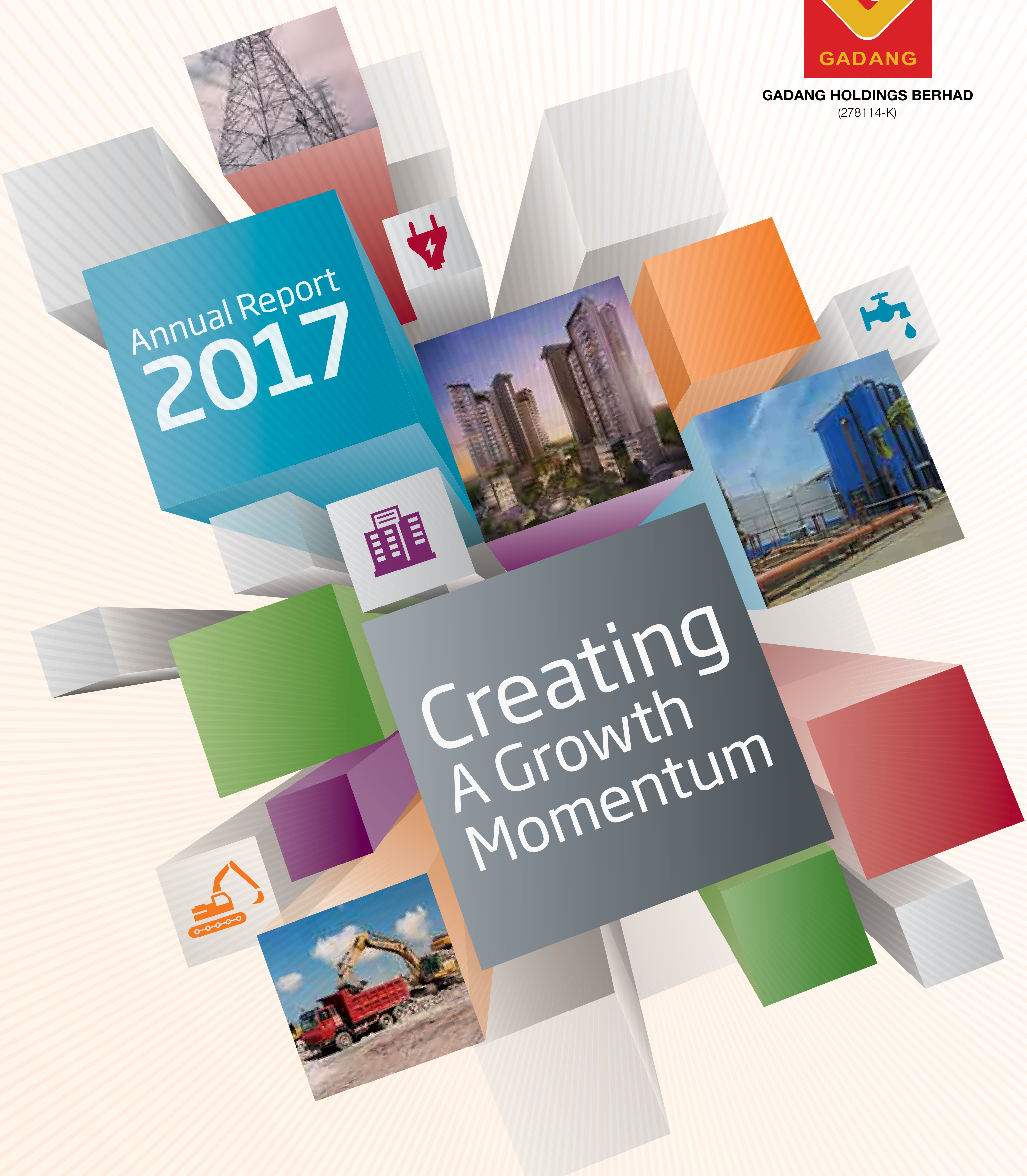
GADANG

GADANG HOLDINGS BERHAD
(278114-K)



Creating A Growth Momentum

At Gadang Holdings Berhad, we believe in continuous and consistent growth. We understand that the only way to avoid falling behind is to keep moving forward.

Just as our buildings continue to rise to the sky, our ambitions know no bounds. By continually advancing to the next level in both the projects we undertake and the ways we approach our work, we are confident that we will create a momentum for growth that will inspire all our diverse business to soar to new heights.

What's Inside

Vision

To be the preferred leader in all our core businesses, recognised for our high standards and commitment to excellence

Mission

- To perpetually pursue value for all our stakeholders
- To build an effective management team that emphasises on productivity and innovation

Explore our website
www.gadang.com.my

24th Annual General Meeting

Date
Wednesday, 8th November 2017

Time
10.00 a.m.

Venue
Ballroom 1, First Floor
Sime Darby Convention Centre

Corporate Profile

Gadang Holdings Berhad (Gadang or the Company) was incorporated in Malaysia on 6 October 1993 as a public limited company under the name of Lai Sing Holdings Berhad. It was listed on the Second Board of Bursa Malaysia Securities Berhad on 2 September 1994 under the Construction Sector.

In 1997, Tan Sri Dato' Kok Onn who is the Managing Director cum Chief Executive Officer became the major shareholder and took over the operations of the Company and renamed the Company as Gadang. Gadang was subsequently transferred to the Main Board (currently named as Main Market) under the same sector on 24 December 2007.

Gadang is an investment holding company while its subsidiaries are in civil engineering and construction, property development, water supply and mechanical and electrical engineering services. As part of the Group's strategy to gain a stronger footing in business with recurring and sustainable income, the Group has made inroads into hydro power generation in 2014 by acquiring 60% stake in PT Ikhwan Mega Power, the holder of a 9 megawatt hydro power concession in Kabupaten Tanah Datar, Sumatera Barat for a period of 15 years.

Civil Engineering & Building Construction

Gadang Engineering (M) Sdn Bhd ("GESB"), a wholly-owned subsidiary of Gadang has a Grade 7 registration with Lembaga Pembangunan Industri Pembinaan Malaysia.

GESB's principal activities are bulk earthworks, highway and interchanges, bridges, piling and foundation works, construction of commercial, industrial and residential buildings, design & build works and mass rapid transit works.

Property Development

Gadang Land Sdn Bhd ("GL") is the property development arm of Gadang. GL was established on 25th July 1996. Its maiden project comprised 30 units of semi-detached factories in Shah Alam. Thereafter GL has grown leaps and bounds by venturing into various types of developments such as terrace houses, semi-detached houses, apartments, luxury condominiums, detached factories, shop office suites and serviced apartments located mainly in the Klang Valley region.

Utility

Utility is envisaged by Gadang to be a sector with good potential for development and long term growth.

Moving forward, the division actively seeks business opportunities and expansion in water business and power generation within Asia region by exploring and inspiring potential in partnership and engagement. The division will also focus on quality improvement to strive for its valued customer satisfaction.

Mechanical & Electrical Engineering

Datapuri Sdn Bhd offers mechanical and electrical services. The company's services include high voltage and low voltage electrical services, air conditioning and ventilation service, fire protection services and plumbing and sanitary services.

Corporate Profile

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Civil Engineering & Building Construction

Current Projects
- Petronas Rapid Project - 14-0301
- Petronas Rapid Project - 14-0402
- Package V206, MRT line 2 (SSP Line)
- Package 2, Jalan Tun Razak Dispersal and Upgrading Works
- Cyberjaya Hospital

Property Development Division

Current Projects
- Laman View, Cyberjaya
- The Vyne, Salak South
- Bandar Puncak Sena, Kedah
- Capital City, Tampoi
- Kwasa Damansara Township, Selangor
- Semenyih housing development, Semenyih

Utility Division

Current Projects
- Water supply concession, Indonesia
- Solar power LSS, Sabah
- Mini hydropower project, Indonesia

Mechanical & Electrical Engineering

Current Projects
- MRT V203 - Pylon work
- MRT V203 - Piloting work
- MRT V201 - 33kv & 11kv relocation works
- MRT V203 - Telco
- Khoo Soo Lee Realty Sdn Bhd - Electrical services
- Naza TTDI Segaris Sdn Bhd - High Tension / Low Voltage Services
- PNB - High Tension / Low Voltage Services

2017 Revenue

RM251.7 Million

Civil Engineering & Building Construction

Gadang Engineering (M) Sdn Bhd ("GESB"), a wholly-owned subsidiary of Gadang has a Grade 7 registration with Lembaga Pembangunan Industri Pembinaan Malaysia.

GESB's principal activities are bulk earthworks, highway and interchanges, bridges, piling and foundation works, construction of commercial, industrial and residential buildings, design & build works and mass rapid transit works.

2017 Revenue

RM244.2 Million

Property Development

Gadang Land Sdn Bhd ("GL") is the property development arm of Gadang. GL was established on 25th July 1996. Its maiden project comprised 30 units of semi-detached factories in Shah Alam. Thereafter GL has grown leaps and bounds by venturing into various types of developments such as terrace houses, semi-detached houses, apartments, luxury condominiums, detached factories, shop office suites and serviced apartments located mainly in the Klang Valley region.

2017 Revenue

RM23.1 Million

Utility

Utility is envisaged by Gadang to be a sector with good potential for development and long term growth.

Moving forward, the division actively seeks business opportunities and expansion in water business and power generation within Asia region by exploring and inspiring potential in partnership and engagement. The division will also focus on quality improvement to strive for its valued customer satisfaction.

2017 Revenue

RM34.9 Million

Mechanical & Electrical Engineering

Datapuri Sdn Bhd offers mechanical and electrical services. The company's services include high voltage and low voltage electrical services, air conditioning and ventilation service, fire protection services and plumbing and sanitary services.

Financial Calendar

For Financial Year Ended 31 May 2017

ANNOUNCEMENT OF QUARTERLY RESULTS

1ST
Financial Quarter ended 31 August 2016
27 October 2016

2ND
Financial Quarter ended 30 November 2016
25 January 2017

3RD
Financial Quarter ended 28 February 2017
19 April 2017

4TH
Financial Quarter ended 31 May 2017
26 July 2017

FIRST AND FINAL DIVIDEND

Book Closure	17 November 2017
Payment	05 December 2017

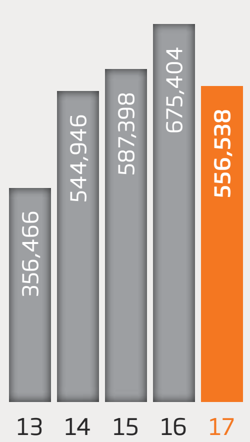
PUBLISHED ANNUAL REPORT AND FINANCIAL STATEMENTS

Notice of 24th Annual General Meeting	29 September 2017
24th Annual General Meeting	08 November 2017

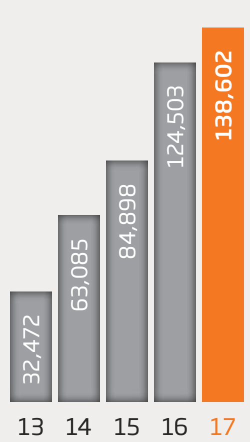
Financial Highlights

Year Ended 31 May	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000
Revenue					
Construction	**286,623**	480,609	449,662	442,193	265,665
Property Development	**244,176**	172,021	119,721	87,034	73,516
Utility	**23,067**	20,900	16,682	14,780	17,151
Investment & Others	**-**	-	-	-	-
	553,866	673,530	586,065	544,007	356,332
Plantation (discontinued)	**2,672**	1,874	1,333	939	134
	556,538	675,404	587,398	544,946	356,466
Profit/(Loss) Before Taxation					
Construction	**83,056**	71,482	49,239	33,666	12,605
Property Development	**62,837**	52,928	39,763	30,631	19,087
Utility	**4,651**	5,614	2,725	4,684	4,236
Investment & Others	**(8,990)**	(3,947)	(5,104)	(3,876)	(2,626)
	141,554	126,077	86,623	65,105	33,302
Plantation (discontinued)	**(2,952)**	(1,574)	(1,725)	(2,020)	(830)
	138,602	124,503	84,898	63,085	32,472
Profit After Taxation	**100,606**	94,702	60,999	44,378	20,663
Profit Attributable to Shareholders	**100,116**	94,767	59,837	43,225	20,470
Issued Share Capital	**331,678**	258,623	216,369	196,691	196,691
Shareholders' Funds	**623,168**	529,103	381,363	297,998	262,589
Total Tangible Assets	**1,408,055**	1,205,134	809,386	571,688	500,343
Net Earnings Per Share (RM)	**0.1590***	0.4094	0.2789	0.2198	0.1041
Net Assets Per Share (RM)	**0.95***	2.05	1.76	1.52	1.35

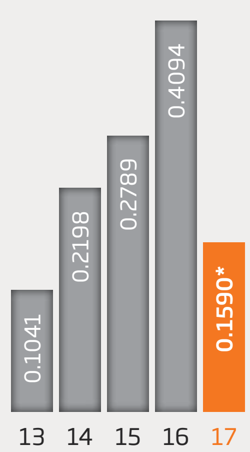
REVENUE
RM'000



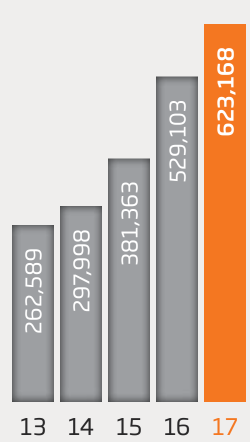
PROFIT BEFORE TAXATION
RM'000



NET EARNINGS PER SHARE
RM



SHAREHOLDERS' FUNDS
RM'000



** The Company has implemented a share split and bonus issue of shares which was completed on 28 November 2016.*

Corporate Structure

GADANG

GADANG HOLDINGS BERHAD
(278114-K)

ENGINEERING AND CONSTRUCTION

100% Gadang Engineering (M) Sdn Bhd
- **100%** Gadang Construction Sdn Bhd
- **100%** Bincon Sdn Bhd
- **100%** Kartamo Corporation Sdn Bhd
- **100%** Katah Realty Sdn Bhd

MECHANICAL AND ELECTRICAL WORKS

51% Datapuri Sdn Bhd

PROPERTY INVESTMENT AND DEVELOPMENT

100% Achwell Property Sdn Bhd

100% Mandy Corporation Sdn Bhd

100% Gadang Land Sdn Bhd
- **100%** Gadang Properties Sdn Bhd
  - **100%** Buildmark Sdn Bhd
- **100%** Noble Paradise Sdn Bhd
- **100%** Damai Klasik Sdn Bhd
- **100%** Magnaway Sdn Bhd
- **100%** Splendid Pavilion Sdn Bhd
- **100%** Sama Pesona Sdn Bhd
- **100%** City Version Sdn Bhd
- **100%** Natural Domain Sdn Bhd
- **100%** Crimson Villa Sdn Bhd
- **100%** Flora Masyhur Sdn Bhd
  - **100%** Camar Ajaib Sdn Bhd
- **100%** Skyline Symphony Sdn Bhd
- **100%** Hillstrand Development Sdn Bhd
- **100%** Detik Tiara Sdn Bhd
- **100%** Prelude Avenue Sdn Bhd
- **100%** Tema Warisan Sdn Bhd

PLANTATION

100% Gadang Plantations Holdings Sdn Bhd
- **100%** Desiran Impian Sdn Bhd
  (Disposed on 10 July 2017)

UTILITY

100% Regional Utilities Sdn Bhd
- **100%** Asian Utilities Pte Ltd
  - **95%** PT. Taman Tirta Sidoarjo
  - **95%** PT. Hanarida Tirta Birawa
  - **95%** PT. Bintang Hytien Jaya
  - **60%** PT. Ikhwan Mega Power
  - **95%** PT. Dewata Bangun Tirta
  - **80%** PT. Hidronusa Rawan Energi

Corporate Information

BOARD OF DIRECTORS

TAN SRI DATO' SERI DR. MOHAMED ISMAIL BIN MERICAN
Chairman and Independent Non-Executive Director

BOEY TAK KONG
Senior Independent Non-Executive Director

TAN SRI DATO' KOK ONN
Managing Director cum Chief Executive Officer

HUANG SHI CHIN
Independent Non-Executive Director

KOK PEI LING
Executive Director

AUDIT COMMITTEE

Boey Tak Kong (Chairman)
Tan Sri Dato' Seri Dr. Mohamed Ismail Bin Merican
Huang Shi Chin

NOMINATION & REMUNERATION COMMITTEE

Boey Tak Kong (Chairman)
Tan Sri Dato' Seri Dr. Mohamed Ismail Bin Merican
Huang Shi Chin

SECRETARY

Tan Seok Chung, Sally
MAICSA 0829689

REGISTERED OFFICE/ PRINCIPAL PLACE OF BUSINESS

Wisma Gadang, No. 52 Jalan Tago 2
Off Jalan Persiaran Utama
Sri Damansara
52200 Kuala Lumpur
T : (03) 6279 6288
F : (03) 6275 2136
E : corporate@gadang.com.my
W : www.gadang.com.my

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
T : (03) 2783 9299
F : (03) 2783 9222
E : is.enquiry@my.tricorglobal.com

AUDITORS

Crowe Horwath (AF 1018)
Chartered Accountants
Level 16 Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
T : (03) 2788 9999
F : (03) 2788 9998

PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Berhad
Malayan Banking Berhad
Public Bank Berhad
AmBank (M) Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : GADANG
Stock Code : 9261
Stock Sector : Construction

Board of Directors

Tan Sri Dato' Seri Dr. Mohamed Ismail Bin Merican

Tan Sri Dato' Kok Onn

Mr Huang Shi Chin

Ms Kok Pei Ling

Mr Boey Tak Kong

Profile of Directors

Tan Sri Dato' Seri Dr. Mohamed Ismail Bin Merican

Chairman
Independent Non-Executive Director

Nationality/Age/Gender
Malaysian/69/Male

Date of Appointment
1 December 2016

Membership of Board Committees
- Member of the Audit Committee
- Member of the Nomination & Remuneration Committee

Length of Service (as at 31 May 2017)
6 months

Academic/Professional Qualification(s)
- Bachelor of Medicine, Bachelor of Surgery (MBBS), University of Malaya
- Fellow of the American College of Physicians (F.A.C.P) (Hons, US)

Working Experience
- Director-General (DG) of Health of Malaysia (2005 till 2011)
- President of the Malaysian Medical Council
- Member of the Promotion Board of the Malaysian Civil Service
- Member of the Board of Directors of the National Heart Institute
- Chairman of the National Committee for Clinical Research
- Chairman of Drug Control Authority
- Chairman of National Poisons Board
- Chairman of Medicine Advertisement Board
- Chairman of Pharmacy Board

Other Directorship(s) in Public Companies and Listed Issuers
Nil

Tan Sri Dato' Kok Onn

Managing Director cum Chief Executive Officer

Nationality/Age/Gender
Malaysian/66/Male

Date of Appointment
10 March 1997 as Joint Managing Director
2 September 1997 designated as Managing Director cum Chief Executive Officer

Membership of Board Committees
Nil

Length of Service (as at 31 May 2017)
20 years 3 months

Working Experience
Prior to joining Gadang Holdings Berhad ("Company"), he was the Group Chief Executive Officer of Bridgecon Holdings Berhad ("Bridgecon"). He was also the founder of Bridgecon Engineering Sdn Bhd ("BESB"), the wholly-owned subsidiary of Bridgecon. The track record of BESB was used to list Bridgecon on the Second Board of the Bursa Malaysia Securities Berhad on 16 November 1994.

His exposure in the construction industry began in 1972 and has been involved in the industry for more than 45 years. He has gained extensive knowledge and experience in most aspects of civil and structural engineering schemes with various projects in Malaysia, China, Middle East and South Africa.

He was also the person who transformed Bridgecon from a pure construction company to activities involving manufacturing and supply of readymixed concrete, concrete pumping, quarrying, property and resort development and on international aspect where he spearheaded Bridgecon's venture into three toll expressway operations in the People's Republic of China.

Other Directorship(s) in Public Companies and Listed Issuers
Green Packet Berhad

Profile of Directors

Boey Tak Kong

Senior Independent Non-Executive Director

Nationality/Age/Gender
Malaysian/63/Male

Date of Appointment
3 December 2007

Membership of Board Committees
- Chairman of the Audit Committee
- Chairman of the Nomination & Remuneration Committee

Length of Service (as at 31 May 2017)
9 years 6 months

Academic/Professional Qualification(s)
- Chartered Accountant, Malaysian Institute of Accountants
- Fellow, Chartered Association of Certified Accountants, United Kingdom
- Associate, Institute of Chartered Secretaries & Administrators, United Kingdom
- Member, Institute of Marketing Malaysia
- Member, Malaysian Institute of Management

Working Experience
He is the Managing Director of Terus Mesra Sdn Bhd, a leadership and governance training company and a certified trainer accredited by HRDF. He has over 23 years of board-based senior financial management, internal audit and overseas business development experience with 6 major public listed groups with listings in Malaysia, United Kingdom, Singapore, Australia and New Zealand.

Other Directorship(s) in Public Companies and Listed Issuers
- Dutch Lady Milk Industries Berhad
- Green Packet Berhad
- Censof Holdings Berhad
- Ho Hup Construction Company Berhad

Kok Pei Ling

Executive Director
Chief Financial Officer

Nationality/Age/Gender
Malaysian/35/Female

Date of Appointment
2 January 2013

Membership of Board Committees
Nil

Length of Service (as at 31 May 2017)
4 years 5 months

Academic/Professional Qualification(s)
- Bachelor of Commerce (Finance and Management), University of Melbourne, Australia

Working Experience
She began her career as a consultant for Corporate Recovery and Insolvency in BDO Capital Consultants Sdn Bhd from April 2004 to June 2006. She then joined OSK Investment Bank Berhad as an Associate for Debt Capital Markets from June 2006 to May 2007. Prior to joining the Company in September 2009, she was the Assistant Manager (Investment Banking) of OCBC Bank (M) Berhad.

Other Directorship(s) in Public Companies and Listed Issuers
Nil

Profile of Directors

Huang Shi Chin

Independent Non-Executive Director

Nationality/Age/Gender
Malaysian/59/Male

Date of Appointment
1 August 2017

Membership of Board Committees
- Member of the Audit Committee
- Member of the Nomination & Remuneration Committee

Academic/Professional Qualification(s)
- Member of the Institute of Chartered Accountants, England & Wales
- Chartered Accountant of the Malaysian Institute of Accountants

Working Experience
An Accountant by profession, Mr Huang previously worked for a well-known FMCG public listed company in Malaysia for over 21 years, first as its Finance Director and later Corporate Affairs Director. He also served as an Executive Director on its Board for nine years.

He has extensive experience in financial reporting, risk management, regulatory framework, as well as in corporate affairs & communication and human capital development & management.

Prior to that he worked in public accounting firms, including two of the leading public accounting firms in Malaysia, specialising in audit and due diligence.

Other Directorship(s) in Public Companies and Listed Issuers
Nil

Other Information on Directors
Save as disclosed, none of the Directors has:-
1. *any family relationship with any Director and/or major shareholder of the Company, except for Tan Sri Dato' Kok Onn who is the father of Kok Pei Ling, the Executive Director and spouse of Puan Sri Datin Chan Ngan Thai, a major shareholder of the Company;*
2. *any conflict of interest with the Company;*
3. *any conviction for offences within the past 5 years; and*
4. *any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2017.*

Key Senior Management

1. **Dato' Chan Ah Kam**
   Head of Group Contract & Legal
2. **Khew Check Kiet**
   Managing Director
   (Construction Division)
3. **Saw Chee Hoay**
   Executive Director &
   Head of Tender & Contract
   (Construction Division)
4. **Dato' Ling Hock Hing**
   Managing Director
   (Property Division)
5. **Liew Swee Kong**
   Managing Director
   (Mechanical & Electrical Division)
6. **Foo Mieng Yong**
   Managing Director
   (Utility Division)

Profile of Key Senior Management

Dato' Chan Ah Kam

Head of Group Contract & Legal
Gadang Holdings Berhad

Nationality/Age/Gender
Malaysian/64/Male

Date Appointed as Key Senior Management
15 December 1997

Academic/Professional Qualification(s)
- Bachelor of Engineering (Hons) in Civil Engineering, University of Malaya
- Registered Professional Engineer with the Board of Engineers, Malaysia
- Member of the Institution of Engineers, Malaysia

Working Experience
He joined the Board of Gadang Engineering (M) Sdn Bhd, the Construction Division of the Group on 15 December 1997. He was the Executive Director of Gadang Holdings Berhad from February 2001 until November 2009. Previously with Bridgecon Engineering Sdn Bhd ("BESB"), he was the Assistant General Manager for Penang Operations, overseeing and monitoring the operations on the Northern Region of Malaysia. Prior to that, he was attached to the consultant engineering firm, Hashim & Neh Jurutera Perunding Sdn Bhd in Lumut Naval Base, Perak. From 1977 to 1985, he was working with the Government of Malaysia under Jabatan Kerja Raya and Ministry of Defence.

Khew Check Kiet

Managing Director,
Gadang Engineering (M) Sdn Bhd
(Construction Division)

Nationality/Age/Gender
Malaysian/57/Male

Date Appointed as Key Senior Management
13 June 2011

Academic/Professional Qualification(s)
- Bachelor of Science College of Engineering (Civil Engineering), Mississippi State University, United States
- Bachelor of Science (Mathematics and Business Administration in Banking & Finance), Northwestern Oklahoma State University, United States

Working Experience
He was appointed as Deputy Managing Director of Gadang Engineering (M) Sdn Bhd on 2 September 2008 and was redesignated as Managing Director on 13 June 2011.

Previously with MTD Construction Sdn Bhd, he was the Planning and Utilities Engineer, responsible on planning, managing and implementation and also coordinating the various sequence of works until his promotion as a Project Manager in 1991. Thereafter, he was attached to MTD Equity Sdn Bhd from 1998 to December 2001 as a Business Development Manager cum Alternate Director, based in Chile, and as a Deputy General Manager with MTD Prime Sdn Bhd from 2002 to August 2008.

Profile of Key Senior Management

Saw Chee Hoay

Executive Director/Head of Tender & Contract, Gadang Engineering (M) Sdn Bhd (Construction Division)

Nationality/Age/Gender
Malaysian/63/Male

Date Appointed as Key Senior Management
2 August 2000

Academic/Professional Qualification(s)
- Bachelor of Science in Civil Engineering, National Taiwan University, Republic of China.

Working Experience
Previously, he was attached to Mitsui Construction Company and Bridgecon Engineering (M) Sdn Bhd.

He has extensive pre-contract and post-contract experience in costing and contract administration in highway, bridges, dam, power station and also commercial and residential building construction.

Dato' Ling Hock Hing

Managing Director, Gadang Land Sdn Bhd (Property Division)

Nationality/Age/Gender
Malaysian/52/Male

Date Appointed as Key Senior Management
19 November 2009

Academic/Professional Qualification(s)
- Chartered Accountant, Malaysian Institute of Accountants
- Member, Malaysian Institute of Certified Public Accountants

Working Experience
He joined the Board of Gadang Holdings Berhad on 19 May 1997 as an Alternate Director. He was subsequently appointed as an Executive Director on 2 September 1997 until 19 November 2009 to assume the role of Managing Director of Gadang Land Sdn Bhd, the Property Division of the Group.

Prior to joining Gadang Holdings Berhad, he was the General Manager for Group Finance of Bridgecon Holdings Berhad. He was previously attached to KPMG Peat Marwick (now known as KPMG) from October 1986 to July 1991 where he qualified as a Certified Public Accountant before joining another audit firm, Ernst & Young in August 1991. He left Ernst & Young in August 1992, shortly before joining Bridgecon Engineering Sdn Bhd in November 1992 as Finance Manager.

Profile of Key Senior Management

Liew Swee Kong

Managing Director, Datapuri Sdn Bhd (Mechanical & Electrical Division)

Nationality/Age/Gender
Malaysian/45/Male

Date Appointed as Key Senior Management
1 November 2012

Academic/Professional Qualification(s)
- Bachelor in Electrical Engineering, University of Teknologi Malaysia

Working Experience
He started his career with KTA Tenaga Sdn Bhd as Mechanical and Electrical Consulting Engineer. Subsequently, he joined Gadang Engineering (M) Sdn Bhd as Project Manager in September 2000 before he was appointed as Director of Datapuri Sdn Bhd, the Mechanical & Electrical Division of the Group on 1 April 2001.

Foo Mieng Yong

Managing Director, Regional Utilities Sdn Bhd (Utility Division))

Nationality/Age/Gender
Malaysian/64/Male

Date Appointed as Key Senior Management
1 March 2016

Academic/Professional Qualification(s)
- Bachelor of Science in Civil Engineering (Hons) from Brighton Polytechnics, United Kingdom

Working Experience
He retired in February 2009 from Tenaga Nasional Berhad after serving the company for 33 years. He has worked and served in various capacities primarily in the generation department for the development and implementation of thermal power plants. He has also served in the property and asset management/ development division.

He joined Regional Utilities Sdn Bhd as Project Director from March 2009 to December 2012. In December 2012, he was appointed Executive Vice President (Power Division) in Genting Sanyen. He then joined Engineering and Environmental Consultants Sdn Bhd, a consulting firm in 2014 as Project Director in the Power Division.

Other Information on Key Senior Management

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

1. *any directorship in public companies and listed issuers;*
2. *any family relationship with any Directors and/or major shareholders of the Company, except for Liew Swee Kong who is the nephew of Tan Sri Dato' Kok Onn and cousin of Kok Pei Ling who are members of the Board of the Company;*
3. *any conflict of interest with the Company;*
4. *any conviction for offences within the past 5 years; and*
5. *any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2017.*

Gadang in the News

JF Apex maintains Buy on Gadang

KUALA LUMPUR: JF Apex Securities Research has maintained its "Buy" call on Gadang Holdings Bhd ... owned subsidiary Gadang Engineering (M) Sdn Bhd has accepted the Letter of Acceptance from C... undertake the proposed development of Cyberjaya Hospital.

Gadang to build residential units in Kwasa Damansara

Proposed RM700m development comprises high-rise towers and villas

BY WONG EE LIN

KUALA LUMPUR: Gadang Holdings Bhd has bagged the development rights for a 21.08-acre (8.53ha) plot known as R3-1 within the Kwasa Damansara township here from Kwasa Land Sdn Bhd — the master developer of the new township.

The proposed development, which has an estimated gross development value of RM700 million, will feature 700 residential units comprising a combination of high-rise towers and villas.

... have optimised views of the river while lower levels will have a landscaped garden deck.

"Sky gardens will be located at alternating levels of the blocks having front open views. Roadways will feature soft landscape featuring ornamental flowering trees," it added.

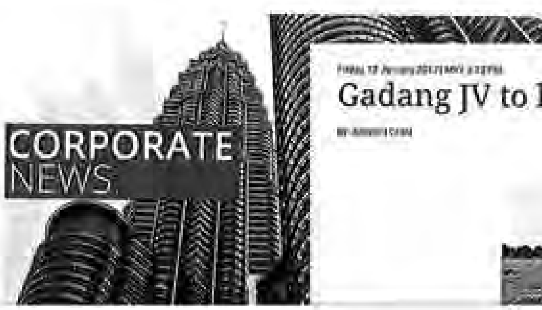
Kwasa Land noted that two mass rapid transit stations within the development — the Kwasa Damansara station and the Kwasa Sentral station — have been completed and are already in operation. It believes ...

Gadang heading for another decent year

RHB Research / The Edge Financial Daily
(author/RHB Research) (source/The Edge Financial Daily) April 21, 2017 11:18 am MYT

...changed target price (TP) of RM1.66: After a long wait, Gadang Holdings Bhd ... Transit Line 2 viaduct project worth RM952.1 million. We believe the company ... winning more projects in the near future, considering the various infrastructure ... awarded in the coming months. Meanwhile, its outstanding construction order ...

Gadang Holdings' profit up 57%



Gadang JV to build large scale solar PV plant in Sabah

B4 国内财经 2017年 8月8日 星期二

嘉登新合约支撑未来4年盈利

支撑建筑业务盈利

Gadang Holdings bags RM952 mil MRT2 job

Anisha Appadurai / theedgemarkets.com
(author/Anisha Appadurai) (source/theedgemarkets.com) March 10, 2017 17:56 pm MYT

KUALA LUMPUR (Mar 10): Gadang Holdings Bhd has bagged a RM952.08 million contract from Mass Rapid Transit Corp Sdn Bhd (MRT Corp) to undertake viaduct guideway and other associated works under Package V206 of the Mass Rapid Transit Sungai Buloh-Serdang-Putrajaya (SSP) Line.

In a filing with Bursa Malaysia today, Gadang said its wholly-owned subsidiary Gadang Engineering (M) Sdn Bhd has received a letter of acceptance from MRT Corp awarding the company the contract for Package V206.

"Package V206 involves the construction and completion of viaduct guideway and other associated works from Serdang Raya to UPM.

"The contract is expected to contribute positively to the future earnings of the group," added Gadang.

Gadang shares closed up four sen or 3.28% at RM1.26 today, for a market capitalisation of RM818.3 million.

Gadang in the News

Gadang tenders for RM5.2b worth of construction projects

Analysts remain upbeat about Gadang

Gadang Holdings clinches development rights for R3-1

Gadang bags RM475mil contract to build Cyberjaya Hospital

RHB raises Gadang earnings forecasts on MRT job

By NICHOLAS CHENG
nicholascheng@thestar.com.my

KUALA LUMPUR: A research house reckons Gadang Holdings Bhd could boost its earnings and sentiment all the way to financial year 2019 after it bagged the RM952mil Mass Rapid Transit (MRT) viaduct project.

Gadang's share prices rose to the highest it's been all year, with a significant increase of 22% from its year's low of RM1.03. It closed at RM1.26 after touching RM1.30 earlier yesterday.

RHB Research in a report said the contract to build MRT Corp's viaduct gateway, from Serdang Raya to Universiti Putra Malaysia (UPM), was a major win for Gadang which had been courting MRT since 2015.

It's also the biggest contract Gadang has ever secured.

The project will likely keep the construction company busy all through 2019 and push its outstanding orderbook to about RM1.4bil.

"Winning this high profile project certainly provides a much-needed sentiment booster to the stock price, given high market expectation for Gadang to secure one of MRT2 packages (based on its MRT1 track record).

"We maintain our FY17F earnings but raise FY18-19 by 6.8% and 10.8% respectively.

"Our revision takes into consideration the timing and quantum of the latest contract win, also, we take the opportunity to trim margin assumptions for certain property projects, given the sluggish property market outlook," RHB said.

It reiterated a "buy" call on Gadang shares with a raised sum of parts (SOP)-based target price of RM1.55, up 23% from RM1.40.

TA Securities adjusted earnings estimate for Gadang up 3.8% and raised share target price from RM1.37 to RM1.45, based on 14x CY17 construction earnings.

In a filing with Bursa Malaysia last week, Gadang announced its wholly-owned subsidiary Gadang Engineering (M) Sdn Bhd had been awarded the contract to construct MRT Corp's Package V206, which entails a viaduct gateway that stretches from Serdang Raya to UPM worth RM952.09mil.

Chairman's Statement

Dear Valued Shareholders,

On behalf of the Board, it gives me great pleasure to present the Annual Report and Financial Statements for the financial year ended 31 May 2017 (FYE 2017).

Tan Sri Dato' Seri
Dr. Mohamed Ismail Bin Merican
Chairman

MARKET LANDSCAPE

The global economy is on the recovery path after a challenging year in FYE 2017. Better than expected performance in major economies and the recovery of larger emerging and low income economies provided the impetus for global growth.

The encouraging domestic demand is the main source of Malaysia's GDP growth for this year, supported by robust growth in private expenditure, especially in the high-technology industries. Meanwhile, public investment is expected to remain strong this year with the government's continuous focus to implement major infrastructure projects throughout the country.

Nevertheless, the Malaysia economy continued to face headwinds from careful consumer spending driven by the higher cost of living and the weak ringgit.

FINANCIAL PERFORMANCE

The year under review saw improved operating performance across various business units, contributing positively to the Group's earnings. Our core businesses of Construction and Property Development remained key contributors to the Group's better result.

Chairman's Statement

Construction of mini-hydro power plant, Lintau, Indonesia

Revenue for the current year decreased by 17.8% to RM553.9 million (FYE 2016: RM673.5 million) mainly due to completion of some construction projects in the preceding year. Despite this, profit before tax jumped 12.3% to RM141.6 million (FYE 2016: RM126.1 million). This was mainly due to stronger profit margins for various projects.

PROPOSED DIVIDEND

The Board in recognising its sustainable performance, has recommended a first and final dividend of 3 sen per share based on its enlarged capital base. This is subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

CORPORATE AND BUSINESS DEVELOPMENTS

(a) On 23 September 2016, the Property Division accepted a Letter of Award from Kwasa Land Sdn Bhd as its development partner to develop the proposed residential land measuring 21.08 acres identified as R3-1 of "Kwasa Damansara Township" District of Petaling, Selangor Darul Ehsan.

Accordingly, on 18 January 2017, the Property Division entered into a Development Rights Agreement with Kwasa Development (3) Sdn Bhd for the development of 780 residential units which comprise a combination of high rise towers and villas, with estimated Gross Development Value ("GDV") of approximately RM700 million.

(b) On 28 November 2016, the Company completed the share split and bonus issue of shares following the listing of and quotation for 517,246,756 subdivided shares and 129,311,689 bonus shares on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

(c) On 1 December 2016, Datuk Wan Lokman Bin Dato' Wan Ibrahim, the Company's Chairman resigned from the Board.

(d) Subsequently, on 1 December 2016, the Company appointed Tan Sri Dato' Seri Dr Mohamed Ismail Bin Merican as the new Chairman.

Profit Before Tax

RM141.6 Million

FYE 2016: RM126.1 million

+12.3%

Chairman's Statement

(e) On 5 December 2016, the Company completed the bonus issue of warrants following the listing of and quotation for 129,311,689 warrants on the Main Market of Bursa Securities.

(f) On 6 December 2016, the Company implemented the Employees' Share Option Scheme ("ESOS") plan. Total number of ESOS options offered is 85,280,500 at the subscription price of RM0.86 per share.

(g) On 15 December 2016, the Utility Division accepted the Letter of Acceptance from the Energy Commission for the development of a Large Scale Solar PV Plant of 5.9 MWa.c. in Kota Marudu, Sabah.

(h) On 11 January 2017, the Property Division entered into a joint venture agreement with Perikatan Progresif Sdn Bhd for the proposed development of a parcel of leasehold residential land measuring approximately 17.5 acres located in Taman Putra Perdana, Puchong. The proposed residential development comprises town houses with an estimated GDV of approximately RM160 million.

