("Goodnite") and demanded a sum of RM6.8 million, which comprised land costs paid and development costs amounted to RM5.6 million and RM1.2 million respectively.

Goodnite has counterclaimed against AQRS for General Damages in excess of RM5.0 million.

On 15 August 2017, the Board of Directors of the Company announced that AQRS and Goodnite have reached a full and final settlement by Goodnite amounting to RM5.7 million without admission of liability in respect of the Sale and Purchase Agreement dated 3 November 2014 by entering into a Settlement Agreement on 15 August 2017.

36. ACQUISITION OF A SUBSIDIARY

- (a) On 31 July 2017, the Company had acquired 750,000 ordinary shares representing 100% equity interest in 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.

- (i) The fair values of the identifiable assets and liabilities of Monolight as at date of acquisition were as follows:

	Note	At date of acquisition RM
Customer contract	21	28,564,072
Cash and bank balances		172,098
Deferred tax assets	20	216,813
Trade and other receivables		46,752
Trade and other payables		(681,705)
Total identified net assets		28,318,030
Add: Goodwill on consolidation	21	1,219,080
Purchase consideration		29,537,110

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2017

36. ACQUISITION OF A SUBSIDIARY (continued)

- (a) On 31 July 2017, the Company had acquired 750,000 ordinary shares representing 100% equity interest in 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 (continued).

- (ii) The effects of the acquisition of Monolight on cash flows of the Group were as follows:

	RM
Consideration settled in cash	-
Add: Cash and cash equivalents of the subsidiary acquired	172,098
Net cash inflow of the Group on acquisition	172,098

If the acquisition had occurred on 1 January 2017, the revenue and profit after tax of the Group for the financial year ended 31 December 2017 would have been RM470,170,204 and RM49,646,939 respectively.

37. RELATED PARTY DISCLOSURES

- (a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

Related parties of the Group include:

- (i) Direct and indirect subsidiaries as disclosed in Note 17 to the financial statements;
- (ii) Joint ventures and associates as disclosed in Notes 18 and 19 to the financial statements;
- (iii) Key management personnel, which comprises persons (including the Directors of the Group) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly; and
- (iv) Companies in which the Directors/shareholders of the Company or their close family members have substantial financial interests or significant influence.

37. RELATED PARTY DISCLOSURES (continued)

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Subsidiaries:				
Gross dividend income	-	-	10,000,000	-
Interest paid/payable	-	-	52,048	-
Interest received/receivable	-	-	5,302,009	8,306,501
Rental paid/payable	-	-	115,920	48,300
Management fee paid/payable	-	-	781,585	259,064
Related parties:				
Rental of office premises paid/payable	85,998	384,516	-	-
Rental of investment properties received/receivable	11,354,016	4,177,421	-	-
Progress billings on construction contracts paid/payable	-	117,000	-	-

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 24 and 32 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:

	2017 RM	Group 2016 RM
Short term employee benefits	3,901,726	2,304,657
Contributions to defined contribution plan	450,419	318,214
	4,352,145	2,622,871

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2017

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**(a) Companies Act 2016**

Companies Act 2016 ("CA2016") was passed on 4 April 2016 by the Dewan Rakyat (House of Representative) and gazetted on 15 September 2016 to replace the Companies Act 1965. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism has appointed 31 January 2017 as the date on which CA2016 comes into operation except Section 241 and Division 8 of Part III of CA2016.

Consequently, the Group and the Company effected the following changes as at 31 January 2017:

- (i) Authorised share capital has been removed;
- (ii) Par or nominal value of ordinary shares have been removed; and
- (iii) Balances in the share premium account have been transferred into the share capital account.

(b) Disposal of a land located at Sungai Buloh, Selangor

On 6 February 2017, the Company announced that its subsidiary, Nusvista Development Sdn. Bhd. had entered into a sale and purchase agreement ("SPA") with Gadang Construction Sdn. Bhd. for the disposal of a piece of leasehold land measuring approximately 10,799 square metres and held under H.S.(D) 256293 P.T.47369 in Mukim of Sungai Buloh, District of Petaling, State of Selangor for a total consideration of RM55,690,000, pursuant to the terms and conditions as stipulated in the SPA dated 6 February 2017. The disposal was completed in the current financial year.

(c) Disposal of a land located at Petaling, Selangor

On 17 March 2017, the Company announced that its subsidiary, Prestige Field Development Sdn. Bhd. had entered into a sale and purchase agreement ("SPA") with Ara Indah Development Sdn. Bhd. for the disposal of a piece of leasehold land measuring approximately 20,861 square metres and held under H.S.(D) 316360 P.T.82696 in Mukim of Petaling, District of Petaling, State of Selangor for a total consideration of RM34,727,683, pursuant to the terms and conditions as stipulated in the SPA dated 17 March 2017. The disposal was completed in the current financial year.

(d) Acquisition of Monolight

On 31 July 2017, the Company had acquired 750,000 ordinary shares representing 100% equity interest in 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 wholly-owned subsidiary of the Company.

(e) Further subscription of shares in the Company

On 1 August 2017, the Company announced a proposed private placement of up to 10% of the issued share capital of the Company which was allotted on 31 July 2017.

The proposed private placement was approved by Bursa Malaysia Securities Berhad vide its letter dated 24 July 2017.

