GADANG

GADANG HOLDINGS BERHAD
(278114-K)

STRENGTHENING FOR GROWTH

ANNUAL REPORT 2019

INSIDE THIS REPORT

CORPORATE INFORMATION

CORPORATE GOVERNANCE

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
- To drive a holistic approach to business management, incorporating Economic, Environmental, Social and Governance considerations alongside financial ones, to support business continuity and competitiveness over the long term

SUSTAINABILITY

FINANCIAL STATEMENTS & OTHERS

26th ANNUAL GENERAL MEETING

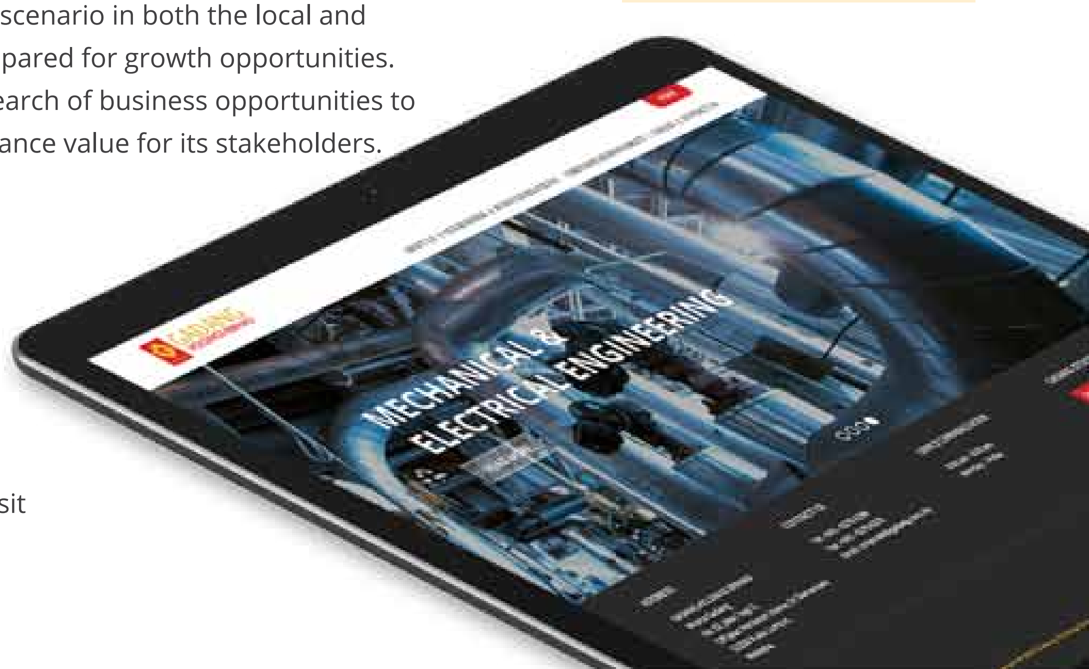
Ballroom 3, First Floor, Sime Darby Convention Centre

Wednesday, 6 November 2019

10.00 a.m.

STRENGTHENING FOR GROWTH

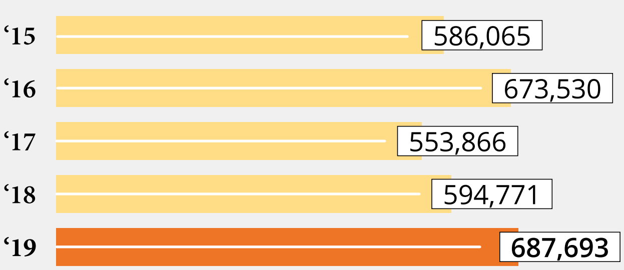
This year's annual report theme "Strengthening for Growth" signifies the Company's plan to strengthen internal resources and processes, amidst the uncertain economic scenario in both the local and foreign market, to be better prepared for growth opportunities. The Company is constantly in search of business opportunities to grow its core businesses to enhance value for its stakeholders.



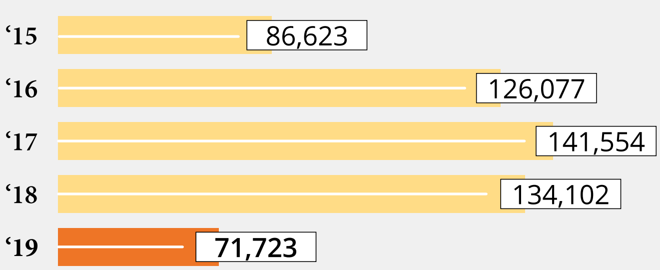
For more information, please visit https://www.gadang.com.my

PERFORMANCE AT A GLANCE

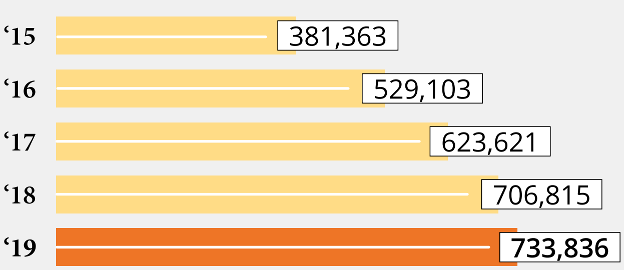
REVENUE (RM'000)



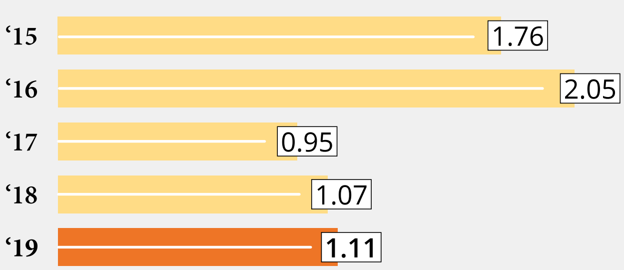
PROFIT BEFORE TAXATION (RM'000)



SHAREHOLDERS' FUNDS (RM'000)



NET ASSETS PER SHARE (RM)

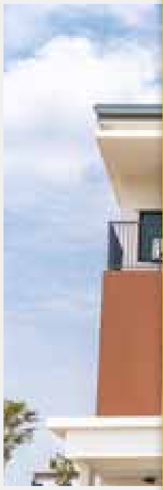


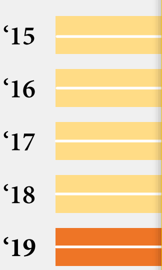
CORPORATE OVERVIEW

Gadang Holdings Berhad | Annual Report 2019

Gadang has charted countless milestones in its journey to sustaining its performance by staying very focused in its core business.

PERFORMANCE AT A GLANCE





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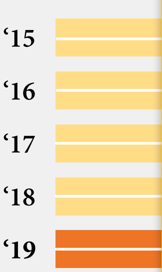


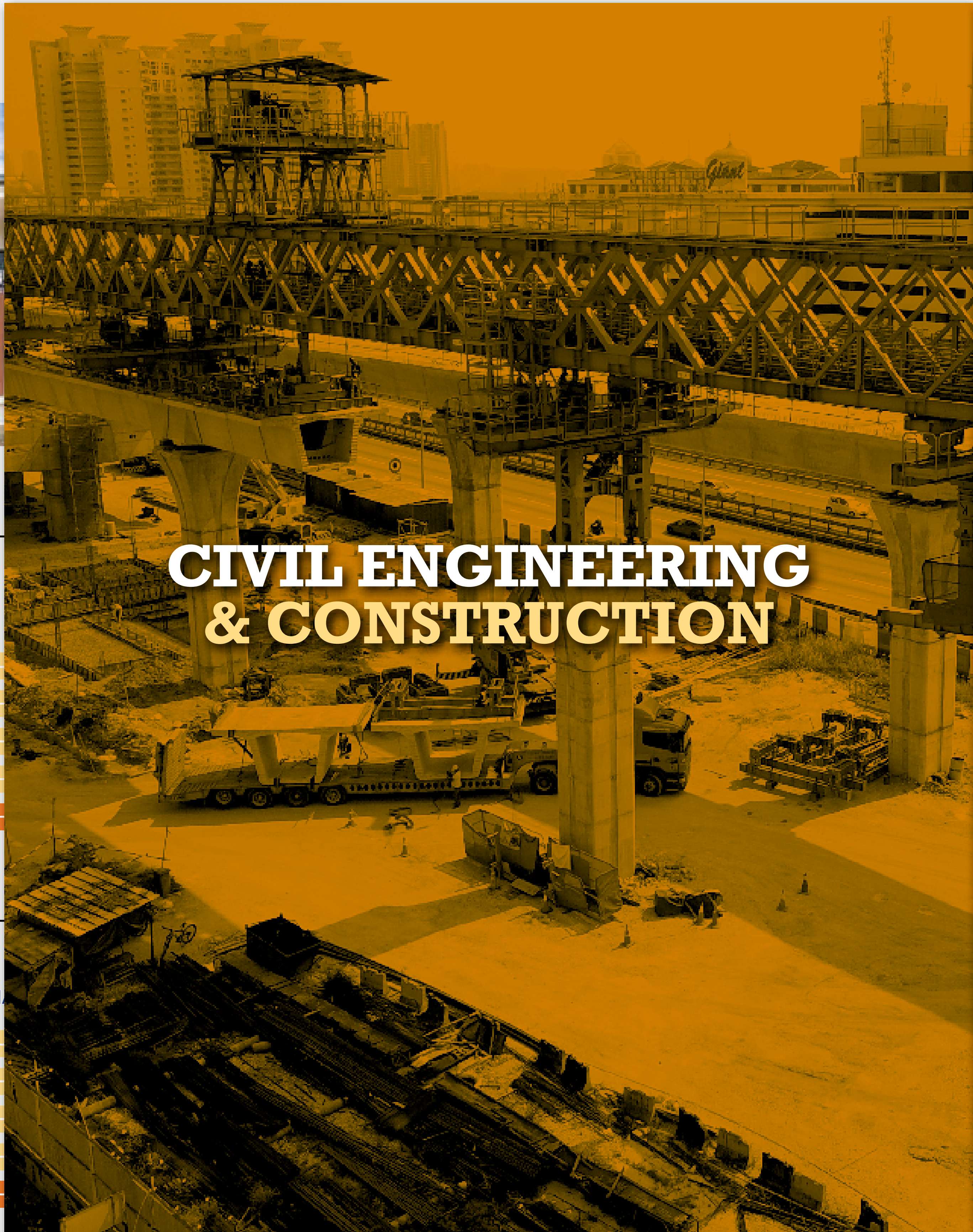
CORPORATE PROFILE

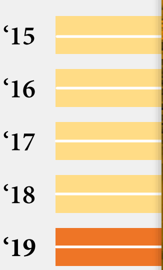
Gadang Holdings Berhad (Gadang or the Company) was incorporated in Malaysia on 6 October 1993 as a public limited company under the name of Lai Sing Holdings Berhad. It was listed on the Second Board of Bursa Malaysia Securities Berhad on 2 September 1994 under the Construction Sector.

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.

PERFORMANCE AT A GLANCE





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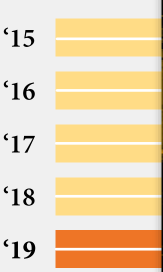


Gadang Engineering (M) Sdn Bhd ("GESB") was established since 1980. It is a wholly-owned subsidiary of Gadang Holdings Berhad. It is a registered G7 contractor with Construction Industry Development Board ("CIDB") which has been awarded with five-star SCORE rating in March 2019. GESB also obtained Sijil Perolehan Kerja Kerajaan ("SPKK") from CIDB.

GESB has ISO 9001:2015 Quality Management System certification for the scope of civil engineering and building construction, ISO 14001:2015 Environmental Management System certification, OHSAS 18001:2007 and MS 1722:2011 Occupational Health and Safety Management System certifications.

Over three decades, GESB has successfully undertaken numerous projects from both the government and private sectors, namely bulk earthworks, highway and interchanges, bridges, piling and foundation works, utilities, tunnel & underpass, construction of commercial, industrial and residential buildings, design & build works and mass rapid transit works (railway).

The current ongoing projects include, amongst others:-

a) Package V206: Construction And Completion of Viaduct Guideway And Other Associated Works From Serdang Raya to UPM.

b) 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) Untuk Tetuan TRX City Sdn. Bhd.

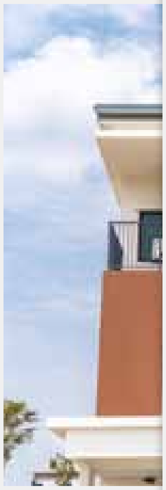
c) Proposed Development of Cyberjaya Hospital (288 Beds) On Lot 47686 And H.S. (D), 28779 PT No. 41461 At Persiaran Multimedia, Cyber 11, Cyberjaya, Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan.

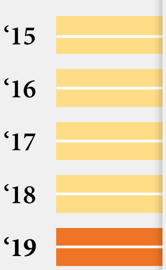
d) Proposed Construction and Completion of Public Realm Works (Phase 1) at Tun Razak Exchange for TRX City Sdn Bhd.

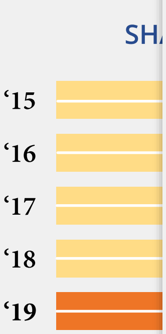
e) Procurement, Construction and Commissioning ("PCC") of Fire Fighting Training Ground ("FFTG") for CEFS Pengerang Integrated Complex (CEFS PIC).

f) Construction of a multi-level bridge linking the northern and southern sites at the Tun Razak Exchange (TRX).

PERFORMANCE AT A GLANCE







ONGOING PROJECTS


Multi-level bridge linking the northern and southern sites at TRX

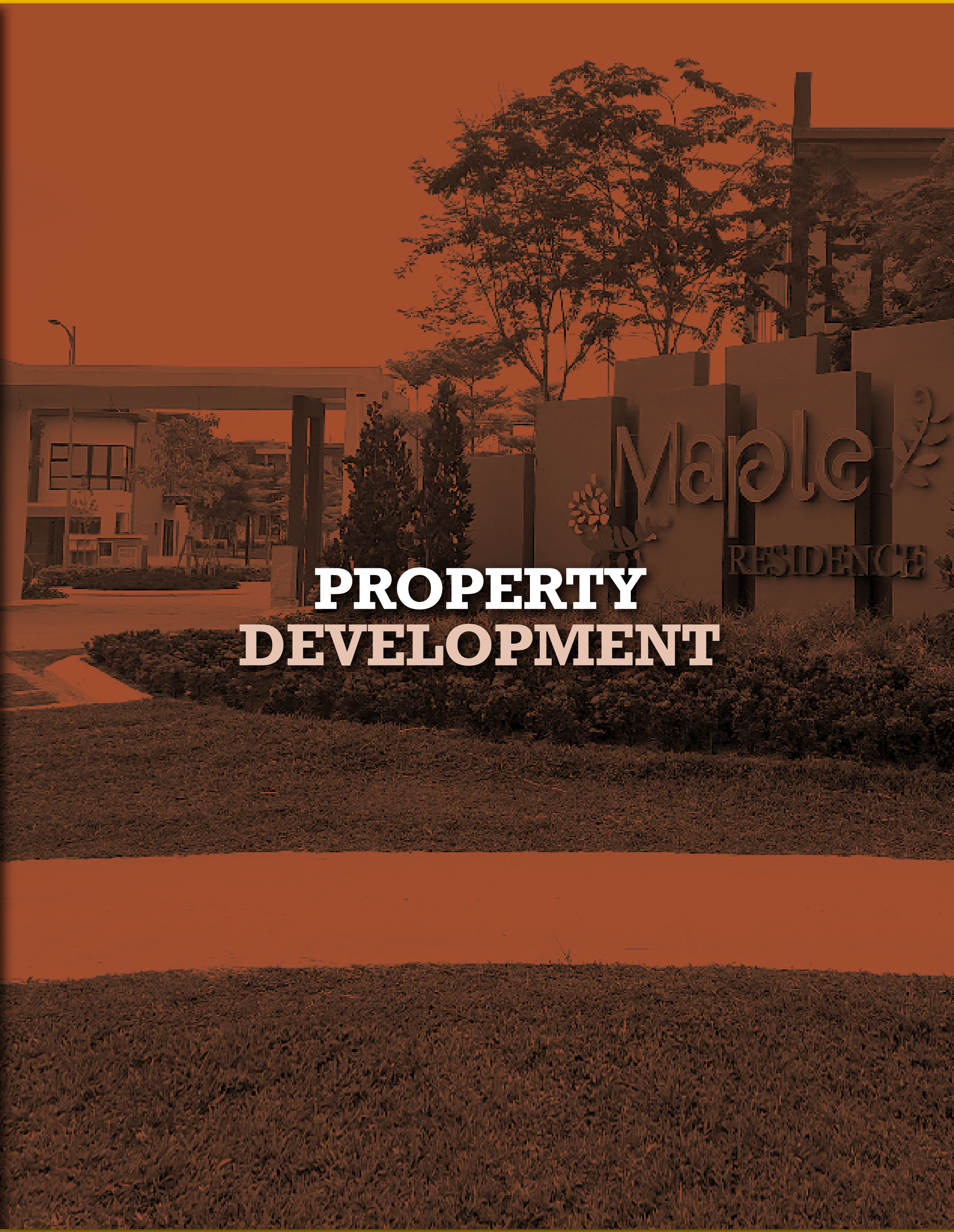

Public Realm work at TRX


MRT Line 2 - Package V206


Penyuraian Trafik dan Kerja-Kerja Menaiktaraf Jalan Tun Razak untuk TRX City Sdn Bhd


Rapid FFTG


Cyberjaya Hospital



PROPERTY DEVELOPMENT

PERFORMANCE AT A GLANCE

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.

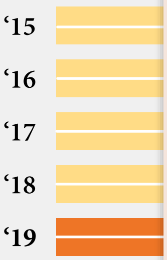
Thereafter GL has grown leaps and bounds by venturing into various types of developments such as terrace houses, semi-detached houses, apartments, luxury condominiums, detached factories, shop office suites and serviced apartments located mainly in the Klang Valley region.

GL created additional milestones when it entered into a Joint Venture as land owner for the proposed integrated commercial development comprising a retail mall, services suites and hotel suites in Bandar Johor Bahru in 2013 and in 2014, GL won the joint development tender where GL become the developer for the proposed development of 2,500 housing units on 121 acres of land in Cyberjaya, Selangor.

GL has continued to carry out its corporate social responsibility by developing affordable housing and adopting responsible environmental measures for healthy and sustainable living.

Over the years, GL has built a solid reputation as a property developer that prides itself in providing quality residential and commercial properties to its customers. It continues to expand its land bank and is committed to build products that meet the needs and lifestyles of the market.

Maple Residence @ Laman View, Cyberjaya



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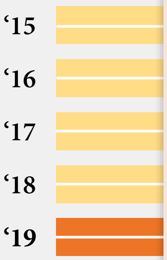

ONGOING PROJECTS


Maple Residence @ Laman View, Cyberjaya


Aerial View of Maple Residence, Cyberjaya


Elegan @ Taman Putra Perdana, Puchong


Show unit of Elegan @ Taman Putra Perdana, Puchong


Show unit of Elegan @ Taman Putra Perdana, Puchong

PERFORMANCE AT A GLANCE

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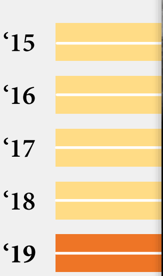


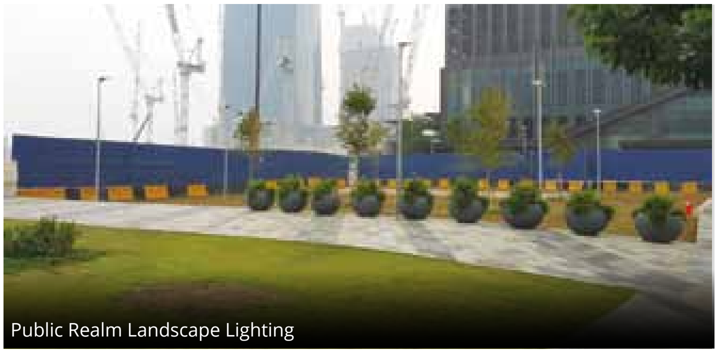
Datapuri Sdn Bhd ("Datapuri") was formed in 1997 to undertake and enhance the engineering services of Gadang Group, especially for mechanical and electrical. At present, Datapuri is an accredited Class "A" Electrical Contractor registered with Suruhanjaya Tenaga Malaysia and has a Grade "7" registration with CIDB.

Datapuri's scope includes high voltage and low voltage electrical works, air conditioning and ventilation, fire protection and plumbing and sanitary services.