(i) On 6 February 2017, the Construction Division entered into a Sale and Purchase Agreement with Nusvista Development Sdn Bhd to acquire a piece of leasehold commercial land measuring 2.664 acres located in Damansara Perdana, Selangor for a purchase consideration of RM55,690,000.

(j) On 10 March 2017, the Construction Division received a Letter of Acceptance from Mass Rapid Transit Corporation Sdn Bhd awarding a contract for Package V206 of the Projek Mass Rapid Transit Laluan 2: Sungai Buloh-Serdang-Putrajaya (SSP) for a contract sum of RM952,088,535. The Package V206 involves the construction and completion of viaduct guideway and other associated works from Serdang Raya to UPM.

(k) On 21 March 2017, the Construction Division incorporated its 51% joint venture company, Gadang CRFG Consortium Sdn Bhd ("GCC"). The remaining 49% equity interest in GCC was subscribed by CRFG Malaysia Berhad, a wholly-owned subsidiary of China Railway First Group Co., Ltd.

On 4 May 2017, GCC accepted the award of contract from TRX City Sdn Bhd to undertake the works known as "The execution and completion of works for cadangan penyuraian trafik dan kerja-kerja menaiktaraf Jalan Tun Razak, dari Jalan Langgak Golf ke Bulatan Kampung Pandan Kuala Lumpur (Package 2)" for a contract sum of RM327,905,000.

(l) On 10 July 2017, Gadang Plantations Holdings Sdn Bhd, a wholly-owned subsidiary of the Company entered into a Sale of Shares Agreement with Kumpulan Sawit Tan Holdings Sdn Bhd in relation to the disposal of Desiran Impian Sdn Bhd ("DISB") for a total cash consideration of RM15,000,000. DISB is principally engaged in cultivation of oil palm plantation. The disposal is undertaken by the Group to exit its non-core and loss-making subsidiary and reallocate its resources to other key businesses within the Group.

Artist Impression of Cyberjaya Hospital

(m) On 1 August 2017, Encik Adam Bin Bachek resigned as Independent Non-Executive Director.

(n) On 1 August 2017, the Company appointed Mr Huang Shi Chin as Independent Non-Executive Director.

(o) On 1 August 2017, the Construction Division accepted the Letter of Acceptance from Cyberview Sdn Bhd to undertake the proposed development of Cyberjaya Hospital (288 beds) on Lot 47686 and H.S.(D) 28779 PT No. 41461 at Persiaran Multimedia, Cyber 11, Cyberjaya, Mukim of Dengkil, Daerah Sepang, Selangor – Design and Build at a contract sum of RM475,000,000.

RAPID Project, Package 14-0402

BUSINESS OUTLOOK

We remain optimistic about the coming financial year and beyond given the long-term nature of our ongoing projects as well as the Government's commitment to see through various major infrastructure projects that have been announced.

We will continue to work on executing and delivering the projects within our outstanding order book of RM2 billion, which will give us earnings visibility for more than three years. We will also target new orders to ensure sustainable growth.

Although the property market continued to be challenging during the FYE 2017, there are still many opportunities that developers are able to capitalise on. We will stay focused on delivering quality, value-creating products with unique offerings to meet the different needs of modern lifestyles. Over the past few years, we have increased our land bank either through acquisition or joint venture arrangements. Consequently, we now have in our possession about 442.2 acres of land which we plan to develop over the next 10 years to achieve a combined GDV of RM3.87 billion.

Our Concession business continued to perform well, providing stable income to the Group. Our maiden mini-hydro power project of 9MW in Indonesia is expected to be income generating by next financial year. Meanwhile, negotiations are on-going with the Indonesia Water and Power board for potential new projects.

We will continue to adopt a bold infrastructure business strategy, after the disposal of the non-core and loss-making plantation business. While the Group is not immune to the consequences of a moderating economic environment, it is, however, well positioned to face the challenges ahead, given the Group's reputation and proven track record.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, we are honoured and pleased to be working to position Gadang forward with a highly competent, ambitious and motivated management team.

We would also like to thank all our valued customers, suppliers, business partners, bankers and the respective government authorities for their support and confidence in Gadang.

Tan Sri Dato' Seri
Dr. Mohamed Ismail Bin Merican
Chairman

Management Discussion & Analysis

Tan Sri Dato' Kok Onn
Managing Director cum Chief Executive Officer

GROUP PERFORMANCE OVERVIEW

The Group remained resilient amidst the challenging economic environment in financial year ended 31 May 2017 (FYE 2017), underpinned by strong business fundamentals, bold growth strategy, prudent risk management practices and a dynamic approach to cost management.

The Group's long-term sustainability strategy will anchor on broadening its infrastructure revenue stream, strengthening on its margin and capitalising on growth sector investment opportunities. The strategic choice to invest in energy sector like mini-hydro power plant in Indonesia and solar power project in Sabah are prime drivers to expand on its revenue pillars.

OPERATIONAL REVIEW

In FYE 2017, the Group registered revenue of RM553.9 million (FYE 2016: RM673.5 million). The decrease in revenue was mainly due to completion of some projects in the preceding year. However, profit before tax increased by 12.3% to RM141.6 million (FYE 2016: RM126.1 million) due to improved profit margins from construction projects and higher contributions arising from property activities.

The Construction Division contributed positively to the revenue of the Group having recorded a revenue of RM286.6 million (FYE 2016: RM480.7 million) or 55% of the Group's total revenue. In terms of operating profit, the division contributed RM83.1 million (FYE 2016: RM71.5 million) representing 55% of the Group total operating profit for FYE 2017.

The operating profit of the Property Division was higher at RM62.8 million (FYE 2016: RM52.9 million) representing 42% of the Group's total operating profit for FYE 2017, on the back of a revenue of RM244.2 million (FYE 2016: RM172.0 million).

The Utility Division registered operating profit of RM4.6 million (FYE 2016: RM5.6 million) on the back of revenue of RM23.1 million (FYE 2016: RM20.9 million).

Property Division Revenue

RM244.2 Million

+42%

FYE 2016: RM172.0 million

FINANCIAL REVIEW

Our capital management strategy involves adopting and maintaining a prudent net gearing level and securing financing on favourable market terms. The Group treasury's main objective is to optimise internal funds management and to reduce external funding cost.

The Group's total borrowings decreased from RM222.8 million in FYE 2016 to RM192.6 million in FYE 2017. However, this decrease was offset by decrease in cash and cash equivalent in FYE 2017. As a result, the Group is able to maintain its positive net cash flow position at RM61.8 million. For the year under review, the Group's gearing ratio has improved from 0.42 to 0.31.

As at 31 May 2017, cash and cash equivalent of the Group stood at RM201.2 million, a decrease of RM31.3 million from the preceding year.

Total capital expenditure incurred in FYE 2017 was RM45.3 million, comprising the following capital allocations:-.

- the construction of the mini hydro power plant in Indonesia - RM30 million;
- acquisition of plant and machinery and motor vehicles - RM10.0 million;
- acquisition of Serendah land – RM3.7 million; and
- water concession upgrading works in Indonesia - RM1.2 million.

The Vyne, Salak South

Management Discussion & Analysis

We have initiated a modernisation plan to improve work productivity by replacing essential plant and machinery during the year and disposed older plant and machinery with high maintenance cost. Disposal proceeds amounted to RM10.3 million was received from the replacement exercise.

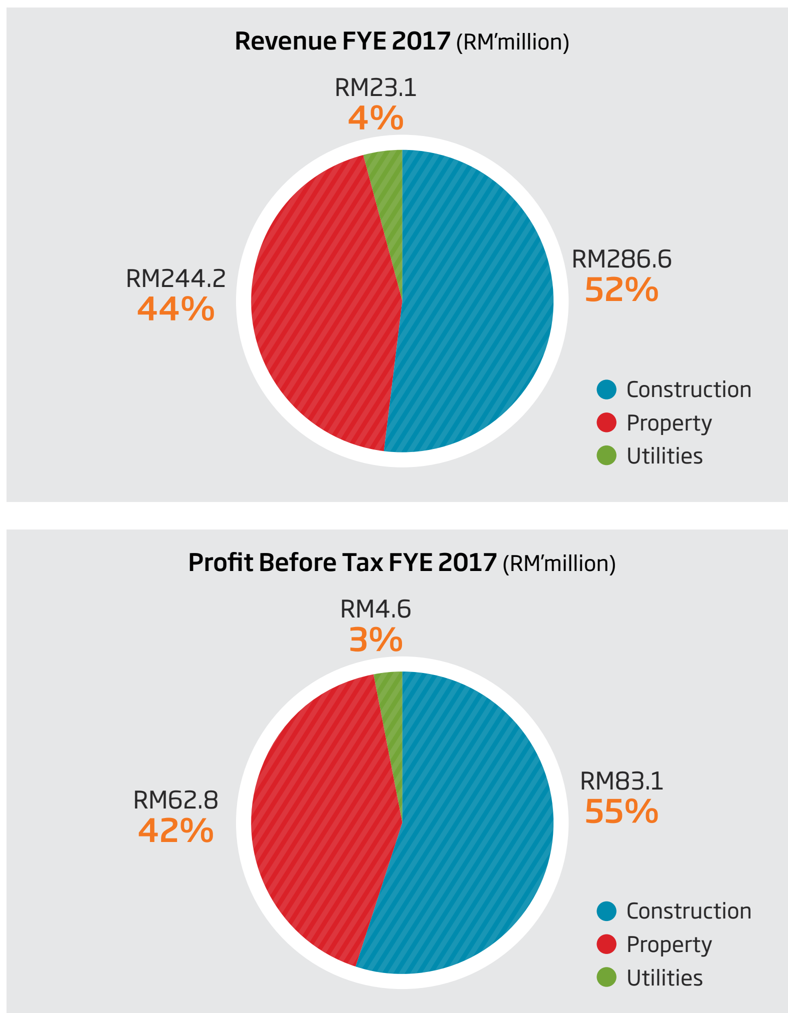
SEGMENTAL REVIEW

Construction Division

The Construction Division has remained at the forefront of revenue generation and contributed significantly towards group bottom line. Despite the country's tough economic conditions and the influx of renowned international construction companies into the Malaysian market, the Division is blessed with various mega projects which are technically challenging, despite operating in an increasingly competitive environment. It recorded revenue of RM286.6 million while PBT surged by 16% to RM83.1 million.

The Division's order book stood at RM1.53 billion as at FYE 2017. During the year, the Division successfully clinched two major projects, namely Package V206 of the Government-led infrastructure project of Mass Rapid Transit Line 2 in Klang Valley for a contract sum of RM952.1 million and the Execution and Completion of works for Cadangan Penyuraian Trafik Dan Kerja-kerja Menaiktaraf Jalan Tun Razak Dari Jalan Langgak Golf ke Bulatan Kampung Pandan Kuala Lumpur for contract sum of RM327.9 million. With the latest award of RM475 million secured for the development of Cyberjaya Hospital in August 2017, this has boosted the Division's order book to RM2.0 billion.

SEGMENTAL PERFORMANCE



The Package V2 of Klang Valley Mass Rapid Transit Line 1 ("KVMRT") project was handed over to Mass Rapid Transit Corporation Sdn Bhd for the northern line opening on 16th December 2016 and subsequently for the complete line opening to the public for the 51 km line on 16 July 2017.

The forecast for the outlook of construction industry remains robust and positive with the government's effort in rolling out the major infrastructure projects to stimulate the economy acting as the engine of growth for the country. They are KVMRT Line 2, Light Rail Transit Line 3, Pan Borneo Highway (Sarawak & Sabah), East Coast Rail Link (ECRL), Kuala Lumpur-Singapore High Speed Rail and the expansion in the renewal and non-renewable energy sector.

The Division will continue to drive the Group's activities through cautious selective bidding for new contracts in particular the government and government-link-companies (GLC) funded infrastructure or building projects, to maintain a healthy and well balanced order book for the next three years. Overall, the Construction Division continues to perform commendably after the streamlining of the management structure where each executive director is positioned to take charge of projects that commensurate with his core strength and experience, for optimisation of operating cost and enhancement of profit margins. The Division also streamlined the operations and optimisation of the resources such as plant, labour, materials and stepping up cost control in its projects.

Property Development Division

The Malaysia's property market remained challenging in 2017, attributed to the sluggish consumer sentiment resulting from global economic and political uncertainties. Property buyers exercised extra caution in planning high value purchases. The current implementation of banks' strict mortgage loan policies is making it more difficult for property buyers to secure mortgage loans.

Despite the above, the Division achieved a revenue growth of 42% to RM244.2 million for FYE 2017 while profit before tax grew 19% to RM62.8 million.

The Division's performance for FYE 2017 is mainly derived from the following developments:-

- The Vyne, an affordable luxury condominium development in Salak South, Kuala Lumpur;
- Capital City, an integrated commercial development in Tampoi, Johor; and
- PR1MA One and Laurel @ Laman View comprising 325 units of PR1MA apartment and 142 units of landed terrace homes in Cyberjaya, Selangor respectively.

Currently, the Division has a total land bank of 442.2 acres with a total estimated Gross Development Value of RM3.87 billion.

For the coming financial year, the Division will focus mainly on affordable products to be in line with the current market demand. The new launches in the pipeline are as follows:

- Maple Residence, a guarded and gated landed terrace homes in Laman View, Cyberjaya;
- PR1MA Two Apartment @ Laman View, Cyberjaya;
- Town houses and Rumah SelangorKu apartments in Semenyih, Selangor; and
- Town houses in Taman Putra Perdana, Puchong, Selangor.

Maple Residence, Laman View, Cyberjaya

Management Discussion & Analysis

RAPID Project, Package 14-0301

With the sluggish outlook for the property sector for FYE 2017, the Division will continue to improve its operation efficiencies and competitiveness by enhancing its ability to adapt and vary its approaches and strategies through strong execution and resource management with target to meet customer satisfaction towards our development and products.

Utility Division

The Utility business comprising the management of four water treatment plants in Indonesia continued to perform well, providing stable income to the Group.

For the year under review, revenue increased by 10% to RM23.1 million mainly attributed to water tariff rate adjustment. Profit before tax was recorded at RM4.6 million.

While the long-term outlook for Indonesia remains strong, improvements to the business and regulatory environment (such as business licensing, improved investment coordination and land allocation for infrastructure) and a growing middle class should lead to higher levels of domestic and foreign private investment. This is critical for the infrastructure sector as it is one of the fundamental prudent investment criteria. Infrastructure has remained one of the challenges for the Indonesian government in attracting foreign investment.

The current waterworks infrastructure still need to be significantly developed to support the expansion network of portable water to a wider population spread. Generally, waterworks had struggled with ageing infrastructure and financial constraints. Indonesians lack piped drinking water and yet, idle capacity is high. This anomaly arises because distribution networks are underdeveloped, new connection rates are low and raw water supplies are constrained.

The Indonesian government is actively promoting a Public Private Partnership (PPP) scheme as an instrument to invite investment in the infrastructure sector. The Division is actively exploring the potential infrastructure projects to be developed under cooperation with the local government sector.

Perusahaan Daerah Air Minum (PDAM) continues to face challenges in terms of low tariff and competition from the private sector. This has taken its toll on the planned expansion. Despite this, the Division is optimistic that the growth could be sustained based on its established track record and performance in the water sector to further expand and maintain stability in the water business and thus create a sustainable financial margin that enable further investment to meet strategic goals. This is made possible with a stream of improved turnover through the effective enforcement and management of the concessionaire agreements.

Heeding the concerns of the hydro developers that essentially rendered a number of projects uneconomical, the introduction of the recent Regulations of Ministry of Energy and Mineral Resources had amended the tariffs ceiling formulation and this is clearly positive news for hydro developers. The amendment spelt out that where the project is located on a grid where local BPP (average cost of generation) is higher than the average national BPP, 100% of the local BPP applies or where the local BPP is equal to or lower than the national BPP, tariff will be determined through negotiation between Pembangkit Listrik Negara (PLN) and the developers.

To keep abreast of the expansion plan, PT Hanarida Tirta Birawa's uprating works to 600 ltr/s had been successfully commissioned in November 2016, thus fulfilling PDAM's expectation. Proposals for uprating of PT Dewata Bangun Tirta (300 ltr/s) and PT Bintang Hytien Jaya (350 ltr./s) water treatment plants had been transmitted to respective PDAMs for review and approval.

The maiden 9MW mini-hydro power project at Kabupaten Tanah Datar, Sumatera Barat implemented via its special purpose vehicle, PT Ikhwan Mega Power has taken its shape and the progress is encouraging with the targeted commercial operation in next financial year.

For the PT Hidronusa Rawan Energi (PT HRE) 4MW Cirompang Mekamurti Minihydro Power Project in Kabupaten Garut, Java, application and negotiation processes for Power Purchase Agreement (PPA) have been concluded. PPA formalization is anticipated from PLN by FYE 2018. With the existing permits, PT HRE is exploring to increase its capacity to 12MW to meet the licensing requirements.

Construction of mini-hydro power plant, Lintau, Indonesia

At the local scene, the Division has through its special purpose vehicle, Nusantara Suriamas Sdn Bhd embarked on a 5.9MWa.c. Large Scale Solar PV Project in Kota Marudu, Sabah. Solar Power Purchase Agreement (SPPA) negotiation with Sabah Electricity Sdn Bhd was concluded in May 2017. The solar plant is scheduled to come on stream by FYE 2019. The project was secured in the open-tender exercise conducted by the Energy Commission in 2016.

Plantation Division

The recent disposal of our non-core and loss-making plantation business offers an opportunity for us to reallocate our resources to other key businesses.

OUTLOOK

While the external environment may continue to remain challenging, the Malaysia economy will experience sustained growth with the primary driver being domestic demand. Despite the underlying optimism, the Group remains cautious given the highly competitive environment in the domestic construction sector.

Our long-term strategy is to have the ability to compete for any construction-related contract. Towards this end, we are intensifying our investments in our people and technology to maintain an edge in an increasingly competitive environment.

Tan Sri Dato' Kok Onn
Managing Director
Cum Chief Executive Officer

Audit Committee Report

A. MEMBERSHIP

The current Audit Committee ("AC") comprises the following three members, all of whom are independent non-executive directors:-

Boey Tak Kong - Chairman
(Redesignated as Chairman on 1 August 2017)

Tan Sri Dato' Seri Dr. Mohamed Ismail Bin Merican
(Appointed as member on 1 December 2016)

Huang Shi Chin
(Appointed as member on 1 August 2017)

Mr Boey Tak Kong and Mr Huang Shi Chin being members of the Malaysian Institute of Accountants fulfill the requirements of Paragraph 15.09(1)(c) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The other member of the AC, Tan Sri Dato' Seri Dr. Mohamed Ismail Bin Merican is financially literate and is able to analyse and interpret financial statements to effectively discharge his duty and responsibility as member of the AC.

B. TERMS OF REFERENCE

The Terms of Reference of the AC are available for reference on the Company's website at www.gadang.com.my.

C. MEETINGS AND ATTENDANCE

The AC met five (5) times during the financial year as part of its standard schedule of meetings. No supplementary meetings were necessary in the year. The details of attendance of each committee member are as follows:-

	No. of Meetings Attended	Percentage (%)
Adam Bin Bachek [1]	4 out of 5	80
Datuk Wan Lokman Bin Dato' Wan Ibrahim [2]	3 out of 3	100
Boey Tak Kong	4 out of 5	80
Tan Sri Dato' Seri Dr Mohamed Ismail Bin Merican [3]	2 out of 2	100

Notes:-

[1] *ceased as Chairman of Audit Committee on 1 August 2017.*

[2] *ceased as member of Audit Committee on 1 December 2016.*

[3] *appointed as member of Audit Committee on 1 December 2016.*

The AC meeting was always held before the Board's meeting. This is to ensure that all critical issues highlighted can be brought to the attention of the Board on a timely basis.

Audit Committee Report

The Chief Financial Officer, Group General Manager Finance, Head of Strategy & Monitoring and Group Accountant normally attend by invitation at all meetings of the Committee. Other members of senior management and representatives of the internal auditors and external auditors were also invited to attend all or part of any meeting. The external auditors were also invited to attend three (3) of these meetings.

Subsequent to the AC meetings, the AC Chairman would brief the Board on matters discussed and deliberated at the AC meetings. The AC Chairman also conveyed to the Board, matters of significant concern as and when raised by Management, Internal Auditors and External Auditors.

Minutes of each AC meeting were recorded and tabled for confirmation at the next AC meeting and subsequently presented to the Board for notation.

D. TRAINING

For the year under review, the members of the AC have attended various trainings and the details of the trainings attended are reported under the Statement of Corporate Governance on pages 43 to 44.

E. SUMMARY OF WORK

Among the five meetings held during the year, the Committee had two separate meetings for reviewing the annual results. Two meetings concentrated on business operations, internal control and internal audit related items, while four meetings focused on accounting and financial reporting matters.

The work performed by the Committee during the financial year 2017 included:-

1. Financial Reporting

The following matters were reviewed and discussed by the Audit Committee before being recommended and presented to the Board for approval:-

a) The Company's quarterly financial statements including the draft announcements pertaining thereto for 4th quarter 2016, 1st quarter 2017, 2nd quarter 2017 and 3rd quarter 2017 were deliberated at the AC meetings held on 21 July 2016, 27 October 2016, 25 January 2017 and 19 April 2017 respectively.

b) The audited financial statements of the Company and the Group for the year ended 31 May 2016 were deliberated at AC meeting held on 25 August 2016.

The review was to ensure the disclosure of information presented a true and fair view of the Company's financial position and performance and in compliance with the applicable laws, regulatory requirements and best practice of the market.

To safeguard the integrity of the financial information, the AC considered reports from the Group Chief Financial Officer and the Divisional Heads on the scope and outcome of their quarterly review and liaised with the internal auditors, external auditors and management, as and when required.

Audit Committee Report

c) The Audit Committee Report, Statement on Corporate Governance and Statement of Risk Management and Internal Control for insertion into the Company's 2016 Annual Report were deliberated at its meeting held on 25 August 2016 before their release to ensure that the information is understandable and consistent with the shareholders' knowledge about the Company and its operations.

2. External Audit

a. On 21 July 2016 and 25 August 2016, the AC reviewed the findings of the external auditors' reports for the financial year ended 31 May 2016, particularly the issues raised on impairment and status of construction project together with management's response to their findings.

The audit issues raised by the external auditors were deliberated and monitored. The AC pays particular attention to matters it considers to be important by virtue of their impact on the Group's results and particularly those which involve a relatively higher level of complexity, judgement or estimation by management.

b. On 21 July 2016 and 25 August 2016, the AC had two private sessions with the representatives of Messrs Crowe Horwath without the presence of management to discuss all major issues arising from the audit and any other matters the external auditors might wish to raise.

c. The AC undertook an annual assessment on the performance and effectiveness of the external auditors for the financial year ended 31 May 2016, having regard to several factors including the quality of service provided, sufficiency of audit firm resources, communication and interaction and independence, objectivity and professional skepticism. Having satisfied with the external auditors' performance, technical competency and audit independence, the AC recommended to the Board for approval, the re-appointment of Messrs Crowe Horwath as external auditors for the ensuing financial year of 31 May 2017 at its meeting held on 21 July 2016.

d. On 19 April 2017, the AC reviewed with the external auditors, the audit plan of the Company and of the Group for the year 2017 (inclusive of audit approach, scope of work and audit fees) prior to the commencement of the annual audit.

3. Internal Audit Function

a. On 21 July 2016 and 25 January 2017, the AC reviewed the internal audit reports, auditor's recommendations and management's responses to each recommendation.

b. The AC also reviewed in every AC meeting, the status report on actions implemented by management to rectify the outstanding audit issues to ensure control lapses are addressed.

4. Related Party Transactions

a. On 25 August 2016, the AC reviewed the recurrent related party transactions of a revenue or trading nature for inclusion in the circular to shareholders in relation to the proposed renewal of shareholders' mandate for recurrent transactions pursuant to the Listing Requirements of Bursa Securities for the Board's approval.

b. The AC also reviewed the methods and procedures for recurrent related party transactions to make sure that the Group has in place adequate procedures to monitor, track and identify the said transactions to ensure that they are conducted at arm's length and on normal commercial terms.

c. The Audit Committee reviewed the recurrent related party transactions on a quarterly basis to ascertain that the guidelines and procedures established to monitor the Recurrent Related Party Transactions have been complied with and to ensure that they are within the mandate obtained.

5. Site visits

The AC visits operations within the Group to develop their knowledge of business operations and to gain first hand insight to the control environment. During the year, project status visits were conducted by the AC to assess the actual development and initiatives carried out on the following projects:-

Date of visits	Entity/Project	Business Activity
14 September 2016	PT Hanarida Tirta Birawa, Jakarta, Indonesia	Water Treatment Plant
15 to 16 September 2016	PT Dewata Bangun Tirta, Gresik, Indonesia	Water Treatment Plant
10 October 2016	Capital City Project, Tampoi, Johor	Property Development
12 November 2016	Laman View, Cyberjaya Project, Selangor	Property Development
17 May 2017	The Vyne Project, Sungai Besi, Kuala Lumpur	Property Development

F. SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Board obtains adequate assurance on the effectiveness of system of internal control in the Group, through a programme of regular reviews and appraisals conducted by the Internal Auditors, who report directly to the AC. The Group's internal audit function is outsourced to KPMG Management & Risk Consulting Sdn Bhd. The Internal Auditors are responsible to undertake independent, regular and systematic reviews of the systems of financial and operational controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. The Internal Auditors adopt their proprietary risk-based internal audit methodology, which is aligned to the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors.

During the financial year, a total of 2 reports covering a total of 19 observations were issued. The areas reviewed included the following processes:

- Financial Management; and Operations and Maintenance of PT. Taman Tirta Sidoarjo, PT. Hanarida Tirta Birawa and PT. Dewata Bangun Tirta; and
- Project Management of PT. Ikhwan Mega Power.

Internal Audit reports were issued to the management of the operating units audited, highlighting the findings on any systems and control weaknesses together with recommendations for improvement. Management implements the corrective and preventive actions based on agreed deadlines. These reports together with follow-up audit reports were tabled to the AC for deliberations and process improvement.

The total cost incurred for maintaining the internal audit function for the year under review was of RM75,821.59 comprising mainly professional fees and reimbursements (inclusive Goods and Services Tax of 6%).

Statement of Corporate Governance

The Board of Directors of Gadang Holdings Berhad ("Gadang" or "Company") recognises the importance of good corporate governance and is committed to ensure a high standard of corporate governance is practiced throughout the Company and its subsidiaries ("the Group") in discharging its responsibilities with integrity, transparency and professionalism to protect and enhance shareholders' value and the financial position of the Group.

Below is the governance process framework on how the Group has applied all the eight (8) principles of the Malaysian Code on Corporate Governance 2012 ("the Code") and the extent to which it has complied with the recommendations of the Code.

1.0 ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear functions of the Board and Management

The Board is collectively the primary decision-making body for all material matters affecting the Group. It also provides leadership, guidance and sets strategic direction.

The Board reserves a formal schedule of matters for its decision to ensure that the direction and control of the Group are firmly in its hands. This includes, amongst others, reviewing and approving the following:-

- Strategic/business plans and annual budget.
- Risk management policy.
- Financial reporting, related party transactions and capital financing.
- New Investments, divestments, corporate restructuring, including the establishment of subsidiaries or joint ventures.
- Major capital expenditure.
- Appointment of new Directors, Chief Executive Officer (CEO) and other senior management positions based on recommendations of the Nomination and Remuneration Committee.

Other than as specifically reserved for the Board in the Board Charter, the Board delegates responsibility for the operation and management of the Company's business to the CEO and the management team. Management are accountable to the Board and are to fulfil this responsibility through the provision of reports, briefings and presentations on a regular basis throughout the year. The Board has also defined the limits to management's authority and expects management to:-

- review the Group's strategies and their implementation in all key areas of the Group's activities;
- carry out a comprehensive budgeting process and monitor the Group's financial performance against the budget; and
- identify opportunities and risks affecting the Group's business and find ways of dealing with them.

The Divisional Heads shall attend Board meetings by invitation. Non-Executive Directors may communicate with members of the management team at any time. At the senior management level, Gadang has a Group Management Committee ("GMC") which comprises the CEO and Gadang's senior management team. The GMC meets every bi-monthly with the CEO to review and monitor the performances of the Group's operating divisions, review shared initiatives and update the operational policies. The Board also keeps itself abreast of the operational progress and/or issues and the mitigation plans through the tabling of the minutes of the GMC at the quarterly Board meetings.

1.2 Directors' roles and responsibilities

The Board assumes the following principal roles and responsibilities in discharging its fiduciary and leadership functions:-

a. Reviewing and adopting the strategic plans for the Group. The Board deliberates all materials relating to the strategic plan with management. At least one board meeting each year is devoted to discussing and considering the strategic plan, which takes into account the risks and opportunities of the Group's activities. Management must seek the Board's approval for any transaction that would have a significant impact on the strategic plan.

b. Overseeing the conduct of business and performance of the Company and subsidiaries to ensure they are being properly and appropriately managed. To discharge this duty, the Board will give specific and regular attention to:

   - monitoring performance against the strategic and business plans;
   - monitoring performance against industry's competing companies; and
   - enquiring into and following up on areas of poor performance and their root cause.

c. Identifying principal risks and ensuring the implementation of appropriate internal control systems to manage the identified risks. With the assistance of the Risk Management Committee (RMC), the overall risk profile of the Group and risk mitigation strategies are reviewed on a quarterly basis.

d. Succession planning, including ensuring that processes are in place to recruit senior management with the highest standards of integrity and competence, and to train, develop and retain them. For example, the Board encourages senior management to participate in professional and personal development activities, courses and programs. The Board supports management's commitment to training and developing all employees.

e. Overseeing the development and implementation of an effective communication policy for the Group.

f. Reviewing the adequacy and integrity of management information and internal control system of the Group.

The Board of Directors has also established various Board Committees to assist and complement the Board in the execution of its responsibilities. Each Board Committee operates within its terms of reference, which clearly define its functions and authority, and the Board receives reports of their proceedings and deliberations with their recommendations. The ultimate responsibility for decision making lies with the Board.

1.3 Formalised ethical standards through Code of Ethics

The Board has formalised a Code of Conduct ("Code") for its Directors which is incorporated in the Board Charter, to enhance the standard of corporate governance and promote ethical conduct of the Directors and the same is adhered to at all times.

Statement of Corporate Governance

For all its employees, the Group has in place a Group Code of Conduct to ensure a high standard of ethical and professional conduct is upheld in the performance of their duties and responsibilities. The Code of Conduct is disseminated to the Company's employees and as part of its enforcement, employees are required to submit their declarations to adhere and observe to its provisions.

Further, in line with the Company's commitment in achieving and maintaining the highest standards of ethics, honesty, openness and accountability, the Company has also established a Whistleblowing Policy & Procedure ("WPP"). The WPP is aimed to provide an avenue for employees and external parties to raise concerns related to possible malpractices at the earliest opportunity, in an appropriate manner and without fear of reprisal or victimization. The Board has the responsibility to oversee the implementation of the WPP. The Group Managing Director/Chief Executive Officer, Group Chief Financial Officer and the Senior Independent Non-Executive Director are responsible for receiving report(s) made by the employees or external parties for the purpose of whistle-blowing in the form as prescribed under the WPP. The concern will then be deliberated with the Board to decide on the appropriate course of action.

1.4 Strategies promoting sustainability

The Board views the commitment to environmental, social and governance performance as part of its broader responsibility to clients, shareholders and the communities in which it operates to deliver long term sustainable values to the shareholders of the Company.

The Company's approach to sustainability is detailed in the Statement of Corporate Responsibility of this Annual Report.

1.5 Access to information and advice

The Directors may access such information and seek independent advice as they individually or collectively consider necessary to discharge their responsibilities and permit independent judgment in decision making. The Board has separate and independent access to the Company Secretary, who also serves as adviser to the directors on their responsibilities and oversees the timely flow of information to the Board prior to meetings.

The management also ensures adequate flow of information to the Board. This information may include the background introduction or explanatory information relating to matters to be brought before the Board, copies of disclosure statements and related documents, budgets, forecasts and monthly internal financial statements. In this respect, all directors also have access to management for progress status report.

All directors and board committees also have unrestricted access to company records and information in addition to receipt of regular detailed financial and operational reports from management.

In order to assist Directors in fulfilling their responsibilities, each Director has the right (with the prior approval of the Chairman) to seek independent professional advice regarding his/her responsibilities, at the expense of the Company.

1.6 Company Secretary

The Board is supported by a suitably qualified and competent Company Secretary who is responsible for advising the Board on issues relating to compliance with laws, rules, procedures and regulations affecting the Group, as well as the principles of best corporate governance practices. The Company Secretary is also responsible for advising the directors of their obligations and adherence to matters pertaining to disclosure of interest in securities and disclosure of any conflict of interest in a transaction.

The Company Secretary is responsible for the day-to-day operations of the Company Secretary's office including lodgements with Bursa Malaysia Securities Berhad ("Bursa Securities") and other regulatory authorities, the administrations of Board and Board Committee meetings (including preparation of meeting minutes), the management of dividend payments and resolutions passed are taken and maintained in the statutory register. The Company Secretary works closely with Management to ensure that there are timely and appropriate information flows within and to the Board and Board Committees, and between the Non-Executive Directors and Management.

1.7 Board Charter

The Board has developed and adopted a formal Board Charter to provide a clear statement of the roles, responsibilities, processes and operations of the Board for the benefit of both the Board and management, and to ensure the practices of the Board are consistent with and reflect the Board's commitment to best practices in corporate governance.

The Board Charter and the Terms of Reference of its Committees are reviewed regularly to ensure they remain consistent with the Board's objectives, current law and best practices. During the year, no revision was made to the Board Charter.

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

- Responsibilities of the Board
- Role of Chairman
- Role of Chief Executive Officer
- Role of Non-Executive Director
- Composition
- Performance
- Board Committees
- Meetings
- Code of Conduct
- Schedule of matters reserved for collective decision by the Board

The Board Charter is available on the Company's website at www.gadang.com.my.

Statement of Corporate Governance

2.0 STRENGTHEN COMPOSITION

2.1 Nomination & Remuneration Committee

The Nomination Committee and Remuneration Committee were established on 30 July 2001 and were merged into a single committee on 28 October 2010 for the purpose of convenience and practicality. The Nomination & Remuneration Committee ("NRC") comprises the following three members, all of whom are independent non-executive directors:-

Boey Tak Kong *(Chairman)*

Tan Sri Dato' Seri Dr. Mohamed Ismail Bin Merican
(Appointed as member on 1 December 2016)

Huang Shi Chin
(Appointed as member on 1 August 2017)

The duties and responsibilities of the NRC are to assist the Board in reviewing and recommending the appropriate remuneration policies applicable to Directors and senior management and the appointment and evaluation of the performance of the Directors (including Board Committees).

The Terms of Reference of the NRC are available for reference at www.gadang.com.my.

The NRC convened two (2) meetings during the financial year and the details of the members' attendance are as follows:-

NRC Member	No. of Meetings Attended	Percentage (%)
Boey Tak Kong	2/2	100
Datuk Wan Lokman Bin Dato' Wan Ibrahim [1]	1/1	100
Adam Bin Bachek [2]	1/2	50
Tan Sri Dato' Seri Dr. Mohamed Ismail Bin Merican [3]	1/1	100

Note:

[1] *ceased as member of NRC on 1 December 2016*

[2] *ceased as member of NRC on 1 August 2017*

[3] *appointed as member of NRC on 1 December 2016*

The Chief Executive Officer, Chief Financial Officer and Head, Human Resource were also in attendance at the meetings, where necessary.

During financial year 2017, the activities of the NRC included the following:-

(i) Reviewed the benefits and terms and conditions of employment of the Executive Directors and senior management for the calendar year 2017.
(ii) Reviewed the annual salary increments and bonuses of the Executive Directors and senior management of the Group.
(iii) Evaluated and determined the training needs of the Directors.
(iv) Reviewed and considered the new candidates to the Board of the Company.
(v) Reviewed the current composition and board size to ensure that the Board continues to have the right balance of skills, knowledge, experience and diversity.
(vi) Reviewed and implemented a new remuneration framework for Non-Executive Directors.
(vii) Conducted annual assessment of individual, peer and Board assessment.
(viii) Conducted annual assessment of independence status of Independent Non-Executive Directors.
(ix) Considered and made recommendations to the Board on the re-election of Directors at the 24th AGM.

2.2 Develop, maintain and review criteria for recruitment and annual assessment of Directors

a. Board Nomination and Election Process

The appointment of a new Director is a matter for consideration and decision by the full Board, upon the recommendation from the NRC. It is the policy of the Board that in determining candidates for the Board, the following process shall occur:-

(i) The NRC evaluates the required mix of skills, experience, expertise and diversity of the existing Board. In particular, the NRC is to identify the particular skills and experience that will best increase the Board's effectiveness.

(ii) The NRC will identify potential candidates by seeking applications from suitably qualified individuals; and/or recommendations from the Directors, management or external parties including the Company's contacts in related industries, finance, legal and accounting professions.

(iii) The NRC interviews selected candidates.

(iv) The NRC will evaluate the nominees' ability to discharge their duties and responsibilities before recommending their appointment as directors to the Board for approval.

In considering candidates for director, the NRC will take into account all factors it considers appropriate, including, among other things, breadth of experience, understanding of the Group's business and financial issues, ability to exercise sound business judgement, diversity, past achievements, demonstrate strong performance focus, display leadership quality, a willingness to devote the required time commitment to the Board's affairs, and with good reputation and integrity.

Statement of Corporate Governance

b. Re-election of Directors

All Directors including Managing and Executive Directors shall retire from office once in every three (3) years but shall be eligible for re-election. In accordance with the Articles of Association ("AA") of the Company, one-third (1/3) of the Directors shall retire from office at each Annual General Meeting ("AGM") and may offer themselves for re-election. The Directors to retire in each year shall be those who have been longest in office since their last election or appointment. In addition, any new Director so appointed shall also be subject to re-election at the next AGM to be held immediately following the appointment.

The Board's support for a Director's re-election is not automatic and is subject to satisfactory assessment of performance. The NRC will first assess the Directors who are due for re-election at the AGM and will then submit its recommendation to the Board for deliberation and approval. This recommendation is based on formal reviews of the performance of the Directors, taking into account their contribution to the Board through their skills, experience, strengths and qualities, level of independence and ability to act in the best interests of the Group in decision-making process.