On 25 July 2017, the Board of Directors fixed the issue price for the placement of 19,477,400 new ordinary shares of RM26,294,490 each at RM1.35 per share, which were fully allotted on 31 July 2017. The shares were listed on main market of Bursa Malaysia Securities Berhad on 2 August 2017. The newly issued shares rank pari passu in all respects with existing shares of the Company.

39. ADOPTION OF NEW FRSs AND AMENDMENTS TO FRSs**(a) New FRSs adopted during the financial year**

The Group and the Company adopted the following Standards of the FRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Amendments to FRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to FRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to FRS 12 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2017

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company.

(b) New FRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2018

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

Title	Effective Date
FRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
Amendments to FRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to FRS 1 <i>Annual Improvements to FRS Standards 2014 - 2016 Cycle</i>	See FRS 1 Paragraphs 39AD and 39ADAA
Amendments to FRS 128 <i>Annual Improvements to FRS Standards 2014 - 2016 Cycle</i>	See FRS 128 Paragraphs 45E and 45EAA
Amendments to FRS 140 <i>Transfers of Investment Property</i>	See FRS 140 Paragraphs 85G and 85GAA
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	See IC Interpretation 22 Paragraphs A1 and A1AA
Amendments to FRS 4 <i>Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts</i>	See FRS 4 Paragraphs 46, 47AA and 48
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	See IC Interpretation 23 Paragraphs B1 and B1AA
Amendments to FRS 10 and FRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The above Standards shall be superseded upon adoption of the MFRS Framework on 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2017

39. ADOPTION OF NEW FRSs AND AMENDMENTS TO FRSs (continued)**(c) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2018****Malaysian Financial Reporting Standards (MFRS Framework)**

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework").

The MFRS Framework shall be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 *Agriculture* (MFRS 141) and IC Interpretation 15 *Agreements for Construction of Real Estate* (IC 15), including its parent, significant investor and venturer (herein called "Transitioning Entities").

Transitioning Entities are allowed to defer adoption of the new MFRS Framework. Consequently, adoption of the MFRS Framework by Transitioning Entities would be mandatory for annual periods beginning on or after 1 January 2018. The Group fall within the scope definition of Transitioning Entities and the Group has opted to defer the adoption of the MFRS Framework to the financial period beginning on 1 January 2018.

In adopting the new MFRS Framework, the Group would be required to apply the specific 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 are effective for annual periods beginning on or after 1 January 2018:

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
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
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 the adoption of these MFRSs and Amendments to MFRSs since the effects would only be observable in future financial years.

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 31.12.2017 RM
Geran 162711/M1/2/4, Lot 70891 2-1A Jalan Q 31/Q, Kota Kemuning 40460 Seksyen 31 Shah Alam, Selangor Darul Ehsan	1,539		1 unit on the 1st floor of a 4-storey shophot/ Vacant	Freehold/ Approximately 13 years	02.03.2000	127,017
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 shophot	Leasehold (99 years expiring on 03.09.2107)/ Approximately 10 years	11.03.2008	3,189,517
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 shophot	Leasehold (99 years expiring on 03.09.2107)/ Approximately 10 years	11.03.2008	2,566,871
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 shophot	Leasehold (99 years expiring on 03.09.2107)/ Approximately 10 years	11.03.2008	1,646,037
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 shophot	Leasehold (99 years expiring on 03.09.2107)/ Approximately 10 years	11.03.2008	1,752,325

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 31.12.2017 RM
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 10 years	11.03.2008	4,410,917
H.S (D) 37545 Lot No. PT 21045 Mukim Dengkil, Daerah Sepang, Selangor Darul Eshan		7.70	Land held for development	99 years leasehold tenure expiring on 19.10.2093		36,921,605

STATISTICS OF SHAREHOLDINGS

as at 16 March 2018 (as per Record of Depositors)

The total number of issued shares of the Company stands at 465,686,725 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	160	10.47	5,086	*
100 to 1,000	172	11.25	81,836	0.02
1,001 to 10,000	623	40.76	2,769,012	0.60
10,001 to 100,000	323	21.14	10,792,059	2.32
100,001 to less than 5% of issued shares	249	16.30	424,703,230	91.30
5% and above of issued shares	1	0.07	26,800,000	5.76
Total	1,528	100.00	465,151,223	100.00

Note:-

* Negligible

SUBSTANTIAL SHAREHOLDERS

according to the Register of Substantial Shareholders as at 16 March 2018

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	202,000	0.04	52,001,900 ⁽¹⁾	11.18 ⁽¹⁾
2. Dato' Ow Chee Cheoon	32,800,760	7.05	-	-
4. Ganjaran Gembira Sdn Bhd	52,001,900	11.18	-	-
5. Ng Kit Heng	13,999,333	3.01	14,390,000 ⁽²⁾	3.09 ⁽²⁾

Notes:-

⁽¹⁾ Deemed interested by virtue of his shareholding in Ganjaran Gembira Sdn Bhd pursuant to Section 8(4)(c) of the Act.

⁽²⁾ Deemed interested by virtue of his shareholding in Deras Mekar Sdn Bhd pursuant to Section 8(4)(c) of the Act.