ONGOING PROJECTS


PNB - High Tension & Low Voltage Services

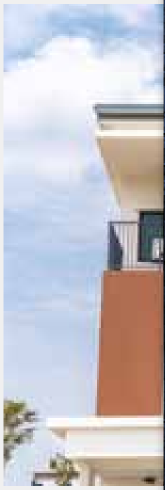

TRX Tunnel - Mechanical & Electrical Works

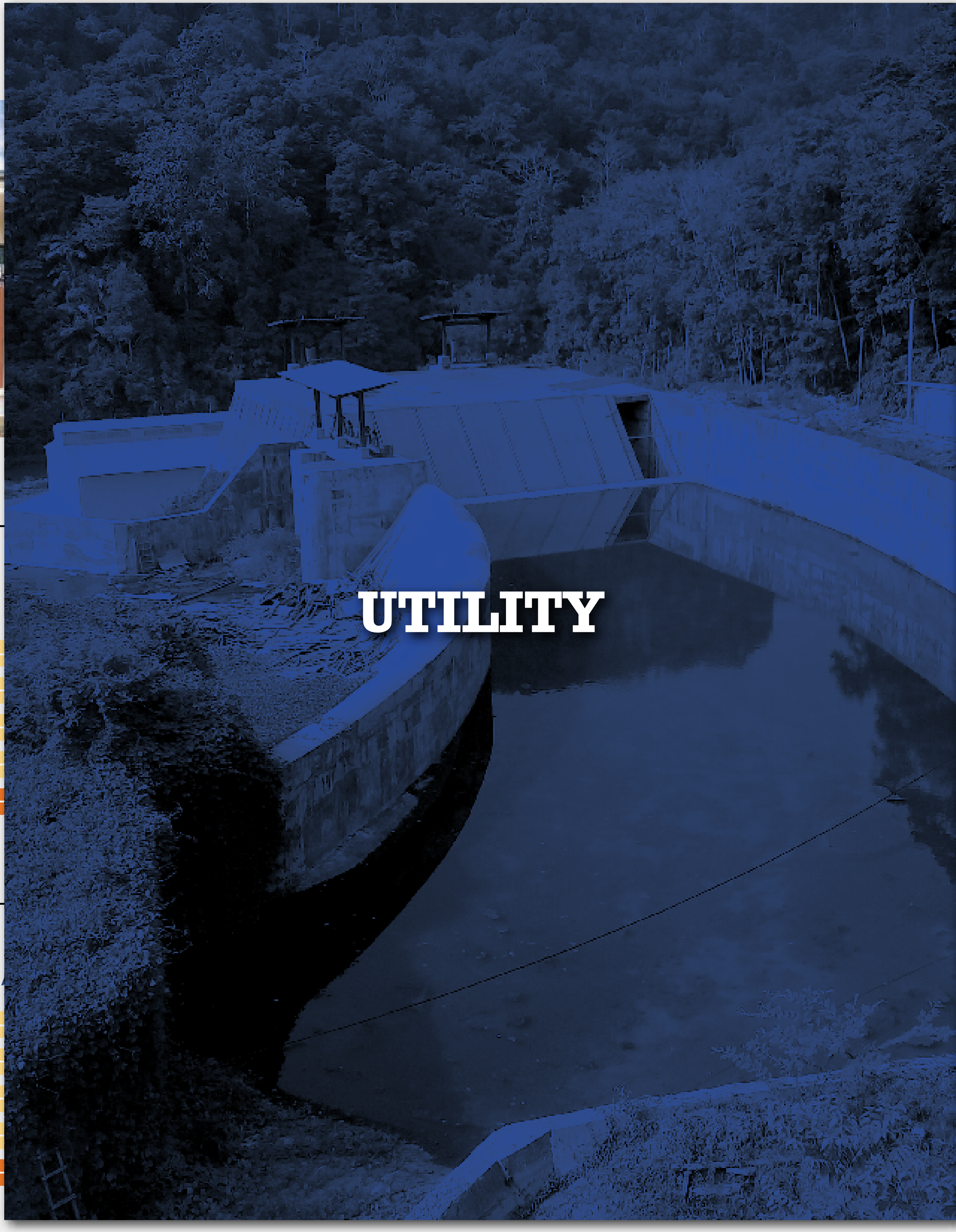

Public Realm Landscape Lighting


18 Madge - Electrical and ELV Services


KSL Maple - Electrical Services

PERFORMANCE AT A GLANCE





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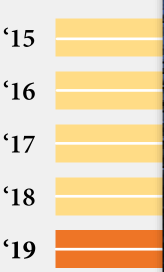


Utility is envisaged by Gadang to be a sector with good potential for development and long term growth. In 2005, Gadang, through Asian Utilities Pte Ltd ("AUPL") acquired its first water concession in Sidoarjo, East Jawa, Indonesia.

AUPL owns one mini-hydro power concession and four water concession in Indonesia with a total water production capacity close to 1,100 litre/second.

The Division actively seeks expansion in water business and power generation within Asia region by exploring potential partnership and engagement.

The Division is confident with the established water treatment plant presence in Indonesia, it has provided much business opportunities for the Division to explore good yield projects and business sustainability.

ONGOING / EXISTING PROJECTS

PLTN Lintau-1 Mini-hydro Power Plant

PLTN Lintau-1 Mini-hydro Power Plant

Aerial view of water treatment plants of PT. Taman Tirta Sidoarjo and PT. Hanarida Tirta Birawa

Construction of Mini-hydro power plant waterway

FINANCIAL CALENDAR

FOR FINANCIAL YEAR ENDED 31 MAY 2019

ANNOUNCEMENT OF QUARTERLY RESULTS

1st

19 OCT 18

First Financial Quarter ended 31 August 2018

2nd

23 JAN 19

Second Financial Quarter ended 30 November 2018

3rd

24 APR 19

Third Financial Quarter ended 28 February 2019

4th

24 JUL 19

Fourth Financial Quarter ended 31 May 2019

PUBLISHED ANNUAL REPORT AND FINANCIAL STATEMENTS

Notice of 26th Annual General Meeting	27 September 2019
26th Annual General Meeting	6 November 2019

FINANCIAL HIGHLIGHTS

YEAR ENDED 31 MAY	2019 RM'000	2018** RM'000	2017 RM'000	2016 RM'000	2015 RM'000
REVENUE					
Construction	**479,546**	378,131	286,623	480,609	449,662
Property Development	**184,919**	193,826	244,176	172,021	119,721
Utility	**23,228**	22,814	23,067	20,900	16,682
Investment & Others	**-**	-	-	-	-
	687,693	594,771	553,866	673,530	586,065
Plantation (discontinued)	**-**	235	2,672	1,874	1,333
	687,693	595,006	556,538	675,404	587,398
PROFIT/(LOSS) BEFORE TAXATION					
Construction	**40,940**	84,728	83,056	71,482	49,239
Property Development	**39,237**	66,957	62,837	52,928	39,763
Utility	**7,005**	60	4,651	5,614	2,725
Investment & Others	**(15,459)**	(17,643)	(8,990)	(3,947)	(5,104)
	71,723	134,102	141,554	126,077	86,623
Plantation (discontinued)	**-**	(155)	(2,952)	(1,574)	(1,725)
	71,723	133,947	138,602	124,503	84,898
Profit After Taxation	**44,141**	98,400	100,606	94,702	60,999
Profit Attributable to Shareholders	**44,061**	98,387	100,116	94,767	59,837
Issued Share Capital	**338,380**	338,380	331,678	258,623	216,369
Shareholders' Funds	**733,836**	706,815	623,621	529,103	381,363
Total Tangible Assets	**1,768,231**	1,687,331	1,408,507	1,205,134	809,386
Net Earnings Per Share (RM)	**0.0666**	0.1494	0.1590*	0.4094	0.2789
Net Assets Per Share (RM)	**1.11**	1.07	0.95*	2.05	1.76

REVENUE
RM'000

687,693

▲16% INCREASE
compared to FYE2018
RM594,771

PROFIT BEFORE TAXATION
RM'000

71,723

▼47% DECREASE
compared to FYE2018
RM134,102

SHAREHOLDERS' FUNDS
RM'000

733,836

▲4% INCREASE
compared to FYE2018
RM706,815

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

** *Restated following the first time adoption of Malaysian Financial Reporting Standards ("MFRS") framework.*

CORPORATE STRUCTURE

GADANG HOLDINGS BERHAD
(278114-K)

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
  - 100% Special Courtyard Sdn Bhd
  - 100% Elegance Sonata Sdn Bhd

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
  - 100% Era Berkat Sdn Bhd
  - 51% Gadang CRFG Consortium Sdn Bhd*

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
  - 100% PT. Asian Utilities Indonesia
  - 70% Nusantara Suriamas Sdn Bhd

MECHANICAL AND ELECTRICAL WORKS

- 100% Datapuri Sdn Bhd
  - 45% Zeta Datapuri Sdn Bhd*

** Joint Venture*
Dormant companies are not included here

CORPORATE INFORMATION

BOARD OF DIRECTORS

TAN SRI DATO' SERI DR. MOHAMED ISMAIL BIN MERICAN

Chairman
Independent
Non-Executive Director

TAN SRI DATO' KOK ONN

Managing Director cum
Chief Executive Officer

BOEY TAK KONG

Senior Independent
Non-Executive Director

KOK PEI LING

Executive Director
Chief Financial Officer

HUANG SHI CHIN

Independent
Non-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

BOARD RISK COMMITTEE

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

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) 6279 6376
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 Malaysia PLT
(LLP0018817-LCA & 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

Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad
United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

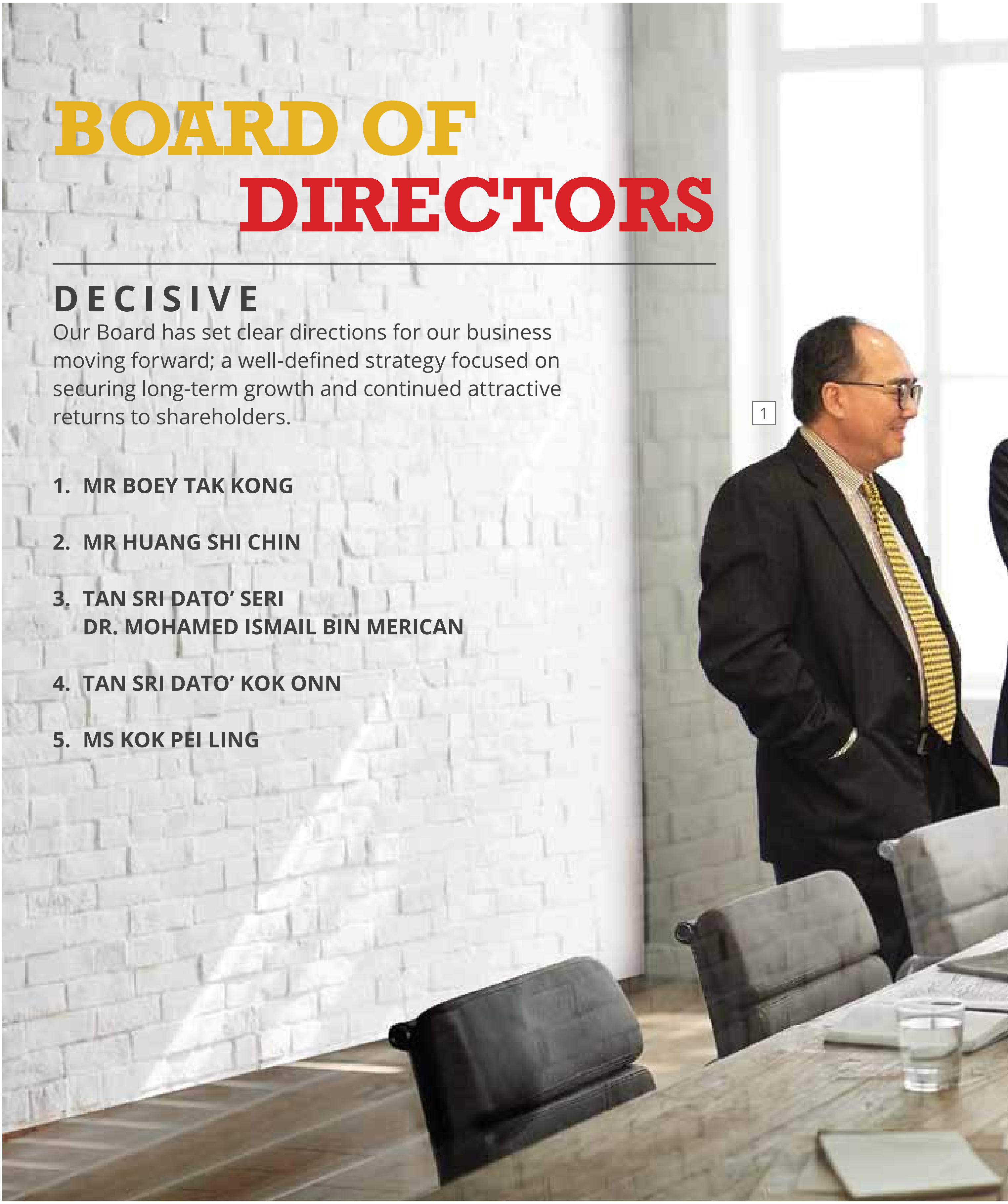
Main Market of Bursa Malaysia Securities Berhad
Stock Name : GADANG (Ordinary Shares)
: GADANG-WB (Warrants)
Stock Code : 9261 (Ordinary Shares)
: 9261WB (Warrants)
Stock Sector : Construction

BOARD OF DIRECTORS

DECISIVE

Our Board has set clear directions for our business moving forward; a well-defined strategy focused on securing long-term growth and continued attractive returns to shareholders.

1. **MR BOEY TAK KONG**
2. **MR HUANG SHI CHIN**
3. **TAN SRI DATO' SERI DR. MOHAMED ISMAIL BIN MERICAN**
4. **TAN SRI DATO' KOK ONN**
5. **MS KOK PEI LING**

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5

PROFILE OF DIRECTORS

TAN SRI DATO' SERI DR. MOHAMED ISMAIL BIN MERICAN

Chairman
Independent Non-Executive Director

71 years old | Male | Malaysian

DATE OF APPOINTMENT

1 December 2016

MEMBERSHIP OF BOARD COMMITTEES

- Member of the Audit Committee
- Member of the Nomination & Remuneration Committee
- Member of the Board Risk Committee

LENGTH OF SERVICE (AS AT 31 MAY 2019)

2 years 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

NUMBER OF BOARD MEETINGS ATTENDED IN FINANCIAL YEAR ENDED 31 MAY 2019

9/9

PROFILE OF DIRECTORS

TAN SRI DATO' KOK ONN

Managing Director cum Chief Executive Officer

68 years old | Male | Malaysian

DATE OF APPOINTMENT

10 March 1997 as Joint Managing Director
2 September 1997 as Managing Director cum Chief Executive Officer

MEMBERSHIP OF BOARD COMMITTEES

Nil

LENGTH OF SERVICE (AS AT 31 MAY 2019)

22 years 3 months

WORKING EXPERIENCE

Prior to joining the 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 47 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

NUMBER OF BOARD MEETINGS ATTENDED IN FINANCIAL YEAR ENDED 31 MAY 2019

8/9

PROFILE OF DIRECTORS

BOEY TAK KONG

Senior Independent Non-Executive Director

65 years old | Male | Malaysian

DATE OF APPOINTMENT
3 December 2007

MEMBERSHIP OF BOARD COMMITTEES
- Chairman of the Audit Committee
- Chairman of the Nomination & Remuneration Committee
- Member of the Board Risk Committee

LENGTH OF SERVICE (AS AT 31 MAY 2019)
11 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
- Green Packet Berhad
- Censof Holdings Berhad
- Ho Hup Construction Company Berhad
- IJM Plantations Berhad

NUMBER OF BOARD MEETINGS ATTENDED IN FINANCIAL YEAR ENDED 31 MAY 2019
● ● ● ● ● ● ● ● ● 9/9

PROFILE OF DIRECTORS

KOK PEI LING

Executive Director
Chief Financial Officer

37 years old | Female | Malaysian

DATE OF APPOINTMENT
2 January 2013

MEMBERSHIP OF BOARD COMMITTEES
Nil

LENGTH OF SERVICE (AS AT 31 MAY 2019)
6 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

NUMBER OF BOARD MEETINGS ATTENDED IN FINANCIAL YEAR ENDED 31 MAY 2019
9/9

PROFILE OF DIRECTORS

HUANG SHI CHIN
Independent Non-Executive Director

61 years old | Male | Malaysian

DATE OF APPOINTMENT
1 August 2017

MEMBERSHIP OF BOARD COMMITTEES
- Member of the Audit Committee
- Member of the Nomination & Remuneration Committee
- Chairman of the Board Risk Committee

LENGTH OF SERVICE (AS AT 31 MAY 2019)
1 year 10 months

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

NUMBER OF BOARD MEETINGS ATTENDED IN FINANCIAL YEAR ENDED 31 MAY 2019
●●●●●●●●● 9/9

Other Information on Directors

Save as disclosed, none of the Directors have:-
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 2019.

PROFILE OF KEY SENIOR MANAGEMENT

DATO' CHAN AH KAM

Head of Group Contract & Legal Gadang Holdings Berhad

66 years old | Male | Malaysian

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

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 February 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)

59 years old | Male | Malaysian

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)

65 years old | Male | Malaysian

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)

54 years old | Male | Malaysian

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 Accountants 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)

47 years old | Male | Malaysian

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)

66 years old | Male | Malaysian

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 have:-

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 2019.

GADANG IN THE NEWS

Quick take: Contract win sends Gadang shares up 1.45%

GADANG

Wednesday, 17 Apr 2019

1:50 AM MYT

KUALA LUMPUR: Shares of Gadang Holdings Bhd rose on Wednesday mor
RM38.5mil contract to build bridge in Tun Razak Exchange Development (TRX

The counter rose 1.45%, or one sen to 70 sen with 2.22 million shares done. Ga
0.5 sen with over one million shares changing hands.

Gadang eyes Sarawak projects as state funding increases

Record RM12 billion accorded to the state under Budget 2019

BY JUSTIN LIM

KUALA LUMPUR: Construction engineering firm Gadang Holdings Bhd is eyeing a slice of the record RM12 billion accorded to the state under the recently tabled Budget 2019.

Of the total, RM9.073 billion — including a federal fund of RM260 million — was allocated for development expenditure, and RM2.881 billion for operating expenditure.

"There are a lot of opportunities for us (going forward)," construction division managing director Khew Check Kiet said after the group's annual general meeting yesterday.

Currently, the group has bid for about RM2 billion worth of projects, including the four packages in the Pan Borneo Expressway project, as well as the MARA Science College in Sabah. Its order book now stands at RM1.5 billion.

Even so, Khew said the sector

There are a lot of opportunities for us, says Khew. Photo by Shahala Yahya

jects, there will [be] some chances for us," he said, pointing to hospital

affected by cost-cutting measures.

Last month, MMC Gamuda KV MRT (T) Sdn Bhd agreed to a bigger cost cut of RM3.6 billion or 21.5% to reduce the construction cost for underground works to RM13.11 billion.

On the property front, Gadang has set a higher target of RM250 million sales in FY19 driven by projects The Vyne, Laman View, Putra Perdana, Capital City, Semenyih and Pokok Sena, and include new launches with a combined gross development value of RM292 million.

Despite the challenging outlook, managing director of property division Datuk Ling Hock Hing said the response for landed homes in strategic locations has been positive.

Moreover, first-time house-buyers of properties worth up to RM500,000 will not have to pay stamp duty on the first RM300,000 under Budget 2019.

The group's unbilled sales stood at RM106.5 million as at Aug 31.

Gadang, DWL to jointly bid for infrastructure projects

PETALING JAYA: Construction companies DWL Resources Bhd and Gadang Holdings Bhd will be collaborating to bid for infrastructure projects in the near term, forming a DWL-Gadang Consortium.

In a press release statement yesterday, DWL said its unit, Million Rich Development Sdn Bhd (MRDSB), entered into a pre-bid consortium agreement with Gadang Engineering Sdn Bhd (GESB), a fully-owned subsidiary of Gadang Holdings Bhd.

Gadang secures RM38mil job from TRX City

KUALA LUMPUR: Gadang Holdings Bhd has accepted a letter of award (LoA) to undertake contract works amounting to RM38.518mil from TRX City Sdn Bhd.

In a filing with Bursa Malaysia, it said its wholly-owned subsidiary, Gadang Engineering (M) Sdn Bhd, received the LoA for the project.

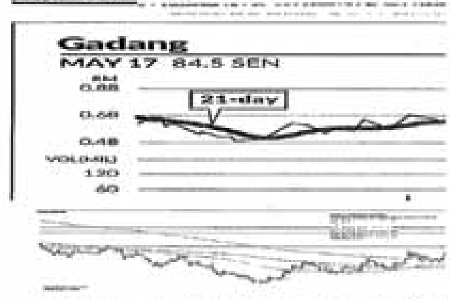
The project involves the construction of a multi-level bridge linking the northern and southern sites at the Tun Razak Exchange (TRX) on Jalan Sultan Ismail.

The company said the project should commence on July 1, 2019 and would be completed by the third quarter of 2020.

"The project is expected to contribute positively to the future earnings of Gadang Group.

"Risks associated with the project are mainly operational risks such as launching of steel bridge and permit approval from local authorities," it added. — Bernama

Eye on Stock: Gadang



Gadang Holdings Bhd (code: 9261) has ended a correction phase and will looks set to retrace recent losses and reclaim its recent high.

The stock had embarked on a four-month rally between December 2018 and

GADANG IN THE NEWS

Gadang likely to see earnings visibility for next two years via construction

By TA SECURITIES THE EDGE FINANCIAL DAILY

Gadang Holdings Bhd (April 25, 88 sen) Downgrade to hold with a higher target price of 98 sen (previously 80 sen). Gadang's nine month nancial year 2019 (9MFY19) net prot of RM46.9 million came in below expectations, accounting for 64.7% and 60.3% of our and consensus' fullyear estimates. The variance was mainly due to lower-than-expected contribution from its property division, but

Gadang stands a good chance to secure ECRL contract

TheEdge Fri, Jul 26, 2019 10:19am - 3 weeks ago

Gadang Holdings Bhd
(July 25, 88.5 sen)
Maintain sell with a lower target price of 63 sen: Gadang Holdings Bhd reported a net loss of RM3.4 million for its fourth quarter ended May 31, 2019 (4QFY19) result as compared to a net profit of RM13.4 million for its 3QFY19 and RM23.2 million for its 4QFY18.

The group registered a lower profit before tax (PBT), down -85% quarter-on-quarter (q-o-q), bogged down by lower margin from the construction segment and higher finance costs (such as expenses of bank borrowing cost on investment properties RM2.6 million).