At the forthcoming AGM, Mr Boey Tak Kong will be due for retirement pursuant to Article 108 of the Company's Articles of Association. Tan Sri Dato' Seri Dr. Mohamed Ismail Bin Merican and Mr Huang Shi Chin, the newly appointed Directors, will submit themselves for retirement pursuant to Article 113 of the Company's Articles of Association. Mr Boey Tak Kong, Tan Sri Dato' Seri Dr. Mohamed Ismail Bin Merican and Mr Huang Shi Chin, being eligible, have offered themselves for re-election.

The NRC has recommended and the Board has agreed for the aforesaid Directors who are due for retirement pursuant to Article 108 and Article 113 of the Company's Articles of Association, to seek re-election at the forthcoming AGM.

c. Annual assessment

The Board undertakes an annual assessment of its Committees and individual Directors.

The NRC reviews annually, the effectiveness of the Board and Board Committees as well as the performance of individual directors. The evaluation involves individual Directors and Committee members completing separate evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered. They also undertook a self-review and peer review in which they assessed their fellow Directors' performance. The results were compiled and analysed by the Company Secretary and presented at board meeting. The responses from the evaluation process indicate that the Board is well balanced, the size of the Board is adequate for the Group and the Board has the relevant knowledge relating to the Group's business. The Directors believe board meetings are well organised, efficiently run and all relevant aspects of the Company's businesses are dealt with thoroughly by the Board and its various committees which have all discharged their responsibilities adequately. The individual Directors had also met the standards expected of them, with each making strong contributions, generally and through the knowledge derived from their specialised areas of expertise, skills and experience.

d. Board diversity policy

The Board recognises diversity in the boardroom as an essential component of a good corporate governance. The Board's aim is to have a broad range of approaches, backgrounds, skills and experience represented on the Board and to make appointments on merit, and against objective criteria, with due regard given to the benefits of diversity on the Board, including gender, age and ethnicity. The Board currently has one female Director out of five Directors following the appointment of Ms Kok Pei Ling as an Executive Director on 2 January 2013. Female representation as a percentage of the full Board is 20%. The Company will increase female representation on the Board if appropriate candidates are available when Board vacancies arise.

e. Appointment of Senior Independent Non-Executive Director

Mr Boey Tak Kong assumes the role of Senior Independent Non-Executive Director. He acts as a designated contact to whom stakeholders' concerns or queries may be raised, as an alternative to the formal channel of communication with stakeholders. His contact details are as follows:-

Contact No. : 6012-6575641
Email : tkboey22@gmail.com

2.3 Remuneration policies

The Board ensures that the Group's remuneration policy remains competitive to attract, retain and motivate Directors of such caliber who are able to provide the necessary skills and experience, commensurate with the responsibilities for the effective management of the Group. The NRC is responsible for the recommendation of the remuneration and other benefit packages of Non-Executive Directors, Executive Directors and Senior Management of the Group, for approval by the Board. The NRC has direct access to the Head of Group Human Resources and where necessary, the NRC may also seek advice from external remuneration consultant in framing the remuneration policy and determining the level and mix of remuneration for directors and senior management personnel.

The component parts of their remuneration are structured so as to link rewards to individual performance and of the Group which include salary, allowances, bonuses and benefits-in-kind, in the case of the Executive Directors and Senior Management. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual non-executive director concerned based on industry standard.

The current remuneration policy for the non-executive directors comprises the following:-

a. Directors' Fees

All Non-Executive Directors of the Company are entitled to annual Directors' fees which are subject to shareholders' approval at the AGM of the Company.

In respect of financial year 2017, the Board has approved the NRC's recommendation to increase the Directors' fees in line with their increased responsibilities and accountabilities based on the accepted industry range. The revised Directors' fees will be presented to the shareholders for approval at the forthcoming 24th AGM.

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b. Meeting Attendance Allowance

The Non-Executive Directors are paid a sum RM1,000 per meeting as meeting attendance allowance for Board, Board Committee and General Meetings that they attend.

c. Other Emoluments

Non-Executive Directors do not receive any performance related remuneration. However, they are given other allowance, such as annual leave passage.

The Executive Directors are not entitled to the above Director's fees nor are they entitled to receive any meeting allowance for Board or Board Committee or general meetings.

The Executive Directors' remuneration package comprises a fixed component which includes basic salary, statutory employer's contribution to provident fund, bonus and benefits-in-kind/emoluments, such as company car, driver and annual leave passage.

In addition to the above, all Directors have the benefit of Directors and Officers (D&O) Liability Insurance which covers them against their personal legal liability arising from any "wrongful act" committed in their capacity as Directors of the Company. The Directors shall not be indemnified in the event of any negligence, fraud, breach of duty or breach of trust proven against them.

The aggregate Directors' Remuneration paid or payable to the Directors by the Company and its subsidiaries for the financial year ended 31 May 2017 is as follows:-

Directors	Directors' Fees[1] RM	Salary & other emoluments[2] RM	Benefits-in-kind RM	Total RM
Executive Directors				
Tan Sri Dato' Kok Onn	-	1,307,250	4,800	1,312,050
Kok Pei Ling	-	578,549	-	578,549
Non-Executive Directors				
Tan Sri Dato' Seri Dr. Mohamed Ismail Bin Merican [3]	50,000	6,000	-	56,000
Datuk Wan Lokman Bin Dato' Wan Ibrahim [4]	50,000	24,817	-	74,817
Adam Bin Bachek	80,000	27,000	-	107,000
Boey Tak Kong	80,000	29,000	-	109,000
Total	**260,000**	**1,972,616**	**4,800**	**2,237,416**

(1) *Subject to shareholders' approval as a lump sum at the AGM for financial year ended 31 May 2017.*
(2) *Include annual leave passage and meeting allowance for Non-Executive Directors only.*
(3) *Appointed on 1 December 2016.*
(4) *Resigned on 1 December 2016.*

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3.0 REINFORCE INDEPENDENCE

3.1 Annual Assessment of Independence

The diverse experience and backgrounds of the Non-Executive Directors ensure that they can debate with, and constructively challenge management both in relation to the development of strategy and in relation to operational and financial performance. To determine their independence, all Non-Executive Directors are reviewed annually against any circumstances relevant to their current or ongoing independence as set out in the Code and Listing Requirements of Bursa Malaysia Securities Berhad.

Following such review, the Board considers all the Non-Executive Directors to be independent and free of any circumstances that could materially interfere with their ability to provide a strong, valuable contribution to the Board's deliberations, or which could interfere with the Director's ability to act in the best interests of the Group.

3.2 Tenure of Independent Directors

The Company has not established term limits for the independent Directors as the Board believes the tenure period will not interfere with the exercise of independent judgement and the ability to act in the best interests of the Company. The Board also recognises that independent directors may over time develop significant insights in the Group's business and operations, and can continue to provide significant and valuable contribution objectively to the Board as a whole.

Mr Boey Tak Kong who was appointed on 3 December 2007, has served as Independent Non-Executive Director for a cumulative terms of more than nine years. Taking into account the view of the NRC, the Board concurs that Mr Boey Tak Kong continued to demonstrate strong independence in judgement in the discharge of his responsibilities as a director of the Company. He has continued to express his individual viewpoints, debated issues and objectivity scrutinised and challenged management. He has sought clarification and amplification as he deemed required, including through direct access to the Group's employees.

Further, his broad-based experience in the financial management, internal audit and corporate affairs has been contributing to the Group in matters of internal control and risk management. Based on the declaration of independence received from Mr Boey Tak Kong, he has no association with management that could compromise his independence.

After taking into account all these factors, the Board has recommended that the approval of the shareholders be sought to retain his as independent Director of the Company.

3.3 Separation of positions of the Chairman and CEO

The roles of the Chairman and Group Managing Director/CEO are separate and clearly defined. This ensures a balance of power and authority. The Chairman leads the Board and is responsible for ensuring its effectiveness. The Group Managing Director/CEO is responsible for the day-to-day running of the business, satisfactory execution of the policies and decision-making on operational matters.

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3.4 Composition of the Board

The Board currently comprises three Independent Non-Executive Directors and two Executive Directors. The structure and composition of the Board comply with the Main Market Listing Requirements ("MMLR") of Bursa Securities and the Code. The number of Independent Directors exceeds the requirement that one-third of Board Members be independent as set out in the MMLR of Bursa Securities and the Code. A brief profile of each Director is presented on pages 9 to 11 of this Annual Report.

The Directors, with their different backgrounds and specializations, collectively bring with them a wide range of experience and expertise, particularly in areas such as banking, accounting and finance, management experience, industry knowledge, strategic planning experience, familiarity with regulatory requirements and knowledge of risk management, amongst others. The presence of a majority of Independent Non-Executive Directors will serve to bring objective and independent views, advice and judgement to the decision making of the Board and provide the necessary checks and balances to ensure that the interests of all shareholders and the general public are given due consideration in the decision-making process. The Non-Executive Directors contribute significantly in areas such as policy and strategy, performance monitoring, allocation of resources as well as improving governance and controls. Together with the Executive Directors who have in-depth knowledge of the business, the Board is constituted of individuals who are committed to business integrity and professionalism in all its activities.

4.0 FOSTER COMMITMENT

4.1 Time commitment

The Board is satisfied with the level of time commitment given by the Directors toward fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at Board meetings during the financial year ended 31 May 2017 as set out in the table below:-

Directors	No. of Meetings Attended	Percentage (%)
Tan Sri Dato' Seri Dr. Mohamed Ismail Bin Merican (1)	3/3	100
Datuk Wan Lokman Bin Dato' Wan Ibrahim (2)	4/4	100
Tan Sri Dato' Kok Onn	7/7	100
Adam Bin Bachek (3)	5/7	71*
Boey Tak Kong	6/7	86
Kok Pei Ling	7/7	100
Huang Shi Chin (4)	N/A	N/A

Notes:-
(1) *Appointed on 1 December 2016*
(2) *Resigned on 1 December 2016*
(3) *Resigned on 1 August 2017*
(4) *Appointed on 1 August 2017*
* *Absence from meetings due to medical reasons*

To ensure that the Directors have the time to focus and fulfil their roles and responsibilities effectively, the Directors are required to submit an update on their other directorships in public and private limited companies half yearly.

The dates of Board and board committee meetings as well as annual general meeting (AGM) are scheduled before the beginning of each year. To assist directors in planning their attendance, the Company Secretary consults every director before fixing the dates of these meetings. The Board meets at least five times a year. Ad hoc meetings are also convened to deliberate on urgent substantive matters.

4.2 Training

All Directors have attended the Mandatory Accreditation Programme as required by Bursa Securities. The Directors are mindful that they should receive appropriate continuous training by attending seminars and courses to keep themselves abreast on matters relating to their duties and responsibilities as Directors. The Board delegates his role to the NRC, which in turn assesses the training needs for the Directors.

Directors also receive regular business briefings at Board meetings. These briefings are intended to provide Directors with information on each area of the Group's business, in particular regarding performance, key issues, risks and strategies for growth. In addition, Non-Executive Directors are also encouraged to visit the group operations to increase their exposure to the business.

The Company Secretary will also facilitate in organizing internal and external programmes, training sessions, workshops and seminars for Directors and keeps a complete record of the training received and attended by the Directors.

The details of the training programmes attended by the Directors during the financial year ended 31 May 2017 are summarised below:-

1.	**Tan Sri Dato' Seri Dr Mohamed Ismail Bin Merican**	
	• Enhance Annual Report Disclosure Standards – What's Next?	5 May 2017
2.	**Tan Sri Dato' Kok Onn**	
	• Best Practices for Annual Report – What a Company needs to disclose	28 June 2016
	• Prepare An Impactful Business Plan Process – Getting the Priorities Right	14 Mar 2017
	• Enhance Annual Report Disclosure Standards – What's Next?	5 May 2017
3.	**Adam Bin Bachek**	
	• Best Practices for Annual Report – What a Company needs to disclose	28 June 2016
	• Risk Management Program: *I Am Ready To Manage Risks*	5 Sept 2016
4.	**Boey Tak Kong**	
	• Sustainability Engagement Series for Directors/Chief Executive Officer	2 June 2016
	• Driving Value Through Ethics	14 June 2016
	• Sustainability Reporting	25 Aug 2016
	• Risk Management Program: *I Am Ready To Manage Risks*	5 Sept 2016
	• Directors' Training:	9 Nov 2016
	- Companies Act 2016 – Highlights & Key Changes	
	- Security & Terrorism in Malaysia – A Very Real Threat?	
	- Power of Social Media & How it Impacts Our Business	
	• MIA International Accountants Conference - Strengthening The Profession For A Sustainable Future	15 & 16 Nov 2016
	• How To Leverage On AGMs For Better Engagement With Shareholders	21 Nov 2016
	• A New Era of Auditor Reporting: Insights for Investors	31 Mar 2017
	• ACSAN Roundtable on Minority Shareholders' Rights	7 Apr 2017
	• Sustainable Development Goals Business Summit	25 May 2017

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5.	**Kok Pei Ling**	
	• Best Practices for Annual Report – What a Company needs to disclose	28 June 2016
	• ESG Seminar for FTSE4Good Bursa Malaysia Index	1 Aug 2016
	• Principles & Disclosure Framework of Integrated Reporting in building Investors' Trust – Maximising Communicative Value	18 Aug 2016
	• Seminar on Navigating Updates: Essential Guide for Listed Issuers	23 Aug 2016
	• Prepare An Impactful Business Plan Process – Getting the Priorities Right	14 Mar 2017
	• Enhance Annual Report Disclosure Standards – What's Next?	5 May 2017
	• Updates on the New Malaysian Code on Corporate Governance and the Companies Act 2016	23 May 2017

5.0 UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with applicable financial reporting standards

The Board strives to provide a clear, balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, through the annual audited financial statements and quarterly financial reports, and corporate announcements on significant developments affecting the Company in accordance with the Listing Requirements of Bursa Securities.

The Board is also responsible for ensuring the annual financial statements are prepared in accordance with the provisions of the Companies Act, 2016 and the applicable financial reporting standards in Malaysia.

The Board is also assisted by the Audit Committee in the discharge of its duties on financial reporting and ensuring that the Group maintains a proper financial reporting process and a high quality financial reporting. A full Audit Committee Report detailing its composition and a summary of work during the financial year is set out on pages 28 to 31 of the Annual Report.

5.2 Statement of Directors' Responsibility in relation to the Financial Statements

The Directors are required by the Companies Act, 2016 ("the Act") to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company and of the results and cash flows of the Group and the Company for the financial year.

In preparing the financial statements, the Directors have:

- used appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed all applicable approved accounting standards; and
- prepared the financial statements on a "going concern" basis as the Directors have a reasonable expectation, having made enquiries that the Group and Company have adequate resources to continue operations for the foreseeable future.

The Directors are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the Group and the Company which enable them to ensure that the financial statements comply with the Act. The Directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

5.3 Assessment of suitability and independence of external auditors

Through the Audit Committee, the Company has established a formal and transparent relationship with the external auditors in seeking professional advice and ensuring compliance with the relevant accounting standards.

It is the policy of the Audit Committee to meet with the external auditors three times a year to discuss their audit plan, audit findings and the Company's financial statements. At least two of these meetings are held without the presence of the Executive Directors and Management. The Audit Committee also meets with the external auditors whenever it deems necessary. In addition, the external auditors are also invited to attend the Annual General Meeting ("AGM") of the Company and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and content of their audit report.

The Audit Committee is responsible for the annual performance review and nomination for appointment or re-appointment by the Board of the Company's external auditors. Each year, the Audit Committee will evaluate the external auditors in fulfilling their duty to make an informed recommendation to the Board whether to retain the auditors. The annual review and assessment of the quality of audit is carried out through an assessment checklist based on four (4) key areas covering quality of the service provided; sufficiency of audit firm resources; quality of the communication and interactions with the external auditors and the independence, objectivity and professional scepticism as set out in the Company's External Auditors Policy.

In addition to performing their own assessment, the Audit Committee may also request the Chief Financial Officer and the finance personnel (who have substantial contact with the external audit team) to perform the annual assessment of the external auditors.

After having satisfied itself with their performance, the Audit Committee will recommend their re-appointment to the Board, upon which the shareholders' approval will be sought at the AGM.

The details of the statutory audit fees payable in 2017 to the external auditors and its affiliates are set out below:

	Group Total (RM)
Fees paid/payable to Messrs Crowe Horwath	
• Audit services	427,400
• Non-audit services (for Taxation Affairs)	76,160
Total	**503,560**

Statement of Corporate Governance

6.0 RECOGNISE AND MANAGE RISKS

6.1 Sound framework to manage risks

The Board acknowledges its responsibility to maintain a sound system of internal controls to safeguard shareholders' investment and the Company's assets. Accordingly, the Directors are required to ensure that an effective system of internal control is in place within the Group.

The Group has in place a Risk Management Policy which is reviewed yearly to ensure it remains relevant and up-to-date. As required by the policy, the management operates a risk management process to identify, evaluate and report significant risks within the business and to report to the Board on how those risks are being managed. Risks are highlighted through a number of different reviews and culminate in a risk register, monitored by the Risk Management Committee across the Group, which identifies the risk area, the probability of the risk occurring, the impact if it does occur and the actions being taken to manage the risk to the desired level. The Risk Management Committee's report is tabled to the Board for review and evaluation on a quarterly basis.

6.2 Internal audit function

The Group has outsourced its internal audit function to KPMG Management & Risk Consulting Sdn Bhd. The internal auditors reports to the Audit Committee periodically on its assessment of reviews covering the financial, operational and compliance control as well as risk management. Details of the Group's internal control system and framework are set out in the Statement of Risk Management & Internal Control in this Annual Report.

7.0 ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

The Company has in place an investor relations policy approved by the Board. This policy provides a framework for the Board and Management to communicate effectively with the Company's shareholders, investors, stakeholders, external parties and the general public. The policy deals with the following:-

- Corporate disclosure process;
- Primary Spokesperson;
- Financial Reports and the Annual General Meeting;
- Investors' briefing and meetings;
- Reports and rumours;
- Forward-Looking Information and Comment;
- Major Corporate Developments; and
- The Company's Website.

7.2 Leverage on information technology for effective dissemination of information

The Group has established a website at www.gadang.com.my to further enhance investor relations and shareholders' communication, including their access to information about the Company and the Group. Various announcements and disclosures to the Bursa Securities made via Bursa LINK, including the timely release of financial results on a quarterly basis and the distribution of annual reports and circulars, provide shareholders and the investing public with an overview of the Group's performance and operations.

8.0 STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND SHAREHOLDERS

8.1 Encourage shareholder participation at general meetings

The AGM is the principal forum for dialogue with the shareholders. The notice of meeting and the annual report are sent out to shareholders at least 21 days before the date of the meeting in accordance with the Company's Articles of Association.

At the AGM, the Group Managing Director/CEO or the Group Chief Financial Officer (CFO) will conduct a brief presentation on the Group's performance for the year and its business outlook. Shareholders are also encouraged to ask questions both about the resolutions being proposed or about the Group's operations in general. Answers and clarifications, where appropriate, are provided by the Directors and Senior Management of the Company.

The Company's External Auditors are also required to attend each AGM and be available to answer questions about the conduct of the audit, and the preparation and content of the auditor's report. Notices of meeting are accompanied by explanatory notes on the items of business and together they seek to clearly and accurately explain the nature of the business of the meeting.

Shareholders, if unable to attend the meeting, are encouraged to vote on the motions proposed by appointing a proxy. The proxy form included with a notice of meeting will clearly explain how the proxy form is to be completed and submitted.

8.2 Encourage poll voting

In line with the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the 23rd AGM held on 3 November 2016 was conducted on a poll, rather than on a show of hands to facilitate greater shareholder engagement and participation.

In accordance with Article 73 of the Company's Articles of Association, the Chairman of the Meeting exercised his right to demand a poll in respect of all resolutions which were put to vote at the 23rd AGM as set out in the Notice of 23rd AGM.

The Company had appointed Tricor Investor & Issuing House Services Sdn Bhd as Poll Administrator to conduct the polling process via electronic devices, and Coopers Professional Scrutineers Sdn Bhd ("Coopers") as Scrutineers to verify and confirm the poll results.

Statement of Corporate Governance

The polling process for the resolutions was conducted upon completion of the deliberation of all items that transacted at the 23rd AGM. The Scrutineers, Coopers upon verification of the poll results, announced the results for each resolution, which include votes in favour and against, upon which the Chairman declared whether the resolutions were carried. The poll results were also announced by the Company via Bursa LINK on the same day for the benefit of all shareholders.

8.3 Effective communication and proactive engagement

The Company recognises the importance of communicating with its shareholders to ensure that its strategy and performance is understood and that it remains accountable to shareholders.

Various announcements and disclosures to the Bursa Securities made during the year, including the timely release of financial results on a quarterly basis and the distribution of annual reports and circulars, provide shareholders and the investing public with an overview of the Group's performance and operations.

The Company's website, www.gadang.com.my provides an avenue for providing information about the Company and the Group and receiving feedback from the stakeholders.

COMPLIANCE STATEMENT

The Board is satisfied that in 2017, the Company has been in compliance with the provisions as set out in the Code.

This Statement is made in accordance with the resolution of the Board dated 15 September 2017.

Statement on Risk Management and Internal Control

This Statement is prepared in accordance with Paragraph 15.26 (b) of the Main Market Listing Requirements ("LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD'S RESPONSIBILITY

The Board of Directors ("Board") is pleased to present the Statement on Risk Management and Internal Control of the Group comprising the Company and its subsidiary companies, excluding the associate company.

The Board recognises the importance of maintaining a sound risk management framework and internal control system (the "system") for good corporate governance and efficient work processes. The Board acknowledges its overall responsibility and affirms its commitment to maintaining the system and for reviewing its adequacy and effectiveness to safeguard shareholders' investments and the Group's assets.

In view of the limitations inherent in any system of risk management and internal control, the system is designed to manage, rather than to eliminate, the risk of failure to achieve the Group's business objectives. Accordingly, the system can only provide reasonable but not absolute assurance against material misstatement or loss.

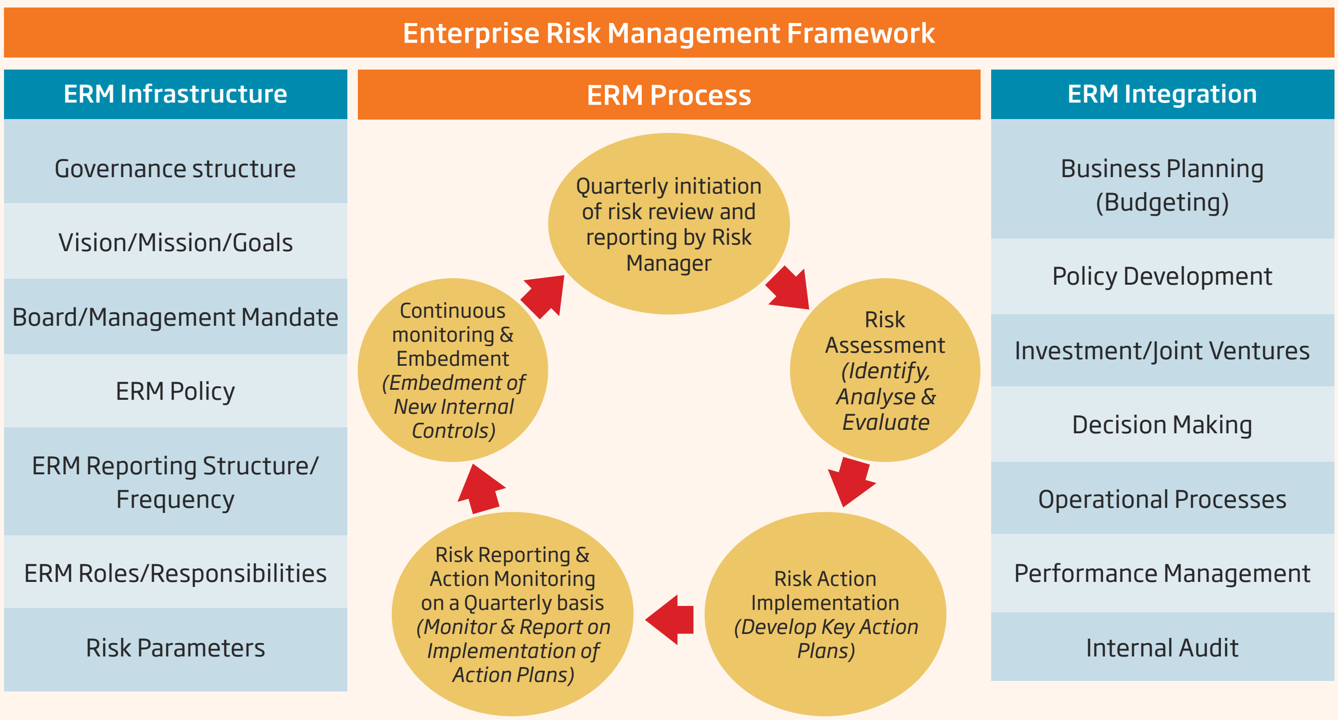
The Board confirms that there is an ongoing process of identifying, evaluating, managing and monitoring the significant risks faced by the Group and the process has been in place for the year and up to the date of approval of this Statement for inclusion in the Annual Report. The process is reviewed regularly by the Board and is in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

The Board has received assurance from the Chief Executive Officer and Chief Financial Officer that except for a fraud incident by a third party in Indonesia which had been reported to the Board and which had immaterial monetary impact to the Group, the Group's risk management and internal control system are operating adequately and effectively in all material aspects, based on the risk management and internal control system framework implemented by the Group.

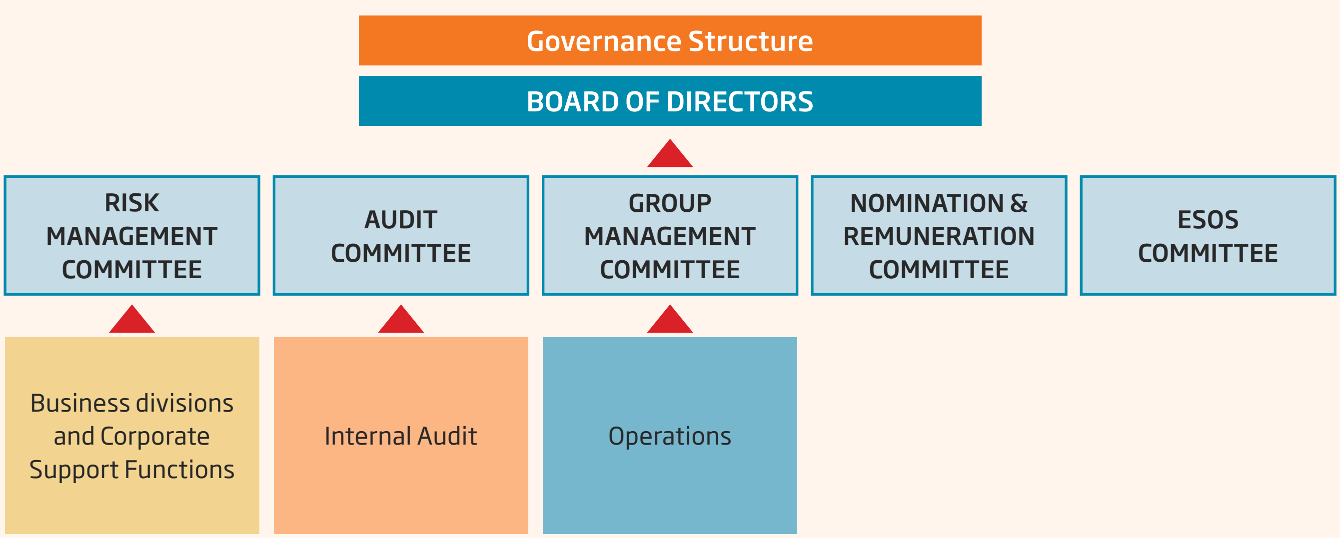
Statement on Risk Management and Internal Control

KEY FEATURES OF RISK MANAGEMENT AND INTERNAL CONTROL

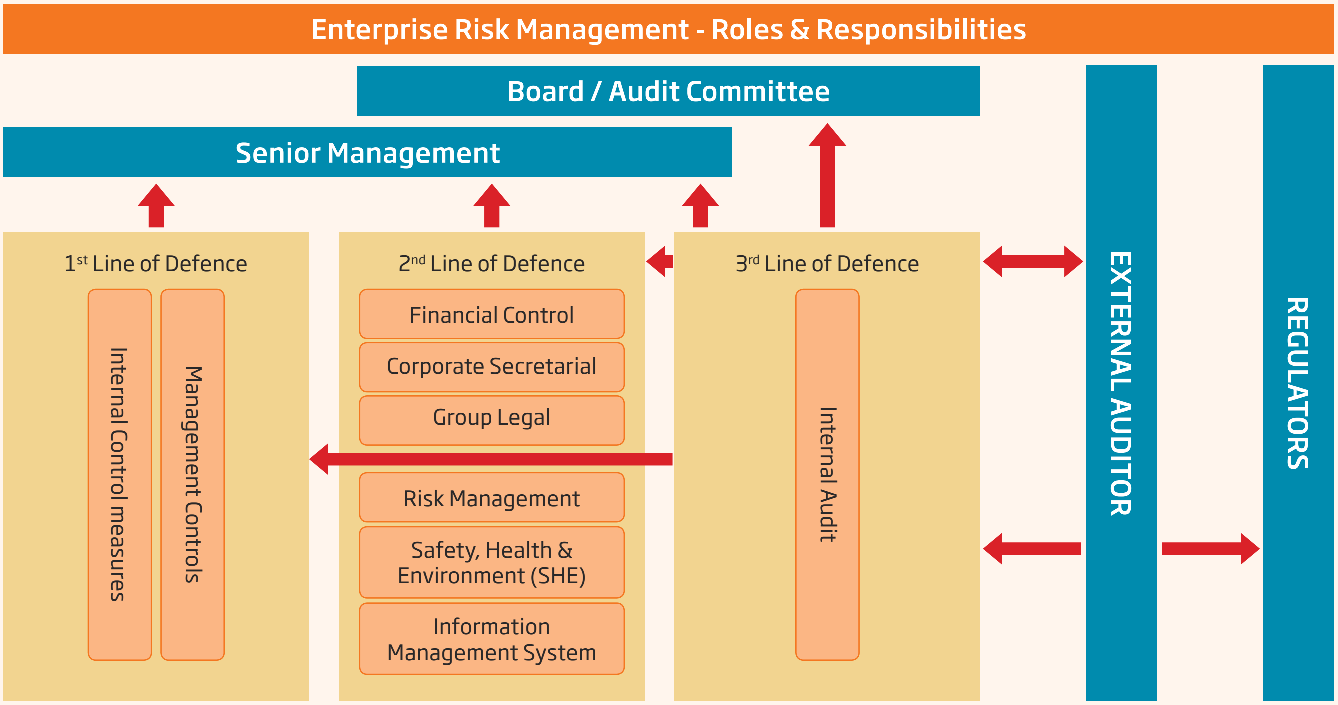
The Company's Enterprise Risk Management ("ERM") framework is illustrated in the diagram below.



The ERM framework is premised upon a strong ERM infrastructure that supports the entire risk management process and drives the ERM integration across the Company's operational activities. Top on the list in the ERM infrastructure is the Company's governance structure as illustrated below.



In addition, the roles and responsibilities for risk management have been spelt out with the first, second and third line of defence clearly identified, as depicted below.



The first line of defence lies with the senior management of the operating divisions. They are responsible to identify, assess, evaluate, manage and report the significant risks applicable to their respective areas of business and in formulating suitable internal controls and action plans to mitigate and control these risks.

On a quarterly basis, the Risk Manager initiates the risk review and reporting cycle. The identification of risks for all on-going business activities begin with a comprehensive risk assessment impact study before any mitigation efforts on risk treatment is to be initiated and monitored, with significant risk referred to the Risk Management Committee ("RMC").

The risks are then analysed by giving consideration to the causes and sources of risk, their positive and negative consequences and the likelihood that those consequences can occur. Thereafter the risks are evaluated according to a risk likelihood and impact matrix which enables the risks to be rated and prioritised accordingly.

When considering the risk treatment, the senior management will take into account existing internal controls that are already in place, the cost versus the benefits to the Company and compliance with legal and regulatory requirements. The senior management may mitigate the risks further by formulating and assigning action plans to specific personnel, with deadlines given. The implementation of the appropriate action plans is monitored by the senior management and will be reviewed and updated in the following risk register update cycle.

The RMC meets on a quarterly basis to review the significant risks faced by the Group, as consolidated and reported by the Risk Manager.

Statement on Risk Management and Internal Control

The RMC reviews the key risks and planned actions to ascertain if those risks are mitigated and are managed appropriately. On ad-hoc basis, new business proposals or investments are tabled to the RMC for review and deliberation. The RMC's comments are incorporated into the Quarterly Risk Management Report which will be tabled to the Board for review and evaluation. The Board reviews and evaluates the RMC's report and deliberates on significant risks affecting the business. The Board ensures appropriate risk mitigating measures are implemented in a timely manner.

The second line of defence are the support functions at the Group level with oversight, compliance and governance responsibilities. Within their respective areas of discipline, they keep themselves updated with new laws and regulations by attending seminars, conferences and training programmes organised by specialists such as Bursa Malaysia and Malaysian Institute of Accountants. From time to time they will initiate and implement appropriate policies and procedures to ensure regulatory risks are managed appropriately.

The Group's internal audit function is outsourced to KPMG Management & Risk Consulting Sdn Bhd ("KPMG"). The internal auditor plays the role of third line defence by independently assessing the system of internal controls as established by the management, review the adequacy and integrity of such internal control system vis-à-vis the objectives served, and to make appropriate recommendation thereof. The internal auditor's work is based on the KPMG Internal Audit Methodology (KIAM), their proprietary risk-based internal audit methodology, which is aligned with the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors.

In addition, the external auditor, through the Audit Committee, provides the Board, with limited assurance as to the control environment in which the Group operates. This is demonstrated by the external auditor's reports, particularly issues raised in the management letter together with management's response to their findings.

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES

The Board monitors the continual effectiveness, adequacy and integrity of the risk management framework and internal control system to ensure good corporate governance. Reviews were carried out by the internal and external auditors and these had been in place during the year under review.

The following key processes are in place in the Group:-

1. Risk review

The Board, with the assistance of the Risk Management Committee (RMC), evaluates the adequacy and effectiveness of the risk management system. On a quarterly basis, the Board reviews and evaluates the RMC's report and deliberates on significant risks affecting the business. The Board ensures appropriate risk mitigating measures are implemented in a timely manner.

On ad-hoc basis, the Board reviews the feasibility study, risk impact and assessment on new business proposals / investments or divestment that are presented by the Heads of Divisions, the more significant ones are as follows:-

- Reviewed the development status under Achwell Property Sdn Bhd's ("Achwell") risks in relation to Capital City Property Sdn Bhd's on-going development and sales progress under the joint venture agreement with Achwell on the integrated development for Phase 2, Tampoi;

- Evaluated the viability of the plantation business vis-à-vis the lack of economies of scale and land-bank expansion opportunities;
- Reviewed and approved the annual updates made to the Company's Risk Management Policy;
- Reviewed the risks in relation to a proposed joint-venture development of a parcel of leasehold residential land located in Taman Putra Perdana, Puchong, to be undertaken by the Property Division before the proposed joint-venture development is approved; and
- Reviewed a proposal to acquire a piece of leasehold land in Damansara Perdana.

Whilst the Board considers the risk management policy to be robust to meet the Group's needs, it will still subject the policy to continuous improvement, taking into consideration better practices and the changing business environment.

2. *Internal audit function*

The Group outsourced its internal audit function to KPMG Management & Risk Consulting Sdn Bhd ("KPMG"). The Internal Auditors assist the Audit Committee in the discharge of its duties and responsibilities to independently review and report on the adequacy and integrity of the Group's financial reporting, internal control systems and risk management practices. The Audit Committee approves the yearly audit plan.

The internal auditors carried out regular reviews on operational units to assess the effectiveness of internal controls and to monitor compliance with policies and procedures. They present their audit findings on the effectiveness of internal controls, significant risks, non-compliance and weaknesses observed with recommendations for remedial action to the operating management and thereafter to the Audit Committee. On a quarterly basis, the management action plans in response to the internal auditor's findings are tracked for progress of implementation and reported to the Audit Committee.

For more details of the internal audit assignments carried out during the year, please refer to page 31.

3. *Audit Committee*

The Audit Committee, through the Internal Audit function, reviews the internal control processes and evaluates the adequacy and effectiveness of the risk management and internal control system. The Audit Committee actively engaged with the independent external auditor, particularly on material issues raised in the management letter together with management's response to their findings.

4. *Organisation structure and limits of authority*

Formally defined and documented lines of responsibility and delegation of authority has been established through the relevant terms of reference, organisational structures and appropriate authority limits. Hierarchical reporting is also in place to enhance the Group's ability to achieve its strategies and operational objectives as well as provide for documented and auditable trail of accountability.

Statement on Risk Management and Internal Control

Various Board and Management Committees have been established to assist the Board in discharging its duties. Among the committees are: -

- Audit Committee
- Nomination and Remuneration Committee
- Risk Management Committee
- Group Management Committee
- Procurement Committee
- Disciplinary Committee
- Employee Share Option Scheme (ESOS) Committee

5. Planning, monitoring and reporting

a) An annual business planning and budgeting policy is in place, requiring all business divisions to prepare business plans and budgets for the forthcoming year. The Heads of Business Divisions present the business plans and budgets to the Board before the start of a new financial year. There is an interactive dialogue between the Board and the Heads of Business Divisions and amongst others, the risks, challenges and assumptions are deliberated upon before the Board approves the business plans and budgets for implementation.

b) On a quarterly basis, the Group Finance personnel presents to the Board, the actual financial performance for each business division against the budget. Financial performance variances are explained to the Board.

c) There is a regular and comprehensive flow of information to the Board and Management on all aspects of the Group's operations to facilitate the monitoring of performance against the Group's corporate strategy and business plan. On a quarterly basis, the Head of Group Strategy and Monitoring tracks the progress of Key Performance Indicators (KPIs) achievement by the Heads of Business Divisions and reports the progress to the Group CEO.

d) On a quarterly basis, the Group Finance department reviews and updates the profit forecast for the year, in consultation with Heads of Business Divisions and/or project leaders.

6. Nomination & Remuneration Committee

The Nomination & Remuneration Committee ("NRC") assists the Board to review and recommend appropriate remuneration policies for Directors and senior management to ensure that their remuneration commensurate with their performance. The NRC also reviews and recommends candidates to the Board and evaluates the performance of Directors (including Board Committees) on an annual basis.