STATISTICS OF SHAREHOLDINGS (CONT'D)

as at 16 March 2018 (as per Record of Depositors)

DIRECTORS' DIRECT AND DEEMED INTERESTS

in the Company and/or its Related Corporations as at 16 March 2018

Name of Directors	Direct Interest		Deemed Interest	
	No. of Issued Shares	% of Issued Shares	No. of Issued Shares	% of Issued Shares
Y.M. Tunku Alizan bin Raja Muhammad Alias	5,000	0.00	-	-
Datuk Kamarudin bin Md. Ali	-	-	-	-
Dato' Azizan bin Jaafar	202,000	0.04	52,001,900 ⁽¹⁾	11.18 ⁽¹⁾
Dato' Ow Chee Cheoon	32,800,760	7.05	-	-
Ow Yin Yee	60,600	0.01	-	-
Loo Choo Hong	-	-	-	-
Muk Sai Tat	-	-	-	-

Notes:-

⁽¹⁾ Deemed interested by virtue of his shareholding 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 16 March 2018

No. Name	No. of Issued Shares	% of Issued Shares
1. Ganjaran Gembira Sdn Bhd	26,800,000	5.76
2. CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad - Kenanga Growth Fund	20,977,900	4.51
3. RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ganjaran Gembira Sdn Bhd	18,887,900	4.06
4. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Ow Chee Cheoon (PBCL-0G0066)	17,198,336	3.70
5. Deras Mekar Sdn Bhd	14,390,000	3.09
6. Ng Kit Heng	13,999,333	3.01
7. CitiGroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)	13,203,700	2.84
8. AmSec Nominees (Tempatan) Sdn Bhd MTRUSTEE Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)	12,175,300	2.62
9. HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (MEF)	10,783,100	2.32
10. CitiGroup Nominees (Asing) Sdn Bhd Exempt AN for Citibank New York (Norges Bank 14)	9,141,600	1.97
11. CitiGroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AMUNDI)	9,000,000	1.93
12. Cartaban Nominees (Tempatan) Sdn Bhd RHB Trustees Berhad for Manulife Investment Shariah Progress Fund	8,776,300	1.89

STATISTICS OF SHAREHOLDINGS (CONT'D)

as at 16 March 2018 (as per Record of Depositors)

No. Name	No. of Issued Shares	% of Issued Shares
13. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Deutsche Trustees Malaysia Berhad for Eastspring Investmentsdana Al-Ilham</i>	7,256,300	1.56
14. MayBank Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ow Chee Cheoon (Margin)</i>	7,000,000	1.50
15. Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Pang Sar</i>	6,735,000	1.45
16. Splendid Forte Sdn Bhd	6,235,900	1.34
17. CitiGroup Nominees (Tempatan) Sdn Bhd <i>Exempt an for AIA Bhd.</i>	6,180,700	1.33
18. MayBank Nominees (Tempatan) Sdn Bhd <i>National Trust Fund (IFM Maybank)</i>	6,000,000	1.29
19. CIMB Islamic Nominees (Tempatan) Sdn Bhd <i>CIMB Islamic Trustee Berhad – Kenanga Syariah Growth Fund</i>	5,591,900	1.20
20. Hong Leong Assurance Berhad <i>As Beneficial Owner (UNITLINKED GF)</i>	5,384,000	1.16
21. Malaysia Nominees (Tempaan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (LBF)</i>	5,095,800	1.10
22. CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Pang Sar (MY3010)</i>	5,000,000	1.07
23. CitiGroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (F TEMPLETON)</i>	4,878,300	1.05
24. RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ganjaran Gembira Sdn Bhd</i>	4,867,000	1.05
25. Ng Chun Kooi	4,747,760	1.02
26. Malacca Equity Nominees (Tempatan) Sdn Bhd <i>Exempt AN for Phillip Capital Management Sdn Bhd</i>	4,655,100	1.00
27. CitiGroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (AM INV)</i>	4,276,800	0.92
28. Amanahraya Trustees Berhad <i>PB Islamic Smallcap Fund</i>	4,047,700	0.87
29. CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Ow Chee Cheoon (PB)</i>	3,879,664	0.83
30. AmSec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account – AmBank (M) Berhad for Bernard Lim Soon Chiang (SMART)</i>	3,814,770	0.82
Total	270,980,163	58.26

STATISTICS OF WARRANT HOLDINGS

as at 16 March 2018 (as per Record of Warrant Holders)

Number of Outstanding Warrants	:	124,255,675
Exercise Price per Warrant	:	RM1.30
Expiry date of Warrants	:	20 July 2018
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	147	11.20	6,606	0.01
100 to 1,000	140	10.67	74,790	0.06
1,001 to 10,000	342	26.07	2,074,894	1.67
10,001 to 100,000	467	35.59	18,401,735	14.81
100,001 to less than 5% of issued warrants	215	16.39	94,347,950	75.93
5% and above of issued warrants	1	0.08	9,349,700	7.52
Total	1,312	100.00	124,255,675	100.00

DIRECTORS' WARRANT HOLDINGS

as at 16 March 2018

Name of Directors	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	-	-	-	-
Datuk Kamarudin bin Md. Ali	-	-	-	-
Dato' Azizan bin Jaafar	90,000	0.07	1,500,000 ⁽¹⁾	1.21 ⁽¹⁾
Dato' Ow Chee Cheoon	-	-	-	-
Ow Yin Yee	-	-	-	-
Loo Choo Hong	-	-	-	-
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 (CONT'D)
as at 16 March 2018 (as per Record of Warrant Holders)