Light at the end of tunnel for Gadang

Construction outfit's chances of winning contracts brighter with revival of ECRL, Bandar Malaysia projects

Gadang posts RM13.3m net profit for Q3

24 APR 2019 / 21:21 H.

Gadang Website

PETALING JAYA: Gadang Holdings Bhd reported a net profit of RM13.3 million for the third quarter ended Feb 28, a 47.1% decline compared with RM25.14 million recorded for the corresponding quarter in 2018.

The construction firm attributed the reduction in earnings to recognition of some variation orders for completed construction projects in the previous year along with lower profit recorded for the Capital City project in the current year.

For the quarter under review, its revenue rose 34.5% to RM205.33 million compared with RM152.68 million in the corresponding quarter of the preceding year.

Gadang expected to do more aggressive marketing in property

Gadang Holdings Bhd (July 26, 74.5 sen)

Gadang dapat kontrak RM38.5 juta projek TRX

Oleh Alzahrin Alias
zahrin@bh.com.my (mailto:zahrin@bh.com.my)

KUALA LUMPUR: TRX City Sdn Bhd, pemaju induk Tun Razak Exchange (TRX) a Engineering (M) Bhd bagi pembinaan jambatan kenderaan dan pejalan kaki meng kewangan antarabangsa baharu Kuala Lumpur.

TRX dibahagikan kepada dua bahagian iaitu parcel utara seluas 23.07 hektar yan selatan berkeluasan 5.26 hektar.

TRX City dalam kenyataannya berkata, di bawah kontrak itu, Gadang akan memb yang akan menghubungkan dua bahagian.

CHAIRMAN'S STATEMENT

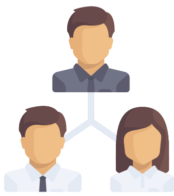
TAN SRI DATO' SERI DR. MOHAMED ISMAIL BIN MERICAN

Chairman

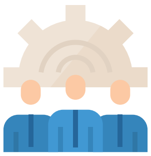
DEAR VALUED SHAREHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS, IT GIVES ME GREAT PLEASURE TO PRESENT THE ANNUAL REPORT OF THE GROUP FOR THE FINANCIAL YEAR ENDED 31 MAY 2019 (FYE2019).

CHAIRMAN'S STATEMENT



The Group posted **revenue of RM687.7 million**, representing an increase of 16% over RM594.8 million



The construction sector growth is expected to record a moderate **4.7% in 2019,** compared to 5.1% in 2018.

ECONOMIC LANDSCAPE

2018 was an exceptional year for Malaysia as the 14th General Election paved the way towards the nation's transformation into a new Malaysia. Public expenditure is projected to record a slower growth following fiscal and structural initiatives taken by the Government to review and reprioritize expenditure without jeopardising the economic growth as well as lower capital spending by public corporations. Private sector expenditure will remain as the key driver of growth, cushioning the effects of lower public sector spending in 2018 and 2019.

The US-China trade war continues to be the major economic risk for global trade growth. Escalating trade tensions together with other emerging currency concerns, is causing instability in the financial market. Against such a backdrop, the world economy is expected to grow at a slower pace moving forward.

FINANCIAL PERFORMANCE

In FYE2019, the Group posted a revenue of RM687.7 million, representing an increase of 16% over RM594.8 million achieved in the preceding year, mainly due to higher stages of completion achieved by the Construction Division.

The Group's pre-tax profit for the year stood at RM71.7 million, a decrease of 47% compared to the preceding year, mainly due to higher construction costs and the overall slow market demand attributed by the Construction Division and Property Division respectively.

Further details of the Group's financial performance are contained in the Management Discussion & Analysis section within this Annual Report.

SUSTAINABILITY COMMITMENT

The Board recognises the importance of sustainability in Economic, Environmental and Social areas to create long term value for our stakeholders. The Company's approach to sustainability is detailed in the Sustainability Statement of this Annual Report.

PROPOSED DIVIDEND

The Board is pleased to recommend a first and final dividend of 1.20 sen per ordinary share for the FYE2019 to be approved at the forthcoming Annual General Meeting by the shareholders.

The estimated dividend payment based on the issued share capital will amount to some RM8.7 million. This translates into a dividend payout ratio of approximately 20% of its annual earnings, which is in line with our dividend payout ratio over the last few years.

CORPORATE AND BUSINESS DEVELOPMENTS

(a) On 20 August 2018, the Construction Division accepted a letter of award from TRX City Sdn Bhd to undertake the proposed construction and completion of Public Realm Works (Phase 1) at Tun Razak Exchange for the contract sum of RM86,086,000.

(b) On 29 March 2019, Achwell Property Sdn Bhd ("APSB"), an indirect wholly-owned subsidiary of the Company entered into the conditional Settlement Agreement, Put Option Agreement and Call Option Agreement (collectively referred to as "the Agreements") with its joint venture partner, Capital City Property Sdn Bhd ("CCPSB"), to vary the terms of the original Joint Venture Agreement ("Proposed Variation"). The salient terms of the Agreements are:

CHAIRMAN'S STATEMENT

(i) APSB's entitlement will be adjusted from a maximum of RM324 million to RM250 million only

(ii) The outstanding sum remain unpaid by CCPSB to APSB of RM100.2 million will be settled via the contra of the identified units in the Retail Podium ("IRU")

(iii) The Option Agreements allow APSB to realise additional proceeds from the disposal of the IRUs which remain unsold by APSB immediately preceding the exercise of any of the Options to CCPSB at the Option Purchase Price and thereby bringing APSB's total entitlement to RM312 million in cash upon the exercise of any of the Options.

The shareholders passed the ordinary resolution to give effect to the Proposed Variation at the Extraordinary General Meeting convened on 12 June 2019.

(c) On 16 April 2019, the Construction Division accepted a letter of award from TRX City Sdn Bhd to undertake the works known as "Cadangan pembangunan sebuah jambatan bertingkat yang menghubungkan tapak utara dan tapak selatan di Pembangunan Tun Razak Exchange" for the contract sum of RM38,518,213.66.

(d) On 18 April 2019, Gadang Engineering (M) Sdn Bhd ("GESB"), a wholly-owned subsidiary of the Company entered into a pre-bid consortium agreement with Million Rich Development Sdn Bhd ("MRDSB"), a wholly-owned subsidiary of DWL Resources Berhad ("DWL"), to work with each other to bid for infrastructure projects and if successful, will jointly undertake a contract for such infrastructure works. The Consortium established by the Parties is known as "DWL-Gadang Consortium". The interest of the Parties to the Consortium shall be in the following proportions: GESB 70% and MRDSB 30%.

(e) On 26 April 2019, the Company acquired 20,000,000 ordinary shares in DWL representing approximately 10% of the total issued shares of DWL for a total cash consideration of RM18 million or at RM0.90 per DWL share via a direct business transaction.

(f) On 11 Jun 2019, the Company announced that it had successfully implemented a Private Placement by placing out 66,172,000 new shares at an issue price of RM0.77 per share. Total proceeds raised from this corporate exercise were RM50,952,440.

BUSINESS OUTLOOK

The construction sector growth is expected to record a moderate 4.7% in 2019, compared to 5.1% in 2018. Domestically, there are opportunities for the construction sector. Budget 2019 announced an allocation of RM29 billion for health services, which create an opportunity for new hospital construction activities. Large infrastructure projects remain the main focus of the Group. Along with the newly secured contracts worth RM135.7 million and RM1.1 billion of outstanding order book from ongoing construction projects, the Construction Division is set on a steady growth path.

The Property Division remains challenging given the imbalance in demand and supply as well as the tightened lending requirement despite the rising economic confidence. Nonetheless, we believe there is still demand for well-planned, quality and reasonably priced properties in strategic locations. We will focus on strengthening marketing initiatives and brand management across all platforms to cater to wider customer groups.

The Utility Division will continue to make stable recurring income. We foresee more opportunities in the renewable energy sector as Malaysia aspires to increase the renewable energy ratio from 2% in 2016 to 20% by 2030 of the country's total energy generation mix. In the coming 2-3 years, we will strive to expand our presence in the power generation sector.

The Group will continue to pursue its long-term strategies of enhancing its regional footprint, growing its recurrent income base, strengthening its domestic business agenda, and rebalancing its asset portfolio.

ACKNOWLEDGEMENT

I would like to thank our esteemed customers, suppliers, business associates, bankers, various regulatory authorities, media and our loyal shareholders for the continued support and confidence in us. I have great faith that the experience and commitment of our dedicated employees and Management coupled with the stewardship and wisdom of our Board, will steer us towards success and prosperity in these challenging times.

In our journey towards FYE2020 and beyond, we will continue to work efficiently to sustain the Group's growth and maximise shareholders' returns.

Tan Sri Dato' Seri Dr Mohamed Ismail Bin Merican
Chairman

MANAGEMENT DISCUSSION & ANALYSIS

TAN SRI DATO' KOK ONN

Managing Director cum
Chief Executive Officer

Malaysia's economy in 2018 remained resilient amid general market uncertainties and unexpected socio-political changes, including the election of a new government at the 14th General Election.

Resulting from this, Malaysia's Gross Domestic Product only managed a 4.7% growth in 2018, compared to 5.9% in 2017. In FYE2019, the Group remained focused on its core infrastructure related projects with fresh contracts secured from existing key customers in the provision of integrated earthworks and civil engineering services.

FINANCIAL RESULTS REVIEW

FINANCIAL PERFORMANCE OVERVIEW

With the steady pace of progress billings for the ongoing projects, the Group's revenue rose 16% to RM687.7 million for FYE2019 (FYE2018: RM594.8 million).

MANAGEMENT DISCUSSION & ANALYSIS

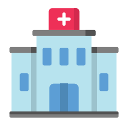
However, the profit before tax ("PBT") declined by 47% to RM71.7 million (FYE2018: RM134.1 million). The lower profit was mainly due to higher recognition of variation orders for completed construction projects in the preceding year, lower profit reported for the Capital City project and cost management challenges in the current year.

The Construction Division contributed positively to record a revenue of RM479.5 million (FYE2018: RM378.1 million) or 70% of the Group's total revenue. The revenue was mainly derived from the existing ongoing projects. In terms of PBT, the Construction Division contributed RM40.9 million (FYE2018: RM84.7 million) representing 57% of the Group total operating profit for FYE2019.

The Property Division's revenue was 5% lower at RM184.9 million (FYE2018: RM193.8 million). PBT for the current year declined by 41% to RM39.2 million (FYE2018: RM66.9 million) mainly attributed by the lower profit reported for the Capital City project and higher marketing expenses incurred due to the soft property market. Consequently, PBT margin dropped to 21% (FYE2018: 35%).

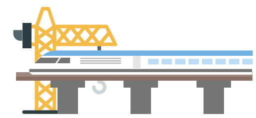
The Utility Division registered PBT of RM7.0 million (FYE2018: RM0.06 million), on the back of revenue of RM23.2 million (FYE2018: RM22.8 million). The higher operating profit was mainly due to lower operating expenses and favourable foreign exchange translation effect in the current year.

REVENUE FYE2019



Civil Engineering & Building Construction
RM480 MILLION

Property Development
RM185 MILLION



Utility
RM23 MILLION

FINANCIAL POSITION OVERVIEW

The Group's financial position remained stable in FYE2019 as shown below:

Financial Ratio	FYE2019	FYE2018
Current Ratio	2.25 times	2.82 times
Gearing Ratio	0.49 times	0.40 times
Shareholders' Fund	RM733.8 million	RM706.8 million
Net Asset per Share	RM1.11	RM1.07

Current ratio (Current assets/Current liabilities)

The Group's current ratio, a yardstick that measures the state of the Group's financial liquidity, stood at 2.25 times (FYE2018: 2.82 times) mainly due to higher short-term borrowings which are due for repayment within one year. The current ratio indicates that the Group has adequate liquidity to meet its short-term commitments and working capital requirements.

Gearing ratio
(Total debts/Total equity)

The Group's gearing ratio, a benchmark that measures the Group's financial leverage liquidity, stood at 0.49 times (FYE2018: 0.40 times) due to higher bank borrowings raised to finance the ongoing construction and development projects.

Shareholders' Fund

Total shareholders' fund continued to grow by 4% to RM733.8 million on higher retained earnings.

MANAGEMENT DISCUSSION & ANALYSIS

RAPID Project - Package 301

Total shareholders' fund continued to grow strongly by 4% to RM733.8 million on higher retained earnings

CAPITAL MANAGEMENT

Our approach to capital management is to maintain a strong credit rating and healthy capital ratios in order to support our business and maximise shareholder value.

The Group ensures that the sources of borrowings are well diversified and appropriately structured in terms of maturity to mitigate interest rate and liquidity risks.

Total Revenue
RM688 MILLION

During the year, the Group's total borrowings increased to RM360.2 million (FYE2018: RM283.4 million), due to higher bank borrowings raised to finance the construction and development projects.

To provide a natural hedge on the Group's foreign currency exposure, our new mini hydro power plant in Indonesia is financed by borrowings denominated in Rupiah.

The Group maintain a sizeable borrowings at competitive rates while optimizing shareholders' return on equity. The effective borrowing rate is between 4.5% to 12.5%, depending on the type of borrowings. We are also continuously exploring options towards reducing our gearing level, such as equity fund raising, assets monetisation, disposal of surplus land bank which are not for immediate development as well as intensifying sales of the property inventories.

Total capital expenditure incurred in FYE2019 was RM22.7 million, mainly comprising the following capital allocations:

- the construction of the mini hydro power plant in Indonesia – RM8.6 million
- acquisition of property, plant and equipment – RM13.6 million

MANAGEMENT DISCUSSION & ANALYSIS

GROUP'S BUSINESS AND OPERATIONS REVIEW

Construction Division

The construction business remains the key revenue driver for the Group. We will continue to bid for new contracts to enhance our order book. With an order book of RM1.2 billion (projects as listed below), the ongoing projects are sufficient to sustain the Group for the next two to three years:

- Klang Valley Mass Rapid Transit Line 2 (Package V206) – Viaduct guideway and associated works from Serdang Raya to Universiti Putra Malaysia
- Cyberjaya Hospital, Selangor – Design and build the Platinum Cyberjaya Hospital (288 Beds)
- Tun Razak Exchange, Kuala Lumpur – Infrastructure, steel bridge and public realm works
- Rapid Complex, Pengerang Johor – Civil and infrastructure works

The Government's deferment of major transportation projects such as KL-Singapore High Speed Rail (HSR) and Mass Rapid Transit Line 3 (MRT3) have led to slower growth in the industry. However, we foresee that these are short term corrective measures and the outlook for construction sector should improve in 2020. There are


Package 2, Jalan Tun Razak Dispersal and Upgrading Works

With an order book of RM1.2 billion, the ongoing projects shall sustain revenue over the next two to three years

still some fairly large infrastructure projects in the pipelines such as the East Coast Rail Link (ECRL), Pan Borneo Highway packages i.e. the "missing-link Miri-Limbang-Lawas" connecting Sarawak and Sabah and the remaining packages.

In addition to the above, the Government is rolling out several packages of major hospital projects to be implemented under the 11th Malaysia Plan to address the needs of the rakyat for better medical healthcare treatment with shorter waiting period for critical illnesses.

We expect a busy period once the Government approves the implementation of further mega infrastructure projects.

The Division will also be exploring infrastructure work opportunities in Singapore, which is expected to remain strong, with the projection of the Singapore Building and Construction Authority that the total construction demand in 2019 to range between S$27 billion and S$32 billion.

Property Development Division

Year 2019 is set to be another challenging year for the property development industry with the overall Malaysia's economy affected by the

MANAGEMENT DISCUSSION & ANALYSIS

threat of trade war and financial market volatility. The property market sentiment continues to be weak and the property oversupply in the market will continue to put pressure on the domestic property prices.

The Property Division's performance for FYE2019 was mainly derived from the following developments: -

- PR1MA Two Apartment and Phase 1 of Maple Residence @ Laman View, which comprise 469 units of PR1MA apartments and 194 units of stratified landed terrace homes in Cyberjaya, Selangor respectively with target completion in second half of year 2019;
- The Vyne, an affordable luxury condominium development in Salak South, Kuala Lumpur;
- Elegan Residensi @ Putra Perdana (Phase 1), which comprise 270 units 1.5 storey townhouses in Puchong, Selangor; and
- Capital City, an integrated commercial development in Tampoi, Johor

We currently have approximately 284 acres of undeveloped land with gross development value of RM2.9 billion and unbilled sales of RM118.2 million, which will provide revenue and earnings visibility for the next 10 years.

In FYE2019, the Property Division launched Phase 1 of Elegan Residensi in Putra Perdana. For the coming financial year, the Division will focus mainly on affordable and landed residential developments to be in line with the current market demand. The new launches planned for FYE2020 are:

- Double storey terrace homes in Phase 2 of Maple Residence @ Laman View
- Phase 1A of 3 storey townhouses in Akasia @ Semenyih
- Final phase of The Vyne residential

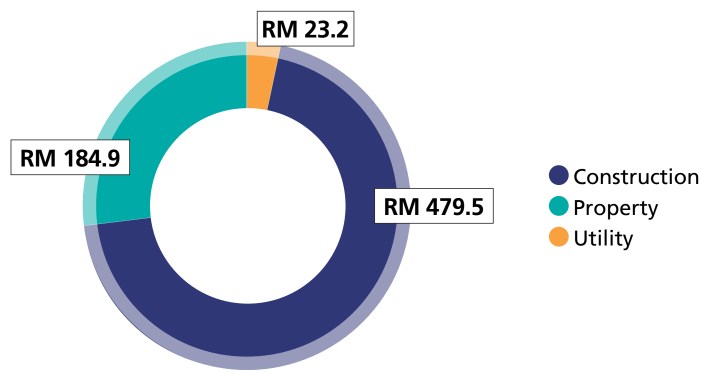
The weak property market outlook coupled with stringent lending rules from Bank Negara on end financing policies has affected the property industry. In line with the Government's current and future directions, the Property Division will continue to strengthen its position in developing affordable homes as we believe that the property industry will continue to revolve around affordable homes in the right location with good product specifications.

Utility Division

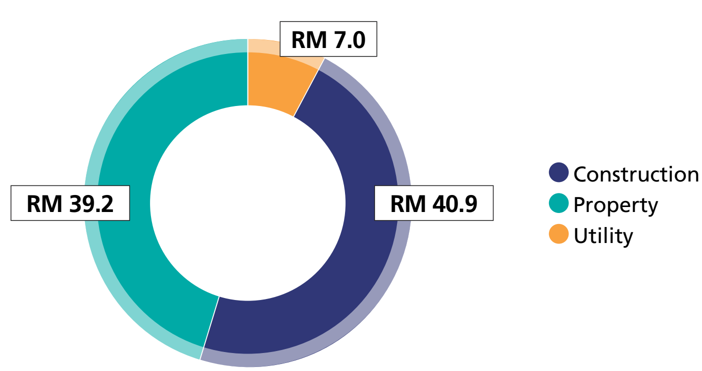
With the Government setting a target of 20% power generation from renewable energy ("RE") sources by 2030, an increase from 2% currently; there is therefore a definite sense of optimism on an upward trajectory in the green energy projects that provide plenty of opportunities for RE players to take part. In the recently announced open tender system for Large Scale Solar Photovoltaic Plants ("LSS 3") targeted to deliver 500MW

SEGMENTAL PERFORMANCE

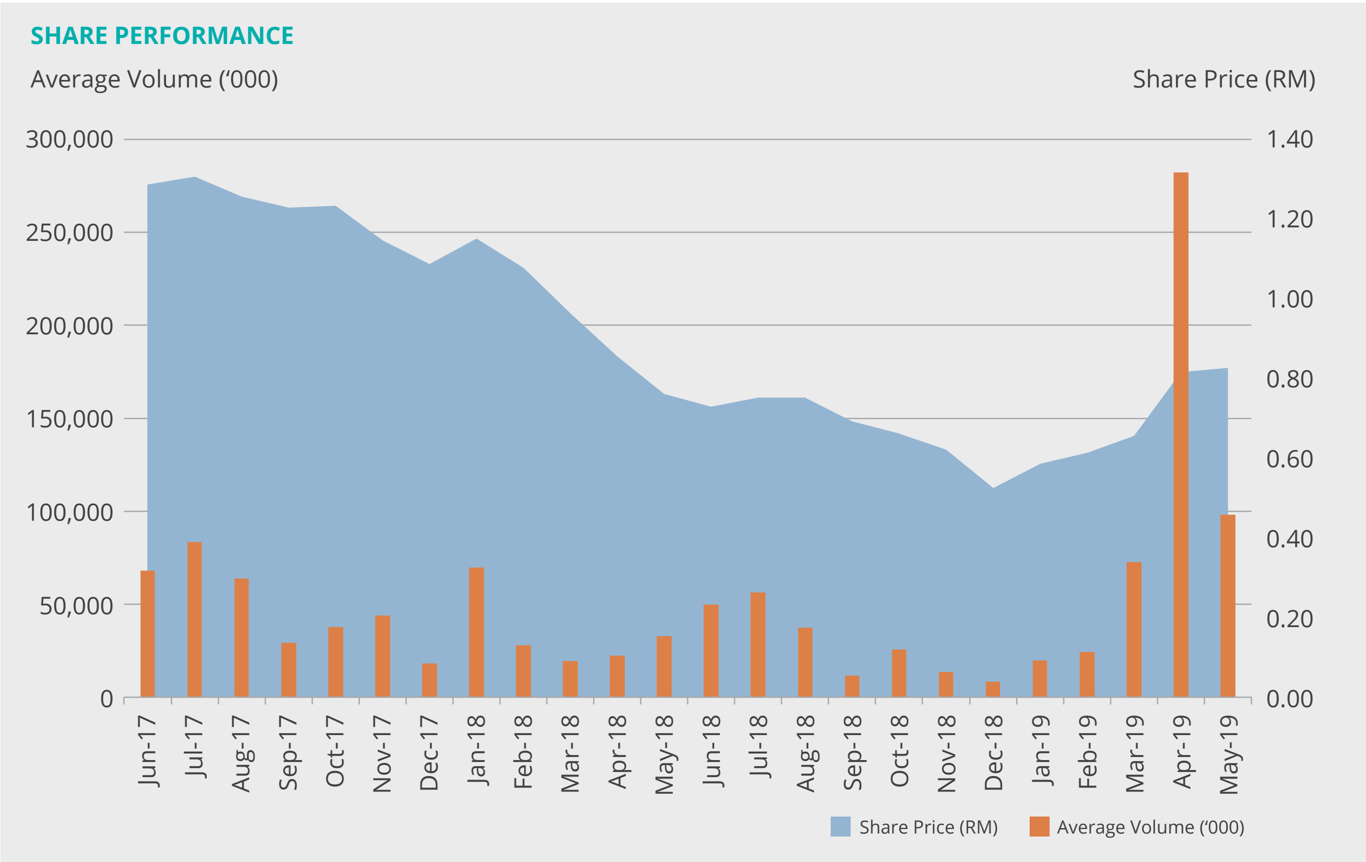
REVENUE FYE2019 (RM' MILLION)



PBT FYE2019 (RM' MILLION)



MANAGEMENT DISCUSSION & ANALYSIS



Share Price	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19
High (RM)	0.78	0.82	0.79	0.72	0.75	0.68	0.57	0.64	0.66	0.71	0.96	0.89
Low (RM)	0.66	0.64	0.70	0.66	0.60	0.53	0.48	0.50	0.55	0.58	0.67	0.76
Average Volume ('000)	49,835	56,271	37,406	11,467	25,607	13,609	8,273	19,704	24,267	72,518	282,178	98,110

of electricity generation capacity, our Utility Division will participate in the LSS 3 tender process to boost its portfolio in the near future. The LSS 4 is expected to be open for participation by end of 2019.