7. Policies and procedures

Policies and procedures are formalised to strengthen controls for financial management and operations. They serve as a guide to employees in their day-to-day work. These policies and procedures are reviewed annually and updates, if any, are communicated promptly to the employees.

8. Financial reporting

Adequate processes and controls are in place to ensure proper and correct recording of financial information and timely generation of up-to-date financial statements, including the consolidated condensed financial statements. The Audit Committee and the Board monitor and review the Group performance and results at quarterly meetings, deliberating on the quarterly financial statements, key financial and operational performance results.

9. Key Performance Indicators

Key performance indicators are prepared and established by each operating unit which are aligned to the strategic business objectives.

10. Management meetings

The Group Management Committee (GMC) meets bi-monthly to review and resolve key operational, corporate, financial, legal and regulatory matters. The minutes of GMC meetings are included in the papers for quarterly Board meetings. The Board is kept informed of the operational progress and/or issues and the mitigation plans.

11. Employee Share Option Scheme ("ESOS") Committee

The ESOS Committee administers options and/or shares under the employee share option scheme and regulates the securities transactions in accordance with established regulations and by-laws.

12. Whistle Blowing

The Company has an established Whistle Blowing Policy which is made available in the Company's website. It is intended to assist individual employee to disclose internally and at a high level, information which the individual believes shows malpractice or impropriety.

REVIEW OF ADEQUACY AND EFFECTIVENESS

The Board is satisfied that the risk management and internal control system as outlined above are operating adequately and effectively for the year under review, and up to the date of approval of this Statement. The internal controls are sound and sufficient to safeguard shareholders' investment, the interests of customers, regulators, employees and other stakeholders, and the Group's assets.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Main Market Listing Requirements, the external auditors have reviewed this Statement for inclusion in the 2017 Annual Report. The external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 on the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor factually inaccurate.

Statement on Corporate Responsibility

Gadang Group recognises that good **Corporate Responsibility** ("CR") embraces all aspects of **sustainable development** and the way it **affects people through its business activities**.

Corporate Responsibility is part and parcel of the way we conduct business. By adopting best practice across all aspects of our business, by constantly seeking sustainable initiatives which add value, by building partnerships with customers and our supply chain, by investing in the training and development of our employees and by treating health and safety and environmental issues with priority, we aim to achieve the future sustainability of our business in a responsible way.

Gadang Group also believes that CR is a good business proposition of which CR helps to enhance corporate image and increase the Group's ability to attract and retain its quality human capital towards improving overall financial performance.

Towards this end, Gadang Group fully subscribed to the CR practices and will strive to be in line with the CSR Framework for Public Listed Companies launched by Bursa Malaysia Securities Berhad ("Bursa Securities").

HUMAN CAPITAL & WORKPLACE

The Group believes that human capital development is very important to ensure that the Group has the right talent and relevant knowledge in ensuring business growth and its sustainability. The Group aims to attract, retain and motivate the highest caliber of employees within the context of an operating structure that encourages their contribution and development.

The Group endeavors to meet its objectives by arming its employees with a structured and clear career path. Continuous training and development programs are provided for staff internally and externally to equip them with both the skills and knowledge necessary to perform their current work, and the opportunities to demonstrate their ability to advance within the Group. Managers are given management training to endow them with up to date and the best business management tools in order to support and enhance their performance. The Group's intention is to shape its managers into fit and adaptive managers ready to take on more responsibilities as well as internal and external challenges faced by the respective industry.

Equal opportunity and diversity policy

The Group is committed to providing equality of opportunity to all existing and prospective employees without unlawful discrimination on the basis of religion, gender, race, marital status, nationality, colour, ethnic or national origin, age or disability. The Group encourages diversity and opportunity, which is reinforced through the Group's Employment policy.

As of 31 May 2017, the diversity of the Group's workforce is as follows:-

Total Workforce by Management Level

Position	Male	Female	Group Total
Senior Management	25	8	33
Mid Management	171	104	275
Others	146	26	172
Total	**342**	**138**	**480**

Total Workforce by Ethnicity

Ethnicity	Male	Female	Group Total
Malay	127	55	182
Chinese	157	80	237
Indian	24	1	25
Others	34	2	36
Total	**342**	**138**	**480**

Statement on Corporate Responsibility

Total Workforce by Age Group

Age Group	Male	Female	Group Total
Below 30	101	58	159
30 to 39	103	47	150
40 to 49	65	24	89
50 to 59	51	8	59
Above 60	22	1	23
Total	**342**	**138**	**480**

Employee Rewards & Recognition

The Group seeks to recognise and honor the loyalty of employees who have helped to build the Group over a long period of time. The awards were presented with the primary objectives of motivating staff to develop their career with the Group and rewarding them for their dedication and commitments towards the development and growth of the Group.

Employee Wellness

The Gadang Sports Club was established by the Company with the aim to provide sports and leisure activities for its members. The Sports Club actively facilitates sporting activities on a regular basis for its members such as weekly badminton, table tennis, yoga, Tai Chi and Jazzercise classes to encourage a healthy lifestyle as well as to promote teamwork among its members. Besides sports, the Club also organises recreational activities such as family days, outings and trips (local and overseas), welfare and charitable activities and dinners for its members and their families. Encouraging participation in these activities underline the enthusiasm and a sense of belonging and unity among the staff.

Schooling Aid

To ease the financial burden of the staff with school-aged children, particularly during the beginning of a new schooling year, the Group distributed a one-off RM200 schooling aid to each of their school-aged children in December 2016. A total of 191 pupils had received the aid totaling RM38,200.

Statement on Corporate Responsibility

COMMUNITY

The Group encourages all our business to support the particular needs of their communities by contributing to local charities and community initiatives. Support takes the form of employee time and skills, gifts in kind and cash donations.

During the year, the Group made various contributions to charitable organisations such as Yayasan Bursa Malaysia (contribution for the Bursa Bull Charge 2016), Dignity for Children Foundation, Pertubuhan Medifund Kuala Lumpur, The Autism Parent's Journey Program, Rumah Sejahtera Rumah Orang Tua Bidor, Majlis Pusat Kebajikan Cawangan Kampar, Majlis Pusat Kebajikan Daerah Tanjung Malim, Pemegang Amanah Yayasan Kebajikan SSL Strok dan Pembangunan Masyarakat Berdaftar, Pertubuhan Kebajikan Skizofrenia Malaysia, Oriental Daily Sdn Bhd (Charity Account) and Yayasan Sin Chew (Charity Account), amongst others.

The Group also participated in sponsorships and contributions to healthcare, sports and education development funds.

As part of the Group's social responsibilities, Gadang Scholarship Program was established in 2012 to formalise the Group's involvement in providing financial assistance to academically deserving and financially needy local students pursuing higher education in local private and public universities and colleges. In year 2016, a total of RM234,750 was approved to be given to 6 needy students for their educational support.

MARKETPLACE

At the marketplace, the Group maintains high standards of corporate governance, ethics and honesty in all our dealings, and operate in compliance both with Bursa Securities listing requirements and the local laws wherever we work.

Statement on Corporate Responsibility

QUALITY, SAFETY & HEALTH AND ENVIRONMENT

The Group is committed to provide the highest standard for quality, health, safety and environment to ensure all our activities shall not have any detrimental safety, health and environment impact on our employees, sub-contractor's employees, clients, shareholders or any member of public at large.

We are determined to provide effective Construction, Engineering and Management Services that are well coordinated and controlled to satisfy our client's requirements through the implementation of the Quality Management System and Occupational Safety, Health and Environment Management system respectively. Our Quality, Safety, Health & Environment Management system is a coherent system of ISO 9001:2008, ISO 14001:2004 ,OHSAS 18001:2007 and MS 1722: 2011.

The Group is dedicated and committed to:

- Comply with applicable legal requirements and regulations;
- Manage our operations to prevent environmental pollution, injury and ill health; and
- Implement, control and maintain an efficient Quality, Safety, Health and Environment Management system with continuous improvement of the systems and business performance.

In line with our commitment, we have developed, implemented and shall continuously improve the comprehensive Integrated Management System ('IMS'). This system engages the requirements of the ISO 9001:2008, ISO 14001:2004, OHSAS 18001:2007 and MS 1722:2011 benchmarks and is implemented in our practices.

The IMS has been created as a standard company guideline for implementing the quality, safety, health and environment standards in our company operations and allows us to measure progress,

performance and plan for continuous improvements. It is applicable to all areas of our business for efficient internal communications, integration and dissemination of information and documentation.

Global and national environmental regulatory requirements are constantly evolving and these are becoming increasingly stringent. Throughout the group, divisions have managed to keep abreast of these changes and they have an established record of meeting the required environmental standards, implementing international environmental management systems and of being corporate citizens of good standing. Investment in systems, practices, education and facilities to maintain standards, in line with recommended best management practice.

We believe in achieving highest standards of quality, safety, health and environment by making decisions based on facts and figures, identifying issues before the occurrence with proactive actions, promptly resolving problems should they materialise, and inspiring every person on a project to 'DO IT RIGHT THE FIRST TIME' to ensure reduction of cost, improve work schedule performance and satisfy our clients.

The Group also encourages individual employees to adopt environmentally-responsible working practices by energy saving, reduce waste, promote re-use and recycling, avoid damage to the environment and prevent pollution.

Additional Compliance Information

- **Material Contracts**

There were no material contracts other than those in the ordinary course of business entered into by the Company or its subsidiary companies involving Directors' and major shareholders' interests during the financial year.

- **Recurrent Related Party Transactions of a Revenue or Trading Nature**

At the last Annual General Meeting held on 3 November 2016, the Company had obtained a mandate from its shareholders to allow the Company and/or its subsidiaries ("Gadang Group") to enter into recurrent related party transactions of a revenue or trading nature and provision of financial assistance ("Recurrent Transactions") with related parties.

In accordance with Paragraph 10.09(2)(b) of Bursa Securities Main Market Listing Requirements, details of the Recurrent Transactions conducted during the financial year ended 31 May 2017 pursuant to the said shareholders' mandate are as follows:-

Name of Related Party	Relationship	Nature of Transactions	The Company	Aggregate Value RM'000
Kok Khim Boon	Kok Khim Boon is the brother of Tan Sri Dato' Kok Onn ("TSDKO") who is the Managing Director cum Chief Executive Officer and major shareholder of Gadang.	Provision of sub-contract works	Gadang Group	11,085
Datapuri Sdn Bhd ("DPSB")	DPSB is a 51% owned subsidiary of Gadang and 49% owned by Exclusive Acres Sdn Bhd ("EASB"). Mr Liew Swee Kong who is a director and shareholder of EASB is the nephew TSDKO.	• Provision of mechanical & engineering subcontract works by DPSB	Gadang Group	2,501
		• Provision of management services by Gadang	Gadang	176
		• Financial assistance	Gadang	4,039

- **Employees' Share Option Scheme ("ESOS")**

The Company had granted options under ESOS governed by the By-Laws that was approved by the Company's shareholders at the Extraordinary General Meeting held on 3 November 2016. The ESOS is to be in force for a period of 5 years from 6 December 2016 to 5 December 2021. There is one (1) ESOS in existence during the financial year ended 31 May 2017 with information as follows:-

a) The total number of options granted, exercised and outstanding under the ESOS

	Number of options (since commencement of ESOS on 6 December 2016 up to financial year ended 31 May 2017)	
	Grand Total	Director
Total number of options granted	85,280,500	8,851,000
Total number of options exercised	8,337,900	1,563,200
Total options outstanding	76,942,600	7,287,800

b) Percentage of options applicable to Directors and Senior Management under the ESOS

Granted to Directors & Senior Management	Since commencement of the ESOS on 6 December 2016 up to financial year ended 31 May 2017
Aggregate maximum allocation in percentage	50.0%
Actual percentage granted	43.7%

c) The options granted to Non-Executive Directors during the financial year

Name of Non-Executive Directors	Granted	Exercised	Balance
Adam Bin Bachek (resigned on 1 August 2017)	1,035,000	-	1,035,000
Boey Tak Kong	931,500	186,300	745,200

- **Utilisation of Proceeds Raised from Corporate Proposals**

The RM43.495 million raised from the Private Placement Exercise which was completed on 28 April 2016, has been fully utilised during the financial year, the breakdown of which is as follows:-

	RM'000
- Property development expenses and future land/project acquisition	42,795
- Expenses relating to the Private Placement	700
	43,495

Other than as disclosed, there were no proceeds raised from corporate proposals during the financial year.

Financial Statements

Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 May 2017.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of investment holding and the provision of management services to the subsidiaries. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

RESULTS

	The Group RM	The Company RM
Profit after taxation from continuing operations	103,558,893	42,788,231
Loss after taxation from discontinued operations	(2,952,473)	-
	100,606,420	42,788,231
Attributable to:-		
Owners of the Company	100,116,126	42,788,231
Non-controlling interests	490,294	-
	100,606,420	42,788,231

DIVIDENDS

On 3 November 2016, the shareholders approved a first and final dividend of 7 sen per ordinary share for the financial year ended 31 May 2016, amounting to RM18,103,636 which was paid on 25 November 2016.

The directors propose a first and final dividend of 3 sen per share for the financial year ended 31 May 2017 which is subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 31 May 2018.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no issues of debentures by the Company;

(b) a share split on the issued and paid-up share capital was undertaken involving the subdivision of every one (1) existing ordinary share into two (2) new ordinary shares held. Pursuant to the share split, 258,623,378 ordinary shares of the Company were subdivided into 517,246,756 ordinary shares; and

(c) the Company increased its issued and paid-up share capital from RM258,623,378 to RM331,678,178 by way of:-

    (i) an issuance of 129,311,689 bonus issue on the basis of one (1) new ordinary share for every four (4) subdivided shares by capitalising the retained profits and share premium which amounted to RM64,655,844;

    (ii) an issuance of 57,600 new ordinary shares from the exercise of Warrants 2016/2021 at the exercise price of RM1.06 per warrant in accordance with the Deed Poll dated 11 November 2016; and

    (iii) an issuance of 8,337,900 new ordinary shares from the exercise of options under the Company's Employees' Share Option Scheme at the exercise price of RM0.86 per option.

    The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company except for the share options granted to the Company's Employees' Share Option Scheme below.

EMPLOYEES' SHARE OPTION SCHEME

The Employees' Share Option Scheme ("ESOS") of the Company is governed by the ESOS By-Laws and was approved by shareholders at the Extraordinary General Meeting held on 3 November 2016. The ESOS is to be in force for a period of 5 years effective from 6 December 2016 to 5 December 2021.

The details of the ESOS are disclosed in Note 26 to the financial statements.

Directors' Report (Cont'd)

WARRANTS 2016/2021

On 30 November 2016, the Company issued 129,311,689 free detachable warrants ("Warrants") pursuant to the bonus issue of warrant on the basis of one (1) warrant for every four (4) shares held by entitled shareholders after the completion of share split.

The Warrants are constituted by the Deed Poll dated 11 November 2016.

The salient features of the Warrants are as follows:-

(i) the exercise price is RM1.06 per ordinary share and each Warrant entitles the registered holder ("Warrantholders") to subscribe for one (1) new ordinary share of the Company during the 5 year period expiring on 29 November 2021 ("Exercise Period");

(ii) at the expiry of the Exercise Period, any Warrants, which have not been exercised shall automatically lapse and cease to be valid for any purposes;

(iii) Warrantholders must exercise the Warrants in accordance with the procedures set out in the Deed Poll and shares allotted and issued upon such exercise shall rank pari passu in all respects with the then existing ordinary shares of the Company, and shall be entitled to any dividends, rights, allotments and/or other distributions after the issue and allotment thereof; and

(iv) the Warrantholders are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in the Company until and unless such Warrantholders exercise their Warrants for new ordinary shares of the Company.

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

	Number of Warrants 2016/2021
At 5 December 2016	129,311,689
Exercised during the financial year	(57,600)
At 31 May 2017	129,254,089

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

Directors' Report
(Cont'd)

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 50 to the financial statements. At the date of this report, there does not exist:-

(a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than the discontinued operation of the plantation segment as disclosed in Note 42 to the financial statements.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, 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.

Directors' Report (Cont'd)

DIRECTORS

The names of directors of the Company who served during the financial year until the date of this report are as follows:-

Tan Sri Dato' Seri Dr. Mohamed Ismail Bin Merican (Appointed on 1.12.2016)
Tan Sri Dato' Kok Onn
Boey Tak Kong
Kok Pei Ling
Huang Shi Chin (Appointed on 1.8.2017)
Datuk Wan Lokman Bin Dato' Wan Ibrahim (Resigned on 1.12.2016)
Adam Bin Bachek (Resigned on 1.8.2017)

The names of directors of the Company's subsidiaries who served during the financial year until the date of this report, not including those directors mentioned above, are as follows:-

Construction Division
Khew Check Kiet
Dato' Chan Ah Kam
Saw Chee Hoay
Tan Peng Long
Hew Thean Poh
Liew Swee Kong
Datuk Yasran Bin Haji Hussain
Ng Kok Leong (Appointed on 27.6.2016)
Chan Chee Wai (Appointed on 4.10.2016)

Property Division
Dato' Ling Hock Hing
Kok Pei Shing
Dato' Takhiyuddin Bin Haji Abdullah
Raja Zainal Abidin Bin Raja Hussin

Utility Division
Foo Mieng Yong
Neo Lay Hiang Pamela
Angga Panji Kesuma
Reggy Hadi Wijaya
Drs. Barat Iriansyah
Ir. Joko Tripujono Sunaryo
Masni Kamal
Hero Dwi Prasetyo
Rofik Sungkar
Chan Huan Beng (Appointed on 23.08.2016)

Plantation Division – discontinued operations
Yue Kham Wah

Directors' Report (Cont'd)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares, warrants and options over shares of the Company and its related corporations during the financial year are as follows:-

	Number of Ordinary Shares			
	At 1.6.2016	Acquired	Disposed	Balance prior to share split^
Shareholdings registered in the name of Directors:				
Direct interests				
Tan Sri Dato' Kok Onn	5,536,666	-	5,536,666	-
Boey Tak Kong	769,000	-	149,000	620,000
Deemed interest*				
Tan Sri Dato' Kok Onn	67,537,327	-	-	67,537,327

	Number of Ordinary Shares				
	Balance after share split^	Bonus issue^	Acquired	Disposed	At 31.5.2017
Shareholdings registered in the name of Directors:					
Direct interests					
Tan Sri Dato' Kok Onn	-	-	4,664,700	-	4,664,700
Boey Tak Kong	1,240,000	310,000	186,300	-	1,736,300
Kok Pei Ling	-	-	652,200	-	652,200
Deemed interest*					
Tan Sri Dato' Kok Onn	135,074,654	33,768,699	-	-	168,843,353

	Number of Warrants 2016/2021			
	At 1.6.2016	Acquired	Disposed	At 31.5.2017
Direct interest				
Boey Tak Kong	-	310,000	-	310,000
Deemed interest*				
Tan Sri Dato' Kok Onn	-	33,768,699	33,768,699	-

Directors' Report (Cont'd)

DIRECTORS' INTERESTS (CONT'D)

	Number of Options over Ordinary Shares			
	At 1.6.2016	Granted	Exercised	At 31.5.2017
Direct interests				
Tan Sri Dato' Kok Onn	-	3,623,500	724,700	2,898,800
Adam Bin Bachek	-	1,035,000	-	1,035,000
Boey Tak Kong	-	931,500	186,300	745,200
Kok Pei Ling	-	3,261,000	652,200	2,608,800

* Deemed interested by virtue of his interests in Sumber Raswira Sdn Bhd and Meloria Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

^ Share split of every one (1) existing ordinary share into two (2) ordinary shares ("Subdivided Shares") and bonus issue of one (1) new ordinary share for every four (4) Subdivided Shares.

Other than as disclosed above, according to the register of Directors' Shareholdings, the other directors holding office at the end of the financial year did not hold any interest in shares, warrants and options over shares of the Company and its subsidiaries during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has 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 directors shown in the financial statements or the fixed salary of a full-time employee of the Company or related corporations) 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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 48 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than the share options granted to certain directors pursuant to the ESOS of the Company.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 39 to the financial statements.

Directors' Report (Cont'd)

INDEMNITY AND INSURANCE COST

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors of the Company were RM34,204,160 and RM176,665 respectively.

SUBSIDIARIES

The details of the Group's subsidiaries are disclosed in Note 5 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 54 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 55 to the financial statements.

Directors' Report
(Cont'd)

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 37 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors as part of the terms of its audit engagement against any claims by third parties arising from the audit. No payment has been made to indemnify the auditors during or since the financial year.

Signed in accordance with a resolution of the directors dated 15 September 2017.

TAN SRI DATO' SERI DR. MOHAMED ISMAIL BIN MERICAN

TAN SRI DATO' KOK ONN

Statement By Directors

Pursuant To Section 251(2) Of The Companies Act 2016

We, Tan Sri Dato' Seri Dr. Mohamed Ismail Bin Merican and Tan Sri Dato' Kok Onn, being two of the directors of Gadang Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 83 to 220 are drawn up in accordance with Financial Reporting Standards and the requirements 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 of 31 May 2017 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 57, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 15 September 2017.

TAN SRI DATO' SERI DR. MOHAMED ISMAIL BIN MERICAN

TAN SRI DATO' KOK ONN

Statutory Declaration

Pursuant To Section 251(1)(b) Of The Companies Act 2016

I, Kok Pei Ling, being the director primarily responsible for the financial management of Gadang Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 83 to 220 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
Kok Pei Ling,
at Kuala Lumpur in the Federal Territory
on this 15 September 2017

KOK PEI LING

Before me

Lai Din (W668)
Commissioner for Oaths

Independent Auditors' Report

To The Members Of Gadang Holdings Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Gadang Holdings Berhad, which comprise the statements of financial position as at 31 May 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 83 to 220.

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 May 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with Financial Reporting Standards 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. 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 financial 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.

Goodwill Impairment Refer to Note 4.5 and Note 14 to the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
Goodwill on consolidation as at 31 May 2017 amounted to RM18,429,554. Management is required to conduct annual impairment assessment on the goodwill. For this purpose, Management has estimated the recoverable amounts of the cash-generating unit in which the goodwill is attached to, using the value in-use approach. This is derived from the present value of the future cash flows from the cash generating unit. This assessment is significant to our audit as it is highly subjective, involves significant judgment and is based on assumptions that may be affected by future market and economic conditions. Further details are shown in Note 14 to the financial statements.	Our procedures included, amongst others:- • Reviewed management's estimates of the recoverable amount and tested the cash flows forecast for their accuracy; • Reviewed the key business drivers underpinning the cash flows forecast prepared to support the recoverable amount; • Evaluated the appropriateness and reasonableness of the key assumptions by considering prior budget accuracy, comparison to recent performance and our understanding of the business, trend analysis, and historical results; • Reviewed sensitivity analysis performed by management over the key assumptions to understand the impact of changes over the valuation model; and • Reviewed the adequacy of the Group's disclosures.

Independent Auditors' Report
To The Members Of Gadang Holdings Berhad
(Cont'd)

Revenue Recognition for Construction Contracts Refer to Note 4.26 and Note 34 to the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
Revenue recognition for construction contracts, due to the contracting nature of the business, involves significant judgments. This includes the determination of the total budgeted contract costs and the calculation of percentage of completion which affects the quantum of revenue to be recognised. In estimating the revenue to be recognised, the management considers past experience and certification by customers and independent third parties, where applicable. We determined this to be a key audit matter due to the complexity and judgmental nature of the budgeting of contract costs and the determination of revenue recognised.	Our procedures included, amongst others:- • Read all key contracts and discussed with management to obtain full understanding of the terms and risks to assess our consideration of whether revenue was appropriately recognised. • Assessed the management's assumptions in determining the percentage of completion of projects, estimations of revenue and costs, provisions for foreseeable losses, liquidated and ascertained damages as well as recoverability of billed receivables. • Assessed the reasonableness of percentage of completion by comparing to certification by external parties. • Reviewed estimated profit and costs to complete and adjustments for job costing and potential contract losses. • Tested costs incurred to date to supporting documentation such as contractors' claim certificates.

Independent Auditors' Report
To The Members Of Gadang Holdings Berhad
(Cont'd)

Revenue Recognition for Property Development Activities Refer to Note 4.26 and Note 34 to the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
The Group recognises property development revenue using the stage of completion method. The stage of completion is determined by the proportion of property development costs incurred for work performed to date over the estimated total property development costs. Accounting for property development activities is inherently complex and there is judgment involved in the following areas:- • determination of stage of completion • estimated total property development costs and costs to be incurred to complete a project We determined this to be a key audit matter given the complexity and judgmental nature of these activities.	Our procedures included, amongst others:- • Assessed the reasonableness of percentage of completion by comparing to certification by external parties. • Reviewed estimated profit and costs to complete and adjustments for job costing and potential contract losses. • Tested costs incurred to date to supporting documentation such as contractors' claim certificates. • Assessed the reasonableness of the estimated total property development costs to supporting documentation such as contracts, quotations and variation orders with contractors, for newly launched projects. • For ongoing projects, checked for any variation orders and checked that changes to contracts and quotations with the contractors, if any, are properly supported. • Validated the stage of completion by reference to the actual costs incurred to date. • Tested sales of properties to signed sales and purchase agreements and billings raised to property buyers. • Checked the journal entries impacting revenue and cost of sales are recognised appropriately with reference to the computation of the stage of completion of the projects.

Independent Auditors' Report
To The Members Of Gadang Holdings Berhad
(Cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the 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 Financial Reporting Standards 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 Group's and the Company's ability 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' Responsibility 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 International Standards on Auditing 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' Responsibility for the Audit of the Financial Statements (Cont'd)

As a part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:-

- 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.

- 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- 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 Group's or the Company's ability 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.

- 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.

- 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.

Independent Auditors' Report
To The Members Of Gadang Holdings Berhad
(Cont'd)

Auditors' Responsibility for the Audit of the Financial Statements (Cont'd)

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 financial 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 of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 57 on page 221 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities 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.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Chua Wai Hong
Approval No: 02974/09/2019 J
Chartered Accountant

Kuala Lumpur
15 September 2017

Statements of Financial Position

As At 31 May 2017

		The Group		The Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
ASSETS					
Non-current assets					
Investments in subsidiaries	5	-	-	126,082,617	128,930,161
Investment in an associate	6	-	-	-	-
Investment in joint ventures	7	37,456	-	-	-
Concession assets	8	91,619,086	61,313,304	-	-
Property, plant and equipment	9	63,646,029	76,424,096	276,660	187,819
Biological assets	10	-	12,493,416	-	-
Investment properties	11	15,984,377	17,044,603	-	-
Land held for property development	12	3,889,309	3,881,416	-	-
Non-trade receivables	18	2,593,228	2,359,779	101,725,284	6,479,389
Other investments	13	100,000	100,000	-	-
Goodwill on consolidation	14	18,429,554	17,690,250	-	-
Deferred tax assets	15	6,244,688	20,440,617	-	-
		202,543,727	211,747,481	228,084,561	135,597,369
Current assets					
Inventories	16	979,982	3,352,921	-	-
Property development costs	17	731,018,747	484,816,187	-	-
Trade and non-trade receivables	18	183,177,887	172,549,667	80,298,627	94,594,170
Amounts owing by contract customers	20	24,695,054	50,752,851	-	-
Current tax assets		6,632,429	5,323,689	-	-
Short term funds	21	59,434,935	106,635,459	21,187,723	43,713,115
Deposits with licensed banks	22	87,908,616	86,150,624	22,010,349	32,869,479
Cash and bank balances	23	114,571,701	101,495,291	7,250,506	17,823,573
		1,208,419,351	1,011,076,689	130,747,205	189,000,337
Assets classified as held for sale	24	15,521,021	-	-	-
TOTAL ASSETS		1,426,484,099	1,222,824,170	358,831,766	324,597,706

The annexed notes form an integral part of these financial statements.

Statements of Financial Position
As At 31 May 2017
(Cont'd)

		The Group		The Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Equity					
Share capital	25	331,678,178	258,623,378	331,678,178	258,623,378
Reserves	26	291,489,981	270,479,101	26,284,174	65,512,446
Total equity attributable to owners of the Company		623,168,159	529,102,479	357,962,352	324,135,824
Non-controlling interests	27	8,002,950	7,264,044	-	-
Total equity		631,171,109	536,366,523	357,962,352	324,135,824
Non-current liabilities					
Bank borrowings	28	143,819,295	166,971,835	-	-
Deferred tax liabilities	15	6,448,689	11,238,312	-	-
Defined benefit obligations	31	2,038,569	1,889,111	-	-
Non-trade payables	32	243,554,118	130,926,502	-	-
		395,860,671	311,025,760	-	-
Current liabilities					
Amounts owing to contract customers	20	18,843,497	43,667,438	-	-
Trade and non-trade payables	32	327,167,310	254,838,394	831,262	440,621
Bank borrowings	28	48,770,858	55,849,195	-	-
Current tax liabilities		4,149,633	21,076,860	38,152	21,261
		398,931,298	375,431,887	869,414	461,882
Liabilities classified as held for sale	24	521,021	-	-	-
Total liabilities		795,312,990	686,457,647	869,414	461,882
TOTAL EQUITY AND LIABILITIES		1,426,484,099	1,222,824,170	358,831,766	324,597,706
NET ASSETS PER ORDINARY SHARE (RM)	33	0.95	0.82		

The annexed notes form an integral part of these financial statements.

Statements of Profit or Loss

For The Financial Year Ended 31 May 2017

	Note	The Group 2017 RM	The Group 2016 RM (Restated)	The Company 2017 RM	The Company 2016 RM
Continuing operations:					
Revenue	34	553,866,106	673,529,325	51,593,000	30,130,000
Cost of sales	35	(366,896,090)	(517,928,818)	-	-
Gross profit		186,970,016	155,600,507	51,593,000	30,130,000
Other income	36	14,471,151	15,991,843	5,875,169	3,762,960
Administrative expenses		(25,092,163)	(20,764,865)	(7,914,044)	(5,395,754)
Depreciation and amortisation		(6,061,907)	(3,779,059)	(30,817)	(29,094)
Operating expenses		(23,379,957)	(13,127,596)	(2,580,218)	(1,934,751)
Other expenses		(3,093,847)	(5,297,776)	(3,679,311)	(3,088,139)
Profit from operations		143,813,293	128,623,054	43,263,779	23,445,222
Finance costs	40	(2,295,537)	(2,545,182)	-	-
Share of results in joint ventures		36,945	-	-	-
Profit before taxation	37	141,554,701	126,077,872	43,263,779	23,445,222
Income tax expense	41	(37,995,808)	(30,016,977)	(475,548)	(203,111)
Net profit after taxation from continuing operations		103,558,893	96,060,895	42,788,231	23,242,111
Discontinued operations:					
Loss after taxation from discontinued operations	42	(2,952,473)	(1,358,547)	-	-
Net profit for the year		100,606,420	94,702,348	42,788,231	23,242,111
Profit after taxation attributable to:					
Owners of the Company		100,116,126	94,767,238	42,788,231	23,242,111
Non-controlling interests		490,294	(64,890)	-	-
		100,606,420	94,702,348	42,788,231	23,242,111
Earnings per share (sen)					
Basic:					
- continuing operations	43	15.90	16.61		
- discontinued operations	43	(0.46)	(0.23)		
Diluted:					
- continuing operations	43	15.58	N/A		
- discontinued operations	43	(0.45)	N/A		

The annexed notes form an integral part of these financial statements.

Statements of Other Comprehensive Income

For The Financial Year Ended 31 May 2017

		The Group		The Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Profit after taxation		100,606,420	94,702,348	42,788,231	23,242,111
Other comprehensive income:-					
Items that will not be reclassified subsequently to profit or loss					
Actuarial loss on defined benefit obligations	31	(20,297)	(127,195)	-	-
Less: Deferred tax effect		1,300	-	-	-
		(18,997)	(127,195)	-	-
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation		3,178,866	3,781,190	-	-
Total comprehensive income for the financial year		103,766,289	98,356,343	42,788,231	23,242,111
Total comprehensive income attributable to:					
Owners of the Company		103,027,383	98,079,644	42,788,231	23,242,111
Non-controlling interests		738,906	276,699	-	-
		103,766,289	98,356,343	42,788,231	23,242,111

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity
For The Financial Year Ended 31 May 2017

The Group	Share capital RM	Warrant reserves RM	Capital reserves RM	Share premium RM	Foreign exchange translation reserves RM	Retained profits RM	Total RM	Non-controlling interests RM	Total equity RM
Balance at 1.6.2015	216,369,443	6,173,370	1,346,681	12,736,117	(4,613,467)	149,351,099	**381,363,243**	7,029,567	**388,392,810**
Profit after taxation for the financial year	-	-	-	-	-	94,767,238	**94,767,238**	(64,890)	**94,702,348**
Other comprehensive income for the financial year:									
- Actuarial loss on defined benefit obligations	-	-	-	-	-	(127,195)	**(127,195)**	-	**(127,195)**
- Foreign currency translation differences	-	-	-	-	3,439,601	-	**3,439,601**	341,589	**3,781,190**
Total comprehensive income for the financial year	-	-	-	-	3,439,601	94,640,043	**98,079,644**	276,699	**98,356,343**
Balance carried forward	216,369,443	6,173,370	1,346,681	12,736,117	(1,173,866)	243,991,142	**479,442,887**	7,306,266	**486,749,153**

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity
For The Financial Year Ended 31 May 2017
(Cont'd)

The Group	**Share capital RM**	**Warrant reserves RM**	**Capital reserves RM**	**Share Premium RM**	**Foreign exchange translation reserves RM**	**Retained profits RM**	**Total RM**	**Non-controlling interests RM**	**Total equity RM**
Balance brought forward	216,369,443	6,173,370	1,346,681	12,736,117	(1,173,866)	243,991,142	**479,442,887**	7,306,266	**486,749,153**
Contributions by and distribution to owners of the Company:									
- Dividend (Note 44)	-	-	-	-	-	(11,755,619)	**(11,755,619)**	-	**(11,755,619)**
- Issuance of shares	23,511,000	-	-	19,984,350	-	-	**43,495,350**	-	**43,495,350**
- Issuance of shares upon exercise of warrants	18,742,935	(5,885,282)	-	5,885,282	-	-	**18,742,935**	-	**18,742,935**
- Share issuance expenses	-	-	-	(564,296)	-	-	**(564,296)**	-	**(564,296)**
- Striking off subsidiaries	-	-	-	-	15,865	(15,865)	**-**	-	**-**
- Changes in ownership interest in subsidiaries (effects of change in stake)	-	-	-	-	-	(258,778)	**(258,778)**	(42,222)	**(301,000)**
- Transfer to retained earnings upon expiry of warrants	-	(288,088)	-	-	-	288,088	**-**	-	**-**
Total transactions with owners	42,253,935	(6,173,370)	-	25,305,336	15,865	(11,742,174)	**49,659,592**	(42,222)	**49,617,370**
Balance at 31.5.2016	258,623,378	-	1,346,681	38,041,453	(1,158,001)	232,248,968	**529,102,479**	7,264,044	**536,366,523**

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity
For The Financial Year Ended 31 May 2017
(Cont'd)

The Group	Share capital RM	Capital reserves RM	Share premium RM	Foreign exchange translation reserves RM	Retained profits RM	Total RM	Non-controlling interests RM	Total equity RM
Balance at 1.6.2016	258,623,378	1,346,681	38,041,453	(1,158,001)	232,248,968	**529,102,479**	7,264,044	**536,366,523**
Profit after taxation for the financial year	-	-	-	-	100,116,126	**100,116,126**	490,294	**100,606,420**
Other comprehensive income for the financial year:								
- Actuarial loss on defined benefit obligations	-	-	-	-	(18,997)	**(18,997)**	-	**(18,997)**
- Foreign currency translation differences	-	-	-	2,930,254	**-**	**2,930,254**	248,612	**3,178,866**
Total comprehensive income for the financial year	-	-	-	2,930,254	100,097,129	**103,027,383**	738,906	**103,766,289**
Balance carried forward	258,623,378	1,346,681	38,041,453	1,772,253	332,346,097	**632,129,862**	8,002,950	**640,132,812**

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity
For The Financial Year Ended 31 May 2017
(Cont'd)

The Group	Share capital RM	Employee share option reserves RM	Capital reserves RM	Share Premium RM	Foreign exchange translation reserves RM	Retained profits RM	Total RM	Non-controlling interests RM	Total equity RM
Balance brought forward	258,623,378	-	1,346,681	38,041,453	1,772,253	332,346,097	**632,129,862**	8,002,950	**640,132,812**
Contributions by and distribution to owners of the Company:									
- Dividend (Note 44)	-	-	-	-	-	(18,103,636)	**(18,103,636)**	-	**(18,103,636)**
- Bonus issue of shares	64,655,844	-	-	(38,041,453)	-	(26,614,391)	**-**	-	**-**
- Issuance of shares upon exercise of warrants	61,056	-	-	-	-	-	**61,056**	-	**61,056**
- Issuance of shares upon employees' share option exercised	7,170,594	-	-	-	-	-	**7,170,594**	-	**7,170,594**
- Recognition of share option expenses	-	1,910,283	-	-	-	-	**1,910,283**	-	**1,910,283**
- Transfer to share capital for employees' share option exercised	1,167,306	(1,167,306)	-	-	-	-	**-**	-	**-**
Total transactions with owners	73,054,800	742,977	-	(38,041,453)	-	(44,718,027)	**(8,961,703)**	-	**(8,961,703)**
Balance at 31.5.2017	331,678,178	742,977	1,346,681	-	1,772,253	287,628,070	**623,168,159**	8,002,950	**631,171,109**

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity
For The Financial Year Ended 31 May 2017
(Cont'd)

The Company	Share capital RM	Share premium RM	Warrant reserves RM	Retained profits RM	Total RM
Balance at 1.6.2015	216,369,443	12,736,117	6,173,370	15,696,413	250,975,343
Profit after taxation for the financial year	-	-	-	23,242,111	23,242,111
Contributions by and distribution to owners of the Company:					
- Issuance of shares	23,511,000	19,984,350	-	-	43,495,350
- Issuance of shares upon exercise of warrants	18,742,935	5,885,282	(5,885,282)	-	18,742,935
- Share issuance expenses	-	(564,296)	-	-	(564,296)
- Transfer to retained earnings upon expiry of warrants	-	-	(288,088)	288,088	-
- Dividend (Note 44)	-	-	-	(11,755,619)	(11,755,619)
Total transactions with owners	42,253,935	25,305,336	(6,173,370)	(11,467,531)	49,918,370
Balance at 31.5.2016	258,623,378	38,041,453	-	27,470,993	324,135,824

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity
For The Financial Year Ended 31 May 2017
(Cont'd)

The Company	Share capital RM	Share premium RM	Employee share option reserves RM	Retained profits RM	Total RM
Balance at 1.6.2016	258,623,378	38,041,453	-	27,470,993	324,135,824
Profit after taxation for the financial year	-	-	-	42,788,231	42,788,231
Contributions by and distribution to owners of the Company:					
- Issuance of shares upon employees' share option exercised	7,170,594	-	-	-	7,170,594
- Issuance of shares upon warrants exercised	61,056	-	-	-	61,056
- Bonus issue of shares	64,655,844	(38,041,453)	-	(26,614,391)	-
- Recognition of share option expenses	-	-	1,910,283	-	1,910,283
- Transfer to share capital for employees' share option exercised	1,167,306	-	(1,167,306)	-	-
- Dividend (Note 44)	-	-	-	(18,103,636)	(18,103,636)
Total transactions with owners	73,054,800	(38,041,453)	742,977	(44,718,027)	(8,961,703)
Balance at 31.5.2017	331,678,178	-	742,977	25,541,197	357,962,352

The annexed notes form an integral part of these financial statements.