TOP 30 WARRANT HOLDERS

as per Record of Warrant Holders as at 16 March 2018

No.	Name	No. of Issued Warrants	% of Issued Warrents
1.	CIMB Group Nominees (Tempatan) Sdn Bhd <i>CIMB Commerce Trustee Berhad – Kenanga Growth Fund</i>	9,349,700	7.52
2.	CimSec Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Pang Sar (MY3010)</i>	6,000,000	4.83
3.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Pang Sar</i>	2,393,500	1.93
4.	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (DGF)</i>	2,089,500	1.68
5.	Cartaban Nominees (Asing) Sdn Bhd <i>Exempt an for Barclays Capital Securities Ltd (SBL/PB)</i>	2,016,600	1.62
6.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Liew Yoon Peck</i>	2,005,000	1.61
7.	Yayasan Pok Dan Kassim	1,740,000	1.40
8.	CitiGroup Nominees (Tempatan) Sdn Bhd <i>Universal Trustee (Malaysia) Berhad for CIMB Islamic Small Cap Fund</i>	1,723,600	1.39
9.	AmSec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account - AmBank (M) Berhad for Bernard Lim Soon Chiang (SMART)</i>	1,696,500	1.37
10.	Chan Lay Tin	1,550,000	1.25
11.	Educrest Sdn Bhd	1,500,000	1.21
12.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ganjaran Gembira Sdn Bhd</i>	1,500,000	1.21
13.	CimSec Nominees (Tempatan) Sdn Bhd <i>CIMB for Daniel Lim Hwa Yew (MY1618)</i>	1,440,200	1.16
14.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Bernard Lim Soon Chiang</i>	1,435,000	1.15
15.	CimSec Nominees (Tempatan) Sdn Bhd <i>CIMB for Fardan bin Abdul Majeed (PB)</i>	1,398,900	1.13
16.	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chong Chin Look (E-TCS)</i>	1,350,000	1.09
17.	Cha Weay Chia	1,340,000	1.08
18.	Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ang Poh Meng (ANG1548C)</i>	1,300,000	1.05
19.	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tee Ching Seng (E-SKN/KJG)</i>	1,266,500	1.02
20.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Vern Tact</i>	1,250,000	1.01
21.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Lim Willie</i>	1,133,700	0.91
22.	Maybank Nominees (Tempatan) Sdn Bhd <i>Maybank Trustees Berhad for CIMB-Principal Small Cap Fund (240218)</i>	1,116,100	0.90
23.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Soon Seong Keat</i>	1,100,000	0.89

STATISTICS OF WARRANT HOLDINGS (CONT'D)

as at 16 March 2018 (as per Record of Warrant Holders)

No.	Name	No. of Issued Warrants	% of Issued Warrents
24.	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lee Kok Choon</i>	1,100,000	0.89
25.	Pete Emmanuel A/L J.A Pereira	1,000,000	0.80
26.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Leong Khai Ric</i>	959,900	0.77
27.	Kang Foo Yong	954,700	0.77
28.	Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Phang Kwong Thin (PHA0148C)</i>	950,000	0.76
29.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt an for Credit Suisse (SG BR-TST-Asing)</i>	888,500	0.72
30.	CimSec Nominees (Tempatan) Sdn Bhd <i>CIMB for Soon Seong Keat (PB)</i>	850,000	0.68
Total		54,397,900	43.78

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

The following information is provided in accordance with Paragraph 9.25 of the MMLR as set out in Appendix 9C thereto.

1. Utilisation of Proceeds Raised from Corporate Proposals

Pursuant to the Private Placement Exercise which was duly completed upon the subscription and listing of the 19,477,400 Placement Shares at RM1.35 each on the Main Market of Bursa Malaysia Securities Berhad with effect from 31 July 2017, the gross proceeds raised from the Private Placement Exercise was RM26,294,490 and the current utilisation status is as set out below:-

Purpose	Proposed utilisation RM'000	Actual utilisation RM'000
Working capital	25,594	25,594
Defrayment of estimated expenses related to Proposals	700	*738
Total	26,294	26,332

Note:-

* There was an underestimation on the professional cost of RM38,000 which was funded by internally generated fund

2. Related Party Transactions

Significant related party transactions of the Group for the financial year are disclosed in Note 37 to the Financial Statements.

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 2017 are as follows:

	Group RM	Company RM
Audit Fees	256,133	58,500
Non-audit fees	23,500	7,000
TOTAL	279,633	65,500

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 8TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighth Annual General Meeting of the Company will be held at Rafflesia 1 Room, Sime Darby Convention Centre, Lower Ground Floor 1, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Monday, 14 May 2018 at 10.00 a.m. for the following purposes:-

AGENDA

Ordinary Business

- | | |
|--|---------------------------------|
| 1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2017 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) Datuk Kamarudin bin Md Ali | Resolution 1 |
| (ii) Mr Loo Choo Hong | Resolution 2 |
| 3. To re-elect Ms Ow Yin Yee, a Director who retires in accordance with Article 101 of the Company's Constitution and being eligible, has offered herself for re-election. | Resolution 3 |
| 4. To re-appoint Messrs. BDO 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. | Resolution 4 |
| 5. To approve the following payments to the Non-Executive Directors:- | |
| (i) Directors' fees of RM439,259.00 in respect of the financial year ended 31 December 2017. | Resolution 5 |
| (ii) Directors' fees of up to RM466,000.00 in respect of the financial year ending 31 December 2018. | Resolution 6 |
| (iii) Directors' benefits (excluding Directors' fees) of up to RM52,000.00 from 1 January 2018 until the next Annual General meeting of the Company in year 2019. | Resolution 7 |

Special Business

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

- | | |
|--|---------------------|
| 6. Ordinary Resolution
Authority to issue and allot shares pursuant to the Companies Act 2016 | Resolution 8 |
| <p>"THAT subject always to the Companies Act 2016, the Constitution of the Company and the approvals from the relevant governmental and/or regulatory authorities, where such approval is necessary, the Directors of the Company be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot shares in the Company from time to time and upon such terms and conditions and 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 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.</p> | |

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."