Being the largest utilities subsector, power generation demand hinges on progress of urbanisation in Indonesia. Huge hydro power resources remained untapped across the country. Pembangkit Listrik Negara ("PLN") was planning to provide 18GW in the geothermal and hydropower resources. Indonesian Government has indicated recently that more projects may be available to Independent Power Producers given PLN need to focus only on transmission infrastructures investment.

Indonesia has set a target to provide 100% access to safe drinking water and sanitation facilities. Only 75% of Indonesians have complete water accessibility and sanitation. The Government has put in a lot of efforts to build sufficient infrastructure for water treatment so that the drinking water sector is not left behind. Over the long term, making private sector projects viable as well as continued reforms of Perusahaan Daerah Air Minum will boost the outlook for water sector.

The Division will continue to pursue the water concessions expansion in Indonesia. The Division is confident, with its established water treatment plant presence in Indonesia, there are business opportunities for the Division to explore good yield returns and business sustainability.

Our 9MW mini-hydro power project at Lintau, Sumatera has been rescheduled with its Commercial Operational Date in FYE2020 attributed to the non-performance

MANAGEMENT DISCUSSION & ANALYSIS

of the Engineering, Procurement, Construction and Commissioning ("EPCC") contractor. A new EPCC contractor has been appointed with aggressive action plans to mitigate the project delays. Plant installation had been completed in March 2019 and interconnection facilities are in progress as scheduled.

Nusantara Suriamas Sdn Bhd, the 5.9MW a.c. Large Scale Solar PV Project in Kota Marudu, Sabah is still being constrained, pending an official Solar Power Purchase Agreement with Sabah Electricity Sdn Bhd. It is anticipated the authority will conclude the decision of Solar Power Purchase Agreement by FYE2020 with the Government drive for more green energy portfolio.

OUTLOOK

The Group is cautiously optimistic in relation to the recovery of the construction sector as a whole in the second half of 2019.

The Construction Division will continue to bid and secure new contracts to enhance its order book. Going forward, the Division's performance is expected to remain satisfactory supported by the existing outstanding order book on hand for sustainable revenue and profit growth. We expect limited public infrastructure projects taking off due to new Government reforms and cost review of several mega projects. Given the emphasis of the new Government to promote transparent procurement processes, the Division stands in good stead given our proven execution track record and ability to provide value added return.


Elegan @ Taman Putra Perdana, Puchong

The sluggish property market is expected to slow down future launches of private projects in the near term. For the forthcoming FYE2020, the Property Division remains optimistic about the opportunities ahead. The Division will continue to be vigilant to the changes in customers' needs and versatile in its strategies to launch products that match the market's demand and redirect its resources to improve operational efficiency.

The completion of our 9MW mini-hydro power plant in Lintau, Sumatera is expected to add further recurring income in the coming years, whilst we pursue investments both locally and abroad to build up our concession asset base, especially in the renewable energy sector. The objective is to generate recurring income steams to cushion against the potential volatility of the construction business.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Gadang Holdings Berhad ("Gadang" or "Company") recognizes 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.

This Corporate Governance Overview Statement provides a summary of the Company's corporate governance practices during the financial year ended 31 May 2019 and is prepared in compliance with Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements. This statement is to be read together with the Corporate Governance Report 2019 of the Company ("CG Report") which is available on the Company's website at www.gadang.com.my. The CG Report provides the details on how the Company has applied each Practice as set out in the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") during the financial year 2019.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I Board Responsibilities

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 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 matters relating to the strategic plan with Management. At least one board meeting each year (prior to the commencement of the new financial year) is devoted to discussing and considering the strategic business plan of the Group for the next three (3) years, 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.*

The Board continually monitors management and financial performance against the Group's objectives.

To discharge this duty, the Board receives updates on operational and financial matters as well as any major initiatives underway, at and between every scheduled Board meeting.

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 and Board Risk Committee, 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.*

The Board through the Nomination & Remuneration Committee ("NRC"), is responsible in ensuring that there is an orderly succession planning within the Group. The NRC is responsible for reviewing candidates for senior management positions based on their profiles, professional qualification, experience and other core competencies.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

During the financial year 2019, the NRC, having conducted all relevant reviews and assessments, recommended the proposed appointment of a Director for the major subsidiary, which the Board subsequently approved the recommendation.

e. *Reviewing the adequacy and integrity of internal control system of the Group, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.*

Internal control systems throughout the Group are evaluated and monitored by the Group Internal Audit (GIA), which reports directly to the Audit Committee. GIA has the authority to audit any division or subsidiary of the Company and to review projects and systems at any time and report its findings directly to the Audit Committee. Significant findings from the audit reports are highlighted and deliberated at the Audit Committee meetings. The Audit Committee reviews the adequacy, effectiveness and integrity of the internal control systems to ensure the implementation of appropriate internal control systems, supported by reports from the GIA and the annual review by the external auditors.

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

The Board has approved an investor relations policy which provides a framework for the Board and the employees to communicate effectively with the Company's shareholders, investors, stakeholders, external parties and the general public.

To assist and complement the Board in the execution of its responsibilities, the Board has established the Board Committees, namely the Audit Committee, Nomination & Remuneration Committee and Board Risk Committee. 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.

There is a clear division of responsibilities between the Board and Management. Decisions on operational matters and the day-to-day management of the business are delegated to the Managing Director (MD)/Chief Executive Officer (CEO) and 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.

There is a clear division of responsibilities between the Chairman of the Board and the CEO to ensure there is a balance of power and authority. The Chairman of the Board plays a leadership role in the conduct of the Board and its relationship with shareholders and other stakeholders. The Chairman of the Board is also responsible for instilling good corporate governance practices, leadership and effectiveness of the Board. The CEO, supported by Senior Management, implements the Group's strategic plan, policies and decisions adopted by the Board and oversees the operations of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Charter

In discharging its functions and responsibilities, the Board is guided by the Board Charter which outlines the roles, responsibilities, processes and operations of the Board as well as those which the Board may delegate to the Board Committees, CEO and Management. The issues and decision reserved for the Board are also clearly identified in the Board Charter.

The Board Charter is reviewed regularly to ensure they remain consistent with the Board's objectives, current law and best practices. The Board Charter was last reviewed on 19 October 2018 and can be viewed on the Company's website at www.gadang.com.my.

Code of Conduct and Whistleblowing Policy

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.

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 MD/CEO, Chief Financial Officer (CFO) 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.

Company Secretary

The Board members have full access to the Company Secretary who is an Associate member of the Malaysian Institute of Chartered Secretaries and Administrators and is qualified to act as company secretary under Section 235(2) of the Companies Act, 2016. She 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.

II Board Composition

The Board currently comprises three (3) Independent Non-Executive Directors and two (2) Executive Directors. The structure and composition of the Board comply with the Main Market Listing Requirements ("MMLR") of Bursa Securities and the MCCG 2017. 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 MCCG 2017.

The current size and composition of the Board is adequate for facilitating effective and objective decision making given the scope and nature of the Group's business and operations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The presence of a majority of Independent Non-Executive Directors will serve to bring objective and independent views, advice and judgment 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.

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

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 him as independent Director of the Company.

Board diversity policy

The Board recognizes 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 (1) female Director out of five (5) 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.

The Board has in place its Diversity Policy for the Company which is incorporated in the Terms of Reference of the Nomination & Remuneration Committee and is available on the Company's website at www.gadang.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Time Commitment

Directors are required to allocate sufficient time to the Company to discharge their responsibilities effectively. 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. It is also the Board's policy for all Board members to notify the Chairman of the Board before accepting any new directorship appointment.

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 and Board Committees meetings during the financial year ended 31 May 2019 as set out in the table below:-

Name of Directors	Board meetings	AC meetings	BRC meetings	NRC meetings	Annual General Meeting (AGM)
Tan Sri Dato' Seri Dr. Mohamed Ismail Bin Merican Chairman of the Board, Independent Non-Executive Director	9/9 (100%)	5/5 (100%)	4/4 (100%)	2/2 (100%)	1/1 (100%)
Tan Sri Dato' Kok Onn Managing Director/Chief Executive Officer	8/9 (89%)	N/A	N/A	N/A	1/1 (100%)
Boey Tak Kong Chairman of Audit Committee and Nomination & Remuneration Committee, Independent Non-Executive Director	9/9 (100%)	5/5 (100%)	4/4 (100%)	2/2 (100%)	1/1 (100%)
Kok Pei Ling Executive Director	9/9 (100%)	N/A	N/A	N/A	1/1 (100%)
Huang Shi Chin Chairman of Board Risk Committee Independent Non-Executive Director	9/9 (100%)	5/5 (100%)	4/4 (100%)	2/2 (100%)	1/1 (100%)

AC Audit Committee
BRC Board Risk Committee
NRC Nomination & Remuneration Committee

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.

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 three members, all of whom are independent non-executive directors. Mr Boey Tak Kong, the Senior Independent Non-Executive Director, is the Chairman of the NRC, and the other members are Tan Sri Dato' Seri Dr. Mohamed Ismail Bin Merican and Mr Huang Shi Chin.

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).

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

During financial year 2019, 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 2020.
(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 candidate to the Board of the Subsidiary 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 the 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) Reviewed and made recommendations to the Board on the re-election of Directors at the 26th AGM.
(x) Reviewed and amended the NRC's Terms of Reference to reflect the requirements of the applicable practices and guidance of the MCCG 2017.

Annual assessment

The Board through its 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 results from the evaluation process indicated that the performance of the Board, the Board Committees, the individual Directors and Board Committee members during the review period had been satisfactory. The Board was also satisfied that the size of the Board is adequate for the Group and the Board has the relevant knowledge relating to the Group's business. 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.

Continuing Development Programme for Directors

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's 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.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The details of the seminars and training programmes attended by the Directors during the financial year ended 31 May 2019 are set out below:-

1.	**Tan Sri Dato' Seri Dr Mohamed Ismail Bin Merican**	
	• Launch of Institute of Corporate Directors Malaysia	1 Oct 2018
	• Power Talk & Directors Dialogue "Effective Boards in a VUCA World"	31 Oct 2018
2.	**Tan Sri Dato' Kok Onn**	
	• Business Planning Process Insights – Construction Division	8 April 2019
	• Business Planning Process Insights – Property Division	10 April 2019
3.	**Boey Tak Kong**	
	• Sustainability Engagement Series for Directors/Chief Executive Officers	5 July 2018
	• Ethics Seminar on Code of Ethics – A Key to Public Trust	18 July 2018
	• Introduction to Corporate Liability Provision	26 July 2018
	• Audit Committee Institute Breakfast Roundtable 2018	3 Aug 2018
	• Advocacy Programme on CG Assessment using the Revised Asean CG Scorecard Methodology (Malaysian PLCs)	10 Aug 2018
	• The Malaysian Sales Tax & Services Tax Makes A Comeback: How Should Business Prepare?	13 Aug 2018
	• Leveraging Diversity Through Culture Awareness	28 Aug 2018
	• Blockchain	30 Aug 2018
	• Technology Conference: A focus on E-Commerce	27 Sept 2018
	• 2018 ACCA Global Ethics	17 Oct 2018
	• Oracle Innovation Summit	8 Nov 2018
	• Ring The Bell for Gender Equality 2019	14 Mar 2019
	• AMLA, Fraud in Digital Economy & Forensic Auditing	21 Mar 2019
	• 8th Annual National Procurement Conference 2019	2 Apr 2019
	• Audit Committee Institute Breakfast Roundtable 2019 - AML/CFT Framework & Risk Assessment - Building Cyber Resilience	3 Apr 2019
	• Engagement Session with Audit Committee Members on Integrated Reporting	30 Apr 2019
	• CG Watch: How Does Malaysia Rank?	3 May 2019
	• Corporate Governance Monitor 2019	6 May 2019
	• Climate Governance Initiative Malaysia	16 May 2019
4.	**Kok Pei Ling**	
	• Advocacy Program on Evolution of Future Chief Financial Officers	2 Aug 2018
	• Launching of Malaysia – Asean CG Report 2017	27 Aug 2018
5.	**Huang Shi Chin**	
	• Advocacy Programme on CG Assessment Using The Revised Asean CG Scorecard Methodology (Malaysian PLCs)	10 Aug 2018
	• Sustainability Engagement Series for Directors/Chief Executive Officers	6 Sept 2018

III Remuneration of Directors and Senior Management

The Board aims to provide attractive and well-structured remuneration which are sufficient to attract, retain and motivate Directors and senior management to drive the Company's strategic objectives, business sustainability and create long-term value for shareholders.

The Board has adopted a remuneration policy to provide a clear and guiding principles for determining the remuneration of the Board and senior management to support its objectives. The remuneration policy of the Company is available for reference at the Company's website at www.gadang.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The NRC is responsible to oversee the implementation of the remuneration policy and structure, and reviews and recommends matters relating to the terms of employment and remuneration for Directors and senior management to the Board.

The Board collectively determines the remuneration for the Independent Directors based on the NRC's recommendation. Each of the Independent Directors abstains from deliberating and voting on their own remuneration.

The aggregate Directors' Remuneration paid to the Directors by the Company for the financial year ended 31 May 2019 is as follows:-

Directors	Directors' Fees [1] RM	Salary & Bonus RM	Other emoluments[2] RM	Benefits-in-kind RM	Total RM
Executive Director					
Tan Sri Dato' Kok Onn	-	1,443,500	25,000	140,188	1,608,688
Kok Pei Ling	-	526,500	100,091	98,625	725,216
Non-Executive Directors					
Tan Sri Dato' Seri Dr. Mohamed Ismail Bin Merican	100,000	-	35,000	-	135,000
Boey Tak Kong	80,000	-	35,000	-	115,000
Huang Shi Chin[4]	60,000	-	20,000		80,000
Total	**240,000**	**1,970,000**	**215,091**	**238,813**	**2,663,904**

(1) *Approval obtained as a lump sum at the 25th AGM for the financial year ended 31 May 2019*
(2) *Include annual leave passage and meeting allowance for Non-Executive Directors only*

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 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.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I Audit Committee

The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting and to ensure that the financial statements of the Company give a true and fair view of the state of the Company.

The Audit Committee is chaired by an Independent Non-Executive Director who is distinct from the Chairman of the Board. All members of the Audit Committee are financially literate, with the Chairman and another member of the Audit Committee are also members of Malaysian Institute of Accountants.

The current Audit Committee comprises three (3) members, all of whom are independent non-executive directors. The Audit Committee has incorporated in its terms of reference a requirement for a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee. The terms of reference of the Audit Committee are available on the Company's website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The membership of the Audit Committee, meeting & attendance, training, summary of work and summary work of the internal audit function are set out on pages 41 to 45 under Audit Committee Report of this Annual Report.

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 (3) times a year to discuss their audit plan, audit findings and the Company's financial statements. At least two (2) 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.

Directors' Responsibility Statement in respect of the Audited Financial Statements for the financial year ended 31 May 2019

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. Where there are new accounting standards or policies that become effective during the year, the impact of these new treatments would be stated in the notes to the financial statements accordingly.

In preparing the financial statements, the Directors have:
- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured that all applicable approved accounting standards have been followed; 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

II Risk Management and Internal Control Framework

The Board has the overall responsibility for maintaining a sound system of internal controls and risk management to safeguard shareholders' investment and the Company's assets.

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 Risk Committee ("BRC") for review and evaluation on a quarterly basis. The BRC then presents a summary of its deliberations and decisions to the Board.

The Board has established an in-house internal audit function for the Group, which is independent of the operations of the respective operating units. The principal role of the department is to undertake independent regular and systematic reviews of the system and internal control so as to provide reasonable assurance that such system continue to operate satisfactorily and effectively. It is the responsibility of the Group Internal Audit to provide the Audit Committee with independent and objective report on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements. The internal audit reports are presented together with the Management's response and proposed action plans to the Audit Committee quarterly.

The principles and guidelines promulgated by The Institute of Internal Auditors ("IIA") in International Professional Practices Framework (IPPF) for an internal audit function to be considered effective has been adopted.

The details of the Company's risk management and internal control framework are set out in the Statement on Risk Management and Internal Control of this Annual Report.

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

I Communication with Stakeholders

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 MD/CEO and/or CFO will meet with institutional shareholders and analysts on ad-hoc basis to promote better understanding of the Group's financial 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

II Conduct of General Meetings

The AGM is the principal forum of open dialogue with shareholders. The notice and agenda of AGM together with Forms of Proxy are given to shareholders not less than 28 days before the AGM, which gives shareholders sufficient time to prepare themselves to attend the AGM or to appoint a proxy to attend and vote on their behalf. Each item of special business included in the notice of the AGM will be accompanied by an explanatory statement on the effects of the proposed resolution.

At the AGM, the 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.

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.

This Corporate Governance Overview Statement was approved by the Board of Directors on 4 September 2019.

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

Tan Sri Dato' Seri Dr. Mohamed Ismail Bin Merican

Huang Shi Chin

The current composition is in compliance with Paragraph 15.09(1)(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") where all three AC members are Non-Executive Directors as well as Independent Directors. None of the Independent Directors has appointed alternate directors.

Mr Boey Tak Kong and Mr Huang Shi Chin being members of the Malaysian Institute of Accountants, fulfil the requirements of Paragraph 15.09(1)(c) of the MMLR of 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.

The composition of the AC also complies with Practice 8.2 of the Malaysian Code on Corporate Governance ("MCCG") 2017 which states that a former key audit partner shall not be appointed as a member of the AC until the expiry of a 2-year cooling-off period. No former audit partner has been appointed as a member of the AC to date.

B. TERMS OF REFERENCE

The Terms of Reference ("TORs") of the AC set out the authority, duties and responsibilities of the AC and are accessible for reference on the Company's website at www.gadang.com.my.

The TORs of the AC were reviewed and amended on 25 July 2018 to reflect the requirements of the applicable practices and guidance of the MCCG 2017.

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 AC members' attendance records can be found under the Corporate Governance Overview Statement on page 34 of the Company's Annual Report 2019.

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.

The AC meetings were always attended by the Chief Financial Officer, Group General Manager Finance, Group Accountant and Head of Group Internal Audit. The Chief Executive Officer was also invited to attend the AC meetings to facilitate direct communication as well as to provide clarification on audit issues and the Group's operations. Other members of senior management also joined the meetings for specific topics upon request. The representatives of the external auditors attended three (3) of the AC regular meetings and had private sessions with the AC twice, in the absence of Management.

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

AUDIT COMMITTEE REPORT

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 Corporate Governance Overview Statement on pages 30 to 40 of the Company's Annual Report 2019.

Site visits
The AC members also visit operations within the Group on an ongoing basis to develop their knowledge of business operations and to gain first hand insight to the control environment. During the year, the members of the AC conducted status visits at the Rapid project in Pengerang, Johor and Capital City Project in Tampoi, Johor to assess the actual development and initiatives carried out on the said projects.

E. SUMMARY OF WORK

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

The work performed by the AC during the financial year 2019 included:-

1. Financial Reporting

In overseeing the Company's financial reporting, the following matters were reviewed and discussed by the AC 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 2018, 1st quarter 2019, 2nd quarter 2019 and 3rd quarter 2019 were deliberated at the AC meetings held on 25 July 2018, 19 October 2018, 23 January 2019 and 24 April 2019 respectively.

b) The audited financial statements of the Company and the Group for the year ended 31 May 2018 were deliberated at AC meeting held on 29 August 2018.

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.

To safeguard the integrity of the financial information, the AC considered reports from the 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.