Statements of Cash Flows
For The Financial Year Ended 31 May 2017

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Cash flows from operating activities				
Profit before tax:				
- continuing operations	141,554,701	126,077,872	43,263,779	23,445,222
- discontinued operations	(2,952,473)	(1,574,560)	-	-
Adjustments for:				
Accretion of interest on:				
- trade and non-trade receivables	824,229	(4,668,500)	-	-
- amounts owing by subsidiaries	-	-	746,228	86,242
- trade and non-trade payables	353,326	724,733	-	-
- amount owing to a director	(16,777)	569,765	-	-
Amortisation on biological assets	687,309	449,773	-	-
Bad debts recovered	(7,100)	-	-	-
Bad debts written off	106,003	784	-	-
Concesssion assets written off	323,637	-	-	-
Depreciation of:				
- concession assets	2,518,438	756,462	-	-
- investment properties	226,800	257,943	-	-
- property, plant and equipment	18,995,652	23,477,511	30,817	29,093
Dividend received from subsidiaries	-	-	(45,000,000)	(25,100,000)
Dividend received from short term funds	(2,699,402)	(2,780,277)	(1,201,195)	(1,271,811)
Equity-settled share based payment	1,910,283	-	1,910,283	-
Impairment loss on:				
- assets held for sale	1,211,210	-	-	-
- investment in subsidiaries	-	-	2,859,537	3,000,000
- investment property	-	1,800,000	-	-
- trade and non-trade receivables	137,476	1,203,190	-	-
Increase/(Decrease) in liability for defined benefit obligations	10,405	288,491	-	-
Interest expense	3,917,702	5,800,181	-	-
Interest income	(4,902,096)	(4,312,802)	(3,669,769)	(946,276)

The annexed notes form an integral part of these financial statements.

Statements of Cash Flows
For The Financial Year Ended 31 May 2017
(Cont'd)

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Cash flows from operating activities (Cont'd)				
Adjustments for: (Cont'd)				
Net gain on disposal of property, plant and equipment	(3,997,022)	(1,904,536)	-	-
Net unrealised loss/(gain) on foreign exchange	(1,138,717)	(724,183)	(997,384)	(1,537,303)
Share of results in joint ventures	(36,945)	-	-	-
Striking off of subsidiaries	-	8	-	1
Property, plant and equipment written off	1,018,400	132,525	-	1,897
Waiver of liability	(168,635)	(45,295)	-	-
Operating profit/(loss) before working capital changes	157,876,404	145,529,085	(2,057,704)	(2,292,935)
Changes in working capital:				
(Increase)/Decrease in amounts owing by/(to) contracts customers	1,233,856	(62,161,412)	-	-
(Increase)/Decrease in biological assets	-	(497,326)	-	-
(Increase)/Decrease in inter-company balances	-	-	(80,617,005)	(28,088,780)
(Increase)/Decrease in inventories	2,259,666	(69,607)	-	-
Increase/(Decrease) in payables	185,259,775	222,872,531	340,642	(48,539)
(Increase)/Decrease in property development costs	(246,210,454)	(288,649,288)	-	-
(Increase)/Decrease in receivables	(12,184,970)	7,520,862	(50,901)	(60,313)
Cash generated from operations	88,234,277	24,544,845	(82,384,968)	(30,490,567)
Net income tax paid	(50,238,626)	(26,605,422)	(458,657)	(207,599)
Net Operating Cash Flows	37,995,651	(2,060,577)	(82,843,625)	(30,698,166)

The annexed notes form an integral part of these financial statements.

Statements of Cash Flows
For The Financial Year Ended 31 May 2017
(Cont'd)

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash flows from investing activities				
Acquisition of:				
- concession assets	(31,615,107)	(13,730,834)	-	-
- property, plant and equipment (Note 46)	(4,715,152)	(3,203,711)	(113,956)	(3,744)
- investment properties	(3,724,052)	-	-	-
Dividends received from subsidiaries	-	-	45,000,000	25,100,000
Dividends received from short term funds	2,699,402	2,780,277	1,201,195	1,271,811
Interest received	4,902,096	4,312,802	3,669,769	946,276
Acquisition of joint ventures	(511)	-	-	-
Acquisition of subsidiaries:				
- investment in a new subsidiary	-	-	(11,993)	-
- acquisition of additional equity interest in a subsidiary from non-controlling interest existing subsidiary	-	(301,000)	-	-
Proceeds from disposal of:				
- concession assets	807,302	-	-	-
- property, plant and equipment	10,267,989	4,116,311	-	-
Striking off of subsidiaries, net cash and cash equivalents written off	-	(8)	-	(1)
Net Investing Cash Flows	(21,378,033)	(6,026,163)	49,745,015	27,314,342

The annexed notes form an integral part of these financial statements.

Statements of Cash Flows
For The Financial Year Ended 31 May 2017
(Cont'd)

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash flows from financing activities				
Dividends paid	(18,103,636)	(11,755,619)	(18,103,636)	(11,755,619)
Drawdown of bank borrowings	10,980,786	96,479,993	-	-
Fixed deposits pledged as security values	2,333,137	2,386,704	(269,968)	(272,962)
Interest paid	(3,917,702)	(5,800,181)	-	-
Proceeds from issuance of:				
- share capital	-	43,495,350	-	43,495,350
- warrants exercised	61,056	18,742,935	61,056	18,742,935
- employees' share option exercised	7,170,594	-	7,170,594	-
Share issuance expenses	-	(564,296)	-	(564,296)
Repayment of:				
- bank borrowings	(30,640,382)	(63,667,549)	-	-
- hire purchase payables	(18,044,647)	(10,601,120)	-	-
Net Financing Cash Flows	(50,160,794)	68,716,217	(11,141,954)	49,645,408
Net change in cash and cash equivalents	(33,543,176)	60,629,477	(44,240,564)	46,261,584
Effect of exchange rate changes on cash and cash equivalents	2,260,563	1,776,705	13,008	12,304
Cash and cash equivalents at the beginning of the financial year	232,503,932	170,097,750	84,152,953	37,879,065
Cash and cash equivalents at the end of the financial year (Note 47)	201,221,319	232,503,932	39,925,397	84,152,953

The annexed notes form an integral part of these financial statements.

Notes to Financial Statements

For The Financial Year Ended 31 May 2017

1. General Information

The Company is a public company limited by shares, incorporated and domiciled in Malaysia. The registered office, which is also the principal place of business, is at Wisma Gadang, No. 52, Jalan Tago 2, Off Jalan Persiaran Utama, Sri Damansara, 52200 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 15 September 2017.

2. Principal Activities

The Company is principally engaged in the businesses of investment holding and the provision of management services to the subsidiaries. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

3. Basis Of Preparation

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act 2016 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

FRSs and/or IC Interpretations (Including the Consequential Amendments)

FRS 14 Regulatory Deferral Accounts

Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities – Applying the Consolidation Exception

Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations

Amendments to FRS 101: Disclosure Initiative

Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to FRS 127: Equity Method in Separate Financial Statements

Annual Improvements to FRSs 2012 – 2014 Cycle

Notes to Financial Statements
For The Financial Year Ended 31 May 2017
(Cont'd)

3. Basis Of Preparation (Cont'd)

3.1 The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements except as follows:-

The amendments to FRS 101 explore how financial statement disclosures can be improved. The amendments provide clarification on a number of issues, including presentation of items of other comprehensive income (OCI) arising from equity-accounted investments whereby an entity's share of OCI of equity-accounted associates and joint ventures should be aggregated as a single item in the statement of other comprehensive income based on whether or not it will subsequently be reclassified to profit or loss. There is no financial impact on the financial statements of the Group upon its initial application of these amendments other than the presentation format of its consolidated statement of profit or loss and other comprehensive income.

3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") after 1 June 2016 but are not yet effective for the current financial year:-

FRSs and/or IC Interpretations (Including the Consequential Amendments)	Effective Date
FRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to FRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 4: Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts	1 January 2018
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to FRS 107: Disclosure Initiative	1 January 2017
Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to FRS 140: Transfers of Investment Property	1 January 2018
Annual Improvements to FRS Standards 2014 – 2016 Cycles:	
• Amendments to FRS 12: Clarification of the Scope of the Standard	1 January 2017

3. BASIS OF PREPARATION (CONT'D)

3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") after 1 June 2016 but are not yet effective for the current financial year:- (Cont'd)

FRSs and/or IC Interpretations (Including the Consequential Amendments)	**Effective Date**
Annual Improvements to FRS Standards 2014 – 2016 Cycles:	
• Amendments to FRS 1: Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to FRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018

As disclosed in Note 3.3 to the financial statements, the Group will be applying the Malaysian Financial Reporting Standards Framework for the annual period beginning on or after 1 June 2018. Therefore, the FRSs which are effective for annual periods beginning on or after 1 January 2018 above will not be applicable to the Group. The adoption of the other accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application, except as follows:-

The amendments to FRS 107 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application. However, additional disclosure notes on the statements of cash flows may be required.

3.3 MASB has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs"), that are to be applied by all entities other than private entities; with the exception of entities that are within the scope of MFRS 141 (Agriculture) and IC Interpretation 15 (Agreements for Construction of Real Estate), including its parent, significant investor and venturer (herein called "transitioning entities").

As further announced by MASB on 28 October 2015, the transitioning entities are allowed to defer the adoption of MFRSs to annual periods beginning on or after 1 January 2018.

Accordingly, as a transitioning entity as defined above, the Group has chosen to defer the adoption of MFRSs and will only prepare its first set of MFRS financial statements for the financial year ending 31 May 2019. The Group is currently assessing the possible financial impacts that may arise from the adoption of MFRSs and the process is still ongoing.

Notes to Financial Statements
For The Financial Year Ended 31 May 2017
(Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(a) *Depreciation of Property, Plant and Equipment*

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) *Income Taxes*

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made.

(c) *Impairment of Non-financial Assets*

When the recoverable amount of an asset is determined based on the estimate of the value in use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Critical Accounting Estimates and Judgements (Cont'd)

(d) Property Development

The Group recognised property development revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that the property development costs incurred for work performed to date bear to the estimated total property development costs.

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.

(e) Construction Contracts

Construction contracts accounting requires reliable estimation of the costs to complete the contract and reliable estimation of the stage of completion.

(i) Contract Revenue

Construction contracts accounting requires that variation claims and incentive payments only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customers. As the approval process often takes some time, a judgement is required to be made of its probability and revenue recognised accordingly.

(ii) Contract Costs

Using experience gained on each particular contract and taking into account the expectations of the time and materials required to complete the contract, management estimates the profitability of the contract on an individual basis at any particular time.

Notes to Financial Statements
For The Financial Year Ended 31 May 2017
(Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Critical Accounting Estimates and Judgements (Cont'd)

(f) Classification between Investment Properties and Owner-occupied Properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(g) Impairment of Available-for-sale Financial Assets

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

(h) Fair Value Estimates for Certain Financial Assets and Financial Liabilities

The Group carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Critical Accounting Estimates and Judgements (Cont'd)

(i) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(j) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(k) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(l) Deferred Tax Assets and Liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which actual realisation and settlement occurs.

Notes to Financial Statements
For The Financial Year Ended 31 May 2017
(Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Critical Accounting Estimates and Judgements (Cont'd)

(m) Revaluation of Properties

Certain properties of the Group are reported at valuation which is based on valuations performed by independent professional valuers.

The independent professional valuers have exercised judgement in determining discount rates, estimates of future cash flows, capitalisation rate, terminal year value, market freehold rental and other factors used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates.

(n) Projected Water Revenue of the Concession

Significant estimation is involved in determining projected water revenue of concession where the concession period ranges between 15 to 25 years. The projected water revenue is estimated based on the contracted tariff as set out in Concession Agreement and projected water consumption as assessed by the management.

A projection, in this context, means prospective financial information prepared on the basis of assumptions that includes hypothetical assumptions as to future events and management's actions. The projection covers an extended future period for which there are inherent risks; actual results could differ from the projection, which will result in operating results being adjusted in the period in which the revision to assumptions is made.

(o) Carrying Value of Investments in Subsidiaries

Investments in subsidiaries are reviewed for impairment annually in accordance with its accounting policy or whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and are significantly affected by assumptions and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the carrying value of investments in subsidiaries.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Critical Accounting Estimates and Judgements (Cont'd)

(p) Share-based Payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity investments at the date at which they are granted. The estimating of the fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option volatility and dividend yield and making assumptions about them.

4.2 Financial Instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in FRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

Notes to Financial Statements
For The Financial Year Ended 31 May 2017
(Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Financial Instruments (Cont'd)

(a) Financial Assets (Cont'd)

(i) Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. Fair value through profit or loss category also comprises contingent consideration in a business combination.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current assets or non-current assets. Financial assets that are held primarily for trading purposes are presented as current assets whereas financial assets that are not held primarily for trading purposes are presented as current assets or non-current assets based on the settlement date.

(ii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Financial Instruments (Cont'd)

(a) Financial Assets (Cont'd)

(iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

(iv) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Notes to Financial Statements
For The Financial Year Ended 31 May 2017
(Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Financial Instruments (Cont'd)

(a) Financial Assets (Cont'd)

(iv) Available-for-sale Financial Assets (Cont'd)

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. Fair value through profit or loss category also comprises contingent consideration in a business combination.

(ii) Other Financial Liabilities

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Financial Instruments (Cont'd)

(c) *Equity Instruments*

Ordinary shares classified as equity are measured initially at cost and are not remeasured subsequently. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) *Derecognition*

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4.3 Functional and Foreign Currencies

(a) *Functional and Presentation Currency*

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) *Foreign Currency Transactions and Balances*

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

Notes to Financial Statements
For The Financial Year Ended 31 May 2017
(Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Functional and Foreign Currencies (Cont'd)

(c) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to foreign operation is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

Upon loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Notes to Financial Statements
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(Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Basis of Consolidation (Cont'd)

Business Combinations from 1 June 2011 Onwards

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

Business Combinations before 1 June 2011

All subsidiaries are consolidated using the purchase method. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Non-controlling interests are initially measured at their share of the fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition.

4.5 Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Goodwill (Cont'd)

Business Combinations from 1 June 2011 Onwards

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

Business Combinations before 1 June 2011

Under the purchase method, goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

If after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised as income immediately in profit or loss.

Interest on Associates and Joint Ventures

In respect of equity-accounted associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates and joint ventures.

4.6 Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes the transaction costs.

Investments in subsidiaries are stated at fair value in accordance with FRS 139 and are classified as available-for-sale financial assets.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Investments in Associates

An associate is an entity in which the Group has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 31 May 2017. The Group's share of the post-acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with FRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

4.8 Joint Arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements returns.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint operations and joint ventures.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Joint Arrangements (Cont'd)

(a) Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, the obligations for the liabilities, relating to the arrangement. The Group accounts for each of its interest in the joint operations the assets, liabilities, revenue and expenses (including its share of those held or incurred jointly with the other investors) in accordance with the applicable accounting standards.

(b) Joint Ventures

A joint venture is a joint arrangement whereby the Group has rights only to the net assets of the arrangement.

The investment in a joint venture is accounted for in the consolidated financial statements using the equity method, based on the financial statements of the joint venture made up to 31 May 2017. The Group's share of the post-acquisition profits and other comprehensive income of the joint venture is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that joint control commences up to the effective date when the investment ceases to be a joint venture or when the investment is classified as held for sale. The Group's interest in the joint venture is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated unless cost cannot be recovered.

Notes to Financial Statements
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(Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Joint Arrangements (Cont'd)

(b) Joint Ventures (Cont'd)

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with FRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that joint venture to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method when an investment in a joint venture becomes an investment in an associate. Under such change in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the joint venture will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in joint ventures are recognised in profit or loss.

4.9 Property, Plant and Equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and any impairment losses.

Freehold land is stated at valuation less impairment losses recognised after the date of the revaluation. Freehold buildings are stated at revalued amount less accumulated depreciation and impairment losses recognised after the date of the revaluation.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Property, Plant and Equipment (Cont'd)

The principal annual rates used for this purpose are:-

Leasehold land	Over lease period
Buildings	2% - 20%
Plant and machinery	10% - 20%
Tools and equipment	10% - 20%
Office equipment	10% - 25%
Furniture and fittings	10%
Motor vehicles	10% - 25%
Renovation	10% - 25%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

4.10 Biological Assets

Biological assets are stated at cost less accumulated amortisation and impairment loss, if any.

Planting expenditure incurred on land clearing, upkeep of immature trees, administrative expenses directly attributable to planting and interest incurred during the pre-cropping period is capitalised at cost as biological assets. Upon maturity, all subsequent maintenance expenditure is recognised in profit or loss.

Pre-cropping cost is amortised on a straight-line basis over 20 years, the expected useful lives of oil palm trees, upon maturity.

Notes to Financial Statements
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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 Impairment

(a) *Impairment of Financial Assets*

All financial assets (other than those categorised at fair value through profit or loss, investments in subsidiaries and investments in associates and joint venture), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be an objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity into profit or loss.

With the exception of available-for-sale debt instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 Impairment (Cont'd)

(b) *Impairment of Non-financial Assets*

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case, the reversal of the impairment loss is treated as a revaluation increase.

4.12 Investment Properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Notes to Financial Statements
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(Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 Investment Properties (Cont'd)

Depreciation is charged to profit or loss on the straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties range from 50 to 94 years.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

4.13 Inventories

(a) Inventories, which consist of completed development properties held for sale, the cost of completed development properties is stated at the lower of historical cost and net realisable value. Historical cost includes, where relevant, cost associated with the acquisition of land, including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended case, related development costs to projects, direct building cost and other costs of bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

(b) Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 Property Development Costs

(a) *Land Held For Property Development*

Land held for property development consist of land costs where no development activities are carried out or where development activities are not expected to be completed within the normal operating cycle. Land held for property development is classified as non-current asset and carried at cost less accumulated impairment losses, if any.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Pre-acquisition costs are charged to profit or loss as incurred unless such costs are directly identifiable to the consequent property development activity.

Land held for property development is classified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(b) *Property Development Costs*

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Property development costs that are not recognised as an expense are recognised as an asset and carried at the lower of cost and net realisable value.

When the financial outcome of a development activity can be reliably estimated, the amount of property revenue and expenses recognised in profit or loss are determined by reference to the stage of completion method. The stage of completion is determined based on the proportion that the property development costs incurred for work performed to date bear to the estimated total property development costs at the end of the reporting period.

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 will be recoverable. The property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Where it is probable that property development costs will exceed property development revenue, any expected loss is recognised as an expense in profit or loss immediately, including costs to be incurred over the defects liability period.

Notes to Financial Statements
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(Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 Progress Billing/Accrued Billings

In respect of progress billings:-

(i) Where revenue recognised in profit or loss exceeds the billings to purchasers, the balance is shown as accrued billings under current assets; and

(ii) Where billings to purchasers exceed the revenue recognised in profit or loss, the balance is shown as progress billings under current liabilities.

4.16 Amounts Owing By/(To) Contract Customers

The amounts owing by/(to) contract customers are stated at cost plus profits attributable to contracts in progress less progress billings and allowance for foreseeable losses, if any. Cost includes direct materials, labour and applicable overheads.

4.17 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

4.18 Income Taxes

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the tax authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 Income Taxes (Cont'd)

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST except for the GST in a purchase of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

In addition, receivables and payables are also stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in non-trade receivables or non-trade payables.

Notes to Financial Statements
For The Financial Year Ended 31 May 2017
(Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and deposits pledged to financial institutions.

4.20 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

Onerous Contracts

A provision for onerous contract is recognised when the expected benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

4.21 Employee Benefits

(a) *Short-term Benefits*

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss and included in the cost of sales and administrative expenses, where appropriate, in the period in which the associated services are rendered by employees of the Group.

(b) *Defined Contribution Plans*

The Group's contributions to a defined contribution plans are recognised in profit or loss and included in the cost of sales and administrative expenses, where appropriate, in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans. Foreign subsidiaries of the Group makes contributions to its respective country's pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 Employee Benefits (Cont'd)

(c) Unfunded Defined Benefit Plan

Foreign subsidiaries in Indonesia operate an unfunded defined benefit plan ("the plan") for its eligible employees in accordance with the local labour law. The defined benefit obligations under the plan, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries. That benefit is discounted to determine its present value.

The amount recognised in the statements of financial position represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service costs.

(d) Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the end of the reporting date are discounted to present value.

(e) Share-based Payment Transactions

The Group operates an equity-settled share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Company (known as "share options").

At grant date, the fair value of the share options is recognised as an expense on a straight-line method over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding credit to employee share option reserve in equity. The amount recognised as an expense is adjusted to reflect the actual number of the share options that are expected to vest. Service and non-market performance conditions attached to the transaction are not taken into account in determining the fair value.

Upon expiry of the share option, the employee share option reserve is transferred to retained profits.

When the share options are exercised, the employee share option reserve is transferred to share capital if new ordinary shares are issued.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.22 Related Parties

A party is related to an entity (referred to as the "reporting entity") if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:-

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a) above.
(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including any director (whether executive or otherwise) of that entity.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

The Group does not recognise a contingent liability but disclose its existence in the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4.24 Earnings Per Ordinary Share

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

4.25 Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. However, this basis does not apply to share-based payment transactions.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Notes to Financial Statements
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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.26 Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable, net of returns, goods and services tax, cash and trade discounts.

(a) *Construction Contracts*

Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case revenue on contracts is only recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

The stage of completion is determined based on the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

(b) *Property Development Revenue*

Revenue from property development is recognised from the sale of completed and uncompleted development properties.

Revenue from sale of completed development properties is recognised when the sale is contracted.

Revenue on uncompleted development properties contracted for sale is recognised based on the stage of completion method unless the outcome of the development cannot be reliably determined in which case the revenue on the development is only recognised to the extent of development costs incurred that are recoverable.

The stage of completion is determined based on the proportion that the development costs incurred for work performed to date bear to the estimated total development costs.

Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the development will result in a loss.

(c) *Sale of Goods*

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer and where the Group does not have continuing managerial involvement and effective control over the goods sold.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.26 Revenue and Other Income (Cont'd)

(d) Management Fee and Administrative Charges

Management fee and administrative charges are recognised on an accrual basis.

(e) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

(f) Dividend Income

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

(g) Interest Income

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

(h) Water Concession

Revenue from water concession is recognised upon transfer of treated water as measured by the meter in the water treatment plant.

4.27 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4.28 Warrants

Warrants are recognised on the date of issue. The issue of ordinary shares upon exercise of warrants are treated as new subscription of ordinary shares for the consideration equivalent to the warrants exercise price.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.29 Concession Assets

Concession assets comprise structures, land and buildings, water treatment plants and equipment, reservoirs, dams and distribution pipes operated and maintained by the Group under the Concession Agreements entered into by the Group.

Concession assets are depreciated over the concession period using the unit of water revenue method as follows:

$$\frac{\text{Cumulative actual water revenue}}{\text{Total projected water revenue of the concession}} \times \text{Concession assets capitalised to date}$$

The rationale for using the unit of water revenue method is in line with the pattern in which the assets' economic benefits are consumed by the Group.

The projected total water revenue is estimated based on the contracted tariff and projected water consumption.

At the end of each reporting date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount.

4.30 Non-Current Assets Held for Sale and Discontinued Operations

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Upon classification as held for sale, non-current assets or components of a disposal group are not depreciated and are measured at the lower of their carrying amount and fair value less cost to sell. Any differences are recognised in profit or loss.

A discontinued operations is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operations occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operations, the comparative statement of profit or loss and other comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.31 Leased Assets

Finance Assets

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

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5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2017 RM	2016 RM
Unquoted shares, at cost	105,669,843	105,657,850
Amount owing by subsidiaries	31,982,311	31,982,311
	137,652,154	137,640,161
Allowance for impairment loss	(11,569,537)	(8,710,000)
	126,082,617	128,930,161
Allowance for impairment loss:-		
At 1 June	(8,710,000)	(5,710,000)
Addition during the financial year (Note 37)	(2,859,537)	(3,000,000)
At 31 May	(11,569,537)	(8,710,000)

During the financial year, an impairment loss of RM2,859,537 (2016 - RM3,000,000), representing the write-down of the investment in subsidiaries to their recoverable amounts, was recognised in "Other Expenses" line item of the statement of profit or loss. The recoverable amounts were determined based on their value in use approach and the post-tax discount rate used was 7.0% (2016 - 7.0%).

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business / Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2017	2016	Principal Activities
Gadang Engineering (M) Sdn Bhd and its subsidiaries	Malaysia	100%	100%	Earthwork, building and civil engineering and construction work contractors and investment holding
Bincon Sdn Bhd	Malaysia	100%	100%	Hire of plant and machinery
Era Berkat Sdn Bhd *	Malaysia	100%	100%	Earthwork contractor
Katah Realty Sdn Bhd	Malaysia	100%	100%	Building and civil engineering construction works

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5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiary	Principal Place of Business / Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2017	2016	Principal Activities
Gadang Engineering (M) Sdn Bhd and its subsidiaries (Cont'd)				
Kartamo Corporation Sdn Bhd	Malaysia	100%	100%	Building and civil engineering construction works
Gadang Construction Sdn Bhd	Malaysia	100%	100%	Earthwork, building and civil engineering construction works
Regional Utilities Sdn Bhd and its subsidiaries *	Malaysia	100%	100%	Investment holding
PT Asian Utilities Indonesia #	Indonesia	100%	-	Management consulting services
Asian Utilities Pte Ltd * and its subsidiaries	Singapore	100%	100%	Investment holding
PT Taman Tirta Sidoarjo *	Indonesia	95%	95%	Water concession
PT Bintang Hytien Jaya *	Indonesia	95%	95%	Water concession
PT Hanarida Tirta Birawa *	Indonesia	95%	95%	Water concession
PT Ikhwan Mega Power *	Indonesia	60%	60%	Power concession
PT Dewata Bangun Tirta *	Indonesia	95%	95%	Water concession
PT Hidronusa Rawan Energi *	Indonesia	80%	80%	Power concession
Datapuri Sdn Bhd	Malaysia	51%	51%	Provision of mechanical and electrical engineering services
Mandy Corporation Sdn Bhd	Malaysia	100%	100%	Property development, building and civil engineering contractor

Notes to Financial Statements
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(Cont'd)

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiary	Principal Place of Business / Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2017	2016	Principal Activities
Achwell Property Sdn Bhd	Malaysia	100%	100%	Property development
Gadang Land Sdn Bhd and its subsidiaries	Malaysia	100%	100%	Property development, provision of management services and investment holding
Magnaway Sdn Bhd *	Malaysia	100%	100%	Property management and maintenance
Noble Paradise Sdn Bhd *	Malaysia	100%	100%	Property development
Sama Pesona Sdn Bhd *	Malaysia	100%	100%	Property development
Damai Klasik Sdn Bhd *	Malaysia	100%	100%	Property development
City Version Sdn Bhd *	Malaysia	100%	100%	Property development
Splendid Pavilion Sdn Bhd *	Malaysia	100%	100%	Property development
Natural Domain Sdn Bhd	Malaysia	100%	100%	Property development
Crimson Villa Sdn Bhd *	Malaysia	100%	100%	Property development
Elegance Sonata Sdn Bhd *	Malaysia	100%	100%	Property development
Hillstrand Development Sdn Bhd	Malaysia	100%	100%	Property development
Detik Tiara Sdn Bhd	Malaysia	100%	100%	Property development
Skyline Symphony Sdn Bhd *	Malaysia	100%	100%	Property development
Tema Warisan Sdn Bhd *	Malaysia	100%	100%	Dormant
Prelude Avenue Sdn Bhd *	Malaysia	100%	100%	Property development
Gadang Properties Sdn Bhd and its subsidiary	Malaysia	100%	100%	Property development and investment holding
Buildmark Sdn Bhd *	Malaysia	100%	100%	Property development

Notes to Financial Statements
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(Cont'd)

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiary	Principal Place of Business / Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2017	2016	Principal Activities
Flora Masyhur Sdn Bhd* and its subsidiary	Malaysia	100%	100%	Property development
Camar Ajaib Sdn Bhd	Malaysia	100%	100%	Property development
GLP Resources (M) Sdn Bhd and its subsidiaries *	Malaysia	100%	100%	Dormant
GLP Manufacturing (M) Sdn Bhd *	Malaysia	100%	100%	Dormant
GLP Paints (M) Sdn Bhd^	Malaysia	-	100%	Struck off
Gadang Plantations Holdings Sdn Bhd* and its subsidiaries	Malaysia	100%	100%	Investment holding
Desiran Impian Sdn Bhd	Malaysia	100%	100%	Oil palm plantation
Jauhari Mahir Sdn Bhd *	Malaysia	100%	100%	Dormant

* *Not audited by Messrs. Crowe Horwath.*
^ *The subsidiary has been struck off during the current financial year.*
\# *Not required to be audited under the laws of the country of incorporation.*

<u>Changes in the Group Structure during the financial year</u>

A. Voluntary Strike-Off

On 15 May 2017, GLP Paints (M) Sdn Bhd, a dormant indirect wholly-owned subsidiary of the Company has been struck off from the Registrar of the Companies Commission of Malaysia pursuant to Section 308(4) of the Companies Act 1965.

B. Acquisition of Subsidiary

On 26 August 2016, the Company's wholly-owned subsidiary, Regional Utilities Sdn Bhd ("RUSB") incorporated a new subsidiary in Indonesia under the name of PT. Asian Utilities Indonesia ("PTAUI"), with a paid-up share capital of IDR3,945,000,000 (equivalent to USD300,000) divided into 300,000 shares of IDR13,150 each (equivalent to USD1.00 each) of which RUSB holds 99% and the remaining 1% is held by the Company. The intended activity of PTAUI is to provide business management consulting services.

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5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2017	2016	2017	2016
	%	%	RM	RM
Datapuri Sdn Bhd	49	49	3,163,680	2,982,643
PT Hidronusa Rawan Energi	20	20	2,082,478	1,971,100
Other individual immaterial subsidiaries			2,756,792	2,310,301
			8,002,950	7,264,044

The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:-

	Datapuri Sdn Bhd	
	2017	2016
	RM	RM
At 31 May		
Non-current assets	2,132,718	2,160,721
Current assets	30,035,571	20,445,728
Non-current liabilities	(2,517,513)	(2,576,101)
Current liabilities	(23,140,262)	(13,943,322)
Net assets	6,510,514	6,087,026
Financial year ended 31 May		
Revenue	39,302,818	26,649,669
Profit for the financial year	332,518	644,159
Total comprehensive income	332,518	644,159
Total comprehensive income attributable to non-controlling interests	162,934	315,638
Net cash flows from/(for) operating activities	(3,049,049)	1,229,962
Net cash flows from/(for) investing activities	(37,507)	64,977
Net cash flows from/(for) financing activities	6,886,827	1,935,585

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5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

	PT Hidronusa Rawan Energi	
	2017	2016
	RM	RM
At 31 May		
Non-current assets	1,812,970	1,612,467
Current assets	8,613,604	8,256,464
Current liabilities	(14,187)	(13,431)
Net assets	10,412,387	9,855,500
Financial year ended 31 May		
Revenue	-	-
Loss for the financial year	(63,356)	(126,251)
Total comprehensive income	556,889	699,668
Total comprehensive income attributable to non-controlling interests	111,378	139,934
Net cash flows from/(for) operating activities	(65,688)	(193,747)
Net cash flows from/(for) investing activities	(99,057)	(319,701)
Net cash flows from/(for) financing activities	1,027,200	(130,817)

6. INVESTMENT IN AN ASSOCIATE

	The Group	
	2017	2016
	RM	RM
Unquoted shares, at cost	25	25
Share of post-acquisition reserves	(25)	(25)
	-	-

The details of the associate are as follows:-

Name of Associate	Principal Place of Business / Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activity
Maha Abadi Sdn Bhd	Malaysia	25%	25%	Dormant

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7. INVESTMENT IN JOINT VENTURES

	The Group 2017 RM	The Group 2016 RM
Unquoted shares, at cost	511	-
Share of post-acquisition reserves	36,945	-
	37,456	-

The details of the joint ventures are as follows:-

Name of Joint Venture	Principal Place of Business	Effective Equity Interest 2017	Effective Equity Interest 2016	Principal Activities
Zeta Datapuri JV Sdn Bhd	Malaysia	45%	-	Provision of mechanical and electrical engineering services
Gadang CRFG Consortium Sdn Bhd	Malaysia	51%	-	Building and civil engineering construction works

(a) The Group's involvement in joint arrangements are structured through separate vehicles which provide the Group rights to the net assets of the entities. Accordingly, the Group has classified these investments as joint ventures.

(b) Although the Group holds more than 50% of the voting power in Gadang CRFG Consortium Sdn Bhd, the Group has determined that it does not have sole control over the investee considering that strategic and financial decisions of the relevant activities of the investee require unanimous consent by all shareholders.

(c) The summarised unaudited financial information (after the alignment for the Group's accounting policies) for each joint venture that is immaterial to the Group is as follows:-

	Individually Immaterial Joint Ventures 2017 RM	Individually Immaterial Joint Ventures 2016 RM
Financial year ended 31 May		
Group's share of profit for the financial year	36,945	-
Group's share of other comprehensive income	-	-
Group's share of total comprehensive income	36,945	-
Aggregate carrying amount of the Group's interests in joint ventures	37,456	-

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8. CONCESSION ASSETS

	The Group	
	2017	2016
	RM	RM
At cost:-		
At 1 June	80,488,508	62,735,797
Additions	31,615,107	13,730,834
Disposals/writte off	(1,281,208)	-
Foreign exchange difference	3,791,753	4,021,877
	114,614,160	80,488,508
Accumulated depreciation		
At 1 June	(18,864,216)	(16,398,897)
Charge for the financial year (Note 37)	(2,518,438)	(756,462)
Disposals/writte off	150,269	-
Foreign exchange difference	(1,432,136)	(1,708,857)
	(22,664,521)	(18,864,216)
Accumulated impairment loss		
At 1 June	(310,988)	(285,244)
Foreign exchange difference	(19,565)	(25,744)
	(330,553)	(310,988)
At 31 May	91,619,086	61,313,304

Included in the concession assets are land, building and generator with an aggregate carrying value of RM12,828,891 (2016 - RM7,459,992) pledged to licensed banks as security for credit facilities granted to subsidiaries as disclosed in Note 29 to the financial statements.