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

Resolution 9

"THAT, subject to Section 127 of the Companies Act 2016 ("**Act**"), 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 the shares so purchased; and/or
- (ii) retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities; and/or
- (iii) retain part thereof as treasury shares and cancel the remainder; or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force.

THAT such authority conferred by this resolution shall commence upon the passing of this resolution and shall continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following this AGM at which such resolution was passed, at which time it will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting;

whichever occurs first.

NOTICE OF 8TH ANNUAL GENERAL MEETING (CONT'D)

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."

8. To transact any other business that may be transacted at an Annual General Meeting, due notice of which shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this 8th 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 9 May 2018. Only a depositor whose name appears on the ROD as at 9 May 2018 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
16 April 2018

Notes:-**1. Proxy**

- (1) *A proxy may, but need not be a member of the Company.*
- (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) *Subject to paragraphs (4) and (5) below, a member of the Company entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend this meeting and vote in his stead. Where a holder appoints two (2) proxies to attend and vote at the same meeting, such appointments 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 not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
- (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 must 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 for holding the Meeting or any adjournment thereof.

2. Audited Financial Statements for the financial year ended 31 December 2017

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**.

Article 101 of the Constitution of the Company provides that the Board shall have the power to appoint any person to be a Director to fill a casual vacancy or as an addition to the existing Board of Directors. Any Director so appointed shall hold office until the next Annual General Meeting and shall then be eligible for re-election. The shareholders' approval is sought under **Ordinary Resolution 3**.

For the purpose of determining the eligibility of the Directors to stand for re-election at the 8th 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 Datuk Kamarudin bin Md Ali and Mr Loo Choo Hong for re-election as Directors pursuant to Article 95 of the Company's Constitution; and Ms Ow Yin Yee for re-election Director pursuant to Article 101 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.

4. Re-Appointment of Auditors

The Board has at its meeting held on 8 February 2018 approved the recommendation by the Audit Committee on the re-appointment of Messrs BDO as Auditors of the Company, having considered several factors including the adequacy of experience and resources of the firm and the professional staff assigned to the audit. The shareholders' approval is sought under **Ordinary Resolution 4**.

5. Payment of Directors' Fees and Benefits

Section 230(1) of the Act provides amongst others, that the fees of the directors and any benefits payable to the directors of a listed company shall be approved a general meeting.

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.

NOTICE OF 8TH ANNUAL GENERAL MEETING (CONT'D)

In this respect, the Board wishes to seek shareholders' approval at the 8th AGM on the three (3) separate resolutions as below:-

- (i) **Ordinary Resolution 5** on payment of Directors' fees of RM439,259 in respect of the financial year ended 31 December 2017.
- (ii) **Ordinary Resolution 6** on payment of Directors' fees of up to RM466,000 in respect of the financial year ending 31 December 2018.

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.

- (iii) **Ordinary Resolution 7** on payment of Directors' benefits (excluding Directors' fees) of up to RM52,000 from 1 January 2018 until the next AGM of the Company in 2019 ("**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 8 - Authority to issue and allot shares pursuant to the Companies Act 2016

The proposed Ordinary Resolution 8 is for the purpose of seeking a renewal of the general mandate to empower the Directors of the Company pursuant to Sections 75 and 76 of the Act, from the date of the 8th AGM, to issue and allot ordinary shares from the unissued share capital of 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 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).

*During the financial year ended 31 December 2017, 19,477,400 new ordinary shares were issued by way of private placement at an issue price of RM1.35 per ordinary share ("**Private Placement**") pursuant to the mandate granted to the Directors at the Seventh AGM of the Company held on 22 May 2017 ("**Previous Mandate**"). The gross proceeds of RM26,294,490 raised from the Private Placement is mainly for working capital and capital expenditure for business expansion requirements of the Group. As at the date of this Notice, the said proceeds raised have been utilised.*

Pursuant to the Previous Mandate, the Company had on 31 July 2017 allotted and issued 19,561,000 new ordinary shares at an issue price of RM1.33 per ordinary share, equivalent to RM26 million, which was the consideration for the acquisition of 100% equity interest in Monolight IBS Building System Sdn. Bhd.

Ordinary Resolution 9 - Proposed Renewal of Authority for Share Buy-Back

*The **Ordinary Resolution 9**, 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.*

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(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 SHARE BUY-BACK

Take notice that 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 Securities has not perused this Statement prior to its issuance as it is an exempt document pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from, or in reliance upon the whole or any part of the contents of this Statement.

1. INTRODUCTION

At the Seventh Annual General Meeting ("AGM") of the GBGAQRS held on 22 May 2017, 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 3 April 2018 announced the Company's intention to seek its shareholders' approval for the Proposed Renewal of Authority for Share Buy-Back by way of an Ordinary Resolution at the Company's forthcoming Eighth AGM.