2. Annual Reporting

The Audit Committee Report, Corporate Governance Overview Statement and Statement of Risk Management and Internal Control for insertion into the Company's 2018 Annual Report were reviewed and deliberated at its meeting held on 29 August 2018 before their release to ensure that they were prepared in compliance with the relevant regulatory requirements and guidelines.

3. External Audit

a. On 25 July 2018 and 29 August 2018, the AC reviewed the findings of the External Auditors' reports for the financial year ended 31 May 2018, particularly the issues raised on goodwill impairment, revenue recognition for construction contracts and revenue recognition for property development activities together with Management's response to their findings, including the key audit matters.

AUDIT COMMITTEE REPORT

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. At the same meeting on 29 August 2018, the AC also reviewed and considered the outcome of the External Auditors' assessment on areas of financial impact relating to the adoption of MFRS 1 *'First-time Adoption of Malaysian Financial Reporting Standards'*, MFRS 9 *'Financial Instruments'* and MFRS 15 *'Revenue from Contracts with Customers'* which were applicable to the Group on 1 June 2018.

c. The AC had two private sessions on 25 July 2018 and 29 August 2018 with the representatives of Messrs Crowe Malaysia PLT 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. Some of the matters discussed included the External Auditors' assessment on the ethical values and integrity of Management, cooperation from the various levels of Management during the audit, the competent of the finance personnel and timeliness of information requested, among others.

d. To assess the effectiveness of the External Auditors, the AC on 25 July 2018 undertook an annual assessment on the performance and effectiveness of the External Auditors for the financial year ended 31 May 2018, 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 carried out the review described above and having satisfied itself that the External Auditors remain independent and effective, the AC recommended to the Board that Messrs Crowe Malaysia PLT be reappointed for the ensuing financial year 2019.

e. To fulfil its responsibility for oversight of the external audit process, the AC on 24 April 2019 reviewed and discussed with the external auditors, the audit plan of the Company and of the Group for year 2019 (inclusive of audit approach, scope of work and the external auditors' fee proposal) prior to the commencement of the annual audit. After some deliberations, the AC approved the Audit Planning Memorandum for the financial year ended 31 May 2019 for implementation in accordance with the audit timeline.

   The AC also endorsed the proposed audit fees for the statutory audit and the said fees were duly approved by the Board.

   During the year under review, the total fees paid and payable to the External Auditors and its affiliates are set below:-

	2019	
	Group	Company
	RM	RM
Statutory audit fees	422,000	87,000
Non-audit fees (for Taxation Affairs)	169,200	22,300
Total	**591,200**	**109,300**

AUDIT COMMITTEE REPORT

4. Internal Audit Function

a. On 25 July 2018, 19 October 2018, 23 January 2019 and 24 April 2018, the AC reviewed the internal audit reports, auditor's recommendations and Management's responses to each recommendation.

b. On 23 January 2019, the AC reviewed the revised 2019 internal audit plan to ensure adequate audit scope and coverage of the key risks areas of business operations of the Group are carried out.

c. 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.

5. Related Party Transactions

a. On 29 August 2018, 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 AC 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.

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 Board has established an in-house internal audit function for the Group. The Group Internal Audit ("**GIA**") comprises 3 staff, is led by the Head, Group Internal Audit who reports functionally to the AC and administratively to Executive Director/Chief Financial Officer. The incumbent, Mr. Alan Tham has over 20 years of internal audit and financial management experience, covering insurance industry, hospitality sector and FMCG business. Mr. Alan Tham holds a Bachelor of Commerce (Major in Accounting) and is a Certified Information System Auditor (CISA).

The internal audit function is guided by the approved Internal Audit Charter with unrestricted access to areas of Group's operational activities, and source records considered necessary to adequately discharge the internal audit duties and functions or investigation engagement. The internal audit function is independent of the activities of other operating departments and undertakes to review in depth all work processes of the Group activities and its relationship with third parties.

The internal audit adopts the 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.

The internal audit also adopts the five components set in the Internal Control Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO), inclusive control environment, risk assessment, control activities, information and communication, and monitoring activities. COSO is an internationally recognised organisation providing guidance on internal control, enterprise risk management and governance.

AUDIT COMMITTEE REPORT

During the financial year, the GIA undertook the following audit activities:-

(a) prepared the revised internal audit plan 2019, which was reviewed and approved by the Audit Committee, and updated where necessary.

(b) completed a total of 6 audit engagements (June 2018 to May 2019) covering the following processes:

i) Plant and machinery management covering the following audit scope:
- Existences and completeness.
- Assets safeguarded, maintained & insured.
- Plant and machinery purchases/disposal are transacted and managed as per SOPP.

ii) Business process review – Cyberjaya Hospital covering the following audit scope:
- Project progress monitoring and reporting.
- Documentation for progress payment.
- Construction material usage and monitoring.

iii) Business process review – RUSB (Water division) covering the following audit scope:
- Operations SOPP.
- Plant operation, maintenance and quality management.
- Assets are safeguarded.

iv) Business process review – KVMRT206 covering the following:
- Project progress monitoring and reporting.
- Documentation for progress payment.
- Construction material usage and monitoring.

v) Business process review – GCC (TRX-C3) the following:
- Project progress monitoring and reporting.
- Documentation for progress payment.
- Construction material costing, usage and monitoring.

vi) GCC TRX Occupational Safety and Health Management Systems (OSHMS) and reporting process covering the following audit scope:
- Procedures and Hazard Identification, Risk Assessment and Risk Control (HIRARC) documentations.
- Training programs, safety mitigation/corrective actions and management reporting.

(c) examined and aligned the Company’s Internal Control System Framework, including periodically reviewing controls, organising assessments and ensured effectiveness of the internal control system.

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 quarterly for deliberations and process improvement.

A total of some RM398,332 was incurred by the Company for maintaining the internal audit function for the year under review.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance 2017 ("MCCG") issued by Securities Commission of Malaysia in April 2017, requires listed companies to maintain a sound system of risk management and internal controls to safeguard shareholders' investments and the Group's assets. Pursuant to paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the directors of public listed companies are required to include a Statement on Risk Management and Internal Control in the Annual Report on the state of risk management and internal controls framework during the year under review.

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 associated companies.

The Board affirms its overall responsibility and commitment to maintaining an effective risk management framework and internal control to safeguard shareholders' investments and the Group's assets, in accordance with Principle B of the MCCG. 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, analyzing, evaluating, treating 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 Group Managing Director cum Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal control system is 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

1. Risk management

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

Enterprise Risk Management Framework

ERM Infrastructure

- Vision / Mission / Goals
- Governance Structure
- Board / Management Mandate
- ERM Policy
- ERM Reporting Structure / Frequency
- ERM Roles & Responsibilities
- Risk Parameters
- ERM Procedures (ISO 31000:2018)

ERM Process

ERM Integration

- Business Planning (Budgeting)
- Policy Development
- Investments / Joint Ventures
- Decision Making
- Operational Processes
- Incidences Data Analysis
- Performance Management
- Internal Audit
- Sustainability Targets

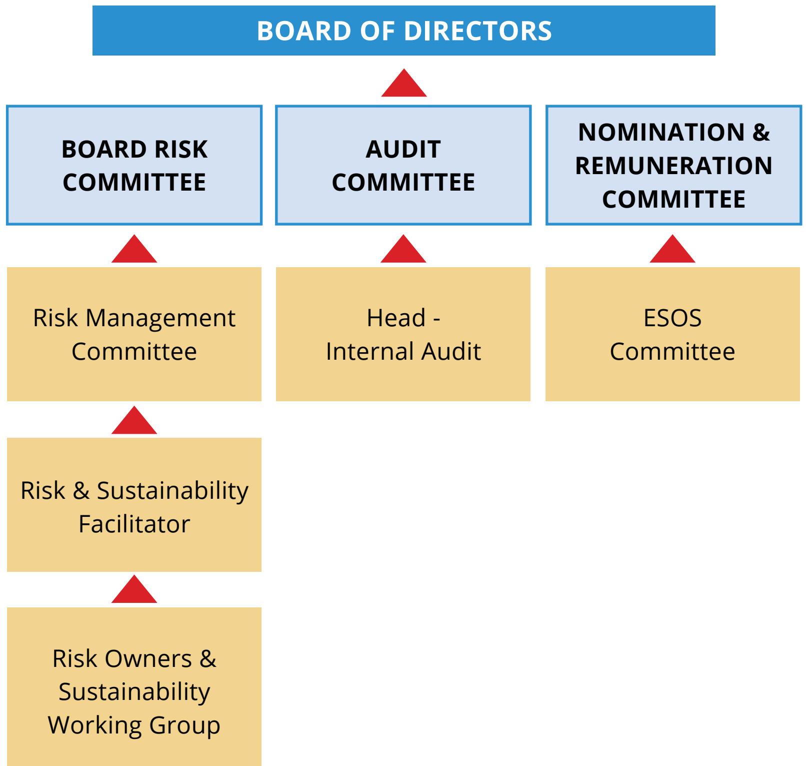
The ERM framework is benchmarked against the ISO 31000:2018 Risk Management – Guidelines and is designed to embed ERM into key activities, initiatives and processes of the Group. The Board reviews the ERM framework annually.

The Board has a Board Risk Committee ("BRC") where all the BRC members are independent directors.

The Company continued with its sustainability reporting which integrates Economic, Environmental and Social ("EES") components into the Company's risk framework to reduce exposure to both financial and non-financial sustainability-related risks and at the same time, improve productivity and optimize operating cost. Pursuant to the recommendation of Bursa Malaysia's Sustainability Reporting Guide – 2nd Edition, the Company reviewed the materiality sustainability matters at least once a year to ensure the sustainability matters remain relevant. The review process is disclosed in the Sustainability Statement. Please refer to the Sustainability Statement on pages 56 to 82 for more details.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Company's governance structure is illustrated below.



The Risk Management Committee ("RMC") meets on a quarterly basis to review the significant risks faced by the Group. The RMC assessed the controls and actions in place to mitigate and manage risk exposure, raised their concerns and may recommend further mitigating actions. The RMC reports to the BRC on a quarterly basis where key risks and mitigating actions are deliberated. The BRC then present a summary of their deliberations and decisions to the Board. The Board evaluates the adequacy and effectiveness of the risk management system.

a. Operating risk

Operating risk management ranges from managing strategic operating risks to managing diverse day-to-day operational risks. The management of the Group's day-to-day operational risks include those relating to supply chain, marketing and sales, project completion, health and safety, human capital and regulatory compliance; and is mainly decentralized at the business unit level and guided by standard operating policy and procedures. Operational risks that cut across the organization including those relating to treasury management, transfer pricing and group sustainability are coordinated centrally.

Some of the key risks that were presented to the Board were as follows:-

<u>Project completion</u>

Construction projects which were facing completion risk were highlighted to the Board, with root causes identified, the impacts and mitigating action plans. Additional resources in terms of manpower and machinery were mobilized to the projects to mitigate delay including engagement with clients and / or contractors to accelerate works due to unforeseen delays. Where delay events prevented the completion of the works and they were beyond the Company's control, applications for Extension of Time ("EOT") were registered with the client.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Accountability for managing project risks rests with the Project Director and Project Manager.

Workplace health and safety

Our construction workforce is exposed to workplace health and safety risk due to risk inherent in the construction activities. In addition, at the construction sites, water, air and noise pollution is inevitable. Incidents and accidents at site may still occur due to human error or negligence. To ensure incidents are minimized, health and safety policies are implemented and the observation of compliance is carried out by site safety personnel. Safety personnel at site performs daily walkabout inspection of work practices. They also monitor occupational accident statistics regularly and provide recommendations for improvement. Besides our employees, we also engaged the contractors in the implementation and enforcement of safety procedures and practices. On-site safety training is carried out at site on a regular basis. The client also performs site walkabout and Non Conformance Report ("NCR") and / or Stop Work Order ("SWO") are issued to ensure health and safety are prioritised.

Regulatory compliance

The Group's businesses are governed by relevant laws & regulations, standards, licenses and concession agreements. The Group manages these regulatory risks by:-

- Keeping updated with new laws and regulations by attending seminars, conferences and training programmes organized by the authorities or external training providers.
- Initiate and implement appropriate policies and procedures to ensure non-compliance risk is mitigated.
- Maintaining communication with the authorities and external auditor to ensure compliance.

Inventory risk

The demand for properties among others, could be affected by the slowdown in the domestic economic environment, changes in Government policy, banks tightening their lending policies and oversupply of residential products in the market. The Property division mitigates the inventory overhang by regularly reviewing its sales and marketing strategies to suit the market demand and condition, which include reviewing the selling price list, design unit mix and sizes in each development project to ensure that the products are value-optimized, competitive and attractive. Property agents' commission scheme is also regularly reviewed to encourage more sales.

b. Ad-hoc investment, variation to terms of Joint Venture and fund raising

On ad-hoc basis, the Board reviews the investment feasibility study, variation to terms of Joint Venture ("JV") and fund raising for the Group. The Board reviews the feasibility, risk impact and assessment of the proposals that are presented by the Heads of Divisions and / or Chief Financial Officer ("CFO"). During the financial year, the Board evaluated and approved the following proposals:-

- To acquire 20,000,000 ordinary shares in DWL Resources Berhad ("DWL") representing approximately 10% of the total issued shares of DWL.
- Proposed variation to the terms of the JV between Achwell Property Sdn Bhd and Capital City Property Sdn Bhd for an integrated development in Johor Bahru. The proposed variation was approved by the shareholders in the extraordinary general meeting held on 12 June 2019.
- Proposed private placement of up to ten percent ("10%") of the total number of issued shares of the Company to third party investor(s). The Board had on 28 May 2019 fixed the issue price for 66,172,000 placement shares at RM0.77 each.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

c. Cyber & IT security risk

This risk could result in unauthorized disclosure of sensitive business information, resulting in financial or reputational loss. It may also result in the disruption of business operation.

To mitigate this risk, during the financial year, the Company's IT department has enhanced the IT infrastructure and firewall security. The Company's offsite disaster recovery facility was relocated to a data centre in Cyberjaya. Illegal downloads of software were prohibited and monitored by the IT department. The IT Policy & Procedure and Disaster Recovery Plan were reviewed and revised during the year.

d. Economic / Market risk

The slowdown in the local economy coupled with uncertainty in resumption of major infrastructure projects and increased competition for construction project tenders have affected the Construction Division's order book replenishment. Property market continued to face challenges of a subdued and soft market, amid the oversupply of residential and commercial properties and poor consumer sentiments. The general market momentum of the property segment remains challenging.

To mitigate this risk, the Construction Division has to manage the present projects prudently and to optimize resource usage to expedite works to boost revenue and profit. Besides tendering for federal government projects, the division will also be exploring state government projects.

The Property Division will be switching its product focus to landed properties and affordable housing where demand is still resilient. It will also develop more innovative and aggressive marketing strategies to sell the completed inventory.

e. Sustainability

The Group has in place a sustainability governance structure as described in the Sustainability Statement. Economic, Environmental and Social sustainability risks and rewards are described in greater detail in the Sustainability Statement on pages 56 to 82.

f. Liquidity

The Group has an obligation to fulfil the scheduled payments for new land bank acquired and to service project financing from financial institutions for its operations. As a growing Group which is reliant on a combination of both equity and borrowings to fund its operations, the Group may be adversely affected by shortfall in anticipated cash flows. The Group continues to strengthen its treasury function to monitor the Group's cash flow requirement and ensure adequate financial facilities to support the Group's current and future needs. The engagement with key bankers is on a continuous basis to be more aware of the respective bank's lending appetite and to explore new funding opportunities. The Group also monitors its borrowing repayment maturity profiles and financial covenants and to ensure that its gearing is within acceptable level.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

2. Audits

a. Internal audit

The Group 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 approved the 2018 to 2020 audit plan based on risk based internal audit ("RBIA") approach in October 2018. RBIA is an audit methodology with the support of an audit heat map, to focus, identify and prioritize inherent risk involved in operations or system. The RBIA objective is to provide assurance that management of risk and internal controls are in an adequate and effective control environment.

The internal audit planning adopts COSO Internal Control — Integrated Framework to assist in design and recommend internal control in business and operating environments. The audit engagement is performed in accordance with the Institute of Internal Auditors International Professional Practices Framework ("IPPF") to govern code of ethics and to sustain internal audit effectiveness.

The Internal Auditors carried out audit testing on operational units to assess the effectiveness of internal controls vis-à-vis established policies and procedures and to identify potential process and cost improvement. They present their audit reports 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. They also follow up on the management corrective action plans in response to the internal audit findings and report the progress of implementation to the Audit Committee.

The Audit Committee deliberated on the audit issues and actions taken by management, with the quarterly Audit Committee minutes duly extended to the Board for notation. For more details of the internal audit assignments carried out during the year, please refer to pages 44 to 45.

b. External audit

The External Auditor's annual audit planning memorandum in relation to the audit services on the Group's financial statements were reviewed and approved by the Audit Committee. The External Auditors, 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.

3. Organization 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, organizational 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
- Board Risk Committee
- Risk Management Committee
- Group Management Committee
- Procurement Committee
- Disciplinary Committee
- Employee Share Option Scheme ("ESOS") Committee

4. 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.

5. 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.

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

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

7. 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 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 Divisions and amongst others, the risks, challenges and assumptions are deliberated upon before the Board approves the business plans and budgets for implementation.

b) Premised on the approved business plans, Key Performance Indicators ("KPIs") are established for each Operating Division. The KPIs are then cascaded to their subordinates to align with the strategic business objectives.

c) On a quarterly basis, the Group Finance and Accounts personnel presents to the Board, the actual financial performance for each Operating Division against the budget. Financial performance variances are explained to the Board.

d) 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 – Human Capital & Support Services tracks the progress of KPIs achievement by the Heads of Divisions and reports the progress to the Group Managing Director cum Chief Executive Officer.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

e) On a quarterly basis, the Group Finance and Accounts Department reviews and updates the profit forecast for the year, in consultation with Heads of Divisions and / or project leaders. On a monthly basis, a rolling cash flow forecast is prepared for review and monitoring by the CFO.

8. Policies and procedures

Elements of internal control have been embedded and documented in the form of policies and procedures to strengthen controls for financial management and operations. They serve as an operating guide to employees in their day-to-day work administration. Accountability and responsibility for key processes have been established in the policy and procedures. These policies and procedures are reviewed at least once a year and updates, if any, are communicated promptly to the employees.

9. 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 condensed consolidated 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.

10. Whistleblowing Policy

The Company has an established Whistleblowing policy and procedure which is made available in the Company's website. It is intended to assist the reporting individual to report to the appropriate channel, any information which the individual believes to involve 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

As required by paragraph 15.23 of the MMLR of Bursa Securities, the External Auditors have reviewed this Statement on Risk Management and Internal Control to the scope set out in the Audit and Assurance Practice Guide 3 ("AAPG 3") - Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by Malaysian Institute of Accountants ("MIA").

Based on their review, 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 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and Practices 9.1 and 9.2 of the MCCG to be set out, nor is the Statement factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and Management thereon. The Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

This Statement on Risk Management and Internal Control was approved by the Board of Directors on 4 September 2019.

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 7 November 2018, 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 ("Recurrent Transactions") with a related party.

In accordance with Paragraph 10.09(2)(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, details of the Recurrent Transactions conducted during the financial year ended 31 May 2019 pursuant to the said shareholders' mandate are as follows:-

Name of Related Party	Relationship	Nature of Transactions	The Company	Aggregate Value RM
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	7,026,343

- **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 2019 with information as follows:-

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

	As at 31 May 2019	
	Grand Total	Director
Total number of options granted	100,481,700	8,851,000
Total number of options exercised	(15,104,900)	(2,940,100)
Total number of options lapsed	(12,087,400)	(1,035,000)
Total options outstanding	73,289,400	4,875,900

ADDITIONAL COMPLIANCE INFORMATION

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

Granted to Directors & Senior Management	During the financial year ended 31 May 2019	Since commencement of the ESOS on 6 December 2019
Aggregate maximum allocation in percentage	50.0%	50.0%
Actual percentage granted	-	39.5%

c) The options applicable to Non-Executive Director in respect of the financial year ended 31 May 2019

Name of Non-Executive Director	Granted	Exercised	Balance
Boey Tak Kong	931,500	186,300	745,200

SUSTAINABILITY STATEMENT

ABOUT THIS SUSTAINABILITY STATEMENT

Gadang Holdings Berhad ("Gadang") recognises the importance of embedding sustainability in our operations and being accountable for our actions to perpetually pursue value for all our stakeholders, in line with our organisation's mission. In this second year of embarking the journey of sustainability, we continue to demonstrate our efforts and commitment in managing our Economic, Environmental and Social ("EES") performance to create long term value for our stakeholders.

Engineering & Construction

- Gadang Engineering (M) Sdn Bhd ("GESB")
- Datapuri Sdn Bhd ("DSB")

KEY PROJECTS

- Petronas RAPID ("PetRAPID") Projects: Package 14-0301 ("PetRAPID 301") & Package 14-0402 ("PetRAPID 402")
- Mass Rapid Transit Line 2: Package V206 ("MRT Line 2 – V206")
- Bridge & Tunneling Works for TRX City Sdn Bhd ("TRX Package C3")
- Cyberjaya Hospital
- Public Realm Works at Tun Razak Exchange ("TRX Package C6")

Property Development

- Gadang Land Sdn Bhd ("GLSB")
  - Hillstrand Development Sdn Bhd ("HDSB")

KEY PROJECTS

- Phase 2A, PR1MA TWO Homes
- Phase 2B, Maple Residence

Utility

- Regional Utilities Sdn Bhd ("RUSB")
  - Asian Utilities Pte Ltd ("AUPL")
    - PT. Taman Tirta Sidoarjo ("TTS")
    - PT. Hanarida Tirta Birawa ("HTB")
    - PT. Bintang Hytien Jaya ("BHJ")
    - PT. Dewata Bangun Tirta ("DBT")

***Diagram 1** - Our Entities in the Reporting Scope*

REPORTING PERIOD
1 June 2018 - 31 May 2019

REPORTING CYCLE
Annually

GUIDELINE
Bursa Malaysia's Sustainability Reporting Guide

FEEDBACK
Risk Management Department
Wisma Gadang
No. 52 Jalan Tago 2
Off Jalan Persiaran Utama
Sri Damansara
52200 Kuala Lumpur
Tel : + 603 6279 6382
Fax : + 603 6279 6376
Email : risk@gadang.com.my

In preparing this statement, we referred to Sustainability Reporting Guidelines and Toolkits – 2nd Edition issued by Bursa Malaysia and aligned our sustainability matters to United Nations Sustainable Development Goals ("SDGs").