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For The Financial Year Ended 31 May 2017
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9. PROPERTY, PLANT AND EQUIPMENT

The Group 31 May 2017 **Cost/Valuation**	Freehold land RM	Leasehold land RM	Buildings RM	Plant and machinery RM	Tools and equipment RM	Office equipment RM	Furniture and fittings RM	Motor vehicles RM	Renovation RM	Total RM
At 1 June	2,860,000	144,000	10,438,283	143,955,132	8,007,141	2,917,099	1,896,844	15,338,883	1,585,085	187,142,467
Reclassification	-	4,710,550	-	-	-	-	-	-	-	4,710,550
Additions	-	-	36,523	6,207,170	185,536	584,267	318,835	2,524,931	110,390	9,967,652
Disposals/Write off	-	-	-	(17,748,170)	(356,461)	(1,550)	-	(426,778)	-	(18,532,959)
Foreign exchange difference	-	-	1,368	-	-	31,733	-	32,076	874	66,051
Assets classified as held for sale	-	-	(1,261,313)	(1,030,994)	(152,972)	(20,982)	-	(658,756)	-	(3,125,017)
At 31 May	2,860,000	4,854,550	9,214,861	131,383,138	7,683,244	3,510,567	2,215,679	16,810,356	1,696,349	180,228,744
Representing:										
At cost	-	4,854,550	781,712	131,383,138	7,683,244	3,510,567	2,215,679	16,810,356	1,696,349	168,935,595
At valuation	2,860,000	-	8,433,149	-	-	-	-	-	-	11,293,149
	2,860,000	4,854,550	9,214,861	131,383,138	7,683,244	3,510,567	2,215,679	16,810,356	1,696,349	180,228,744

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	Freehold land RM	Leasehold land RM	Buildings RM	Plant and machinery RM	Tools and equipment RM	Office equipment RM	Furniture and fittings RM	Motor vehicles RM	Renovation RM	Total RM
31 May 2017										
Accumulated depreciation										
At 1 June	-	19,200	3,635,723	83,014,249	5,306,626	1,645,540	1,430,729	10,412,044	1,152,111	106,616,222
Reclassification	-	153,072	-	-	-	-	-	-	-	153,072
Charge for the financial year										
- recognised in profit or loss (Note 37 and 42)	-	53,122	406,910	105,140	621,148	274,117	104,899	1,982,943	189,679	3,737,958
- recognised in cost of sales (Note 35)	-	-	-	14,988,390	115,054	45,083	2,468	106,699	-	15,257,694
	-	53,122	406,910	15,093,530	736,202	319,200	107,367	2,089,642	189,679	18,995,652
Disposals/Write off	-	-	-	(10,709,151)	(237,649)	(635)	-	(296,156)	-	(11,243,591)
Foreign exchange difference	-	-	616	-	-	22,608	-	17,428	977	41,629
Assets classified as held for sale	-	-	(1,013,705)	(522,186)	(60,371)	(9,398)	-	(476,819)	-	(2,082,479)
At 31 May	-	225,394	3,029,544	86,876,442	5,744,808	1,977,315	1,538,096	11,746,139	1,342,767	112,480,505

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(Cont'd)

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	Freehold land RM	Leasehold land RM	Buildings RM	Plant and machinery RM	Tools and equipment RM	Office equipment RM	Furniture and fittings RM	Motor vehicles RM	Renovation RM	Total RM
31 May 2017										
Accumulated impairment loss										
At 1 June	-	-	-	4,101,182	-	967	-	-	-	4,102,149
Disposals/Write off	-	-	-	-	-	-	-	-	-	-
Foreign exchange difference	-	-	-	-	-	61	-	-	-	61
At 31 May	-	-	-	4,101,182	-	1,028	-	-	-	4,102,210
Carrying value										
At cost	-	4,629,156	706,820	40,405,514	1,938,436	1,532,224	677,583	5,064,217	353,582	55,307,532
At valuation	2,860,000	-	5,478,497	-	-	-	-	-	-	8,338,497
	2,860,000	4,629,156	6,185,317	40,405,514	1,938,436	1,532,224	677,583	5,064,217	353,582	63,646,029

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	Freehold land RM	Leasehold land RM	Buildings RM	Plant and machinery RM	Tools and equipment RM	Office equipment RM	Furniture and fittings RM	Motor vehicles RM	Renovation RM	Total RM
31 May 2016										
Cost/Valuation										
At 1 June	2,860,000	144,000	10,436,483	146,245,838	8,927,656	3,854,641	1,930,614	16,253,373	1,750,277	192,402,882
Additions	-	-	-	6,259,500	1,859,304	90,165	56,136	879,406	-	9,144,511
Disposals/Write off	-	-	-	(8,550,206)	(2,779,819)	(1,008,602)	(88,971)	(1,837,173)	(87,858)	(14,352,629)
Foreign exchange difference	-	-	1,800	-	-	(19,105)	(935)	43,277	(77,334)	(52,297)
At 31 May	2,860,000	144,000	10,438,283	143,955,132	8,007,141	2,917,099	1,896,844	15,338,883	1,585,085	187,142,467
Representing:										
At cost	-	144,000	2,005,134	143,955,132	8,007,141	2,917,099	1,896,844	15,338,883	1,585,085	175,849,318
At valuation	2,860,000	-	8,433,149	-	-	-	-	-	-	11,293,149
	2,860,000	144,000	10,438,283	143,955,132	8,007,141	2,917,099	1,896,844	15,338,883	1,585,085	187,142,467

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group 31 May 2016 Accumulated depreciation	Freehold land RM	Leasehold land RM	Buildings RM	Plant and machinery RM	Tools and equipment RM	Office equipment RM	Furniture and fittings RM	Motor vehicles RM	Renovation RM	Total RM
At 1 June	-	17,280	3,226,540	69,300,081	7,508,557	2,413,056	1,433,769	10,121,750	1,136,392	95,157,425
Charge for the financial year										
- recognised in profit or loss (Note 37)	-	1,920	408,628	105,445	479,899	215,068	84,237	1,687,472	180,892	3,163,561
- recognised in cost of sales (Note 35)	-	-	-	19,884,617	85,710	34,822	1,541	307,260	-	20,313,950
	-	1,920	408,628	19,990,062	565,609	249,890	85,778	1,994,732	180,892	23,477,511
Disposals/Write off	-	-	-	(6,275,894)	(2,767,540)	(983,390)	(88,035)	(1,723,608)	(87,839)	(11,926,306)
Foreign exchange difference	-	-	555	-	-	(34,016)	(783)	19,170	(77,334)	(92,408)
At 31 May	-	19,200	3,635,723	83,014,249	5,306,626	1,645,540	1,430,729	10,412,044	1,152,111	106,616,222

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	Freehold land RM	Leasehold land RM	Buildings RM	Plant and machinery RM	Tools and equipment RM	Office equipment RM	Furniture and fittings RM	Motor vehicles RM	Renovation RM	Total RM
31 May 2016										
Accumulated impairment loss										
At 1 June	-	-	-	4,183,205	-	887	-	-	-	4,184,092
Disposals/Write off	-	-	-	(82,023)	-	-	-	-	-	(82,023)
Foreign exchange difference	-	-	-	-	-	80	-	-	-	80
At 31 May	-	-	-	4,101,182	-	967	-	-	-	4,102,149
Carrying value										
At cost	-	124,800	1,155,400	56,839,701	2,700,515	1,270,592	466,115	4,926,839	432,974	67,916,936
At valuation	2,860,000	-	5,647,160	-	-	-	-	-	-	8,507,160
	2,860,000	124,800	6,802,560	56,839,701	2,700,515	1,270,592	466,115	4,926,839	432,974	76,424,096

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9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	Furniture and fittings RM	Office equipment RM	Total RM
31 May 2017			
Cost			
At 1 June	32,904	312,486	345,390
Additions	76,539	37,417	113,956
Control transfer	-	6,516	6,516
At 31 May	109,443	356,419	465,862
Accumulated depreciation			
At 1 June	17,238	140,333	157,571
Charge for the financial year (Note 37)	4,267	26,550	30,817
Control transfer	-	814	814
At 31 May	21,505	167,697	189,202
Carrying value at cost	87,938	188,722	276,660
31 May 2016			
Cost			
At 1 June	37,653	321,314	358,967
Additions	-	3,744	3,744
Disposal/Write off	(4,749)	(12,572)	(17,321)
At 31 May	32,904	312,486	345,390
Accumulated depreciation			
At 1 June	18,040	125,862	143,902
Charge for the financial year (Note 37)	3,357	25,736	29,093
Disposal/Write off	(4,159)	(11,265)	(15,424)
At 31 May	17,238	140,333	157,571
Carrying value at cost	15,666	172,153	187,819

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Freehold land and building were revalued in 1997 by an independent firm of professional valuers. These properties were hence forth stated on the basis of the 1997 valuation, as allowed by the transitional provisions in the accounting standard on property, plant and equipment. Had the freehold land and building been carried under the cost method, their carrying values would have been as follows:

The Group	Freehold land RM	Building RM
31 May 2017		
Carrying value	986,686	4,063,106
31 May 2016		
Carrying value	986,686	4,184,320

(b) The carrying value of property, plant and equipment of the Group acquired under hire purchase and term loan arrangements are as follows:

	The Group 2017 RM	The Group 2016 RM
Plant and machinery	19,712,613	24,367,754
Motor vehicles	3,413,068	4,099,985
	23,125,681	28,467,739

(c) Land and building of the Group with an aggregate carrying value of RM697,915 (2016 - RM713,087) are pledged to a licensed bank as security for credit facility granted to a subsidiary as disclosed in Note 29 to the financial statements.

10. BIOLOGICAL ASSETS

	The Group 2017 RM	The Group 2016 RM
At cost:-		
At 1 June	12,493,416	12,445,863
Additions	-	497,326
Amortisation during the financial year (Note 42)	(687,309)	(449,773)
Assets classified as held for sale (Note 24)	(11,806,107)	-
At 31 May	-	12,493,416

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11. INVESTMENT PROPERTIES

	The Group	
	2017 RM	2016 RM
Cost		
At 1 June	19,743,560	19,743,560
Additions during the financial year	3,724,052	-
Reclassification	(4,710,550)	-
At 31 May	18,757,062	19,743,560
Accumulated depreciation		
At 1 June	898,957	641,014
Charge for the financial year (Note 37)	226,800	257,943
Reclassification	(153,072)	-
At 31 May	972,685	898,957
Accumulated impairment loss		
At 1 June	1,800,000	-
Addition during the financial year (Note 37)	-	1,800,000
At 31 May	1,800,000	1,800,000
Net carrying value	15,984,377	17,044,603
Represented by:		
Freehold lands	222,800	222,800
Leasehold lands	12,854,577	13,810,203
Building	2,907,000	3,011,600
	15,984,377	17,044,603

Investment properties with an aggregate carrying value of RM11,828,920 (2016 - RM12,032,653) are pledged to licensed banks as security for credit facilities granted to the Group as disclosed in Note 29 to the financial statements.

In the previous financial year, an impairment loss of RM1,800,000, representing the write-down of the investment properties to their recoverable amount was recognised in “Other Expenses” line item of the statement of profit or loss as disclosed in Note 37 to the financial statements.

The fair values of the investment properties of the Group as at the reporting date are estimated at RM20,700,999 (2016 - RM26,645,335) based on directors’ assessment of the current prices in an active market for the respective properties within each vicinity.

12. Land Held For Property Development

	The Group	
	2017 RM	2016 RM
At 1 June	3,881,416	-
Cost incurred during the financial year	7,893	-
Transfer from:-		
- property development costs (Note 17)	-	3,881,416
At 31 May	3,889,309	3,881,416
Represented by:		
Freehold land	3,693,200	3,693,200
Development costs	196,109	188,216
	3,889,309	3,881,416

Land held for property development of the group is pledged to a licensed bank as security for credit facility granted to a subsidiary as disclosed in Note 29 to the financial statements.

13. Other Investments

	The Group	
	2017 RM	2016 RM
Available-for-sale		
Unquoted shares, at cost	100,000	100,000

Investments in unquoted shares of the Group are designated as available-for-sale financial assets but are stated at cost as their fair values cannot be reliably measured using valuation techniques due to the lack of marketability of the shares.

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14. GOODWILL ON CONSOLIDATION

	The Group 2017 RM	The Group 2016 RM
Cost		
At 1 June	36,833,645	35,860,876
Foreign exchange difference	739,304	972,769
At 31 May	37,572,949	36,833,645
Accumulated impairment		
At 1 June/31 May	(19,143,395)	(19,143,395)
Carrying value	18,429,554	17,690,250

(a) The carrying amounts of goodwill allocated to each cash-generating unit are as follows:-

	The Group 2017 RM	The Group 2016 RM
Property development	5,939,203	5,939,203
Power concession	5,693,065	5,356,092
Water concession	6,797,286	6,394,955
	18,429,554	17,690,250

(b) The Group has assessed the recoverable amounts of goodwill allocated and determined that no additional impairment is required. The recoverable amounts of the cash-generating units are determined using the value in use approach, and this is derived from the present value of the future cash flows from the operating segments computed based on the projections of financial budget approved by management covering a period of 5 years and throughout the concession period. The key assumptions used in the determination of the recoverable amounts are as follows:-

	Gross Margin 2017 %	Gross Margin 2016 %	Growth Rate 2017 %	Growth Rate 2016 %	Discount Rate 2017 %	Discount Rate 2016 %
Property development	90	90	5	5	9	9
Power concession	95 - 96	95 - 96	Nil	Nil	11	13
Water concession	60 - 79	52 - 79	5 - 11	5 - 12	11	13

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14. GOODWILL ON CONSOLIDATION (CONT'D)

(b) (i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margin is the average gross margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements and cost saving measures.

(ii) Growth rate

The forecast and projection reflect management expectation of revenue growth, operating costs and margins for the cash-generating units based on past experience. The increment in tariff rate is in accordance with Concession Agreement.

(iii) Discount rate

The discount rate used is pre-tax and reflects specific risks relating to the relevant segments.

The values assigned to the key assumption represent management's assessment of future trends in the cash-generating units and are based on both external sources and internal historical data. Terminal value is not considered as the projections are prepared based on remaining concession period granted and construction period.

(c) Sensitivity to changes in assumptions

The management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the goodwill to be materially higher than its recoverable amount.

15. DEFERRED TAX LIABILITIES/(ASSETS)

	The Group	
	2017 RM	2016 RM
At 1 June	(9,202,305)	4,674,399
Recognised in profit or loss		
- continuing operations	6,037,851	(14,100,614)
- discontinued operations	-	216,013
Recognised in other comprehensive income	(1,300)	-
Foreign exchange difference	4,746	7,897
Assets classified as held for sale	3,365,009	-
At 31 May	204,001	(9,202,305)
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	6,448,689	11,238,312
Deferred tax assets	(6,244,688)	(20,440,617)
	204,001	(9,202,305)

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(Cont'd)

15. DEFERRED TAX LIABILITIES/(ASSETS) (CONT'D)

Deferred tax assets and liabilities are attributable to the following items:-

	The Group	
	2017 RM	2016 RM
Deferred tax assets:-		
Accretion on receivables	(551,871)	(422,761)
Unrealised profit on contract works	(282,171)	(298,649)
Unabsorbed tax losses	(1,372,651)	(3,778,415)
Unabsorbed capital allowances	(285,904)	(2,298,366)
Foreseeable losses	-	(1,531,825)
Provisions	(5,181,103)	(12,425,898)
Timing differences on allowable expenses	(1,200,522)	-
Others	(614,593)	(620,094)
Deferred tax assets (before offsetting)	(9,488,815)	(21,376,008)
Offsetting	3,244,127	935,391
Deferred tax assets (after offsetting)	(6,244,688)	(20,440,617)
Deferred tax liabilities:-		
Accelerated capital allowances over:		
- depreciation	7,047,099	7,342,086
- biological assets	-	1,659,276
Accretion on payables	909,786	1,001,887
Realisation of revaluation reserve on land	1,735,931	2,144,950
Others	-	25,504
Deferred tax liabilities (before offsetting)	9,692,816	12,173,703
Offsetting	(3,244,127)	(935,391)
Deferred tax liabilities (after offsetting)	6,448,689	11,238,312

15. DEFERRED TAX LIABILITIES/(ASSETS) (CONT'D)

The deferred tax assets on (unused capital allowances) have been recognised on the basis of the Company's previous history of recording profits and to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. The unused allowances can be carried forward to subsequent financial years until fully utilised.

At the end of the reporting period, the Group has unutilised tax losses and unabsorbed capital allowances of RM6,781,942 (2016 - RM4,523,715) and RM1,378,833 (2016 - RM1,364,705) respectively that are available for offset against future taxable profits of the subsidiaries in which the losses arose. No deferred tax assets are recognised in respect of these items as it is not probable that taxable profits of the subsidiaries will be available against which the deductible temporary differences can be utilised. The unused tax losses and unabsorbed capital allowances do not expire under current tax legislation. However, the availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act 1967 and guidelines issued by the tax authority.

16. INVENTORIES

	The Group	
	2017 RM	2016 RM
At cost:-		
Raw materials	57,641	147,455
Unsold completed properties	922,341	3,205,466
	979,982	3,352,921

There is no write-down on the carrying value of the inventories.

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(Cont'd)

17. PROPERTY DEVELOPMENT COSTS

	Freehold lands RM	Leasehold lands RM	Development Costs RM	Total RM
The Group				
At 31 May 2017				
Cumulative Property Development Cost				
At 1 June	279,935,342	68,664,128	321,034,372	669,633,842
Cost incurred during the financial year	135,780,126	34,495,493	250,153,522	420,429,141
Reduction in land proprietary entitlement	(5,901,698)	-	-	(5,901,698)
Reversal of completed projects	(6,484,891)	-	(47,190,361)	(53,675,252)
Transferred to inventory	(348,117)	-	(2,533,232)	(2,881,349)
At 31 May	402,980,762	103,159,621	521,464,301	1,027,604,684
Cumulative Costs recognised in profit or loss				
At 1 June	(6,605,303)	(7,772,459)	(170,439,893)	(184,817,655)
Cost recognised during the financial year	(9,245,545)	(6,415,378)	(149,782,611)	(165,443,534)
Reversal of completed projects	6,484,891	-	47,190,361	53,675,252
At 31 May	(9,365,957)	(14,187,837)	(273,032,143)	(296,585,937)
Property Development cost at 31 May 2017	393,614,805	88,971,784	248,432,158	731,018,747

17. PROPERTY DEVELOPMENT COSTS (CONT'D)

The Group	Freehold lands RM	Leasehold lands RM	Development Costs RM	Total RM
At 31 May 2016				
Cumulative Property Development Cost				
At 1 June	47,440,123	68,664,128	179,717,053	295,821,304
Cost incurred during the financial year	248,176,359	-	153,056,990	401,233,349
Transfer to land held for property development (Note 12)	(3,693,200)	-	(188,216)	(3,881,416)
Reversal of completed projects	(11,987,940)	-	(11,551,455)	(23,539,395)
At 31 May	279,935,342	68,664,128	321,034,372	669,633,842
Cumulative Costs recognised in profit or loss				
At 1 June	(7,653,216)	(2,952,111)	(85,167,662)	(95,772,989)
Cost recognised during the financial year	(10,940,027)	(4,820,348)	(96,616,781)	(112,377,156)
Foreseeable losses	-	-	(206,905)	(206,905)
Reversal of completed projects	11,987,940	-	11,551,455	23,539,395
At 31 May	(6,605,303)	(7,772,459)	(170,439,893)	(184,817,655)
Property Development cost at 31 May 2016	273,330,039	60,891,669	150,594,479	484,816,187

(a) Included in development costs is interest expense capitalised during the financial year amounting to RM8,859,030 (2016 - RM7,448,041).

(b) The lands under development of the Group with an aggregate carrying value of RM182,387,963 (2016 - RM191,123,556) are pledged to financial institutions for banking facilities granted to the Group as disclosed in Note 29 to the financial statements.

(c) Included in property development costs is land proprietor's entitlement of the Group committed through:-

(i) the Joint Development Agreement with Cyberview Sdn Bhd to undertake the proposed development measuring 121.49 acres of land held under H.S.(D) 33156 PT No.47223, Mukim Dengkil, District of Sepang, State of Selangor with a carrying value of RM132,836,077 (2016 - RM141,529,386);

Notes to Financial Statements
For The Financial Year Ended 31 May 2017
(Cont'd)

17. PROPERTY DEVELOPMENT COSTS (CONT'D)

(c) Included in property development costs is land proprietor's entitlement of the Group committed through:- (Cont'd)

(ii) the Development Right Agreement with Kwasa Development (3) Sdn Bhd to undertake the proposed development measuring 21.08 acres of freehold land held under GRN 319910, Lot No. 85111, Mukim Sungai Buloh, Daerah Petaling, Negeri Selangor Darul Ehsan with a carrying value of RM135,780,126 (2016 - Nil); and

(iii) the Joint Venture Agreement with Perikatan Progresif Sdn Bhd to undertake the proposed development measuring 17.5 acres of land held under PN 39250 Lot 1400,Mukim Dengkil, Daerah Sepang, Negeri Selangor with a carrying value of RM34,495,493 (2016 - Nil).

The title deeds in respect of the land proprietor's entitlement are not registered under the subsidiary's name as these title deeds will be transferred directly to the purchasers upon completion of the properties.

18. TRADE AND NON-TRADE RECEIVABLES

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade receivables	64,261,565	51,046,499	-	-
Retention sums	18,109,436	17,481,370	-	-
Accrued billings on contracts for property development costs	56,858,288	36,996,124	-	-
Less: Impairment loss				
At 1 June	(589,290)	(502)	-	-
Additions during the financial year	(137,476)	(588,788)	-	-
Written off	589,290	-	-	-
At 31 May	(137,476)	(589,290)	-	-
Less: Accretion of interest				
At 1 June	(1,507,050)	(6,171,570)	-	-
(Additions)/Reversal during the financial year	(793,014)	4,664,520	-	-
Assets classified as held for sale	600	-	-	-
At 31 May	(2,299,464)	(1,507,050)	-	-
Trade receivables, net	136,792,349	103,427,653	-	-

Notes to Financial Statements
For The Financial Year Ended 31 May 2017
(Cont'd)

18. TRADE AND NON-TRADE RECEIVABLES (CONT'D)

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Amount owing by subsidiaries (Note 19)	-	-	184,184,822	102,539,141
Non-trade receivables	16,763,324	54,994,975	-	3,220
Prepayments	6,252,717	2,579,890	204,928	150,809
Deposits	15,133,441	7,158,767	1,000	1,000
Advances to subcontractors	11,729,957	7,617,619	-	-
	49,879,439	72,351,251	184,390,750	102,694,170
Less: Impairment loss				
At 1 June	(614,402)	-	-	-
Additions during the financial year	-	(614,402)	-	-
At 31 May	(614,402)	(614,402)	-	-
Less: Accretion of interest				
At 1 June	(255,056)	(259,036)	(1,620,611)	(1,534,369)
(Additions)/Reversal during the financial year:				
- non-trade receivables	(31,215)	3,980	-	-
- amount owing by subsidiaries	-	-	(746,228)	(86,242)
At 31 May	(286,271)	(255,056)	(2,366,839)	(1,620,611)
Trade and non-trade receivables	185,771,115	174,909,446	182,023,911	101,073,559

The maturities of trade and non-trade receivables are as follows:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Current asset:				
Receivables within one year	183,177,887	172,549,667	80,298,627	94,594,170
Non-current asset:				
Receivables more than one year but less than five years	2,593,228	2,359,779	101,725,284	6,479,389
	185,771,115	174,909,446	182,023,911	101,073,559

The Group's normal trade credit terms range from 30 to 90 (2016 - 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

Notes to Financial Statements
For The Financial Year Ended 31 May 2017
(Cont'd)

19. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company	
	2017 RM	2016 RM
Amount owing by subsidiaries:		
Current portion:		
Trade balances	3,645,284	1,905,824
Non-trade balances	76,447,415	92,533,317
	80,092,699	94,439,141
Non-current portion:		
Non-trade balances	104,092,123	8,100,000
Less: Accretion of interest	(2,366,839)	(1,620,611)
	101,725,284	6,479,389
	181,817,983	100,918,530
Amount owing to a subsidiary:		
Current portion:		
Non-trade balances	(50,000)	-

The trade balances are subject to the normal trade credit terms ranging from 30 to 90 (2016 - 30 to 90) days. The amount owing is to be settled in cash.

The non-trade balances (current) represent unsecured payments made on behalf. The amounts owing are repayable on demand and are to be settled in cash.

The non-trade balances (non-current) represent unsecured and interest charge on advances which are repayable within the next 5 to 7 years. Interest is charged at 5% per annum on the outstanding balance. The amount owing is to be settled in cash.

Notes to Financial Statements
For The Financial Year Ended 31 May 2017
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20. Amounts Owing By/(To) Contract Customers

	The Group	
	2017	2016
	RM	RM
Construction contract costs incurred to date	2,040,712,730	1,632,260,631
Attributable profits	246,550,574	161,988,983
Less: Foreseeable losses	-	(6,382,606)
	2,287,263,304	1,787,867,008
Less: Progress billings	(2,281,411,747)	(1,780,781,595)
Due by customers on contract work-in-progress	5,851,557	7,085,413
Represented by:		
Amount owing by contract customers	24,695,054	50,752,851
Amount owing to contract customers	(18,843,497)	(43,667,438)
	5,851,557	7,085,413
Advances received on contract, included within non-trade payables (Note 32)	27,923,077	-

21. Short Term Funds

Included in short term funds of the Group and of the Company is an amount of RM59,434,935 and RM21,187,723 (2016 - RM106,635,459 and RM43,713,115) respectively which represents investment in trust funds managed by licensed investment management companies, which is tax exempt, fixed deposit linked and allows prompt redemption at any time.

Notes to Financial Statements
For The Financial Year Ended 31 May 2017
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22. Deposits With Licensed Banks

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Deposits with licensed banks	87,908,616	86,150,624	22,010,349	32,869,479

(a) The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 2.55% to 7.00% (2016 - 2.70% to 9.25%) per annum and 2.55% to 3.68% (2016 - 2.70% to 3.47%) per annum respectively. The fixed deposits have maturity periods ranging from 1 to 12 (2016 - 1 to 12) months for the Group and the Company respectively.

(b) Included in the fixed deposits with licensed banks of the Group and the Company at the end of the reporting period was an amount of RM53,314,789 and RM10,523,181 (2016 - RM55,631,131 and RM10,253,214) which has been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 28 to the financial statements.

23. Cash And Bank Balances

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash and bank balances	114,571,701	101,495,291	7,250,506	17,823,573

Included in the cash and bank balances of the Group is an amount of RM12,403,343 (2016 - RM15,580,915) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966.

24. Assets/Liabilities Classified As Held For Sale

On 10 July 2017, the Group disposed of its plantation segment. This decision is consistent with the Group's strategy to exit from its non-core business activity and to reallocate its resources to other key business areas within the Group.

At the end of the current reporting period, the assets and liabilities of the plantation segment has been presented in the consolidated statement of financial position as "Assets classified as held for sale" and "Liabilities classified as held for sale", and its results are presented separately on the consolidated statement of profit or loss as "Loss after taxation from discontinued operations". The disposal is expected to be completed by 31 May 2018.

Notes to Financial Statements
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(Cont'd)

24. ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE (CONT'D)

The assets and liabilities classified as held for sale are as follows:-

	The Group 2017 RM
Property, plant and equipment	
- *Cost*	3,125,017
- *Accumulated depreciation*	(2,082,479)
- *Carrying value*	1,042,538
Biological assets	
- *Cost*	13,746,177
- *Accumulated depreciation*	(1,940,070)
- *Carrying value*	11,806,107
Deferred tax assets	3,365,009
Trade and non-trade receivables	262,692
Cash and bank balances	142,612
Inventories	113,273
	16,732,231
Less: Impairment loss on assets held for sale	(1,211,210)
Assets classified as held for sale	15,521,021
Trade and non-trade payables	471,158
Bank borrowings	49,863
Liabilities classified as held for sale	521,021

Notes to Financial Statements
For The Financial Year Ended 31 May 2017
(Cont'd)

25. Share Capital

	The Group/TheCompany			
	2017	2016	2017	2016
	Number of shares		RM	RM
Authorised				
At 1 June/31 May	N/A	400,000,000	N/A	400,000,000

N/A: Not applicable pursuant to the Companies Act 2016 which came into operation on 31 January 2017 as disclosed below.

	The Group/TheCompany			
	2017	2016	2017	2016
	Number of shares		RM	RM
Issued and fully paid:				
At 1 June	258,623,378	216,369,443	258,623,378	216,369,443
Issuance of shares pursuant to:				
- share split	258,623,378	-	-	-
- bonus issue of shares	129,311,689	-	64,655,844	-
- employees' share option exercised	8,337,900	-	7,170,594	-
- employee share option reserves transfer to share capital upon employees' share option exercised	-	-	1,167,306	-
- private placement	-	23,511,000	-	23,511,000
- conversion of warrant exercised	57,600	18,742,935	61,056	18,742,935
At 31 May	654,953,945	258,623,378	331,678,178	258,623,378

The Companies Act 2016 ("the Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Section 74 of the Act states that all shares issued before or after 31 January 2017 shall have no par or nominal value. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

During the financial year:-

(a) a share split on the issued and paid-up share capital was undertaken involving the subdivision of every one (1) existing ordinary share into two (2) new ordinary shares. Pursuant to the share split, 258,623,378 ordinary shares of the Company were subdivided into 517,246,756 ordinary shares.

(b) the Company increased its issued and paid-up share capital from RM258,623,378 to RM331,678,178 by:-

(i) the issuance of 129,311,689 bonus issue on the basis of one (1) new ordinary share for every four (4) subdivided shares by capitalising the retained profits and share premium which amounted to RM64,655,844;

25. SHARE CAPITAL (CONT'D)

(b) the Company increased its issued and paid-up share capital from RM258,623,378 to RM331,678,178 by:- (Cont'd)

(ii) the issuance of 57,600 new ordinary shares from the exercise of Warrants 2016/2021 at the exercise price of RM1.06 per warrant in accordance with the Deed Poll dated 11 November 2016; and

(iii) the issuance of 8,337,900 new ordinary shares from the exercise of options under the Company's Employees' Share Option Scheme at the exercise price of RM0.86 per option.

All the new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

26. RESERVES

		The Group		The Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Non-distributable					
Capital reserves	26(a)	1,346,681	1,346,681	-	-
Share premium	26(b)	-	38,041,453	-	38,041,453
Foreign exchange reserves	26(c)	1,772,253	(1,158,001)	-	-
Employee share option reserves	26(d)	742,977	-	742,977	-
		3,861,911	38,230,133	742,977	38,041,453
Distributable					
Retained profits		287,628,070	232,248,968	25,541,197	27,470,993
		291,489,981	270,479,101	26,284,174	65,512,446

(a) Capital reserves

The capital reserves are in respect of share premium of Gadang Engineering (M) Sdn Bhd, a subsidiary of the Company, which was capitalised for a bonus issue.

(b) Share premium

Section 618(2) of the Companies Act 2016 states that upon the commencement of Section 74, the share premium account shall become part of share capital. However, the share premium account has been fully utilised during the financial year.

Notes to Financial Statements
For The Financial Year Ended 31 May 2017
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26. RESERVES (CONT'D)

(b) Share premium (Cont'd)

The movements in the share premium of the Group and of the Company are as follows:

	The Group/The Company	
	2017	2016
	RM	RM
At 1 June	38,041,453	12,736,117
Issuance of shares	-	19,984,350
Conversion of warrant exercised	-	5,885,282
Share issuance expenses	-	(564,296)
Bonus issue of shares	(38,041,453)	-
At 31 May	-	38,041,453

(c) Foreign exchange reserves

The foreign exchange reserves comprise all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

(d) Employees Share Option Reserves

The employee share option reserves represent the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

The Employees' Share Option Scheme of the Company ("ESOS") is governed by the ESOS By-Laws and was approved by shareholders on 3 November 2016. The ESOS is to be in force for a period of 5 years effective from 6 December 2016.

The main features of the ESOS are as follows:-

(i) Eligible persons are employees and/or directors of the Group, save for companies which are dormant, who have been confirmed in the employment of the Group and have served for at least 1 year before the date of the offer.

(ii) The maximum number of new ordinary shares of the Company, which may be available under the scheme, shall not exceed in aggregate 15% of the prevailing issued and paid-up share capital of the Company at any point in time when an offer is made throughout the duration of the scheme.

(iii) The option price shall be determined by the ESOS Committee based on the 5-day volume weighted average market price of each ordinary share as quoted on Bursa Securities, immediately preceding the date of offer of the ESOS option, with a discount of not more than 10%, or at the par value of ordinary shares of the Company, whichever is higher.

26. RESERVES (CONT'D)

(d) Employees' Share Option Reserves (Cont'd)

The main features of the ESOS are as follows:- (Cont'd)

(iv) The option may be exercised by the option holders by notice in writing to the Company in the prescribed form during the option period in respect of all or any part of the new ordinary shares of the Company comprised in the ESOS.

(v) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company, provided always that new ordinary shares so allotted and issued, will not be entitled to any dividends, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to date of allotment and issuance of the new ordinary shares.

(vi) These options may be exercised at any date during the option period not later than 5 December 2021 subject to the following maximum limits:

	% to be exercised in				
No. of options granted	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
85,280,500	20%	20%	20%	20%	20%

Options which are exercisable in a particular year but are not exercised may be carried forward to subsequent years but not later than 5 December 2021. All unexercised options shall be exercisable in the last year of the option period. Any options which remain unexercised at the expiry of the option period shall be automatically terminated.

The option price and the details in the movement of the share options are as follows:-

	The Group	
	Number of share options	**Exercise price (RM)**
At 1 June 2016	-	-
Granted	85,280,500	0.86
Exercised	(8,337,900)	0.86
At 31 May 2017	76,942,600	0.86
Exercisable at 31 May 2017	8,718,200	0.86

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(Cont'd)

26. RESERVES (CONT'D)

(d) Employee Share Option Reserves (Cont'd)

The fair values of the share options granted were estimated using a black-scholes model, taking into account the terms and conditions upon which the options were granted. The fair value of the share options measured at grant date and the assumptions used are as follows:-

	Granted on 6.12.2016
Fair value of share options at the grant date (RM)	0.14
Weighted average ordinary share price (RM)	0.95
Exercise price of share option (RM)	0.86
Expected volatility (%)	10.48
Expected life (years)	5
Risk free rate (%)	3.77
Expected dividend yield (%)	3.22

27. NON-CONTROLLING INTERESTS

Non-controlling interests, presented as part of equity, represent the portion of subsidiary's profit or loss and net assets not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parents and the non-controlling interests based on their respective ownership interests.

The movements in non-controlling interests in subsidiaries are as follows:

	The Group	
	2017 RM	2016 RM
At 1 June	7,264,044	7,029,567
Share of results attributable to non-controlling interests	738,906	276,699
Changes in ownership interest in subsidiaries (effects of change in stake)	-	(42,222)
At 31 May	8,002,950	7,264,044

Notes to Financial Statements
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(Cont'd)

28. BANK BORROWINGS

	The Group	
	2017	2016
	RM	RM
Current		
Secured:		
Bank overdrafts (Note 47)	7,521,756	6,146,311
Bankers' acceptances	4,693,000	1,085,000
Revolving credits	15,200,000	15,200,000
Term loans (Note 29)	17,518,105	23,702,147
Hire purchase payables (Note 30)	3,837,997	9,715,737
	48,770,858	55,849,195
Non-current		
Secured:		
Term loans (Note 29)	136,690,551	152,928,685
Hire purchase payables (Note 30)	7,128,744	14,043,150
	143,819,295	166,971,835
Total bank borrowings	192,590,153	222,821,030

The weighted average effective interest rates at the end of the reporting period for borrowings which bore interest at floating rates, were as follows:-

	The Group	
	2017	2016
	%	%
Bank overdrafts	7.71	7.60
Bankers' acceptances	4.47-4.48	5.14
Revolving credits	4.51-5.78	4.75-5.98

The bank borrowings except for term loans and hire purchase are secured by:-

(i) assignment of the contract proceeds;

(ii) corporate guarantees of the Company; and

(iii) deposits with licensed banks of the Group and the Company as disclosed in Note 22 to the financial statements.

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29. TERM LOANS

	The Group	
	2017	2016
	RM	RM
Current		
- Not later than 1 year (Note 28)	17,518,105	23,702,147
Non-current		
- Later than 1 year and not later than 2 years	11,244,824	34,700,374
- Later than 2 years and not later than 5 years	78,358,938	60,974,640
- Later than 5 years	47,086,789	57,253,671
Total non-current (Note 28)	136,690,551	152,928,685
	154,208,656	176,630,832

Details of the term loans outstanding at the end of the reporting period are as follows:-

	The Group	
	2017	2016
	RM	RM
Term Loan		
I	19,800,000	19,800,000
II	3,221,273	4,848,073
III	5,880	13,696,783
IV	-	8,596,933
V	6,632,415	20,000,000
VI	978,396	1,601,225
VII	899,830	6,255,210
VIII	2,100,000	2,100,000
IX	70,000,000	70,000,000
X	9,752,500	13,963,300
XI	-	667,026
XII	871,987	871,987
XIII	10,524,481	12,551,722
XIV	29,421,894	1,678,573
	154,208,656	176,630,832

29. TERM LOANS (CONT'D)

Details of the term loans outstanding at the end of the reporting period are as follows:- (Cont'd)

Term Loan	Interest Rate Per Annum	Date of Commencement of Repayment
I	5.72%	Upon redemption of units to be developed or by instalments, whichever is earlier
II	7.25%	October 2015
III	5.52%	Upon redemption of units to be developed or by instalments, whichever is earlier
IV	7.90%	February 2016
V	7.90%	March 2017
VI	6.72%	November 2014
VII	8.33%	October 2011
VIII	8.33%	Upon redemption of units to be developed or by full settlement, whichever is earlier
IX	5.16%	Upon redemption of units to be developed or by instalments, whichever is earlier
X	5.12%	October 2015
XI	5.12%	April 2012
XII	4.62%	January 2014
XIII	4.46%	October 2015
XIV	12.50%	24th month from the date of first drawdown or 3 months after Commercial Operation Date, whichever is earlier

(a) Term loan I has a tenure of 8 years and is repayable by redemption of units developed or 16 quarterly instalments of RM1,237,500 each, whichever is earlier. The term loan is secured by:-

(i) a charge over a piece of leasehold land which is included in the property development costs of a subsidiary as disclosed in Note 17 to the financial statements; and

(ii) a corporate guarantee of the Company.

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(Cont'd)

29. TERM LOANS (CONT'D)

(b) Term loan II has a tenure of 20 years and is repayable by redemption of units sold or 204 monthly instalments of RM141,000 each commencing on October 2015, whichever is earlier. The term loan is secured by:-

(i) a first legal assignment or upon issuance of strata/individuals title, first party legal charge over the retail shop offices at Jentayu Residensi ("the Shop Offices");

(ii) a debenture over the fixed and floating assets of a subsidiary;

(iii) an assignment over the rental proceeds and/or sale proceeds from the Shop Offices; and

(iv) a corporate guarantee of the Company.

(c) Term loan III has a tenure of 9 years and is repayable by redemption of units sold or 23 monthly instalments of RM830,000 each and a final instalment of RM910,000 commencing on the 24^{th} month of first drawdown in January 2015, whichever is earlier. The term loan is secured by:-

(i) a debenture over all present and future assets of a subsidiary;

(ii) an assignment of sales proceeds from the projects developed by a subsidiary; and

(iii) a corporate guarantee of the Company.

(d) Term loan IV has a tenure of 5 years and is repayable by redemption of units sold or 29 monthly instalments of RM433,334 each and a final instalment of RM433,314 commencing February 2016, whichever is earlier.

Term loan V has a tenure of 3 years and is repayable by redemption of units sold or 17 monthly instalments of RM1,120,000 each and a final instalment of RM960,000 commencing March 2017, whichever is earlier.

The term loans are secured by way of:-

(i) a charge over a leasehold land which is included in the property development costs of a subsidiary as disclosed in Note 17 to the financial statements;

(ii) an assignment of sales proceeds from the proposed development;

(iii) limited debenture over the proposed development; and

(iv) a corporate guarantee of the Company.

The term loan IV was fully repaid during the financial year.

29. Term Loans (Cont'd)

(e) Term loan VI has a tenure of 6 years and is repayable by redemption of units sold or 48 monthly instalments of RM59,403 each commencing on November 2014, whichever is earlier. The term loan is secured by:-

(i) a charge over a piece of freehold land which is included in the land held for development of a subsidiary as disclosed in Note 12 to the financial statements; and

(ii) a corporate guarantee of the Company.

(f) Term loan VII has a tenure of 6 years and is repayable by redemption of units sold or in 72 monthly instalments of RM77,292 each commencing on October 2011, whichever is earlier.

Term loan VIII has a tenure of 2 years and is repayable by redemption of units sold or full settlement on the 24th month of first drawdown in April 2016, whichever is earlier.

The term loans are secured by:-

(i) a charge over a piece of freehold land which is included in the property development costs of a subsidiary as disclosed in Note 17 to the financial statements;

(ii) a debenture over the present and future assets of a subsidiary; and

(iii) a corporate guarantee of the Company and a subsidiary.