The purpose of this Statement is to provide you with details pertaining to the Proposed Share Buy-Back 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 Rafflesia 1 Room, Sime Darby Convention Centre, Lower Ground Floor, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Monday, 14 May 2018 at 10.00 a.m.. A Notice of the AGM is enclosed in the Annual Report 2017 of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING (CONT'D)
(pursuant to Paragraphs 8.27(2) and 12.06(2)(a) of the MMLR)

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

2.1 Shareholders' Authority

At the Seventh AGM of the Company held on 22 May 2017, the Directors of GBGAQRS had obtained the shareholders' approval for the Company to purchase up to ten percent (10%) of the total number of issued shares of GBGAQRS through Bursa Securities. 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 Authority for Share Buy-Back shall only be effected on the open market of Bursa Securities via its automated trading system and shall exclude any direct business transactions as defined in accordance with the rules of Bursa Securities. The Proposed Share Buy-Back shall be transacted through the Company's appointed stockbroker(s) as approved by Bursa Securities.

The Proposed Share Buy-Back, if approved, shall be effective upon the passing of the resolution at the forthcoming Eighth 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.

The approval of the shareholders on the Proposed Share Buy-Back 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

On 2 August 2017, the Company had made announcement on the completion of a Private Placement of 19,477,400 new ordinary shares at RM1.35 per shares and an allotment of consideration shares of 19,561,000 new ordinary shares at RM1.33 for an acquisition which both were allotted on 31 July 2017. Thus, the issued share capital of the Capital was increased from 390,920,000 ordinary shares to 429,958,400 ordinary shares.

As at 16 March 2018, being the LPD, the total number of exercised Warrants is 35,728,325 which subsequently the total issued shares of GBGAQRS has amounted to 465,686,725 Ordinary Shares (included 535,502 treasury shares) and 124,255,675 outstanding Warrants, which remain unexercised and entitles the warrant holders to subscribe for 124,255,675 new ordinary shares at an exercise price of RM1.30 per share.

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 Share Buy-Back will enable the Company to purchase up to a maximum of 58,994,240 Ordinary Shares, representing 10% of the enlarged total number of issued shares of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING (CONT'D)
(pursuant to Paragraphs 8.27(2) and 12.06(2)(a) of the MMLR)

2.3 Treatment of Shares Purchased

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.

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, the Board may:-

- (a) distribute the shares as share dividends to shareholders;
- (b) resell the shares or any of the shares in accordance with the relevant rules of Bursa Securities;
- (c) transfer the shares, or any of the shares for the purposes of or under an employees' share scheme;
- (d) transfer the shares, or any of the shares as purchase consideration;
- (e) cancel the shares or any of the shares; or
- (f) sell, transfer or otherwise use the 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.

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 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

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

(pursuant to Paragraphs 8.27(2) and 12.06(2)(a) of the MMLR)

(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 Share Buy-Back must be made wholly out of GBGAQRS's retained profits. The maximum amount of funds to be utilised for the Proposed Share Buy-Back 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 2017, the retained profits of the Company amounted to RM35,756,946.

4. SOURCE OF FUNDS

The Proposed Share Buy-Back 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. 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 Share Buy-Back.

5. PURCHASE, RESALE AND CANCELLATION OF TREASURY SHARES MADE IN THE PREVIOUS TWELVE (12) MONTHS

During the previous 12 months up to 16 March 2018, being the LPD prior to the printing of this Statement together with the Annual Report, the Company has not purchased any of its issued shares from the open market.

As at the LPD, there are 535,502 ordinary shares retained as treasury shares. There was no resale or cancellation of the treasury shares during the same period.

6. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Based on the Register of Substantial Shareholders and Directors' Shareholdings as at the LPD, and assuming the Proposed Share Buy-Back 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 Share Buy-Back 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 ANNUAL GENERAL MEETING (CONT'D)
(pursuant to Paragraphs 8.27(2) and 12.06(2)(a) of the MMLR)

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 Share Buy-Back ^(b)			
	Direct		Indirect		Direct		Indirect	
	No. of GBGAQRS Shares Held	%	No. of GBGAQRS Shares Held	%	No. of GBGAQRS Shares Held	%	No. of GBGAQRS Shares Held	%
Directors								
Y.M Tunku Alizan bin Raja Muhammad Alias	5,000	0.00	-	-	5,000	0.00	-	-
Datuk Kamarudin bin Md. Ali	-	-	-	-	-	-	-	-
Dato' Azizan bin Jaafar	202,000	0.04	⁽¹⁾ 52,001,900	11.18	202,000	0.05	⁽¹⁾ 52,001,900	12.41
Dato' Ow Chee Cheoon	32,800,760	7.05	-	-	32,800,760	7.83	-	-
Ow Yin Yee	60,600	0.01	-	-	60,600	0.01	-	-
Loo Choo Hong	-	-	-	-	-	-	-	-
Muk Sai Tat	-	-	-	-	-	-	-	-
Substantial Shareholders								
Dato' Azizan bin Jaafar	202,000	0.04	⁽¹⁾ 52,001,900	11.18	202,000	0.05	⁽¹⁾ 52,001,900	12.41
Dato' Ow Chee Cheoon	32,800,760	7.05	-	-	32,800,760	7.83	-	-
Ganjaran Gembira Sdn Bhd	52,001,900	11.18	-	-	52,001,900	12.41	-	-
Ng Kit Heng	13,999,333	3.01	⁽²⁾ 14,390,000	3.09	13,999,333	3.34	⁽²⁾ 14,390,000	3.43
Employee Provident Fund Board	28,509,900	6.13	-	-	28,509,900	6.80	-	-
Kumpulan Wang Persaraan (Diperbadankan)	-	-	27,443,000	5.90	-	-	27,443,000	6.55

Notes :-

^(a) Calculated based on the total number of issued shares of 465,151,223 Ordinary Shares excluded 535,502 treasury shares.