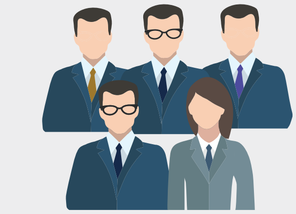
The reporting scope encompasses Gadang and our active subsidiaries – collectively referred to as the "Company" or "Group". In this financial year, we have expanded our reporting scope to cover Utility Division which is operating in Indonesia. We have four water concessions in Indonesia with a total water production capacity close to 1,100 litre / second and a mini-hydro power plant which is under construction.

SUSTAINABILITY STATEMENT

OUR SUSTAINABILITY GOVERNANCE

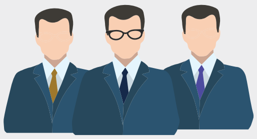
It is imperative to have a strong sustainability governance structure in order to embed sustainability into our business strategies and operations. Our sustainability governance structure has clear lines of accountability starting from the tone set by the Board in directing the business strategies and its commitment in overseeing the sustainability matters while ensuring business continuity and long-term stakeholder value creation.

Board of Directors ("Board")



Reviews and approves overall strategic plans for the Company whilst maximising stakeholders' value through the management of financial (business growth, profitability, etc) and non-financial indicators, including economic, environmental and social ("sustainability") related matters arising from its business activities

Board Risk Committee ("BRC")



Supports the Board by monitoring the implementation of the strategic plans by the Management

Risk Management Committee ("RMC")

- Chaired by the Group Managing Director / Group Chief Executive Officer ("Group CEO")
- Supported by the respective Heads of Business Divisions to achieve the Company's sustainability objectives
- Accountable for the development and implementation of sustainability strategies
- Provides status updates on sustainability performance

Risk & Sustainability Facilitator ("RSF")

Supports the RO & SWG

Risk Owners ("RO") & Sustainability Working Group ("SWG")

- Chaired by the Chief Financial Officer ("CFO") and represented by risk owners i.e. Heads of Departments ("HODs") and representatives from various departments across all business divisions in Malaysia
- Sets the scope of sustainability management measures and drive the implementation and monitoring of sustainability management, across all business divisions whilst promoting interdepartmental collaboration
- Identifies, assesses and reports on sustainability risks and opportunities relevant to the Company's operations, providing progress updates on sustainability activities performance, and oversees the production of the Company's sustainability disclosures to ensure compliance with the regulatory requirements and subsequently recommends it for approval

***Diagram 2** - Sustainability Governance Structure*

SUSTAINABILITY STATEMENT

OUR MATERIAL SUSTAINABILITY MATTERS

We reviewed the 16 sustainability matters which were identified last year and assessed them against our risk management framework before concluding that the 16 sustainability matters remain relevant in FYE2019 and no additional sustainability matter is identified. Our materiality assessment process allows us to prioritise the sustainability matters which have the most impact on our ability to create long-term value to our various stakeholders.

REVIEW

We reviewed the relevancy of sustainability matters using information from **internal** (i.e. management data, risk register, interviews' feedback from stakeholders) & **external** sources (e.g. Bursa Malaysia's Sustainability Reporting Guide) & relevant industry-specific references & publications).

PRIORITISE

From the list of identified matters, we prioritised matters based on the significance of Gadang's EES impacts & identified material interests & expectations of various stakeholders.

This list of identified matters also formed the basis for our dialogue with stakeholders. Based on a structured stakeholder prioritisation exercise, we have identified our key stakeholders – with high level of influence & dependence over Gadang, who were subsequently engaged to rank a list of 16 sustainability matters & provide feedback on any additional issues which they deemed as important to our business.

INTEGRATE

We examined the results of prioritisation & validated material matters with the Board & Senior Management. The outcome of the materiality assessment is presented in a matrix.

UPDATE

We updated our materiality matters periodically in light of changes against the business landscape, emerging global & national trends, regulatory development, as well as stakeholder opinions.

***Diagram 3** - Materiality Assessment Process*

SUSTAINABILITY STATEMENT

OUR STAKEHOLDER ENGAGEMENT

We engaged with our stakeholders to have a better understanding on how our activities impact on the EES and what are the stakeholders' needs and expectations in order to create long term value. We do not restrict our engagement to only stakeholders with the high level of influence or interest in our organisation. We also engaged other stakeholders who may not have great influence or interest in our organisation as our operations may have significant impact on them. ***Diagram 4*** depicts the outcome of our structured stakeholder prioritisation exercise.

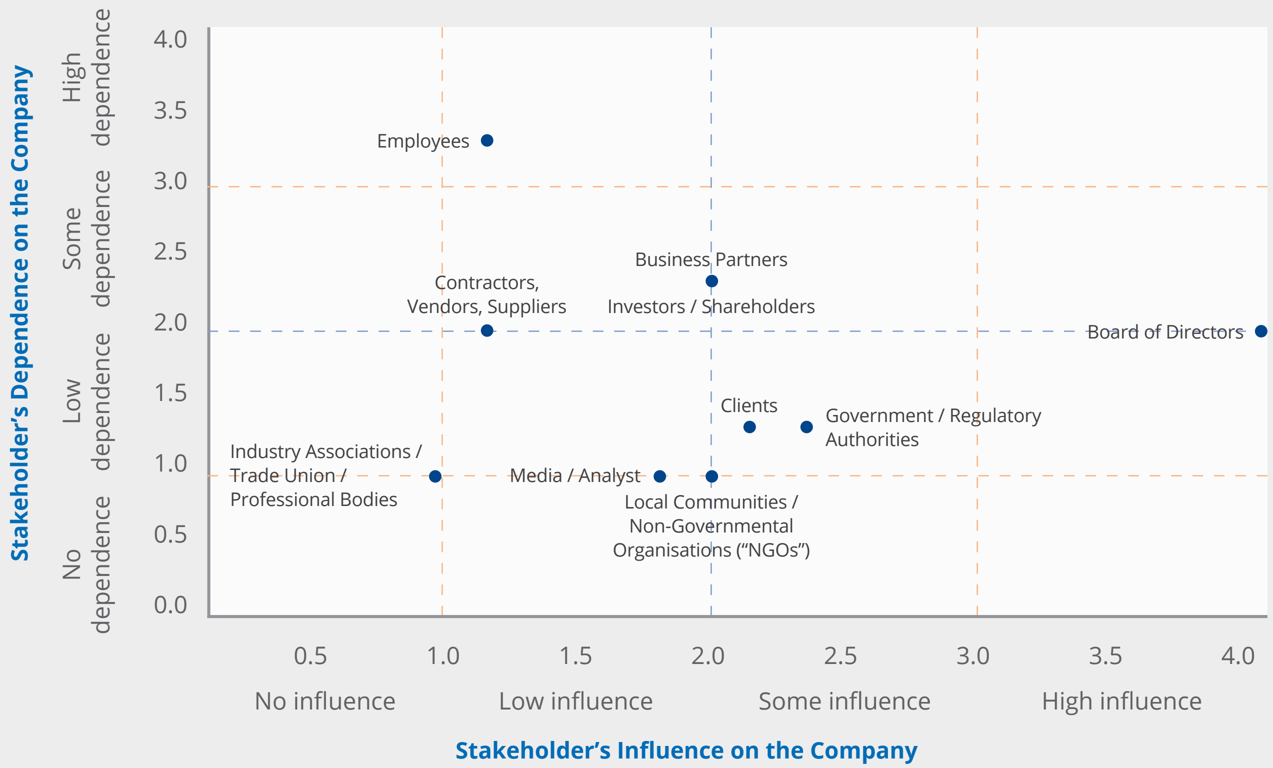


Diagram 4 *- Stakeholder Prioritisation Matrix*

SUSTAINABILITY STATEMENT

Based on the data collected through the stakeholder engagement process, most of the stakeholders would like us to prioritise sustainable operational excellence, occupational health & safety, learning & development and business ethics & compliance. These areas are quite consistent with the Company's sustainability initiatives in the current year, except for occupational health & safety and learning & development which still have rooms for improvement. We will take these into consideration when developing our group sustainability targets in the following reporting year.

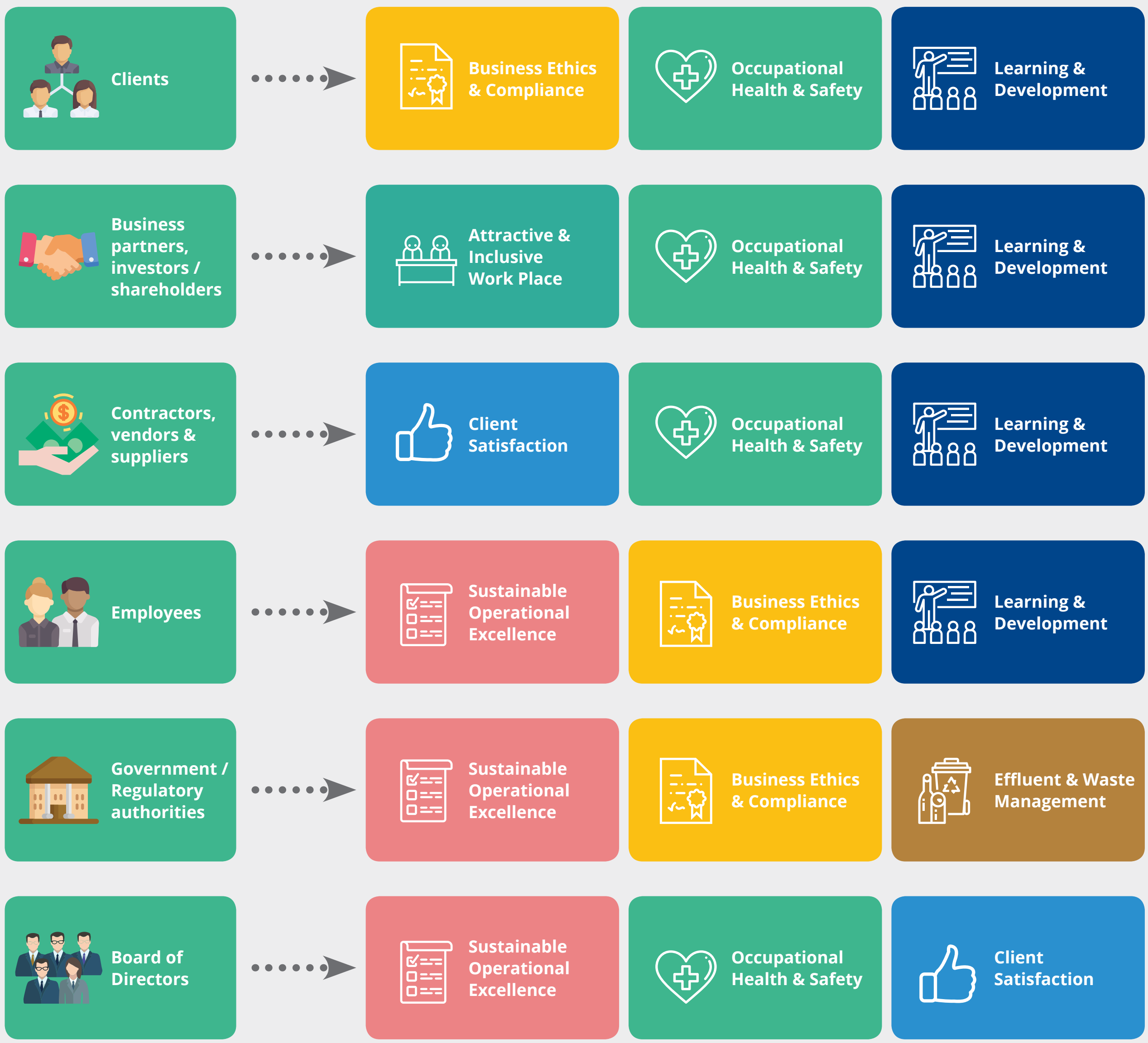


Diagram 5 *- Top 3 Sustainability Matters identified by each stakeholder group*

SUSTAINABILITY STATEMENT

Our stakeholder engagement process includes both formal and informal approach to understand their needs and concerns in order to align their key interest with our Company's strategies and business operations. Details as shown in ***Table 1***.

***Table 1** – Details of Our Engagement with Stakeholders*

Stakeholder Group	Engagement Channel	Focus Area	Outcome	**Our Response** (Kindly refer to respective sections of the statement)
Board of Directors	• Board meetings • Annual General Meeting • Corporate / Company events • Email correspondences • Stakeholder Engagement Surveys	✓ Business strategy ✓ Financial performance ✓ Environmental practices ✓ Human capital management ✓ Client satisfaction ✓ Occupational Health & Safety	Aligned strategic plans that maximize shareholders' value	Economic, Environmental & Social, pg. 65 – 82
Investors / Shareholders	• Annual General Meeting • Investor relation activities • Public announcements • Corporate website • Annual report	✓ Financial performance ✓ Quality of services & operations ✓ Information security ✓ Open & transparent communication ✓ Environmental practices ✓ Occupational Health & Safety ✓ Staff development & training	Positive reputation amongst investors / shareholders	Economic, Environmental & Social, pg. 65 – 82
Employees	• Regular meetings • Learning & development programme • Campaigns • Sports Club activities • Stakeholder Engagement Surveys	✓ Information security ✓ Fair employment practices ✓ Staff development & training ✓ Company performance ✓ Business ethics & compliance	Improved staff engagement	Economic, pg. 65 – 68 & Social, pg. 77 – 82
Clients	• Client satisfaction surveys • Sales & marketing channels of business divisions • Exhibitions • Corporate website • Stakeholder Engagement Surveys	✓ Accessible & affordable housing ✓ Quality of services & operations ✓ Information security ✓ Environmental practices	Recurring business opportunities	Economic, Environmental & Social, pg. 65 – 82
Government / Regulatory Authorities	• Adhoc public invitations • Site visits • Conferences • Participation in organised programmes • Stakeholder Engagement Surveys	✓ Information security ✓ Compliance to regulatory requirements ✓ Business ethics & compliance	Better understanding of Company's sustainability commitment	Economic & Environmental, pg. 65 – 76
Contractors, Vendors, Suppliers	• Supplier / Subcontractor evaluations • Regular meetings • Stakeholder Engagement Surveys	✓ Corporate governance practices ✓ Terms of contract & payment ✓ Client satisfaction ✓ Occupational Health & Safety ✓ Staff development & training	Better understanding of Company's sustainability commitment	Economic, pg. 65 – 68 & Social, pg. 77 – 82
Business Partners	• On-going communication & visits • Stakeholder Engagement Surveys	✓ Collaboration & market synergy ✓ Occupational Health & Safety ✓ Staff development & training	Recurring business opportunities	Economic, pg. 65 – 68 & Social, pg. 77 – 82
Media / Analyst	• Press conferences • Media releases / interviews • Adhoc meetings	✓ Open & transparent communication ✓ Environmental practices	Better understanding of Company's performance	Economic & Environmental, pg. 65 – 76
Local Communities / NGOs	• Meetings & visits • Community development programmes	✓ Accessible & affordable housing ✓ Environmental practices ✓ Community development ✓ Contribution to society	Better social relationship	Environmental & Social, pg. 69 – 82

MATERIALITY ASSESSMENT – BUSINESS SUSTAINABILITY

We adopted a structured materiality assessment process to identify and assess the significance of sustainability matters to our business and most importantly, our stakeholder groups.

The process began with a Sustainability Working Group ("SWG") Roundtable Discussion attended by 20 representatives of Management across various business functions to review a comprehensive list of 16 sustainability matters that we have identified in FYE2018. During the process of review, we considered both internal and external factors such as risks arising from rapid changing environment, regulatory requirements and stakeholders' expectation, and also considered any new sustainability matters which we may not have addressed. This is to ensure that the sustainability matters remain relevant to our business and stakeholders. We also reviewed the significance of each sustainability matter to the Company, by taking into account the degree of impact and likelihood of the occurrence of events associated with these identified sustainability matters.

SUSTAINABILITY STATEMENT

Stakeholders' perceptions on the level of importance of identified sustainability matters may change every year as the Company improves and progress further. Therefore, we engage our key stakeholders, i.e. Board of Directors, employees, contractors, vendors, suppliers, clients, shareholders, regulatory authorities and business partners, through surveys annually to gauge their perceptions on the level of importance of identified sustainability matters to ensure that the sustainability matters reported are aligned to their needs.

The results from the SWG Roundtable Discussion and data collected from the surveys are used to update the materiality matrix as shown in ***Diagram 6***.

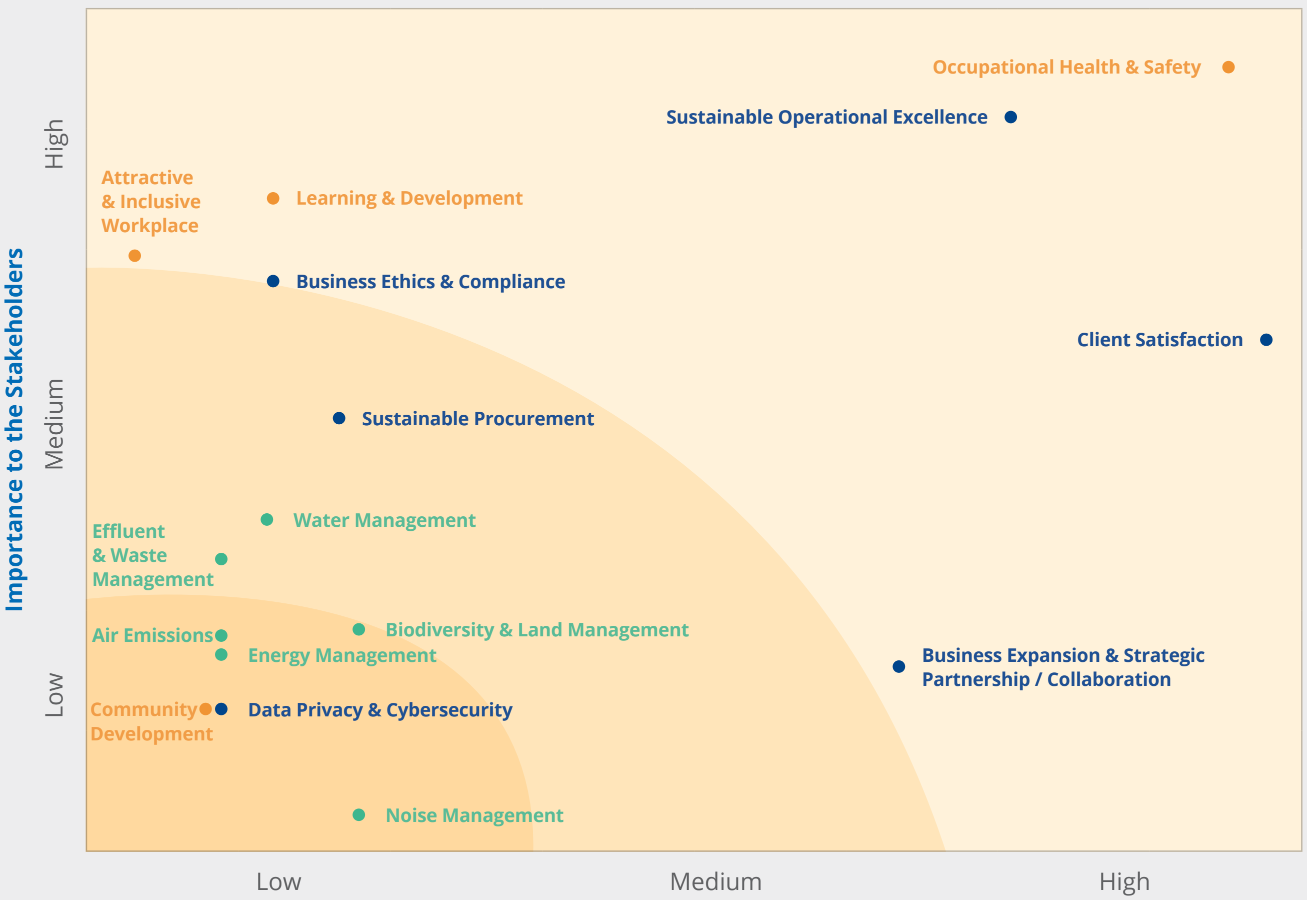


Diagram 6 *- Materiality Matrix*

Legend	Economic, Environmental & Social Impacts
Economic	Economic refers to impact of Company's business operations on the economic conditions of its stakeholders & on economic systems at local, national & global levels. It does not focus on the financial condition of the Company
Environmental	Environmental refers to the impact of Company's business operations on the living & non-living natural systems, including land, air, water, ecosystem and climate change
Social	Social refers to the impact of Company's business operations on the social systems within which it operates

SUSTAINABILITY STATEMENT

Diagram 7 depicts our efforts and commitment in embedding sustainability in our business strategies and operations from FYE2018 to FYE2019.