(g) Term loan IX has a tenure of 96 months and is repayable by redemption of units sold or 16 quarterly principal payments of RM4,375,000 each commencing on the 51st month from the date of first drawdown in October 2015, whichever is earlier. The term loan is secured by:-

(i) a charge over a piece of freehold land which is included in the property development costs of a subsidiary as disclosed in Note 17 to the financial statements; and

(ii) a corporate guarantee of the Company.

(h) Term loan X has a tenure of 5 years and is repayable by 53 monthly instalments of RM350,900 each commencing on October 2015. The term loan is secured by:-

(i) a charge over leasehold lands which is included in the investment properties of a subsidiary as disclosed in Note 11 to the financial statements;

(ii) a corporate guarantee of the Company; and

(iii) a debenture over the assets financed under the term loan.

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29. TERM LOANS (CONT'D)

(i) Term loan XI has a tenure of 5 years and is repayable by 20 quarterly instalments of RM169,000 each commencing on April 2012. The term loan is secured by:-

(i) a charge over a piece of freehold land and building which is included in the investment properties of a subsidiary as disclosed in Note 11 to the financial statements; and

(ii) a corporate guarantee of the Company.

The term loan was fully repaid during the financial year.

(j) Term loan XII has a tenure of 20 years and is repayable by 240 monthly instalments of RM6,722 each commencing on January 2014. The term loan is secured by:-

(i) a charge over a piece of leasehold land and building which is included in the property, plant and equipment of a subsidiary as disclosed in Note 9 to the financial statements;

(ii) a joint and several guarantee of a director of a subsidiary; and

(iii) a corporate guarantee of the Company.

(k) Term loan XIII has a tenure of 33 months and is extendable for another 36 months at the end of the repayment period. The term loan is repayable in 11 quarterly instalments of USD145,834 each commencing on October 2015 and the balance lump sum settlement at the end of the repayment period. The term loan is secured by:-

(i) a corporate guarantee of the Company and subsidiary; and

(ii) a debenture over all the present and future assets of a subsidiary.

(l) Term loan XIV has a tenure of 120 months and is repayable in 32 quarterly step up principal instalments on 24th month from the date of first drawdown in April 2016 or 3 months after Commercial Operation Date, whichever is earlier. The term loan is secured by:-

(i) a charge over the land, building and generator which is included in the concession assets of a subsidiary as disclosed in Note 8 to the financial statements;

(ii) an assignment of Power Purchase Agreement and receivable from Perusahaan Listrik Negara, Indonesia;

(iii) a specific debenture over the assets financed under the term loan; and

(iv) a corporate guarantee of the Company.

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30. HIRE PURCHASE PAYABLES

	The Group	
	2017 RM	2016 RM
Minimum hire purchase payments:		
- not later than one year	4,423,676	10,974,897
- later than one year and not later than five years	3,738,176	15,055,023
- later than five years	3,985,815	243,706
	12,147,667	26,273,626
Less: Future finance charges	(1,180,926)	(2,514,739)
Present value of hire purchase payables	10,966,741	23,758,887
Current:		
- not later than one year (Note 28)	3,837,997	9,715,737
Non-Current:		
- later than one year and not later than five years	6,950,706	13,835,736
- later than five years	178,038	207,414
Total non-current (Note 28)	7,128,744	14,043,150
	10,966,741	23,758,887

The hire purchase payables at the end of the reporting period bore effective interest rates ranging from 4.46% to 7.07% (2016 - 4.46% to 7.07%) per annum.

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For The Financial Year Ended 31 May 2017
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31. DEFINED BENEFIT OBLIGATIONS

Foreign subsidiaries in Indonesia operate an unfunded defined benefit obligations for its eligible employees in accordance with the local labour law.

Movement in the net liability recognised in the statements of financial position:

	Present value of unfunded obligations RM	Unrecognised actuarial losses RM	Unrecognised past service cost RM	Total RM
The Group				
At 1 June 2016	1,889,111	-	-	1,889,111
Benefits paid for unfunded plans	(77,868)	-	-	(77,868)
Expense recognised in profit or loss (Note 38)	88,273	-	-	88,273
Actuarial loss recognised in other comprehensive income	20,297	-	-	20,297
Foreign currency differences	118,756	-	-	118,756
At 31 May 2017	2,038,569	-	-	2,038,569
At 1 June 2015	1,351,245	(63,409)	(59,025)	1,228,811
Effect of adopting FRS 119	(1,037)	63,409	59,025	121,397
As restated	1,350,208	-	-	1,350,208
Benefits paid for unfunded plans	(26,388)	-	-	(26,388)
Expense recognised in profit or loss (Note 38)	314,855	-	-	314,855
Actuarial loss recognised in other comprehensive income	127,195	-	-	127,195
Foreign currency differences	123,241	-	-	123,241
At 31 May 2016	1,889,111	-	-	1,889,111

31. DEFINED BENEFIT OBLIGATIONS (CONT'D)

Expenses recognised in profit or loss:

	The Group	
	2017 RM	2016 RM
Service cost	200,236	197,479
Interest cost	161,137	117,376
Effects of curtailments or settlement	(273,100)	-
At 31 May	88,273	314,855

The Group has calculated the estimated employee benefit obligations in accordance with Republic of Indonesia Labour Law and the application of this liability is represented by an independent actuary calculation reports. Actuarial assumptions used in determining expense and liabilities on employee benefits are as follows:

	The Group	
	2017	2016
Normal retirement age	55 years	55 years
Future salary increment rate	9% p.a.	9% p.a.
Discount rate	8% p.a.	8% p.a.

Notes to Financial Statements
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(Cont'd)

32. TRADE AND NON-TRADE PAYABLES

	Note	The Group 2017 RM	The Group 2016 RM	The Company 2017 RM	The Company 2016 RM
Trade payables	32(a)	29,469,787	48,458,414	-	-
Retention payable		42,517,619	41,279,004	-	-
Accrued subcontractor work		49,521,658	54,723,787	-	-
Less: Accretion of interest					
At 1 June		(3,262,261)	(4,011,056)	-	-
(Addition)/Reversal during the financial year		187,472	748,795	-	-
At 31 May		(3,074,789)	(3,262,261)	-	-
Trade payables, net		118,434,275	141,198,944	-	-
Advances from contract customers	20	27,923,077	-	-	-
Non-trade payables	32(d)	296,368,938	148,736,162	205,796	17,095
Progress billings on contract for property development costs		46,896,101	30,396,017	-	-
Accruals		79,555,006	63,481,683	575,466	423,526
Deposits		655,686	1,203,005	-	-
Amount owing to a director	32(b)	1,251,783	1,251,783	-	-
Amount owing to a subsidiary	19	-	-	50,000	-
		452,650,591	245,068,650	831,262	440,621
Less: Accretion of interest					
At 1 June		(502,698)	(1,048,401)	-	-
(Addition)/Reversal:					
- amount owing to a director		(16,777)	569,765	-	-
- non-trade payables		165,854	(24,062)	-	-
- foreign exchange difference		(9,817)	-	-	-
At 31 May		(363,438)	(502,698)	-	-
Trade and non-trade payables		570,721,428	385,764,896	831,262	440,621

32. TRADE AND NON-TRADE PAYABLES (CONT'D)

The maturities of trade and non-trade payables are as follows:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Current liability				
Payables within one year	327,167,310	254,838,394	831,262	440,621
Non-current liability				
Payables more than one year and less than five years	243,554,118	130,926,502	-	-
	570,721,428	385,764,896	831,262	440,621

(a) Included in trade payables of the Group are amounts owing to parties related to a director of the Company. Balances as at end of the reporting period are as follows:

	The Group	
	2017 RM	2016 RM
Parties related to Tan Sri Dato' Kok Onn:		
- Kok Khim Boon (brother)	529,931	340,512
- Datapuri Sdn Bhd (nephew is a director and shareholder of the company)	2,193,463	381,116
- Jawira Sdn Bhd (family is the directors and shareholders of the company)	203,962	-

(b) Amount owing to Raja Zainal Abidin Bin Raja Hussin, a director of a subsidiary, is unsecured, interest free and repayable within the next five years.

(c) The normal trade credit terms granted to the Group range from 30 to 90 (2016 - 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

(d) Included in non-trade payables is an amount of RM282,902,879 (2016 - RM140,245,782) in relation to land proprietor's entitlement as disclosed in Note 17 to the financial statements.

Notes to Financial Statements
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33. Net Assets Per Ordinary Share

The net assets per ordinary share is calculated based on the net assets value of RM623,168,159 (2016 - RM529,102,479) attributable to ordinary shares divided by the number of ordinary shares in issue at the end of the reporting period of 654,953,945 (2016 - 646,558,445) shares.

The comparative figure for the number of ordinary shares in issue has been restated to reflect the adjustments arising from the share split and bonus issue of shares, which were completed on 28 November 2016.

34. Revenue

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Dividend income	-	-	45,000,000	25,100,000
Management fees	6,000	6,000	6,593,000	5,030,000
Rental income	-	204,000	-	-
Revenue from construction contracts	286,720,758	480,405,152	-	-
Revenue from water concession	23,067,043	20,899,896	-	-
Revenue from property development	244,072,305	172,014,277	-	-
	553,866,106	673,529,325	51,593,000	30,130,000

35. Cost Of Sales

Cost of sales represents cost of inventories sold, cost of services provided, contract costs, cost of development properties sold and cost of processing treated water.

The cost of sales included the following charges made during the financial year:

	The Group	
	2017 RM	2016 RM
Depreciation of property, plant and equipment (Note 9)	15,257,694	20,313,950
Employee benefits (Note 38)	28,999,778	35,866,161
Foreseeable losses	-	6,589,511
Hire of plant and machinery	557,939	149,189
Interest expense	1,622,165	3,238,273
Provision cost for completed projects	-	51,160,173
Rental of land and premises	1,281,610	841,615

36. OTHER INCOME

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Administrative fees	106,332	84,036	-	-
Accretion of interest on:				
- trade and non-trade receivables	-	4,668,500	-	-
- amount owing to a director (Note 32)	16,777	-	-	-
- short term funds	-	-	-	5,782
Bad debts recovered	7,100	-	-	-
Dividend received from short term funds	2,699,402	2,780,277	1,201,195	1,271,811
Gain on disposal of property, plant and equipment	3,997,022	1,904,536	-	-
Interest income	4,902,096	4,312,802	3,669,769	946,276
Miscellaneous income	1,034,479	732,638	6,821	1,788
Realised gain on foreign exchange	-	154,218	-	-
Rental income	111,537	456,076	-	-
Sales of car park	189,000	117,000	-	-
Sales of scrap iron	100,054	57,577	-	-
Unrealised gain on foreign exchange	1,138,717	724,183	997,384	1,537,303
Waiver of liability	168,635	-	-	-
	14,471,151	15,991,843	5,875,169	3,762,960

Notes to Financial Statements
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37. PROFIT BEFORE TAXATION

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit before taxation is arrived:-				
After charging:-				
Accretion of interest on:				
- amounts owing by subsidiaries	-	-	746,228	86,242
- trade and non-trade receivables	824,229	-	-	-
- trade and non-trade payables	353,326	724,733	-	-
- short term funds	130,218	-	72,402	-
- amount owing to a director	-	569,765	-	-
Auditors' remuneration:				
- auditors of the Company	427,400	342,527	70,800	63,060
- other auditors	144,670	142,998	-	-
Bad debts written off	106,003	784	-	-
Concesssion assets written off	323,637	-	-	-
Depreciation of:				
- property, plant and equipment (Note 9)	3,316,670	3,163,561	30,817	29,093
- concession assets (Note 8)	2,518,438	756,462	-	-
- investment properties (Note 11)	226,800	257,943	-	-
Employee benefits (Note 38)	25,092,163	20,764,865	7,914,044	5,395,754
Equity-settled share based payment	1,910,283	-	1,910,283	-
Impairment loss on:				
- investments in subsidiaries (Note 5)	-	-	2,859,537	3,000,000
- investment properties (Note 11)	-	1,800,000	-	-
- trade and non-trade receivables	137,476	1,203,190	-	-

37. PROFIT BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit before taxation is arrived:- (Cont'd)				
After charging:- (Cont'd)				
Property, plant and equipment written off	1,018,400	132,525	-	1,897
Realised loss on foreign exchange	151,059	-	1,144	-
Striking off of subsidiaries	-	8	-	1

38. EMPLOYEE BENEFITS

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Salaries and other benefits	50,357,232	52,883,653	7,485,417	5,008,786
Contributions to:				
- defined contribution plan	3,646,436	3,432,518	428,627	386,968
- defined benefit obligations (Note 31)	88,273	314,855	-	-
	54,091,941	56,631,026	7,914,044	5,395,754

Employee benefits are allocated as follows:-

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cost of sales (Note 35)	28,999,778	35,866,161	-	-
Administrative expenses (Note 37)	25,092,163	20,764,865	7,914,044	5,395,754
	54,091,941	56,631,026	7,914,044	5,395,754

Included in employee benefits of the Group and of the Company are executive directors' remuneration amounting to RM7,638,625 (2016 - RM5,846,609) and RM1,885,799 (2016 - RM1,718,070) respectively as further disclosed in Note 39 to the financial statements.

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(Cont'd)

39. DIRECTORS' REMUNERATION AND KEY MANAGEMENT PERSONNEL COMPENSATION

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	1,831,079	1,670,370	1,831,079	1,670,370
Defined contribution plan	54,720	47,700	54,720	47,700
	1,885,799	1,718,070	1,885,799	1,718,070
Non-executive:				
Director fees	260,000	220,000	260,000	220,000
Other emoluments	78,817	65,550	78,817	65,550
	338,817	285,550	338,817	285,550
	2,224,616	2,003,620	2,224,616	2,003,620
Directors of the subsidiaries				
Executive:				
Salaries and other emoluments	5,121,343	3,623,443	-	-
Director fees	179,119	179,089	-	-
Defined contribution plan	452,364	326,007	-	-
	5,752,826	4,128,539	-	-
Total directors' remuneration	7,977,442	6,132,159	2,224,616	2,003,620
Benefit-in-kind	54,450	50,300	4,800	4,800
Total directors' remuneration including benefit-in-kind	8,031,892	6,182,459	2,229,416	2,008,420
Key Management Personnel				
Salaries and other emoluments	2,630,076	3,535,501	979,059	938,705
Defined contribution plan	297,556	373,475	114,449	107,764
Total key management personnel	2,927,632	3,908,976	1,093,508	1,046,469

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39. Directors' Remuneration And Key Management Personnel Compensation (Cont'd)

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Directors of the Company				
Executive:				
RM500,001 to RM550,000	-	1	-	1
RM550,001 to RM600,000	1	-	1	-
RM1,200,001 to RM1,250,000	-	1	-	1
RM1,300,001 to RM1,350,000	1	-	1	-
	2	2	2	2
Non-executive:				
RM50,001 to RM100,000	-	2	-	2
RM100,001 to RM150,000	3	1	3	1
	3	3	3	3
Directors of the subsidiaries				
Executive:				
RM0 to RM50,000	5	6	-	-
RM50,001 to RM100,000	2	2	-	-
RM100,001 to RM150,000	2	2	-	-
RM150,001 to RM200,000	-	2	-	-
RM200,001 to RM250,000	-	2	-	-
RM250,001 to RM300,000	3	-	-	-
RM350,001 to RM400,000	1	1	-	-
RM400,001 to RM450,000	2	1	-	-
RM450,001 to RM500,000	1	-	-	-
RM500,001 to RM550,000	-	1	-	-
RM550,001 to RM600,000	1	-	-	-
RM650,001 to RM700,000	2	1	-	-
RM700,001 to RM750,000	1	1	-	-
	20	19	-	-

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40. FINANCE COSTS

	The Group	
	2017 RM	2016 RM
Bank borrowing interest	1,769,998	2,049,427
Hire purchase interest	525,539	495,755
	2,295,537	2,545,182

41. INCOME TAX EXPENSE

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Income tax expense on:				
- continuing operations	37,995,808	30,016,977	475,548	203,111
- discontinued operations	-	(216,013)	-	-
Total income tax expense	37,995,808	29,800,964	475,548	203,111

Major components of income tax expense include:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Income tax:				
- Malaysian income tax	29,221,056	43,194,651	679,902	204,353
- Foreign tax	2,039,734	1,562,131	-	-
	31,260,790	44,756,782	679,902	204,353
Under/(Over)provision in the previous financial year				
- Malaysian income tax	697,167	(1,071,217)	(204,354)	(1,242)
	31,957,957	43,685,565	475,548	203,111
Deferred taxation (Note 15)				
- for the financial year	7,436,692	(14,122,279)	-	-
- effect of change in corporate tax from 25% to 24%	-	(230,387)	-	-
- under/(over)provision in the previous financial year	(1,398,841)	468,065	-	-
	6,037,851	(13,884,601)	-	-
	37,995,808	29,800,964	475,548	203,111

41. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit before tax:				
- continuing operations	141,554,701	126,077,872	43,263,779	23,445,222
- discontinued operations	(2,952,473)	(1,574,560)	-	-
	138,602,228	124,503,312	43,263,779	23,445,222
Tax at Malaysian tax rate of 24%	33,264,535	29,880,795	10,383,307	5,626,853
Non-deductible expenses	5,245,303	1,195,893	533,718	700,684
Non-taxable income	(930,401)	(827,906)	(11,088,287)	(6,149,899)
Deferred tax assets not recognised	1,386,078	644,658	851,164	26,715
Effect of change in corporate tax from 25% to 24%	-	(230,387)	-	-
Utilisation of deferred tax assets previously not recognised	(268,033)	(258,937)	-	-
	38,697,482	30,404,116	679,902	204,353
Under/(Over)provision of income tax in prior year	697,167	(1,071,217)	(204,354)	(1,242)
Under/(Over)provision of deferred tax in prior year	(1,398,841)	468,065	-	-
Income tax expense for the financial year	37,995,808	29,800,964	475,548	203,111

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2016 - 24%) of the estimated assessable profit for the financial year.

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42. LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS

As disclosed in Note 24 to the financial statements, the Group is in the process of disposing of its plantation segment which is expected to be completed by 31 May 2018.

An analysis of the results of the discontinued operations is as follows:-

	The Group	
	2017 RM	2016 RM
Revenue	2,671,520	1,874,279
Cost of sales	(2,526,002)	(1,801,630)
Gross profit	145,518	72,649
Other income	-	48,032
Administrative expenses	(639,731)	(556,728)
Depreciation and amortisation	(1,108,596)	(848,679)
Operating expenses	(130,727)	(273,108)
Impairment loss on assets held for sale	(1,211,210)	-
Loss from operations	(2,944,746)	(1,557,834)
Finance costs	(7,727)	(16,726)
Loss before taxation	(2,952,473)	(1,574,560)
Income tax expense	-	216,013
Loss after taxation from discontinued operations	(2,952,473)	(1,358,547)

(a) Included in loss before taxation from the discontinued operations are the following:-

	The Group	
	2017 RM	2016 RM
Amortisation of biological assets (Note 10)	687,309	449,773
Depreciation of property, plant and equipment (Note 9)	421,288	398,906
Director's remuneration	284,984	282,255
Staff costs	354,747	274,473
Waiver of liability	-	(45,295)

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42. LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS (CONT'D)

(b) The cash flows attributable to the discontinued operations are the following:-

	The Group	
	2017 RM	2016 RM
Net operating cash flows	(129,944)	(413,780)
Net investing cash flows	(262,804)	(615,715)
Net financing cash flows	(119,477)	(134,377)
Net cash for discontinued operations	(512,225)	(1,163,872)

43. EARNINGS PER SHARE

	The Group	
	2017	2016
Profit after tax attributable to owners of the Company (RM)		
- from continuing operations	103,068,599	96,125,785
- from discontinued operations	(2,952,473)	(1,358,547)
	100,116,126	94,767,238
Weighted average number of ordinary shares during the year	648,089,724	578,662,943
Basic earnings per ordinary share (sen)		
- from continuing operations	15.90	16.61
- from discontinued operations	(0.46)	(0.23)

**Comparative figures for the weighted average number of ordinary shares in issue for the basic earnings per ordinary share has been restated to reflect the adjustments arising from the share split and bonus issues, which were completed on 28 November 2016.*

The basic earnings per share of the Group is calculated by dividing the Group's profit after tax attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

Notes to Financial Statements
For The Financial Year Ended 31 May 2017
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43. EARNINGS PER SHARE (CONT'D)

	The Group	
	2017	2016
Profit after tax attributable to owners of the Company (RM)		
- from continuing operations	103,068,599	N/A
- from discontinued operations	(2,952,473)	N/A
	100,116,126	N/A
Weighted average number of ordinary shares during the year	648,089,724	N/A
Effect of dilution:		
- exercise of Warrants 2016/2021	3,541,348	N/A
- employees' share option	9,875,151	N/A
Weighted average number of ordinary shares during the year	661,506,223	N/A
Diluted earnings per share (sen)		
- from continuing operations	15.58	N/A
- from discontinued operations	(0.45)	N/A

The diluted earnings per share of the Group is calculated by dividing the Group's profit after tax attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the financial year adjusted for the effects of the dilutive potential ordinary shares.

There is no dilution effect to the earnings per share in the previous financial year as the Warrants 2010/2015 expired on 29 September 2015.

44. DIVIDENDS

	The Company 2017 RM	The Company 2016 RM
First and final dividend of 7 sen per ordinary share in respect of the financial year ended 31 May 2016	18,103,636	-
First and final dividend of 5 sen per ordinary share in respect of the financial year ended 31 May 2015	-	11,755,619

The directors proposed a first and final dividend of 3 sen per share in respect of the financial year ended 31 May 2017 to be approved by the shareholders at the forthcoming Annual General Meeting. This dividend will be accounted for as an appropriation of retained profits in the period when it is approved by the shareholders.

45. JOINTLY-CONTROLLED OPERATIONS

The details of jointly-controlled operations, all of which are unincorporated as joint ventures, are as follows:

Name of Jointly Controlled Entities	Country of Incorporation	Proportion of Ownership 2017	Proportion of Ownership 2016	Principal Activities
Held by Gadang Engineering (M) Sdn Bhd:				
- Konsortium Gadang Perembun	Malaysia	55%	55%	Undertake to design and build the Cheras Rehabilitation Hospital
Held by Datapuri Sdn Bhd:				
- Zeta Datapuri JV	Malaysia	45%	45%	Undertake the development of the new LCCT terminal and associated works at KL International Airport

Notes to Financial Statements
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46. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group 2017 RM	The Group 2016 RM	The Company 2017 RM	The Company 2016 RM
Cost of property, plant and equipment purchased	9,967,652	9,144,511	113,956	3,744
Amount financed through hire purchase	(5,252,500)	(5,940,800)	-	-
Cash disbursed for purchase of property, plant and equipment	4,715,152	3,203,711	113,956	3,744

47. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	The Group 2017 RM	The Group 2016 RM	The Company 2017 RM	The Company 2016 RM
Short term funds	59,434,935	106,635,459	21,187,723	43,713,115
Deposits with licensed banks	87,908,616	86,150,624	22,010,349	32,869,479
Cash and bank balances	114,571,701	101,495,291	7,250,506	17,823,573
Bank overdrafts (Note 28)	(7,521,756)	(6,146,311)	-	-
	254,393,496	288,135,063	50,448,578	94,406,167
Cash and cash equivalents under assets classified as assets held for sale	142,612	-	-	-
	254,536,108	288,135,063	50,448,578	94,406,167
Less: Fixed deposits pledged as security values (Note 22)	(53,314,789)	(55,631,131)	(10,523,181)	(10,253,214)
Cash and cash equivalents	201,221,319	232,503,932	39,925,397	84,152,953

48. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, associates, key management personnel and entities within the same group of companies.

(b) Significant related party transactions and balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Subsidiaries				
Accretion of interest on amount owing by subsidiaries	-	-	(746,228)	(86,242)
Gross dividend income	-	-	45,000,000	25,100,000
Interest income received/ receivable	-	-	3,338,562	546,175
Management fee received/ receivable	-	-	6,593,000	5,030,000
Rental expense - land and building	-	-	(202,392)	(202,392)
Related parties				
Subcontractor work payable to				
- Datapuri Sdn Bhd (i)	7,046,497	5,250,554	-	-
- Kok Khim Boon (ii)	11,883,516	879,129	-	-
Purchase motor vehicles from				
- Jawira Sdn Bhd (iii)	296,215	-	-	-
Legal fees paid or payable to a company in which a director of the Company is a member	67,734	55,307	-	-
Training fees paid or payable to a company in which a director of the Company is a member	24,000	14,000	24,000	14,000

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48. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant related party transactions and balances (Cont'd)

(i) Datapuri Sdn Bhd is a 51% owned subsidiary of the Company and 49% owned by Exclusive Acres Sdn Bhd, of which Tan Sri Dato' Kok Onn's nephew is a director and shareholder of the company.

(ii) Tan Sri Dato' Kok Onn's brother.

(iii) Jawira Sdn Bhd is a company wholly-owned by persons connected to Tan Sri Dato' Kok Onn.

49. CAPITAL COMMITMENTS

	The Group	
	2017 RM	2016 RM
<u>Approved and contracted for:</u>		
Purchase of land for investment property	50,121,000	-
<u>Approved but not contracted for:</u>		
Oil palm plantations development	-	462,000
Purchase of plant and machinery	7,523,992	550,000
Purchase of motor vehicles	623,000	-
	8,146,992	1,012,000

50. CONTINGENT LIABILITIES

	The Company	
	2017 RM	2016 RM
Unsecured		
Corporate guarantee issued to suppliers and subcontractors of subsidiaries	27,989,586	26,100,000
Secured		
Corporate guarantee issued to:		
- financial institutions for banking and hire purchase facilities granted to subsidiaries	184,788,812	216,334,223
- financial institutions for bank guarantees granted to subsidiaries in the ordinary course of business	260,908,232	198,299,192
	473,686,630	440,733,415

51. Operating Segments

Business Segments

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The following are the Group's main business segments:

(i) Construction division – civil engineering works encompassing earthworks, infrastructure works, hospital and M&E works;

(ii) Property division – the development of residential and commercial properties;

(iii) Utility division – construction, maintenance and management of water and power supply facilities; and

(iv) Investment holding – investment activities and provision of management services.

Notes to Financial Statements
For The Financial Year Ended 31 May 2017
(Cont'd)

51. OPERATING SEGMENTS (CONT'D)

The Group 2017	Continuing operations Construction division RM	Property division RM	Utility division RM	Investment holding RM	Discontinued operations Plantation division RM	Elimination RM	Group RM
Revenue	286,623,403	244,175,660	23,067,043	-	2,671,520	-	556,537,626
Inter-segment sales	88,781	557,431	-	51,593,000	-	(52,239,212)	-
Total revenue	286,712,184	244,733,091	23,067,043	51,593,000	2,671,520		556,537,626
Results							
Segment results	79,497,682	59,638,404	3,621,100	43,215,076	(2,944,746)	(42,158,969)	140,868,547
Finance costs	(585,383)	(1,264,728)	(538,440)	-	(7,727)	93,014	(2,303,264)
Share of results in joint ventures	36,945	-	-	-	-		36,945
Profit/(Loss) before taxation	78,949,244	58,373,676	3,082,660	43,215,076	(2,952,473)		138,602,228
Income tax expense							(37,995,808)
Profit after taxation							**100,606,420**
Non-controlling interests							**(490,294)**
Net profit attributable to owners							**100,116,126**

51. Operating Segments (Cont'd)

The Group 2017	Continuing operations Construction division RM	Property division RM	Utility division RM	Investment holding RM	Discontinued operations Plantation division RM	Elimination RM	Group RM
Segment assets	355,176,355	870,791,324	165,215,872	358,881,768	15,521,021	(339,102,241)	1,426,484,099
Segment liabilities	185,643,860	692,841,059	129,706,238	1,172,414	521,021	(214,571,602)	795,312,990
Other information:							
- Depreciation and amortisation	18,089,131	563,788	2,645,694	30,817	1,108,597	(9,828)	22,428,199
- Capital expenditure	12,377,313	422,580	32,130,158	113,956	262,804	-	45,306,811

Notes to Financial Statements
For The Financial Year Ended 31 May 2017
(Cont'd)

51. OPERATING SEGMENTS (CONT'D)

The Group 2016	← Continuing operations → Construction division RM	Property division RM	Utility division RM	Investment holding RM	*Discontinued operations* Plantation division RM	Elimination RM	Group RM
Revenue	480,609,043	172,020,385	20,899,897	-	1,874,279	-	675,403,604
Inter-segment sales	859,229	560,380	-	30,130,000	-	(31,549,609)	-
Total revenue	481,468,272	172,580,765	20,899,897	30,130,000	1,874,279		675,403,604
Results							
Segment results	68,374,784	49,834,679	5,315,312	23,776,289	(1,557,834)	(18,678,010)	127,065,220
Finance costs	(541,587)	(2,030,128)	(519,642)	-	(16,726)	546,175	(2,561,908)
Profit/(Loss) before taxation	67,833,197	47,804,551	4,795,670	23,776,289	(1,574,560)		124,503,312
Income tax expense							(29,800,964)
Profit after taxation							**94,702,348**
Non-controlling interests							**64,890**
Net profit attributable to owners							**94,767,238**

51. OPERATING SEGMENTS (CONT'D)

The Group	*Continuing operations*				*Discontinued operations*		
	Construction division RM	**Property division RM**	**Utility division RM**	**Investment holding RM**	**Plantation division RM**	**Elimination RM**	**Group RM**
2016							
Segment assets	431,851,338	621,523,077	120,133,242	324,597,703	17,390,008	(292,671,198)	1,222,824,170
Segment liabilities	292,682,815	469,984,552	88,921,555	461,882	3,570,240	(169,163,397)	686,457,647
Other information:							
- Depreciation and amortisation	22,632,558	568,114	873,073	29,093	848,679	(9,828)	24,941,689
- Capital expenditure	8,964,115	30,952	13,758,146	3,744	615,714	-	23,372,671

Notes to Financial Statements
For The Financial Year Ended 31 May 2017
(Cont'd)

51. OPERATING SEGMENTS (CONT'D)

GEOGRAPHICAL INFORMATION

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. The Group's three business segments operate in two main geographical areas:

(i) Malaysia – the operations in this area are principally civil engineering and construction works, property development, investment holding and oil palm cultivation.

(ii) Indonesia – the operations in this area are principally water concessions and power concession.

(iii) Singapore – the operations in this area are investment holding.

	Total revenue from external customers RM	Segment assets RM	Capital expenditure RM
2017			
Malaysian - continuing operations	530,799,063	1,272,045,808	12,913,849
Malaysian - discontinued operations	2,671,520	15,521,021	262,804
Indonesia	23,067,043	138,917,270	32,130,158
	556,537,626	1,426,484,099	45,306,811
2016			
Malaysian - continuing operations	652,629,428	1,142,389,571	9,614,525
Malaysian - discontinued operations	1,874,279	-	-
Indonesia	20,899,897	80,434,599	13,758,146
	675,403,604	1,222,824,170	23,372,671

MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of Group revenue:

	Revenue 2017 RM	Revenue 2016 RM	Division
Customer A	91,481,890	159,850,888	Construction
Customer B	161,118,046	248,821,498	Construction
Customer C	-	47,397,452	Construction
	252,599,936	456,069,838	

52. FOREIGN EXCHANGE RATES

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to Ringgit Malaysia equivalent) for the translation of the foreign currency balances at the end of the reporting period are as follows:-

	The Group	
	2017 RM	2016 RM
United States Dollar	4.3704	4.0229
Indonesian Rupiah	0.000321	0.000302

53. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

53.1 Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transaction and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Indonesian Rupiah ("IDR"). Foreign currency risk is monitored closely on an on going basis to ensure that the net exposure is at an acceptable level.

Notes to Financial Statements
For The Financial Year Ended 31 May 2017
(Cont'd)

53. Financial Instruments

53.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

	United States Dollar RM	Indonesian Rupiah RM	Ringgit Malaysia RM	Total RM
The Group				
2017				
Financial Assets				
Other investments	-	-	100,000	100,000
Trade and non-trade receivables	-	8,080,350	114,579,760	122,660,110
Short term funds	-	-	59,434,935	59,434,935
Deposits with licensed banks	-	12,785,584	75,123,032	87,908,616
Cash and bank balances	-	28,634,741	85,936,960	114,571,701
	-	49,500,675	335,174,687	384,675,362
Financial Liabilities				
Trade and non-trade payables	-	2,562,247	521,263,080	523,825,327
Bank borrowings	10,524,481	29,421,895	152,643,777	192,590,153
	10,524,481	31,984,142	673,906,857	716,415,480
Net financial assets/ (liabilities)	(10,524,481)	17,516,533	(338,732,170)	(331,740,118)
Less: Net financial liabilities denominated in the entity's functional currency	-	-	338,732,170	338,732,170
Currency exposure	(10,524,481)	17,516,533	-	6,992,052

53. Financial Instruments (Cont'd)

53.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group 2016	United States Dollar RM	Indonesian Rupiah RM	Ringgit Malaysia RM	Total RM
Financial Assets				
Other investments	-	-	100,000	100,000
Trade and non-trade receivables	-	17,443,350	117,890,082	135,333,432
Short term funds	-	-	106,635,459	106,635,459
Deposits with licensed banks	-	4,781,336	81,369,288	86,150,624
Cash and bank balances	-	18,574,446	82,920,845	101,495,291
	-	40,799,132	388,915,674	429,714,806
Financial Liabilities				
Trade and non-trade payables	-	1,920,609	353,448,270	355,368,879
Bank borrowings	12,551,722	1,678,573	208,590,735	222,821,030
	12,551,722	3,599,182	562,039,005	578,189,909
Net financial assets/ (liabilities)	(12,551,722)	37,199,950	(173,123,331)	(148,475,103)
Less: Net financial liabilities denominated in the entity's functional currency	-	-	173,123,331	173,123,331
Currency exposure	(12,551,722)	37,199,950	-	24,648,228

Notes to Financial Statements
For The Financial Year Ended 31 May 2017
(Cont'd)

53. FINANCIAL INSTRUMENTS (CONT'D)

53.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	Indonesian Rupiah RM	Ringgit Malaysia RM	Total RM
The Company			
2017			
Financial Assets			
Trade and non-trade receivables	-	181,818,983	181,818,983
Short term funds	-	21,187,723	21,187,723
Deposits with licensed banks	-	22,010,349	22,010,349
Cash and bank balances	3,561,802	3,688,704	7,250,506
	3,561,802	228,705,759	232,267,561
Financial Liability			
Trade and non-trade payables	-	831,262	831,262
	-	831,262	831,262
Net financial assets	3,561,802	227,874,497	231,436,299
Less: Net financial assets denominated in the entity's functional currency	-	(227,874,497)	(227,874,497)
Currency exposure	3,561,802	-	3,561,802

53. FINANCIAL INSTRUMENTS (CONT'D)

53.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	Indonesian Rupiah RM	Ringgit Malaysia RM	Total RM
The Company			
2016			
Financial Assets			
Trade and non-trade receivables	-	100,922,750	100,922,750
Short term funds	-	43,713,115	43,713,115
Deposits with licensed banks	-	32,869,479	32,869,479
Cash and bank balances	149,915	17,673,658	17,823,573
	149,915	195,179,002	195,328,917
Financial Liability			
Trade and non-trade payables	-	440,621	440,621
	-	440,621	440,621
Net financial assets	149,915	194,738,381	194,888,296
Less: Net financial assets denominated in the entity's functional currency	-	(194,738,381)	(194,738,381)
Currency exposure	149,915	-	149,915

Notes to Financial Statements
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(Cont'd)

53. FINANCIAL INSTRUMENTS (CONT'D)

53.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	The Group		The Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Effects on profit after taxation/Other Comprehensive Income				
USD/RM				
Strengthened by 5%	(399,930)	(476,965)	-	-
Weakened by 5%	399,930	476,965	-	-
IDR/RM				
Strengthened by 5%	665,628	1,413,598	135,348	5,697
Weakened by 5%	(665,628)	(1,413,598)	(135,348)	(5,697)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

The Group's deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined by FRS 7 since neither their carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 28 to the financial statements.

53. FINANCIAL INSTRUMENTS (CONT'D)

53.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is summarised as follows:-

	The Group	
	2017	**2016**
	RM	**RM**
Bank overdrafts	7,521,756	6,146,311
Bankers' acceptances	4,693,000	1,085,000
Revolving credits	15,200,000	15,200,000
Term loans	154,208,656	176,630,832
	181,623,412	199,062,143

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rate as at the end of the reporting period, with all other variables held constant:-

	The Group	
	2017	**2016**
	RM	**RM**
Effects on profit after taxation/ Other Comprehensive Income		
Increase of 10 basis points	(138,034)	(151,287)
Decrease of 10 basis points	138,034	151,287

Notes to Financial Statements
For The Financial Year Ended 31 May 2017
(Cont'd)

53. Financial Instruments (Cont'd)

53.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and non-trade receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments and cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 6 months, which are deemed to have higher credit risk, are monitored individually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified (where applicable). Impairment is estimated by management based on prior experience and the current economic environment.

53. FINANCIAL INSTRUMENTS (CONT'D)

53.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(i) Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by 2 customers which constituted approximately 61% (2016 - 52%) of its trade receivables as at the end of the reporting period.