^(b) Assuming that the Proposed Share Buy-Back 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.

⁽²⁾ Deemed interested via shareholding in Deras Mekar Sdn Bhd pursuant to Section 8 of the Act.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

(pursuant to Paragraphs 8.27(2) and 12.06(2)(a) of the MMLR)

Scenario II: Assuming that all the outstanding Warrants are exercised and the Propose Share Buy-Back is implemented in full:-

	As at LPD and After full exercise of Warrants ^(a)				After full exercise of Warrants and the Proposed Share Buy-Back ^(b)			
	Direct		Indirect		Direct		Indirect	
	No. of GBGAQRS Shares Held	%	No. of GBGAQRS Shares Held	%	No. of GBGAQRS Shares Held	%	No. of GBGAQRS Shares Held	%
Directors								
Y.M Tunku Alizan bin Raja Muhammad Alias	5,000	0.00	-	-	5,000	0.00	-	-
Datuk Kamarudin bin Md. Ali	-	-	-	-	-	-	-	-
Dato' Azizan bin Jaafar	292,000	0.05	⁽¹⁾ 53,501,900	9.08	292,000	0.05	⁽¹⁾ 53,501,900	10.08
Dato' Ow Chee Cheoon	32,800,760	5.57	-	-	32,800,760	6.18	-	-
Ow Yin Yee	60,600	0.01	-	-	60,600	0.01	-	-
Loo Choo Hong	-	-	-	-	-	-	-	-
Muk Sai Tat	-	-	-	-	-	-	-	-
Substantial Shareholders								
Dato' Azizan bin Jaafar	292,000	0.05	⁽¹⁾ 53,501,900	9.08	292,000	0.05	⁽¹⁾ 53,501,900	10.08
Dato' Ow Chee Cheoon	32,800,760	5.57	-	-	32,800,760	6.18	-	-
Ganjaran Gembira Sdn Bhd	53,501,900	9.08	-	-	53,501,900	10.08	-	-
Ng Kit Heng	13,999,333	2.38	⁽²⁾ 14,390,000	2.44	13,999,333	2.64	⁽²⁾ 14,390,000	2.71
Employee Provident Fund Board	28,509,900	4.84	-	-	28,509,900	5.37	-	-
Kumpulan Wang Persaraan (Diperbadankan)	-	-	27,443,000	4.66	-	-	27,443,000	5.17

Notes :-

- (a) Calculated based on the total number of issued shares of 589,406,898 Ordinary Shares excluded 535,502 treasury shares.
- (b) Assuming that the Proposed Share Buy-Back 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.
- (2) Deemed interested via shareholding in Deras Mekar Sdn Bhd pursuant to Section 8 of the Act.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING (CONT'D)
(pursuant to Paragraphs 8.27(2) and 12.06(2)(a) of the MMLR)

7. 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 49.42%. In implementing the Proposed Share Buy-Back, the Company will ensure that the minimum public shareholding spread of 25% is complied with.

8. RATIONALES, POTENTIAL ADVANTAGES AND DISADVANTAGES FOR THE PROPOSED SHARE BUY-BACK

The Proposed Share Buy-Back 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 Share Buy-Back, 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 Share Buy-Back and when cancelling and/or reselling the said treasury shares, if any, on Bursa Securities.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING (CONT'D)
(pursuant to Paragraphs 8.27(2) and 12.06(2)(a) of the MMLR)

9. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK

On the assumption that the Proposed Share Buy-Back is carried out in full, the effects of the Proposed Share Buy-Back on the share capital, net assets, working capital, earnings and dividends are set out below:-

9.1 Share Capital

Based on the issued share capital of the Company as at LPD and assuming that the maximum number of GBGAQRS (of up to ten percent (10%) of the issued share capital) authorised under the Proposed Share Buy-Back are purchased and cancelled, it will result the in the issued share capital of the Company being reduced as follows:

Scenario I : Assuming no further exercise of Warrants

Scenario II : Assuming that all the outstanding Warrants are exercised and converted into shares

	No. of shares	
	Scenario I	Scenario II
Total Issued Shares as at LPD	465,686,725	465,686,725
Shares to be issued upon full exercise of the Warrants	-	124,255,675
Enlarged total number of issued shares	465,686,725	589,942,400
Assuming all the Purchased Shares pursuant to the Proposed Share Buy-Back are cancelled	(46,568,673)	(58,994,240)
Total number of issued shares after the Proposed Share Buy- Back	419,118,052	530,948,160

However, the Proposed Share Buy-Back 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.

9.2 Net Assets ("NA")

The effect of the Proposed Share Buy-Back 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.

The Proposed Share Buy-Back will reduce the NA per share at the time of purchase if the purchase price exceeds the NA per share and conversely, will increase the NA per share at the time of purchase if the purchase price is less than the NA per share.

If the treasury shares are sold at a gain, the NA per share would increase and, conversely, the NA per share would decrease if the treasury shares are sold at a loss. The quantum of the increase or decrease in NA will depend on the selling prices of the purchased shares and the number of purchased shares resold.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING (CONT'D)
(pursuant to Paragraphs 8.27(2) and 12.06(2)(a) of the MMLR)

9.3 Earnings

The effect of the Proposed Share Buy-Back on the EPS would depend on the effective funding cost to the Group to finance the purchase of shares or any loss in interest income.