Diagram 7 - *Sustainability Milestone*

SUSTAINABILITY STATEMENT

During our SWG Roundtable Discussion, we have established the 2019 Sustainability Targets as follows:

Table 2 *– 2019 Sustainability Targets*

	2019 Sustainability Targets	Outcome status
Economic	**Sustainable Operational Excellence**	
	GESB Quality Management System ("QMS")	Achieved
	- Upgrade to ISO 9001:2015	
	Implementation of Online Investor Relations System	Achieved
	Business Ethics & Compliance	
	Revise Code of Conduct & Ethics	In Progress
	Data Privacy & Cybersecurity	
	Revise IT Policy & Procedure and Disaster Recovery Plan	Achieved
	Relocation of disaster recovery location to Data Centre in Cyberjaya	Achieved
	Implementation of Network Attached Storage ("NAS") for 3 project sites	Achieved
	Enhance firewall for Head Office and project sites servers	Achieved
	Implementation of disaster recovery NAS replication to data centre in Cyberjaya	Achieved
	Post the Customer Personal Data Protection Policy on website	Achieved
Environmental	GESB Environmental Management System ("EMS")	Achieved
	- Upgrade to ISO 14001:2015	
	E-waste campaign	Achieved
Social	**Occupational Health & Safety**	
	0 fatalities	Achieved
	Reportable incident rate of < 3	Not Achieved
	Loss Time Injury ("LTI") frequency rate of < 0.27	Achieved
	Number of LTI not more than 5	Achieved
	Attractive & Inclusive Workplace	
	Develop Annual Training Plan	Achieved

SUSTAINABILITY STATEMENT

ECONOMIC

ECONOMIC SUSTAINABILITY HIGHLIGHTS

FINANCIAL

REVENUE
2019 : 687,692,910
2018 : 594,770,559

NET PROFIT
2019 : 44,140,938
2018 : 98,399,680

EMPLOYEE BENEFITS
2019 : 69,883,086
2018 : 78,745,333

SUSTAINABLE OPERATIONAL EXCELLENCE

CIDB Certificate of Achievement SCORE 5-Star Rating
GESB received the award in March 2019

ISO 9001:2015 QMS
GESB, TTS, HTB & DBT

Automated Total Station for TRX Package C3
To monitor movement / settlement of SMART tunnel

Online Investor Relations System
Implemented for Gadang website in October 2018

SUSTAINABLE PROCUREMENT

100% Purchased Locally in Indonesia
Materials & equipment used for water treatment plants

BUSINESS ETHICS & COMPLIANCE

0 Ethics / Integrity Issue reported

DATA PRIVACY & CYBERSECURITY

Posted Customer Personal Data Protection Policy on Website

Relocation of Disaster Recovery Location to Data Centre in Cyberjaya

Disaster Recovery NAS Replication to Data Centre in Cyberjaya
Implemented in March 2019

Firewall
Enhanced firewall for Head Office and project sites

Revised IT Policy & Procedure and Disaster Recovery Plan

NAS
Implemented for project sites

ZERO Data Breaches

Diagram 8 *- Economic Sustainability Highlights*

SUSTAINABILITY STATEMENT

SUSTAINABLE OPERATIONAL EXCELLENCE

As of result of our continuous effort to improve and innovate our business processes to ensure sustainable operational excellence, CIDB awarded the highest five-star SCORE rating to GESB which has to be renewed every 2 years, during the International Construction Week in March 2019, a leap from the previous three-star SCORE rating.

Steel moulds are used to reduce the construction waste generated from the usage of plywood at MRT Line 2 – V206 project site to achieve cost efficiency. Precast elements such as crosshead and segmental box girdle are used to shorten the construction time and reduce construction waste. Use of steel moulds and precast elements which complement each other further improve the quality of works.

We continue to adopt advanced technology that complement and support our construction works in order to deliver quality and reliable works to our clients. For our TRX Package C3 project, we introduced Automated Total Station ("ATS"), an advanced optical monitoring system which is built around high precision robotic total station to provide automated monitoring of deformation or settlement in the existing SMART tunnel. 10 monitor prisms and 2 vibration monitors were installed at specified locations of SMART tunnel that may be subject to deformation. ATS and 3 reference prisms were deployed at stable locations outside the zone of influence that are inter-visible with the monitor prisms. ATS would measure the position between the monitor prisms and reference prisms. The readings are transmitted offsite to a data processing server. Alarm notification will be sent to the authorised users via SMS or email once abnormality in readings is detected so that immediate action can be taken. A report is churned out to identify if the construction work at site has affected the structure of the existing SMART tunnel. During the year, there were no abnormality in readings.

We applied Business Information Modelling ("BIM") in Cyberjaya Hospital and TRX Package C3 which allows us to plan, design and construct efficiently. It increases our productivity, minimizes reworks and enhances work coordination. Industrialised Building System ("IBS") is used in Cyberjaya Hospital and PR1MA TWO Homes to reduce labour and wastages.

For our Phase 2B Maple Residence – Double Storey Terrace Homes development, we aim to achieve the Quality Assessment System In Construction ("QLASSIC") with a score of 80 and above. Incentive will be provided to the main contractor if they manage to achieve the certification.

We are also committed in delivering quality projects through continuous operational excellence improvement. GESB has upgraded to ISO 9001:2015 Quality Management System ("QMS") in September 2018. TTS, HTB and DBT which are operating in Indonesia continue to maintain their ISO 9001:2015 QMS certification.

SUSTAINABILITY STATEMENT

BUSINESS ETHICS & COMPLIANCE

Good governance and business ethics are important to protect the interest of stakeholders and these build trust and confidence of stakeholders in our company. We review our policies regularly to ensure they reflect latest changes in legislative requirements and the business environment. During the reporting year, no ethics or integrity breaches were reported.

We have the following policies to ensure our business is conducted with the highest standards of integrity and accountability. We also prohibit our employees from participating in overseas incentive trips paid for by suppliers.

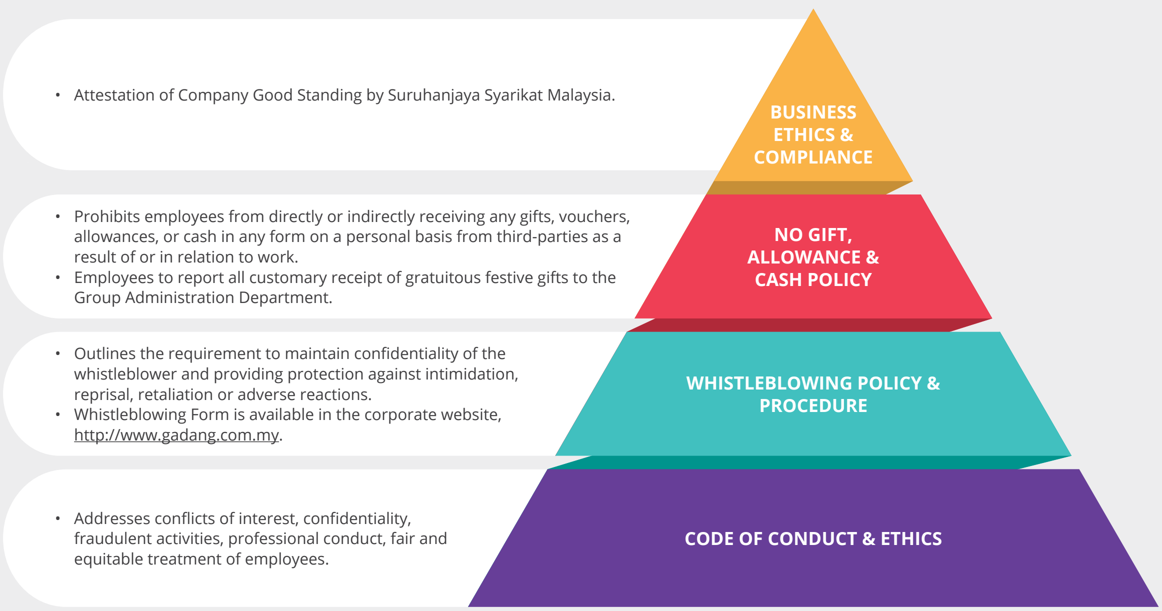


Diagram 9 *- Policies*

SUSTAINABLE PROCUREMENT

PROCOM'S FUNCTIONS

- Review recommendations to purchase construction materials;
- Review recommendations for award of sub-contracts;
- Review recommendations to purchase plant & machinery;
- Review budget for new project secured

Reliable contractors and suppliers play an important role to help us achieve our quality objectives. We conduct evaluation on our contractors and suppliers to ensure that our pool of contractors and suppliers are of sufficient capabilities and quality. We exclude unsatisfactory contractors and suppliers in our business dealings to ensure quality products are delivered to our stakeholders.

We promote the development of local economy in the countries that we operate by hiring / dealing with local contractors, suppliers and work force. Materials and equipment used for water treatment plant in Indonesia are 100% sourced and purchased locally. Opportunities are given to small and medium enterprises who are performing well to encourage and support their business growth.

We have a Procurement Committee ("PROCOM") that ensures the process of procurement is according to Group policies and ensures that the required materials, supplies, plant and machinery, equipment and sub-contract services are procured at the most favorable and competitive terms, without compromising their quality, technical requirements and timeliness of delivery. Sustainable materials are considered during sourcing to support the use of environment friendly materials.

SUSTAINABILITY STATEMENT

CLIENT SATISFACTION

We engage our clients frequently through meetings, visits, surveys and other discussion platform to gauge the level of our clients' satisfaction. We ensure that prompt responses are given to our clients when issues are raised by them. Based on the analysis of data collected from client satisfaction surveys, we achieved the average satisfactory rating.

BUSINESS EXPANSION & STRATEGIC PARTNERSHIP / COLLABORATION

We continuously explore and seek for business expansion and strategic partnership opportunities to bring in greater economic benefits. Our TRX Package C3 is a joint-venture with CRFG Malaysia Berhad, a construction company wholly owned by China Railway First Group Co Ltd, that supports knowledge transfer. Strategic Partnerships allow us to move out from our comfort zone, become more competitive and improve our overall project management skills.

DATA PRIVACY & CYBERSECURITY

Protection of data, information and intellectual property belonging to stakeholders against security breaches are important to protect the data privacy of our stakeholders. Various initiatives have been implemented to further enhance the confidence of our stakeholders in response to our heightened security. This can be seen from our investment in enhanced firewall for Head Office and project sites. We also conduct software audits randomly to ensure compliance with software licensing requirements and prevention of illegal download of software by employees. During the financial year, Gadang Holdings Berhad and GESB had participated in Microsoft Software Licensing Review Program. Microsoft SAM and Compliance Department had concluded that Microsoft products used are appropriately licensed. Autodesk Malaysia had also concluded that Autodesk AutoCAD licensing are in order.

During the year, we reviewed and updated our IT Policy and Procedure and Disaster Recovery Plan to ensure the guidelines for managing the security of our IT infrastructure and offsite disaster recovery facility remain relevant. For better data protection in the event of a mishap, we have relocated our data recovery location to a data centre in Cyberjaya. As data retention is critical in our day to day operation, we have extended our NAS facility to cover project sites. All staff at project sites can backup their work data in NAS. All the data stored in NAS is replicated to the data centre in Cyberjaya to prevent loss of data. No incident of data breaches were reported during the reporting period.

We comply with relevant requirements as prescribed under the Personal Data Protection Act 2010 ("PDPA"). Our customers and employees are well notified of the PDPA requirements. Customers are required to sign the PDPA Notice in accordance with statutory compliance. PDPA Notice for customer is also posted on our property sales website.

LOOKING BACK	LOOKING FORWARD
As committed in FYE2018, we made progress by deploying new technology such as automated total station in our project, enhanced our IT systems and strengthened our policies and procedures while upholding our business integrity.	We will continue to explore and deploy new technology and digitalisation in delivering and managing our projects, and continue to uphold our business integrity.

SUSTAINABILITY STATEMENT

ENVIRONMENTAL

ENVIRONMENTAL SUSTAINABILITY HIGHLIGHTS

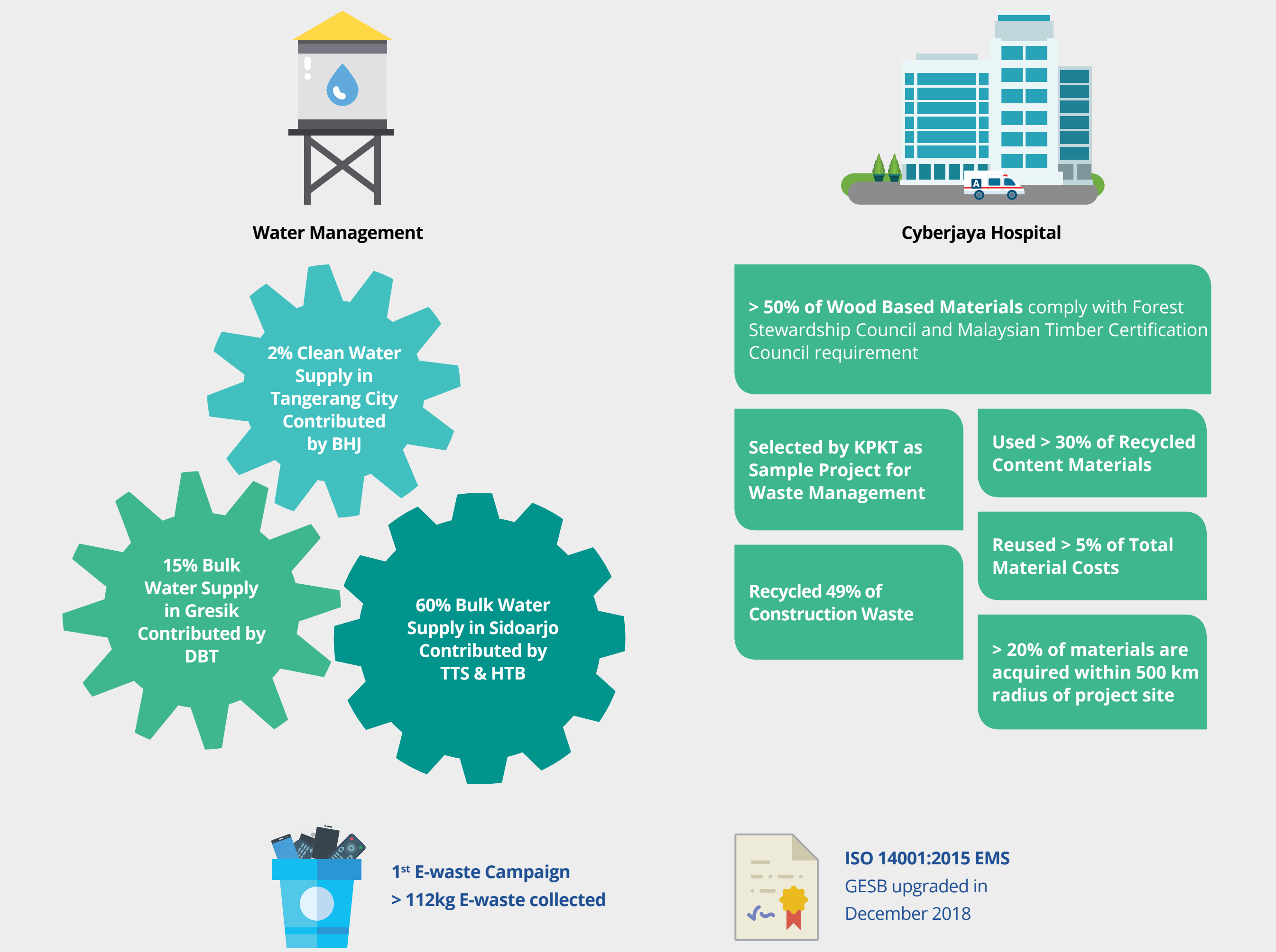


Diagram 10 *- Environmental Sustainability Highlights*

We endeavor to manage the environmental impact from our business decision and operations. A Green Building that focuses on the efficient use of resources, such as energy, water and materials can reduce detrimental health impact and improve the ecosystem. Our maiden Green Building project was at The Vyne property development where we obtained the Provisional Green Building Index Certification last year. Our second Green Building project is the on-going Cyberjaya Hospital.

We ensure compliance with the Environmental Quality Act 1974 and other legislations throughout all stages of our construction and property development projects. We protect the environment by following a set of guidelines specified in the Environmental Management Plan ("EMP") of respective projects and committed to meet the requirements provided in GESB's Health, Safety and Environmental Manual. Environmental Impact Assessment ("EIA") is carried out in accordance with the requirements of Section 34A Environmental Quality Act 1974 and appropriate mitigating measures are implemented accordingly to protect the environment.

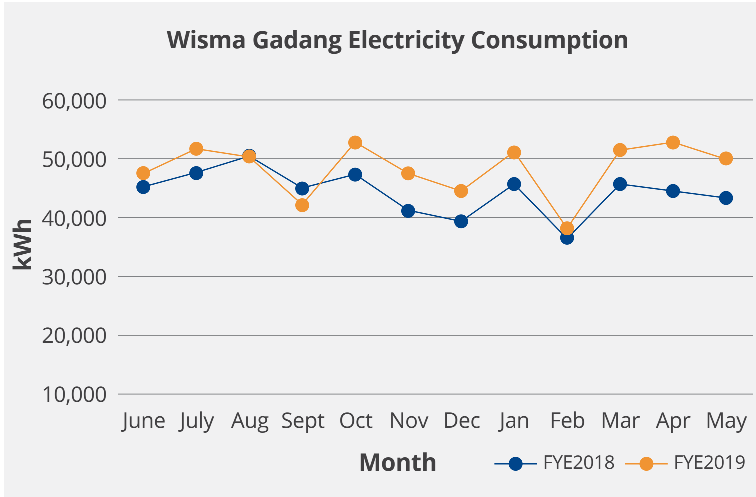
We have also successfully upgraded to ISO 14001:2015 Environmental Management System ("EMS") in December 2018.

SUSTAINABILITY STATEMENT

ENERGY MANAGEMENT

To efficiently manage our energy consumption, we have initiated monitoring of electricity usage at Wisma Gadang. The results will serve as a guideline for electricity consumption monitoring.

We noted that except for February 2019, the electricity usage for the month of October 2018 to May 2019 are higher as compared to previous year. This is mainly due to the increase in average temperature from 26.5 degree Celsius (October 2017 to May 2018) to 30.5 degree Celsius (October 2018 to May 2019) which resulted in higher energy consumption due to increased usage of air conditioners. The lower electricity consumption for February 2018 and 2019 is due to Chinese New Year holidays. Recognising that the global warming effects have impacted our energy consumption, we aim to explore energy efficiency initiatives to reduce our energy consumption.



For our Cyberjaya Hospital, we used materials such as polyurethane foam for walls, low-emissivity glass for windows, aluminum foil and rock wool for roofing to minimize the heat transfer between the building's internal and external environment for effective energy management in thermal comfort.

NOISE MANAGEMENT

Our projects are subjected to different schedules of permissible sound levels of the Planning Guidelines for Environmental Noise Limits and Control ("PGENLC") as shown in ***Table 3***. Noise management is not applicable for TRX Package C6 as the nature of works performed do not generate extensive noise.

Table 3 *– Noise monitoring for project sites and relative maximum permissible sound levels*

Project Sites	Planning Guidelines for Environmental Noise Limits & Controls	Maximum Permissible Sound Levels		Average Results	
		Daytime 7am – 10pm (dBA)	Night time 10pm – 7am (dBA)	Daytime 7am – 10pm (dBA)	Night time 10pm – 7am (dBA)
MRT Line 2 – V206	Schedule 1: Suburban Residential (Medium Density) Areas, Public Spaces, Parks, Recreational Areas		L_{Aeq} : 45		Y
	Schedule 6: Residential	L_{90} : 60*	L_{90} : 55^	α	Y
		L_{10} : 75*	L_{10} : 70^	α	α
		L_{max} : 90*	L_{max} : 85^	Y	Y
PetRAPID 301 & 402	Schedule 1: Designated Industrial Zones	L_{Aeq} : 70	L_{Aeq} : 60	α	α
TRX Package C3	Schedule 4: Urban Residential (High Density)	L_{Aeq} : 65	L_{Aeq} : 60	α	α
Cyberjaya Hospital	Schedule 1: Commercial Business Zones	L_{Aeq} : 65	L_{Aeq} : 55	α	β
	Schedule 1: Urban Residential (High Density) Areas, Designated Areas (Residential – Commercial)	L_{Aeq} : 60	L_{Aeq} : 50	β	β

α – Within the permissible limit of PGENLC
β – Slightly exceed the permissible limit by no more than 5%
Y – Exceeds the permissible limit by more than 5%

* – Daytime: 7am – 7pm
^ – Evening: 7pm – 10pm

SUSTAINABILITY STATEMENT

Although some of the readings for MRT Line 2 – V206 exceeded the permissible limits, the readings were not significantly higher than that of the baseline as seen in ***Table 4***. The noise level has exceeded the permissible level mainly due to bore piling works, pile cap works, heavy vehicles movement along main road, temple activity and community activity.