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables (including related parties) at the end of the reporting period is as follows:-

	The Group	
	2017	2016
	RM	RM
Malaysia	61,025,301	46,092,131
Indonesia	3,098,788	4,365,078
	64,124,089	50,457,209

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

Notes to Financial Statements
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53. FINANCIAL INSTRUMENTS (CONT'D)

53.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(iii) Ageing analysis

The ageing analysis of trade receivables is as follows:-

The Group	Gross amount RM	Individual impairment RM	Collective impairment RM	Carrying value RM
2017				
Not past due	53,581,546	-	-	53,581,546
Past due:				
- less than 3 months	9,787,518	-	-	9,787,518
- more than 6 months	650,543	-	-	650,543
- more than 1 year	241,958	(137,476)	-	104,482
	64,261,565	(137,476)	-	64,124,089
2016				
Not past due	33,825,981	-	-	33,825,981
Past due:				
- less than 3 months	11,665,779	-	-	11,665,779
- more than 6 months	4,830,115	-	-	4,830,115
- more than 1 year	724,624	(589,290)	-	135,334
	51,046,499	(589,290)	-	50,457,209

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

53. FINANCIAL INSTRUMENTS (CONT'D)

53.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk (Cont'd)

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Contractual interest rate %	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1 - 5 years RM	Over 5 years RM
The Group						
2017						
Non-derivative Financial Liabilities						
Trade and non-trade payables	-	523,825,327	527,263,554	283,345,998	243,917,556	-
Bank overdrafts	7.71	7,521,756	7,521,756	7,521,756	-	-
Bankers' acceptances	4.47-4.48	4,693,000	4,693,000	4,693,000	-	-
Revolving credits	4.51-5.78	15,200,000	15,249,893	15,249,893	-	-
Hire purchase payables	4.46-7.07	10,966,741	12,147,667	4,423,676	3,738,176	3,985,815
Term loans	4.46-12.50	154,208,656	197,858,622	27,342,643	117,196,633	53,319,346
		716,415,480	764,734,492	342,576,966	364,852,365	57,305,161

Notes to Financial Statements
For The Financial Year Ended 31 May 2017
(Cont'd)

53. FINANCIAL INSTRUMENTS (CONT'D)

53.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):- (Cont'd)

	Contractual interest rate %	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1 - 5 years RM	Over 5 years RM
The Group						
2016						
Non-derivative Financial Liabilities						
Trade and non-trade payables	-	355,368,879	359,133,838	227,704,638	131,429,200	-
Bank overdrafts	7.60	6,146,311	6,146,311	6,146,311	-	-
Bankers' acceptances	5.14	1,085,000	1,085,000	1,085,000	-	-
Revolving credits	4.75-5.98	15,200,000	15,264,846	15,264,846	-	-
Hire purchase payables	4.46-7.07	23,758,887	26,273,626	10,974,897	15,055,023	243,706
Term loans	4.46-13.60	176,630,832	214,017,111	33,580,344	118,588,647	61,848,120
		578,189,909	621,920,732	294,756,036	265,072,870	62,091,826

53. FINANCIAL INSTRUMENTS (CONT'D)

53.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):- (Cont'd)

	Contractual interest rate %	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1 - 5 years RM	Over 5 years RM
The Company						
2017						
Non-derivative Financial Liability						
Trade and non-trade payables	-	831,262	831,262	831,262	-	-
2016						
Non-derivative Financial Liability						
Trade and non-trade payables	-	440,621	440,621	440,621	-	-

Notes to Financial Statements
For The Financial Year Ended 31 May 2017
(Cont'd)

53. FINANCIAL INSTRUMENTS (CONT'D)

53.2 Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. The net debt is calculated as total interest bearing borrowings from financial institutions less cash and cash equivalent which includes fixed deposits pledged as security values. Total equity includes equity attributable to the owners of the parent and non-controlling interests.

The debt-to-equity ratio of the Group and the Company as at the end of the reporting period was as follows:-

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Total interest bearing financial liabilities	192,590,153	222,821,030	-	-
Less: Cash and cash equivalents	(254,393,496)	(288,135,063)	(50,448,578)	(94,406,167)
Net cash	(61,803,343)	(65,314,033)	(50,448,578)	(94,406,167)
Total equity	631,171,109	536,366,523	357,962,352	324,135,824
Debt-to-equity	Not applicable	Not applicable	Not applicable	Not applicable

Notes to Financial Statements
For The Financial Year Ended 31 May 2017
(Cont'd)

53. Financial Instruments (Cont'd)

53.3 Classification of Financial Instruments

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Financial Assets				
Available-for-sale Financial Asset				
Other investment	100,000	100,000	-	-
Loans and Receivables Financial Asset				
Trade and non-trade receivables	122,660,110	135,333,432	181,818,983	100,922,750
Deposits with licensed banks	87,908,616	86,150,624	22,010,349	32,869,479
Cash and bank balances	114,571,701	101,495,291	7,250,506	17,823,573
	325,140,427	322,979,347	211,079,838	151,615,802
Fair Value through Profit or Loss				
Short term funds	59,434,935	106,635,459	21,187,723	43,713,115
Financial Liabilities				
Other Financial Liabilities				
Trade and non-trade payables	(523,825,327)	(355,368,879)	(831,262)	(440,621)
Bank borrowings	(192,590,153)	(222,821,030)	-	-
	(716,415,480)	(578,189,909)	(831,262)	(440,621)

53. FINANCIAL INSTRUMENTS (CONT'D)

53.4 Fair Value Information

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The fair value of the Group's investment in unquoted shares that with carrying amount of RM100,000 (2016 - RM100,000) is not presented due to the lack of marketability of the shares and the fair value cannot be reliably measured.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	RM	RM
The Group								
2017								
Financial Asset								
Short term funds	59,434,935	-	-	-	-	-	59,434,935	59,434,935
Financial Liabilities								
Term loans	-	-	-	-	154,208,656	-	154,208,656	154,208,656
Hire purchase payables	-	-	-	-	10,966,741	-	11,192,464	10,966,741

53. FINANCIAL INSTRUMENTS (CONT'D)

53.4 Fair Value Information (Cont'd)

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	RM	RM
The Group								
2016								
Financial Asset								
Short term funds	106,635,459	-	-	-	-	-	106,635,459	106,635,459
Financial Liabilities								
Term loans	-	-	-	-	176,630,832	-	176,630,832	176,630,832
Hire purchase payables	-	-	-	-	23,758,887	-	23,980,834	23,758,887

Notes to Financial Statements
For The Financial Year Ended 31 May 2017
(Cont'd)

53. FINANCIAL INSTRUMENTS (CONT'D)

53.4 Fair Value Information (Cont'd)

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	RM	RM
The Company								
2017								
Financial asset								
Short term funds	21,187,723	-	-	-	-	-	21,187,723	21,187,723
2016								
Financial asset								
Short term funds	43,713,115	-	-	-	-	-	43,713,115	43,713,115

53. FINANCIAL INSTRUMENTS (CONT'D)

53.4 Fair Value Information (Cont'd)

(a) Fair Value of Financial Instruments Carried at Fair Value

(i) The fair value above have been determined using the following basis:

The fair value of short term funds is determined at their quoted closing bid prices at the end of the reporting period.

(ii) There were no transfer between level 1 and level 2 during the financial year.

(b) Fair Value of Financial Instruments not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

(i) The fair values of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

(ii) The fair values of hire purchase payables are determined by discounting the relevant cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group	
	2017	**2016**
	%	**%**
Hire purchase payables	4.95-8.59	5.00-8.00

54. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are as follows:-

(a) On 25 August 2016, the Company announced to undertake the following proposals:-

(i) Share split involving the subdivision of every one (1) existing ordinary share of RM1.00 each into two (2) ordinary shares of RM0.50 each ("Subdivided Shares") ("Share Split");

(ii) Bonus issue of 129,311,689 new Subdivided Shares ("bonus share(s)") on the basis of one (1) bonus share for every four (4) subdivided shares held after the completion of the Share Split ("Bonus Issue of Shares");

(iii) Bonus issue of 129,311,689 warrants ("warrant(s)") on the basis of one (1) warrant for every four (4) Subdivided Shares held after the completion of the Share Split ("Bonus Issue of Warrants");

Notes to Financial Statements
For The Financial Year Ended 31 May 2017
(Cont'd)

54. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

The significant events during the financial year are as follows:- (Cont'd)

(a) On 25 August 2016, the Company announced to undertake the following proposals:- (Cont'd)

(iv) Establishment of an employees' share option scheme ("ESOS") of up to fifteen percent (15%) of the issued and paid-up share capital of the Company (excluding treasury shares) at any point in time to be granted to the eligible directors and employees of the Company and its subsidiaries which are not dormant;

(v) Increase in the authorised share capital from RM400,000,000 comprising 400,000,000 ordinary shares of RM1.00 each to RM500,000,000 comprising 1,000,000,000 ordinary shares of RM0.50 each; and

(vi) Amendments to the Memorandum and Articles of Association as a consequence of the Share Split and increase In authorised share capital ("Proposed Amendments").

(collectively referred to as "the Proposals")

The approvals required for the Proposals were obtained as follows:-

(i) Bursa Malaysia Securities Berhad ("Bursa Securities") vide its letter dated 29 September 2016 approved the Share Split; the listing of and quotation for the Subdivided Shares, Bonus Shares, Warrants and new Shares to be issued pursuant to the exercise of warrants and ESOS Options on the Main Market of Bursa Securities; and

(ii) the shareholders of Gadang approved the Proposals at the Company's extraordinary general meeting held on 3 November 2016.

The Share Split and Bonus Issue of Shares were completed on 28 November 2016. The Bonus Issue of Warrants was completed on 5 December 2016 and the effective date for the implementation of the ESOS was fixed on 6 December 2016.

(b) On 26 August 2016, the Company's wholly-owned subsidiary, Regional Utilities Sdn Bhd ("RUSB") incorporated a new subsidiary in Indonesia under the name of PT. Asian Utilities Indonesia ("PTAUI"), with a paid-up capital of IDR3,945,000,000 (equivalent to USD300,000) divided into 300,000 shares of IDR13,150 each (equivalent to USD1.00 each) of which RUSB holds 99% and the remaining 1% is held by the Company. The intended activity of PTAUI is to provide business management consulting services.

(c) On 5 January 2017, the Company's indirect wholly-owned subsidiary, Gadang Engineering (M) Sdn Bhd entered into a Sale and Purchase Agreement with Mohd Yunus Bin Mohd Amin for the acquisition of 5 parcels of vacant leasehold land located at Serendah for a purchase consideration of RM3,626,860.

54. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

The significant events during the financial year are as follows:- (Cont'd)

(d) On 11 January 2017, the Company's indirect wholly-owned subsidiary, Tema Warisan Sdn Bhd, entered into a Joint Venture Agreement with Perikatan Progresif Sdn Bhd to jointly develop a parcel of leasehold residential land measuring approximately 17.5 acres in Taman Putra Perdana, Puchong.

(e) On 13 January 2017, the Company announced that RUSB - BTS Joint Consortium ("Consortium"), a joint venture comprising Regional Utilities Sdn Bhd, a wholly-owned subsidiary of the Company and BT Solar Sdn Bhd, had accepted the Letter of Acceptance of Offer from the Energy Commission ("EC") dated 15 December 2016 for the development of a Large Scale Solar PV Plant of 5.9 MWa.c. in Kota Marudu, Sabah. The Letter of Acceptance of Offer requires the Consortium to satisfy certain obligations, including completion of negotiation and execution of the Project Documents prior to EC issuing the formal Letter of Award for the project.

(f) On 18 January 2017, the Company's indirect wholly-owned subsidiary, Elegance Sonata Sdn Bhd had entered into a Development Rights Agreement with Kwasa Development (3) Sdn Bhd for the Proposed Residential Development identified as Plot R3-1 in Kwasa Damansara Township, Petaling.

(g) The Companies Act 2016 came into operation on 31 January 2017 (except for Section 241 and Division 8 of Part III of the said Act) and replaced the existing Companies Act 1965. Amongst the key changes introduced under the Companies Act 2016 that have affected the financial statements of the Group and of the Company upon its initial implementation are removal of the authorised share capital and ordinary shares ceased to have par value. The Companies Act 2016 was applied prospectively and the impacts of implementation are disclosed in the Note 25 to the financial statements.

(h) On 6 February 2017, the Company's indirect wholly-owned subsidiary, Gadang Construction Sdn Bhd entered into a Sale and Purchase Agreement with Nusvista Development Sdn Bhd for the acquisition of a piece of leasehold commercial land located in Damansara Perdana for a purchase consideration of RM55,690,000.

(i) On 10 March 2017, the Company's wholly-owned subsidiary, Gadang Engineering (M) Sdn Bhd ("GESB") received a Letter of Acceptance from Mass Rapid Transit Corporation Sdn Bhd awarding GESB the contract for Package V206 of the Project Mass Rapid Transit Laluan 2: Sungai Buloh – Serdang – Putrajaya (SSP) for a contract sum of RM952,088,535.03.

(j) On 5 May 2017, the Company's wholly-owned subsidiary, Gadang Engineering (M) Sdn Bhd ("GESB") subscribed for 51% equity interest representing 509 ordinary shares in Gadang CRFG Consortium Sdn Bhd ("GCC") for a total cash consideration of RM509 ("Subscription of Shares"). As a result of the Subscription of Shares, GCC became a joint venture with GESB.

Notes to Financial Statements
For The Financial Year Ended 31 May 2017
(Cont'd)

54. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

The significant events during the financial year are as follows:- (Cont'd)

(k) On 9 May 2017, the Company announced GCC accepted the award of contract from TRX City Sdn Bhd to undertake the works known as "The Execution and Completion of Works for Cadangan Penyuraian Trafik Dan Kerja-Kerja Menaiktaraf Jalan Tun Razak Dari Jalan Langgak Golf Ke Bulatan Kampung Pandan Kuala Lumpur (Package 2)" for a contract sum of RM327,905,000.

55. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

(a) On 29 June 2017, the Company's wholly-owned subsidiary, Regional Utilities Sdn Bhd subscribed for 70% equity interest representing 139,999 ordinary shares in Nusantara Suriamas Sdn Bhd ("NSSB") for a total cash consideration of RM139,999. The remaining 30% equity interest in NSSB was subscribed by BT Solar Sdn Bhd. As a result of the subscription of shares, NSSB became an indirect 70% owned subsidiary of the Company.

(b) On 10 July 2017, the Company's wholly-owned subsidiary, Gadang Plantations Holdings Sdn Bhd entered into a Sale of Shares Agreement with Kumpulan Sawit Tan Holdings Sdn Bhd in relation to the 100% equity interest disposal of 250,000 ordinary shares in Desiran Impian Sdn Bhd for a total cash consideration of RM15,000,000.

(c) On 4 August 2017, the Company's wholly-owned subsidiary, Gadang Engineering (M) Sdn Bhd accepted the Letter of Acceptance dated 1 August 2017 from Cyberview Sdn Bhd to undertake the proposed development of Cyberjaya Hospital (288 Beds) for a contract sum of RM475,000,000.

56. COMPARATIVE FIGURES

The plantation segment was not a discontinued operations or classified as held for sale as at 31 May 2016 and the comparative consolidated statement of profit or loss has been re-presented to show the discontinued operations separately from continuing operations.

	The Group	
	2016 previously reported RM	**2016 As Restated RM**
Statements of Profit or Loss (Extract)		
Revenue	675,403,604	673,529,325
Cost of sales	(519,730,448)	(517,928,818)
Other income	16,039,875	15,991,843
Administrative expenses	(21,321,593)	(20,764,865)
Depreciation and amortisation	(4,627,738)	(3,779,059)
Operating expenses	(13,400,704)	(13,127,596)
Other expenses	(5,297,776)	(5,297,776)
Finance costs	(2,561,908)	(2,545,182)
Income tax expense	(29,800,964)	(30,016,977)

57. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of retained profits of the Group and of the Company as at the end of the reporting period into realised and unrealised profits are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Total retained profits of the Company and its subsidiaries				
- realised	311,988,453	247,038,600	24,543,813	25,933,690
- unrealised	466,259	9,926,488	997,384	1,537,303
	312,454,712	256,965,088	25,541,197	27,470,993
Less: Consolidation adjustments	(24,826,642)	(24,716,120)	-	-
At 31 May	287,628,070	232,248,968	25,541,197	27,470,993

List of Properties
As At 31 May 2017

Title/Location	Description/ Existing use	Tenure	Acquisition Date (Revaluation Date)	Approximate Land/(Built-up) Area in sq. ft	Carrying Value (RM)
Wisma Gadang No. 52 Jalan Tago 2 Off Jalan Persiaran Utama Sri Damansara 52200 Kuala Lumpur	7 storey office block for own use	Freehold	(June 1997)	42,619 (45,043)	8,338,497
Geran No. 49848 Lot No. 1132 Daerah Johor Baru Bandar Johor Baru Negeri Johor Darul Taksim	Mixed integrated commercial development	Freehold	31/07/2003	705,672	21,318,469
Salak South Land Mukim Kuala Lumpur HS(D) 42144 Lot 49280	Mixed development	Leasehold ending 17/06/2112	27/01/2010	531,432	33,985,365
Plot No. 209 held under HS(D) 252119 PT No. 1014; Plot No. 211 held under HS(D) 252212 PT No. 1016; Plot No. 212 held under HS(D) 2521122 PT No. 1017; Plot No. 201 held under HS(D) 252138 PT No. 1033; Plot No. 202 held under HS(D) 252126 PT No. 1021; Plot No. 203 held under HS(D) 252127 PT No. 1022; Pekan Baru Sungai Besi District of Petaling Selangor	Vacant bungalow lot for sale/ development	Leasehold ending 01/12/2107	31/01/2010	62,123	8,921,920
Pokok Sena Lot 165, Pokok Sena Kedah	Mixed development	Freehold	11/06/2010	8,786,923	14,369,977
Gasing Indah Land Mukim Kuala Lumpur HS(D) 171475 PT No.399	Land held for development	Freehold	17/06/2010	46,165	3,693,200

List of Properties
As At 31 May 2017

Title/Location	Description/ Existing use	Tenure	Acquisition Date (Revaluation Date)	Approximate Land/(Built-up) Area in sq. ft	Carrying Value (RM)
Parcel No. B-D-37 Kenny Heights Estate (Lot No. 67802) Geran Title 72851 Mukim of Batu District of Kuala Lumpur	Town villa for sale	Freehold	29/12/2011	(5,226)	2,907,000
Pajakan Mukim No. Hakmilik 2288 Lot 20470 Mukim Serendah Daerah Hulu Selangor Negeri Selangor	Store for plant and machinery	Leasehold ending 31/08/2105	01/10/2012	400,300	4,506,276
PM 317 Lot 4249 Mukim Setapak Tempat Dusun Ranjau Daerah Kuala Lumpur	Land for development	Leasehold ending 02/02/2091	25/10/2013	413,883	33,110,000
Lot 20504, Mukim Semenyih District of Ulu Langat State of Selangor	Land for development	Freehold	30/01/2015	2,737,262	98,676,114

Analysis of Shareholdings & Warrant Holdings

I. ANALYSIS OF SHAREHOLDINGS as at 30 August 2017

Share Capital

Number of Issued Shares	:	657,786,145
Class of Shares	:	Ordinary shares
No. of shareholders	:	10,610
Voting Rights	:	One vote per ordinary share (on a poll)

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
Less than 99	211	1.99	8,897	0.00
100 - 1,000	883	8.32	622,531	0.09
1,001 - 10,000	6,003	56.58	31,156,938	4.74
10,001 - 100,000	3,044	28.69	91,845,255	13.96
100,001 - 32,889,306	467	4.40	365,309,171	55.54
32,889,307* and above	2	0.02	168,843,353	25.67
Total	**10,610**	**100.00**	**657,786,145**	**100.00**

** denotes 5% of issued shares*

REGISTER OF SUBSTANTIAL SHAREHOLDERS

	No. of Shares Held			
Name	Direct Interest	%	Deemed Interest	%
1. Sumber Raswira Sdn Bhd	81,375,402	12.37	-	-
2. Tan Sri Dato' Kok Onn	4,664,700	0.71	168,843,353[a]	25.67
3. Meloria Sdn Bhd	87,467,951	13.30	-	-
4. Puan Sri Datin Chan Ngan Thai	-	-	87,467,951[b]	13.30

Notes

(a) *Deemed interested by virtue of his interests in Sumber Raswira Sdn Bhd and Meloria Sdn Bhd pursuant to Section 8 of the Companies Act, 2016 ("the Act")*

(b) *Deemed interested by virtue of her interest in Meloria Sdn Bhd pursuant to Section 8 of the Act*

Analysis of Shareholdings & Warrant Holdings

THIRTY LARGEST SHAREHOLDERS

		No. of Shares	%
1.	RHB Nominees (Tempatan) Sdn Berhad *Pledged securities account for Meloria Sdn Bhd*	87,467,951	13.30
2.	JF Apex Nominees (Tempatan) Sdn Bhd *Pledged securities account for Sumber Raswira Sdn Bhd*	81,375,402	12.37
3.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	23,210,500	3.53
4.	Lembaga Tabung Haji	21,733,100	3.30
5.	Citigroup Nominees (Asing) Sdn Bhd *Exempt An for Citibank New York (Norges Bank 14)*	17,553,250	2.67
6.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for Morgan Stanley & Co. LLC (Client)*	9,833,400	1.49
7.	Citigroup Nominees (Asing) Sdn Bhd *Exempt An for Citibank New York (Norges Bank 9)*	9,789,825	1.49
8.	UOB Kay Hian Nominees (Asing) Sdn Bhd *Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)*	9,752,500	1.48
9.	Maybank Nominees (Tempatan) Sdn Bhd *National Trust Fund (IFM Maybank)*	8,000,000	1.22
10.	DB (Malaysia) Nominee (Asing) Sdn Bhd *The Bank of New York Mellon for Acadian Emerging Markets Small Cap Equity Fund, LLC*	6,716,550	1.02
11.	HSBC Nominees (Asing) Sdn Bhd *JPMCB NA for Evli Emerging Frontier Fund*	5,837,500	0.89
12.	Su Ming Keat	5,200,000	0.79
13.	Maybank Nominees (Tempatan) Sdn Bhd *Yeoh Ah Tu*	5,021,625	0.76
14.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Law Wan Ni (M68103)*	4,782,500	0.73
15.	Citigroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Kok Onn*	4,664,700	0.71

Analysis of Shareholdings & Warrant Holdings

THIRTY LARGEST SHAREHOLDERS (Cont'd)

		No. of Shares	%
16.	UOBM Nominees (Asing) Sdn Bhd *Banque De Luxembourg for RAM (Lux) Systematic Funds - Emerging Markets Equities*	4,650,043	0.71
17.	Malacca Equity Nominees (Tempatan) Sdn Bhd *Exempt An for Phillip Capital Management Sdn Bhd (EPF)*	4,452,750	0.68
18.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (F.TemIslamic)*	4,440,800	0.68
19.	Malacca Equity Nominees (Tempatan) Sdn Bhd *Exempt An for Phillip Capital Management Sdn Bhd*	4,272,400	0.65
20.	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for Manulife Investment Progress Fund*	3,956,100	0.60
21.	HSBC Nominees (Asing) Sdn Bhd *Morgan Stanley & Co. International PLC (Firm A/C)*	3,315,900	0.50
22.	Law Wan Cheen	3,241,500	0.49
23.	DB (Malaysia) Nominee (Asing) Sdn Bhd *The Bank of New York Mellon for Pension Reserves Investment Trust Fund*	3,146,250	0.48
24.	Lee Chee Beng	3,114,750	0.47
25.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (F Templeton)*	2,931,250	0.45
26.	Public Nominees (Tempatan) Sdn Bhd *Pledged securities account for Ko Mok Chuan*	2,890,000	0.44
27.	Wu Chung Ta	2,890,000	0.44
28.	Maybank Nominees (Tempatan) Sdn Bhd *Etiqa Insurance Berhad (Life Par Fund)*	2,888,100	0.44
29.	RHB Nominees (Tempatan) Sdn Bhd *OSK Technology Ventures Sdn Bhd*	2,773,900	0.42
30.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged securities account for Teh Win Kee*	2,727,800	0.41
	Total	**352,630,346**	**53.61**

II. ANALYSIS OF WARRANT HOLDINGS as at 30 August 2017

Warrant 2016/2021 ("Warrants")

Total Number of Warrants Issued	:	129,311,689
Total Number of Warrants Unexercised	:	129,254,039
Maturity Date	:	29 November 2021
No. of Warrant Holders	:	6,475
Exercise Price	:	RM1.06 per Warrant
Exercise Rights	:	Each Warrant entitles the registered holder to subscribe for one (1) new ordinary share of the Company

DISTRIBUTION OF WARRANT HOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Warrants	%
Less than 99	307	4.74	11,762	0.01
100 - 1,000	1,628	25.14	1,074,008	0.83
1,001 - 10,000	2,727	42.12	13,190,607	10.21
10,001 - 100,000	1,613	24.91	55,491,621	42.93
100,001 - 6,462,700	200	3.09	59,486,041	46.02
6,462,701* and above	0	0.00	0	0.00
Total	**6,475**	**100.00**	**129,254,039**	**100.00**

* *denotes 5% of total Warrants unexercised*

Analysis of Shareholdings & Warrant Holdings

THIRTY LARGEST WARRANT HOLDERS

		No. of Warrants	%
1.	UOB Kay Hian Nominees (Asing) Sdn Bhd *Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)*	5,232,500	4.05
2.	HLIB Nominees (Tempatan) Sdn Bhd *Pledged securities account for Tan Choon Piew (CCTS)*	1,790,000	1.38
3.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd *Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)*	1,510,050	1.17
4.	Law Wan Ni	1,456,500	1.13
5.	HSBC Nominees (Asing) Sdn Bhd *JPMCB NA for Evli Emerging Frontier Fund*	1,167,500	0.90
6.	Lim Chee Meng	1,061,000	0.82
7.	Su Ming Keat	1,040,000	0.80
8.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged securities account for Leong Khai Ric*	1,017,000	0.79
9.	RHB Nominees (Tempatan) Sdn Bhd *Tan Choon Piew*	1,000,000	0.77
10.	Maybank Nominees (Tempatan) Sdn Bhd *Mohamed Adzman Bin Mohamed Sura*	930,000	0.72
11.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged securities account for Lim Kean Seng*	867,300	0.67
12.	Teoh Teck Hin	800,000	0.62
13.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged securities account for Mohamed Adzman Bin Mohamed Sura*	643,000	0.50
14.	Lee Chee Beng	622,950	0.48
15.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Lau Chun Soong*	600,000	0.46
16.	Lee Hon Meng	600,000	0.46
17.	Chu Soo Fang	598,000	0.46
18.	Public Nominees (Tempatan) Sdn Bhd *Pledged securities account for Ko Mok Chuan*	590,000	0.46

Analysis of Shareholdings & Warrant Holdings

THIRTY LARGEST WARRANT HOLDERS (Cont'd)

		No. of Warrants	%
19.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Cheah Chee Siong*	527,300	0.41
20.	Mah Yuet Ching	500,000	0.39
21.	Kok Yoon Hing	496,000	0.38
22.	Tan Kin Lee	487,800	0.38
23.	HLIB Nominees (Tempatan) Sdn Bhd *Pledged securities account for Heng Teck Khin*	474,800	0.37
24.	RHB Nominees (Tempatan) Sdn Bhd *Pledged securities account for Tan Ah Hoi*	450,000	0.35
25.	RHB Nominees (Tempatan) Sdn Bhd *Pledged securities account for Tan Kin Ngan*	442,000	0.34
26.	Tang Kai Khong	439,800	0.34
27.	Ng Boon Jit	435,000	0.34
28.	Heng Choon Lee	413,250	0.32
29.	Fang Zhixia	400,000	0.31
30.	Khaw Kean Teck	400,000	0.31
	Total	**26,991,750**	**20.88**

Analysis of Shareholdings & Warrant Holdings

III. DIRECTORS' SHAREHOLDINGS & WARRANT HOLDINGS as at 30 August 2017

A. DIRECTORS' SHAREHOLDINGS IN THE COMPANY

	No. of Ordinary Shares			
	Direct Interest	%	Deemed interest	%
Tan Sri Dato' Kok Onn	4,664,700	0.71	168,843,353[(a)]	25.67
Boey Tak Kong	1,736,300	0.26	-	-
Kok Pei Ling	652,200	0.10	-	-

Note:

(a) Deemed interested by virtue of his interests in Sumber Raswira Sdn Bhd and Meloria Sdn Bhd pursuant to Section 8 of the Companies Act, 2016

B. DIRECTORS' WARRANT HOLDINGS IN THE COMPANY

	No. of Warrants			
	Direct Interest	%	Deemed interest	%
Boey Tak Kong	310,000	0.24	-	-

C. DIRECTORS' INTERESTS UNDER GADANG HOLDINGS BERHAD EMPLOYEES' SHARE OPTION SCHEME

Name of Director	No. of Options Held
Tan Sri Dato' Kok Onn	2,898,800
Boey Tak Kong	745,200
Kok Pei Ling	2,608,800

By virtue of his interests in the shares of the Company, Tan Sri Dato' Kok Onn is also deemed interested in the shares of all the subsidiary companies to the extent the Company has an interest.

Save as disclosed, none of the other Directors of the Company had any interest in the shares, warrants and options of the Company or its related corporations as at 30 August 2017.

Notice of 24th Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Fourth (24th) Annual General Meeting (AGM) of Gadang Holdings Berhad (the Company) will be held at Ballroom 1, First Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Wednesday, 8th November 2017 at 10.00 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 May 2017 together with the Reports of the Directors and Auditors thereon.

   Please refer to Explanatory Note A

2. To approve the payment of a first and final single tier dividend of 3 sen per share in respect of the financial year ended 31 May 2017. *(Ordinary Resolution 1)*

3. To approve the payment of Directors' fees of RM260,000 for the financial year ended 31 May 2017 (FY2016:RM220,000). *(Ordinary Resolution 2)*

   Please refer to Explanatory Note B

4. To approve the payment of Directors' fees up to an amount of RM260,000 for the financial year ending 31 May 2018. *(Ordinary Resolution 3)*

   Please refer to Explanatory Note B

5. To approve the payment of benefits payable to the Non-Executive Directors of the Company up to an amount of RM250,000 from 31 January 2017 until the next Annual General Meeting of the Company. *(Ordinary Resolution 4)*

   Please refer to Explanatory Note B

6. To re-elect Mr Boey Tak Kong who retires pursuant to Article 108 of the Company's Articles of Association and being eligible, has offered himself for re-election. *(Ordinary Resolution 5)*

7. To re-elect the following Directors who retire pursuant to Article 113 of the Company's Articles of Association and being eligible, have offered themselves for re-election:-

   (a) Tan Sri Dato' Seri Dr Mohamed Ismail Bin Merican *(Ordinary Resolution 6)*
   (b) Mr Huang Shi Chin *(Ordinary Resolution 7)*

8. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorize the Directors to fix their remuneration. *(Ordinary Resolution 8)*

Notice of 24th Annual General Meeting

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions:-

9. **Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016** *(Ordinary Resolution 9)*

"**THAT** pursuant to Sections 75 and 76 of the Companies Act, 2016, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the total issued shares of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad, subject always to the approvals of the relevant regulatory authorities."

Please refer to Explanatory Note C

10. **Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature and the provision of financial assistance** *(Ordinary Resolution 10)*

"**THAT**, subject to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and/or its subsidiaries ("Gadang Group") to enter into recurrent related party transactions of a revenue or trading nature and for the provision of financial assistance as set out in Section 2.4 of the Circular to Shareholders dated 29 September 2017 ("Circular") with the related parties listed in Section 2.3 of the Circular which transactions are necessary for the day-to-day operations, in the ordinary course of business of Gadang Group on terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders;

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

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless renewed by a resolution passed at that meeting;

(b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

AND THAT, the Directors and/or any of them be and are hereby authorized to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorized by this resolution."

Please refer to Explanatory Note D

Notice of 24th Annual General Meeting

11. **Continuing In Office As Independent Director – Mr Boey Tak Kong** *(Ordinary Resolution 11)*

    "**THAT** subject to the passing of Ordinary Resolution 5, approval be and is hereby given to Mr Boey Tak Kong who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company".

    Please refer to Explanatory Note E

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT the first and final single tier dividend of 3 sen per share, for the financial year ended 31 May 2017, if approved by the shareholders at the 24th Annual General Meeting, will be paid on 5 December 2017 to Depositors whose names appear in the Record of Depositors at the close of business on 17 November 2017.

A Depositor shall qualify for entitlement to the dividend only in respect of:-

a. shares transferred into the Depositor's Securities Account before 4.00 p.m. on 17 November 2017 in respect of transfers; and

b. shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

BY ORDER OF THE BOARD

SALLY TAN SEOK CHUNG
Company Secretary

Kuala Lumpur
29 September 2017

NOTES ON APPOINTMENT OF PROXY AND ENTITLEMENT OF ATTENDANCE

1. Only depositors whose names appear in the Record of Depositors as at 1 November 2017 (General Meeting Record of Depositors) be regarded as members and entitled to attend, speak and vote at this meeting.

2. A member of the Company entitled to attend, speak and vote at this meeting, is entitled to appoint a proxy to attend, speak and vote in his stead. 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 appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

3. The Articles provide that a member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

Notice of 24th Annual General Meeting

4. Where a member of the Company is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.

5. The instrument appointing the proxy must be deposited at the office of the Registered Office of the Company at Wisma Gadang, No 52, Jalan Tago 2, Off Jalan Persiaran Utama, Sri Damansara, 52200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting.

6. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice shall be put to vote by way of poll.

EXPLANATORY NOTES

A. **Audited Financial Statements for the financial year ended 31 May 2017**
The audited financial statement are for discussion only under Agenda 1, as it does not require shareholders' approval under the provision of Section 340(1)(a) of the Companies Act, 2016. Hence, it will not be put for voting.

B. **Ordinary Resolutions 2 , 3 and 4 – Directors' Fees and Benefits**
Pursuant to Section 230(1) of the Companies Act 2016, which came into force on 31 January 2017, the fees and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at the general meeting.

The proposed Ordinary Resolution 2, if passed, will authorize the payment of Directors' fees to the Non-Executive Directors ("NEDs") by the Company.

The proposed Ordinary Resolution 3, if passed, will authorize the payment of Directors' fees to the NEDs of the Company on a quarterly basis from 1 June 2017 until 31 May 2018.

The proposed Ordinary Resolution 4, if passed, will authorize the payment of Directors' benefits to the NEDs by the Company. The Directors' benefits of RM250,000 for the period from 31 January 2017 until the next AGM in year 2018 are derived from the estimated meeting attendance allowance based on the number of scheduled meetings and unscheduled meeting (when necessary) for the Board, Board Committees and general meetings as well as the number of NEDs involved in the meetings and leave passage claims of the NEDs. The meeting attendance allowance for a NED is RM1,000 per meeting. The leave passage claim for a NED is RM15,000 per annum.

C. **Ordinary Resolution 9 - Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016**
The proposed Ordinary Resolution 9 is a renewal of the general mandate for issuance of shares by the Company under Sections 75 and 76 of the Companies Act, 2016, obtained from the shareholders at the last Annual General Meeting. The resolution, if passed, will empower the Directors of the Company to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued does not exceed 10% of the issued shares of the Company for the time being. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 3 November 2016 and which will lapse at the conclusion of this 24th Annual General Meeting.

This mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisition(s) and thereby reducing administrative time and costs associated with the convening of additional shareholders meeting(s).

Notice of 24th Annual General Meeting

D. **Ordinary Resolution 10 - Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature and for the provision of financial assistance**
The proposed Ordinary Resolution 10 is in relation to the approval of Shareholders' Mandate for Recurrent Related Party Transactions and if passed, will empower the Company and its subsidiaries ("Gadang Group") to enter into recurrent related party transactions of a revenue or trading nature and for the provision of financial assistance which are necessary for Gadang Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Details relating to Ordinary Resolution 10 are set out in the Circular to Shareholders dated 29 September 2017, which is despatched together with this Annual Report 2017.

E. **Ordinary Resolution 11 - Continuing In Office As Independent Non-Executive Director**
In line with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012, the Board of Directors has assessed the independence of Mr Boey Tak Kong who has served as Independent Non-Executive Director for a cumulative term of more than nine years, and recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:-

(a) He has fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and thus, he would be able to provide check and balance and bring an element of objectivity to the Board.
(b) His broad-based experience in the financial management, internal audit and corporate affairs has been contributing to the Group in matters of internal control and risk management.
(c) Having been with the Company for more than nine years, he is familiar with the Group's business goals and has devoted sufficient time to discharge his statutory duty and fiduciary responsibility.
(d) He has exercised due care during his tenure as Independent Non-Executive Director of the Company and has carried out his professional duty in the interest of the Company and shareholders.

The proposed Ordinary Resolution 11, if passed, will authorize Mr Boey Tak Kong to continue in office as an Independent Non-Executive Director of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

There is no Director standing for election at the 24th Annual General Meeting of the Company.

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Form of Proxy

NUMBER OF SHARES HELD	
CDS ACCOUNT NO.	

*I/We ______________________________ *NRIC No./Co. No.: ______________________________
(FULL NAME IN BLOCK LETTERS)

of ____
(FULL ADDRESS AND TELEPHONE NO.)

being a *member/members of GADANG HOLDINGS BERHAD hereby appoint ______________________________

Proxy 1 ______________________________ NRIC No.: ______________________________
(FULL NAME IN BLOCK LETTERS)

Proxy 2 ______________________________ NRIC No.: ______________________________
(FULL NAME IN BLOCK LETTERS)

or failing *him/her, the *CHAIRMAN OF THE MEETING as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the 24th Annual General Meeting of the Company to be held at Ballroom 1, First Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Wednesday, 8 November 2017 at 10.00 a.m., and at any adjournment thereof.

Please indicate with an "X" in the spaces provided below as to how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at *his/her discretion.

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of a first and final dividend		
2.	To approve the payment of Directors' fees for the financial year ended 31 May 2017		
3.	To approve the payment of Directors' fees for the financial year ending 31 May 2018		
4.	To approve the payment of benefits payable to the Non-Executive Directors		
5.	To re-elect Mr Boey Tak Kong as Director		
6.	To re-elect Tan Sri Dato' Seri Dr Mohamed Ismail Bin Merican as Director		
7.	To re-elect Mr Huang Shi Chin as Director		
8.	To re-appoint Messrs Crowe Horwath as Auditors		
9.	To authorize the Directors to issue shares		
10.	To renew the shareholders' mandate for Recurrent Related Party Transactions and provision of financial assistance		
11.	To continue in office for Mr Boey Tak Kong as Independent Director		

** Strike out whichever not applicable*

Dated this __________ day of ______________________, 2017

____
Signature/Common Seal of Member

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

Notes:

1. Only depositors whose names appear in the Record of Depositors as at 1 November 2017 be regarded as members and entitled to attend, speak and vote at this meeting.
2. A member of the Company entitled to attend, speak and vote at this meeting, is entitled to appoint a proxy to attend, speak and vote in his stead. 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 appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
3. The Articles provide that a member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing the proxy must be deposited at the Registered Office of the Company at Wisma Gadang, No 52, Jalan Tago 2, Off Jalan Persiaran Utama, Sri Damansara, 52200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting.

Fold this flap for sealing

Then fold here

AFFIX STAMP

The Company Secretary
GADANG HOLDINGS BERHAD
Wisma Gadang, No. 52 Jalan Tago 2
Off Jalan Persiaran Utama
Sri Damansara
52200 Kuala Lumpur

1st fold here

www.gadang.com.my

GADANG HOLDINGS BERHAD (278114-K)
Wisma Gadang, No. 52 Jalan Tago 2
Off Jalan Persiaran Utama
Sri Damansara
52200 Kuala Lumpur

T : 603-6279 6288
F : 603-6275 2136
E : corporate@gadang.com.my