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.

9.4 Working Capital

The Proposed Share Buy-Back will reduce the working capital of the Group, the quantum of which will depend on the purchase prices, the number of shares purchased and the effective funding cost.

9.5 Dividends

The Proposed Share Buy-Back 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.

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

The Company also intends to implement the Proposed Share Buy-back 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 Share Buy-Back.

As the Board has no intention for the Proposed Share Buy-Back 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.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

(pursuant to Paragraphs 8.27(2) and 12.06(2)(a) of the MMLR)

11. SHARE PRICES

The monthly high and low prices of the Company as traded on Bursa Securities for the last twelve (12) months from April 2017 to March 2018 are as follows:-

	Shares	
	High RM	Low RM
2017		
April	1.32	1.18
May	1.48	1.24
June	1.49	1.35
July	1.54	1.31
August	1.73	1.51
September	1.74	1.63
October	1.96	1.67
November	2.01	1.89
December	2.01	1.82
2018		
January	2.16	1.87
February	1.98	1.74
March	1.91	1.65

Last transacted market price of GBGAQRS shares on 16 March 2018 was RM1.700 (being the last practicable date prior to the printing of this Statement).

(Source, <https://finance.yahoo.com/quote/5226.KL/history?p=5226.KL> and <https://www.thestar.com.my/business/marketwatch/stocks/?qcounter=GBGAQRS>)

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.

13. DIRECTORS' RECOMMENDATION

The Directors, having considered all aspects of the Proposed Renewal of Authority for Share Buy-Back 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 Eighth AGM.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's Business 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 2016 and 31 December 2017.

ABBREVIATIONS

AC	Audit Committee
ACCA	Association of Chartered Certified Accountants
AGM	Annual General Meeting
Act	Companies Act, 2016, as amended from time to time and any re-enactment thereof
BDO	Messrs BDO
Board	Board of Directors of the Company
Bursa Securities	Bursa Malaysia Securities Berhad
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COSO	Committee of Sponsoring Organizations of the Treadway Commission
MCCG/Code	Malaysian Code on Corporate Governance, 2017
Company	Gabungan AQRS Berhad
ED/EDs	Executive Director or its plural
EPS	Earnings per share
FRSs	Financial Report Standards
FY	Financial Year
FYE 2016	Financial year ended 31 December 2016
FYE 2017	Financial year ended 31 December 2017
FYE 2018	Financial year ending 31 December 2018
GDV	Gross development value
GBGAQRS Share(s)	Ordinary share(s) in the Company
GSSB	Gabungan Strategik Sdn Bhd
Group/GBG	Gabungan AQRS Berhad and its group of companies
IA	Internal audit
INED/INEDs	Independent and Non-Executive Director or its plural
IPO	Initial Public Offering
LPD	16 March 2018, being the latest practicable date before the printing of this Annual Report
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
SMPP	Syarikat Muhibah Perniagaan dan Pembinaan Sdn Bhd
ToR	Terms of Reference

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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 Eighth AGM of the Company to be held at Rafflesia 1 Room, Sime Darby Convention Centre, Lower Ground Floor, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Monday, 14 May 2018 at 10.00 a.m. and at any adjournment thereof, on the following resolutions referred to in the Notice of Eighth AGM.

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

Ordinary Business		For	Against
Resolution 1	To re-elect Datuk Kamarudin bin Md Ali who retires in accordance with Article 95 of the Company's Constitution.		
Resolution 2	To re-elect Mr Loo Choo Hong who retires in accordance with Article 95 of the Company's Constitution.		
Resolution 3	To re-elect Ms Ow Yin Yee who retires in accordance with Article 101 of the Company's Constitution.		
Resolution 4	To re-appoint Messrs. BDO as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration.		
Resolution 5	To approve the payment of Directors' fees of RM439,259.00 in respect for the financial year ended 31 December 2017.		
Resolution 6	To approve the payment of Directors' fees of RM466,000.00 in respect for the financial year ending 31 December 2018.		
Resolution 7	To approve the payment of Directors' benefits (excluding Directors' fees) of up to RM52,000.00 from 1 January 2018 until the next Annual General Meeting of the Company in year 2019.		
Special Business			
Resolution 8	Authority to Issue and Allot Shares pursuant to the Companies Act 2016		
Resolution 9	Proposed Renewal of Authority for Share Buy-Back.		

(Please indicate with an "X" in the appropriate box against each Resolution on how you wish your vote to be cast. If no specific direction as to how the proxy shall vote, the proxy shall vote as he/she thinks fit or, at his/her discretion, abstain from voting.)

Signed this _____ day of _____ 2018

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

NOTES:-

- Applicable to shares held through a nominee account.
- A proxy may, but need not be a member of the Company.
- 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.
- Subject to paragraphs (5) and (6) below, a member of the Company entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend this meeting and vote in his stead. Where a holder appoints two (2) proxies to attend and vote at the same meeting, such appointments 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 not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- 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.
- 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.
- The instrument appointing a proxy must 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 for holding the meeting or at any adjournment thereof.
- For the purpose of determining a member who shall be entitled to attend this Eighth 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 9 May 2018. Only a depositor whose name appears on the ROD as at 9 May 2018 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

* Delete if not applicable

For appointment of two proxies, percentage of shareholdings to be represented by the proxies		
	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

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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
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Gabungan AQRS Berhad (912527-A)

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