MRT Line 2 – V206	Parameters (dBA)	Daytime Baseline	Night time Baseline	Average Daytime	Average Night time
	L_{Aeq}		62		ε
	L_{90}		60		δ
	L_{max}	101	88	δ	ε

Table 4 *– Average readings for MRT Line 2 – V206 project site against relative baselines and parameters*

δ – *Within the baseline* ε – *Slightly exceeds the baseline by no more than 7%*

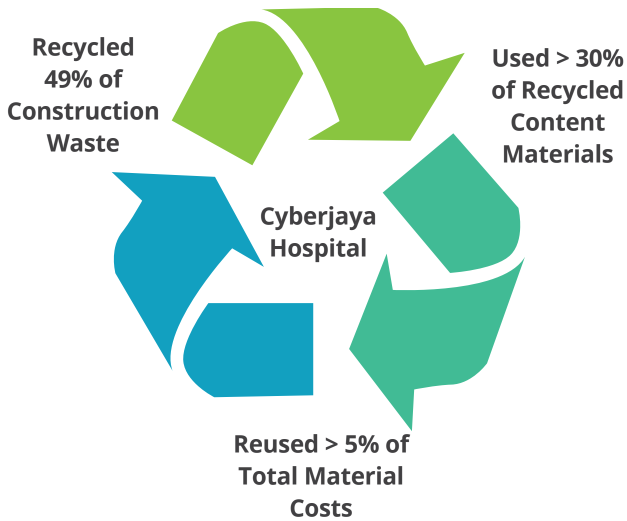
At the MRT Line 2 – V206 project site, noise and vibration control is managed by restricting the movement of heavy vehicles to daytime working hours, and only using routes that will cause minimum disturbance in the vicinity. Construction works that have to be carried out at night are subject to approval from the client and local authorities. No major disturbances are allowed near the residential areas for work carried out at night. Hoarding are installed at the site boundary to isolate the unsightly project sites from the public area. Acoustic panels are used as temporary noise barriers at sensitive areas such as residential and university, to contain noise at working areas. Noise generating equipment and machineries are inspected regularly and maintained in good working condition to reduce noise generation. We have also added more noise barriers at residential areas which are nearby to our project sites.

As for Cyberjaya Hospital, the noise level has slightly exceeded the permissible level mainly due to on-going construction activities and vehicular movements along the main road and commercial area. No particular activity was observed during night time except for infrequent vehicular movements along the nearby connecting roads as well as insect noise.

Our water treatment plants in Indonesia are located nearby the residential and community areas. Therefore, all generator set rooms in the plant are provided with soundproof acoustic wall panel to comply with the noise standard.

EFFLUENT & WASTE MANAGEMENT

To conserve natural resources, efforts are geared to reduce the environmental impact from extraction and processing of virgin materials, generation of waste and proper waste management.



For our Cyberjaya Hospital, we reused building materials on site such as reusable prefabricated formwork system for column, wall and slab. The reused materials constitute more than 5% of the total material costs. We also used recycled content materials for skim coat, concrete, weld steel fabric, steel bar and etc. which constitute more than 30% of the total material costs. As at May 2019, we recycled 49% of construction waste.

Cyberjaya Hospital has been selected by Kementerian Kesejahteraan Bandar, Perumahan dan Kerajaan Tempatan ("KPKT") as role model project for good waste management practice. In line with the enforcement of Solid Waste and Public Cleansing Management (Scheme for Construction Solid Waste) Regulations 2018 and Solid Waste and Public Cleansing Management (Licensing) (Undertaking or Provision of Collection Services for Construction Solid Waste) Regulations 2018 effective from 1 November 2018, the enforcement team from

SUSTAINABILITY STATEMENT

Perbadanan Pengurusan Sisa Pepejal dan Pembersihan Awam has selected Cyberjaya Hospital project as a training site for the enforcement team on how to handle waste management at project site from July to December 2018.

Competent waste contractor is appointed for the site. Location for roller bins, rubbish chute and rubbish rooms are allocated promptly at site. Waste is separated to domestic, scrap metal, timber and construction waste. Health, Safety and Environment ("HSE") Department provides briefing to the workers about the location of roller bins, rubbish chute, rubbish rooms and dispose point or opening for rubbish chute. Sufficient signages are displayed for all roller bins at site. Subcontractors must supply sufficient workers to join gotong royong activities arranged by GESB twice a week. It is a requirement imposed by GESB to ensure waste is properly managed at site. The site supervisor will monitor and notify the waste contractor if domestic waste is full or piled up at site for more than 3 days.

For MRT Line 2 – V206 project, construction waste is collected and disposed as and when needed. The accumulation of waste at project sites is prohibited. Wood is reused whereas metal is recycled. We developed and implemented a Waste Management Plan ("WMP") which outlines the requirement for providing dedicated areas for the storage of construction waste. The WMP is reviewed annually. Waste disposed are in accordance with the requirement as set by the Department of Environment ("DOE") and other relevant regulatory bodies. We have established procedures for managing the collection and delivery of construction waste to reuse or recycling facilities. Progress updates on implementation of WMP are included as an agenda for discussion at project site meetings as and when needed.

We conducted oil spill drill at MRT Line 2 – V206 project in April 2019. The objectives of this drill are to educate workers on how to respond during an oil spill incident and how to manage the oil spill material (scheduled waste). Also to increase awareness among the workers to reduce oil spill during working at site.

Open burning is strictly not allowed at sites in accordance to Section 29A Environmental Quality Act 1974. Any person who contravenes subsection (1), will be liable to a fine not exceeding RM500,000 or to imprisonment not exceeding 5 years or both. As stipulated in the letter of award to the main contractor for development of Maple Residence, additional penalty ranging from RM1,000 to RM5,000 shall be imposed on the contractor if they carry out open burning at sites.

For our water supply business in Indonesia, sludge and sediments from backwash and sedimentation tanks are treated to an acceptable limit before discharge to the drain or river. The volume of sludge and sediments generated by the water treatment plants are significantly low at approximately 3% of the volume of treated water. The solid waste and trash from the water treatment plants and intake are collected and disposed fortnightly at the approved dump site.

E-waste is broken or obsolete electronic or electric appliances such as computer, laptop, monitor, printer, power cord cable, power bank, battery, handphone, television, air conditioner, washing machine and refrigerator, oven, etc. They contain toxicants that have serious impact on health and environment if they are not handled properly. The tremendous amount of e-waste generated throughout the years has become the concern of the nation. Malaysia is estimated to reach 53 million

SUSTAINABILITY STATEMENT

pieces of e-waste in 2020, which is 3.5 times higher than 1995. During the year, our IT department organised an e-waste compaign for two weeks in Wisma Gadang to raise awareness on the importance of handling and recycling the e-waste. Staff are encouraged to bring the e-waste to Wisma Gadang for proper disposal. We have collected more than 112 kg of e-waste during this campaign. The e-waste is recycled according to the regulations of DOE by Used Computer Malaysia. Used Computer Malaysia, a brand under TM Recycle IT Sdn Bhd, is an appointed contractor of the DOE.

BIODIVERSITY & LAND MANAGEMENT

We take measures to protect the ecosystem as our business operations can affect local natural habitats and the surrounding communities. 50% of the wood based materials used in Cyberjaya Hospital complied with Forest Stewardship Council and Malaysian Timber Certification Council requirement. This can contribute to the sustainable management of natural forest and forest plantations in Malaysia.

Erosion and Sedimentation Control Plan, Flood Protection Plan and Detailed Environmental Impact Assessment are examples of measures taken to protect the environment. Check dams and temporary earth drains, silt fences, turfing, silt traps, wheel washing facilities and sediment ponds are used as sediment control measures.

We also utilized the open space at our water treatment plants for green planting and vegetation.

SUSTAINABILITY STATEMENT

PetRAPID team collaborated with Petronas project team to complete the cleaning of about 12 km of Main Storm Water Drainage ("MSTW") within a very tight time frame of 2 months. The team has worked extended hours to implement all the erosion control measures along the MSTW including gravel dyke wall, cut off V-drain and all graveling on both side of the drains. The team demonstrated strong commitment and innovation in achieving the desired outcome of ensuring the storm water discharge quality is within DOE's limits.

AIR EMISSIONS

We are guided by the Malaysian Ambient Air Quality Standard ("MAAQS") in monitoring of air emissions. During the reporting year, parameters monitored at our project sites were maintained below the permissible limit as set by MAAQS. This is shown in ***Table 5***.

***Table 5** – Ambient Air Quality Monitoring of Project Sites*

Parameters	Averaging Time	MAAQS	MRT Line 2 – V206	PetRAPID 301 & 402	TRX Package C3	Cyberjaya Hospital	TRX Package C6
Total Suspended Particulates ("TSP")	24 hours	260 µg / m³	α	α		α	α
Particulate Matter ("PM_{10}")	24 hours	150 µg / m³		α	α		
Particulate Matter ("$PM_{2.5}$")	24 hours	75 µg / m³			α		
Sulphur Dioxide ("SO_2")	24 hours / 1 hour	105 µg / m³ / 350 µg / m³		α	α		
Nitrogen Dioxide ("NO_2")	24 hours / 1 hour	75 µg / m³ / 320 µg / m³	α	α	α		α
Carbon Dioxide ("CO")	1 hour	35 µg / m³	α	α	α		α
Ozone ("O_3")	1 hour	200 µg / m³			α		

α - Within MAAQs limit

For the MRT Line 2 – V206 project, air quality is monitored by maintaining natural buffer zones which act as a filter for dust control, as well as ensuring exhaust emissions are within acceptable limits by maintaining all vehicles, plant and equipment in good working condition. Water bowsers are used for dust control at haul roads. It is also used to clean up soil or dirt on public roads.

SUSTAINABILITY STATEMENT

Other initiatives to minimise air emission include conducting environmental training programmes focusing on air quality management for all employees. We also cover our earth and soil stockpile with canvas or geotextile, and exposed soil areas and haulage roads are damped with water especially during dry weather conditions. Water is frequently sprayed during hacking, crushing and drilling works. Vehicles which carry soil, sand and other similar types of materials are covered with tarpaulin, canvas or other equivalent materials before they are allowed to enter the public road.

WATER MANAGEMENT

6 CLEAN WATER AND SANITATION

We contribute to the Indonesia government initiatives by providing potable water to the citizen. 60% of the bulk water supply in Sidoarjo is contributed by TTS and HTB. DBT contributes 15% of bulk water supply in Gresik while BHJ contributes 2% of potable water supply for Tangerang City. The raw water from the rivers or any other surface water sources will be treated in water plants to remove the pollutants, particles and bacteria to become potable water before distribution to the societies and industries. We analysed the water quality at every 2 hours interval in the laboratory for raw and treated samplings to ensure all the raw water pollutant measurement and treated effluent are in compliance to the World Health Organization ("WHO") and the 'Peraturan Menteri Kesehatan' (Permenkes No. 492/2010) standards requirement. Additional analysis and certification are carried out at the Balai Besar Teknik Kesehatan Lingkungan dan Pengendalian Penyakit, Kementerian Kesehatan Republik Indonesia's laboratory on monthly basis.

GESB carries out monthly water quality monitoring. It is noted that the average total suspended solids readings for TRX Package C6 have exceeded the National Water Quality Standards ("NWQS") limit. This is due to discharge from other nearby project sites and the surrounding commercial outlets that resulted in the high level of total suspended solids. GESB has conducted drainage cleaning and housekeeping to remove the clogged rubbish.

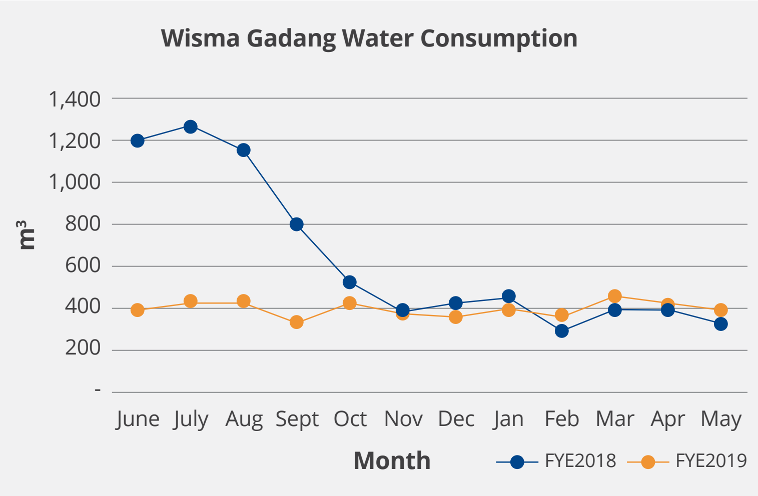
Table 6 *– Water Quality of Project Sites against NWQS of Malaysia*

Parameters	NWQS II / III	MRT Line 2 – V206	PetRAPID 301 & 402	TRX Package C3	TRX Package C6
pH	6 – 9 / 5 – 9	α	α	α	α
Total Suspended Solids (mg/L)	50 / 150	α	α	α	β

α – *Within NWQS limit*
β – *Not within NWQS limit*

We constructed temporary drainage to collect and channel surface run-off water to silt traps at our MRT Line 2 – V206 project sites. Additional silt trap is installed to cater to the surface run-off water. Spillage of oil and grease is not allowed to flow into watercourses or seep into the ground. Section 27 Environmental Quality Act 1974 spelt out that no person, unless licensed, is allowed to discharge or spill any oil or mixture containing oil into Malaysian waters in contravention of the acceptable conditions specified under Section 21. If there is leakage into such channels, it is immediately cleaned and contaminated materials shall be handled as scheduled waste. Clean rainwater accumulated in bunded areas are pumped out and drained to adjacent waterways. Chemical treatment is implemented for water discharged from sedimentation ponds. Mechanical silt traps are also installed at TRX Package C3.

SUSTAINABILITY STATEMENT



Low rainfall was recorded in most of the states in Malaysia since February 2019 and last till March 2019. Dam water levels dropped in the heatwave and threatened the water supply of some of the states. Drought has also been declared in some of the districts in Malaysia. We recognize the importance of conserving water and initiated monitoring of water consumption in Wisma Gadang. Our water consumption is managed within the average of 400 cube meter monthly. The water consumption has reduced substantially since October 2017 due to our initiative in conserving water by replacing all timed flush urinals that operates automatically at regular intervals to infrared sensor flush urinals.

LOOKING BACK

As committed in FYE2018, we standardised our environmental monitoring measures by developing sustainability reporting templates which are used across the group for more meaningful analysis of performance results against standards.

LOOKING FORWARD

We will continue to explore new initiatives that can preserve and protect the environment.

SUSTAINABILITY STATEMENT

SOCIAL

SOCIAL SUSTAINABILITY HIGHLIGHTS

OCCUPATIONAL HEALTH & SAFETY

Best Safety Performing Contractor Award
GESB PetRAPID team received recognition from Petronas

Tapak Bina Sejahtera ("TABAS") Award
GESB received from Majlis Perbandaran Sepang ("MPS")

Number of LTI < 5

0 **ZERO Fatalities**

OHSAS 18001:2007 Occupational Health & Safety Management System
GESB renewed in December 2018

MS 1722:2011 Occupational Health & Safety Management System
GESB renewed in December 2018

LTI frequency rate of < 0.27

LEARNING & DEVELOPMENT

Developed Annual Training Plan

Training

	2019	2018*
Days	455	538
RM	179,000	135,000
Participants	378	474

* Restated to exclude trainings which were subsequently claimable from client

COMMUNITY DEVELOPMENT

Cleaning of SK LKTP Sungai Mas
GESB PetRAPID team participated in Petronas event

Beach Cleaning Program 2018
GESB PetRAPID team supported Petronas event

ATTRACTIVE & INCLUSIVE WORKPLACE

School Aid

2019 : RM52,600 for 263 Employees' Children

2018 : RM55,200 for 276 Employees' Children

Traditional Chinese Medicine Medical Benefit

RM875,000 scholarships awarded since 2014

4 Water Treatment Plants are 100% operated by locals in Indonesia

***Diagram 11** - Social Sustainability Highlights*

OCCUPATIONAL HEALTH & SAFETY

8 DECENT WORK AND ECONOMIC GROWTH

We are committed to the continuous improvement of our HSE policies and practices. Key measures are implemented to prevent injuries, fatalities and occupational illness at project sites and workplace. During the year, we have received recognitions for our efforts taken to improve HSE. The recognitions include Best Safety Performing Contractor from Petronas and TABAS from MPS.

PetRAPID team received Best Safety Performing Contractor recognition from Petronas. Good HSE compliance with Petronas HSE system is demonstrated. The team also demonstrated strong HSE leadership during Tool Box Talks, management walkabout, audit and dedication to identification of work place hazards.

SUSTAINABILITY STATEMENT

TABAS is the initiative from MPS to promote clean, safe and quality management at project site. There are 6 audit scopes and project site which achieves 85 marks and above will be awarded with TABAS certificate. 6 departments from MPS who conducted the audit included the Jabatan Bangunan, Jabatan Kejuruteraan, Jabatan Kesihatan, Jabatan Perlesenan, Unit Perkhidmatan Bandar and Jabatan Penguatkuasa.

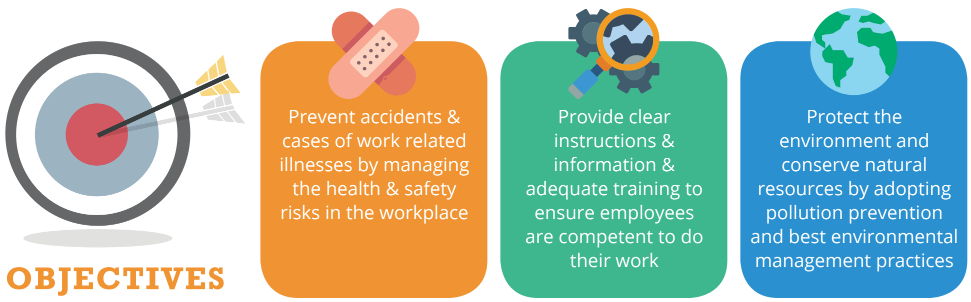


Diagram 12 *- HSE Objectives, Practices & Values*

We have successfully renewed our OHSAS 18001:2007 Occupational Health and Safety Management System and MS 1722: 2011 Occupational Health and Safety Management System in December 2018. Various workshops were conducted by consultants to prepare our staff for migration to ISO 45001:2018 Occupational Health and Safety Management System. Monthly meetings, weekly briefings, safety induction courses and refresher trainings are held to foster the safety awareness and culture across the Group. HSE trainings are conducted depending on the employees' role and project requirements.

Annual compliance audits are conducted by our group internal auditors for our projects and subsidiaries. Our HSE internal auditors conducted six audits which cover OHSAS 18001:2007, MS 1722:2011 and EMS 14001:2015 during the financial year. All the 17 Non Conformance Reports ("NCRs") issued by our HSE internal auditors were closed. We also closed all 4 NCRs issued by SIRIM QAS International auditors.

Table 7 *– HSE Performance*

Target	2019 Performance	2018 Performance
Zero life loss	No fatalities	No fatalities
Reportable incident rate of less than 3	7.64	3.67
Number of LTI not more than 5	1	2
LTI frequency rate of less than 0.27	0.17	0.65

As shown in ***Table 7***, we did not achieve our HSE target of reportable incident rate of less than 3. We take cognizance that there is much room for HSE improvement.

As part of our effort to reduce the incident rate, we continuously come out with solutions to prevent reoccurrence of incidents. We also revisit and revise our Hazard Identification, Risk Assessment and Risk Control to improve our site safety. Additional trainings are conducted at site to increase safety awareness. Safety inspection criteria are further improved to have more stringent compliance.

Various safety, health and environmental campaigns were organized to foster good health and safety practices and increase staff awareness.

SUSTAINABILITY STATEMENT

LEARNING & DEVELOPMENT

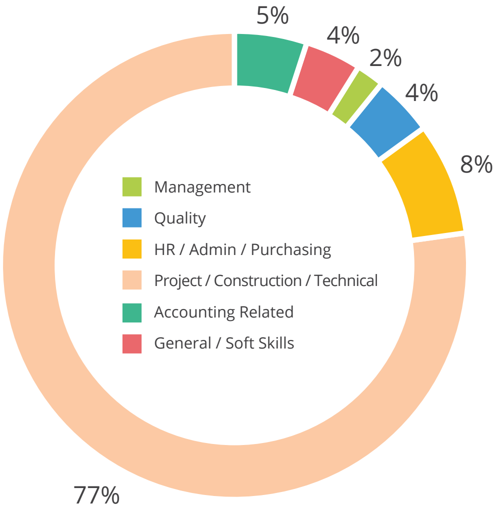


Diagram 13 *- Trainings organised by HCD*

We are committed to provide training and development to all employees in order to sustain our competitive edge in the fast-changing business environment. To prepare our workforce for future challenges, we have developed our first Annual Training Plan in 2019 by looking into competencies gap of each of the employees in aspect of technical and soft skills. The Group has allocated a total training fund of RM340,000 for calendar year 2019 to develop the employees' skills further and improve the overall performance.

On top of the training programs that are scheduled in the Annual Training Plan, the Company also grants ad-hoc trainings upon request if there are any changes / new laws and regulations being implemented, or at the request of the client, to ensure 100% fulfilment of statutory compliances and client's requirement.

Examples of training programmes organised by Human Capital Department ("HCD") include Qlassic Awareness, Authorised Entrant and Standby Person for Confined Space, Construction Law Conference, Winning at CIPPA, 21st Conference and Exhibition on Occupational Safety and Health (Enhancing OSH in New Digital Era), Certified Inspector Sediment and Erosion Control, Contract Management for Construction and etc.

Training programmes are also conducted at project sites by HSE team to improve employees' construction skills and understanding of health, safety and environmental matters. The training programmes include Waste Management, Soil Erosion and Sediment Control, Air Pollution Control, Working At Height, Hot Work Training and others.

	FYE2019	FYE2018*
TIME INVESTED	455 DAYS	538 DAYS
AMOUNT INVESTED	RM179,000	RM135,000
NUMBER OF PARTICIPANTS	378 PARTICIPANTS	474 PARTICIPANTS

* Restated to exclude trainings which were subsequently claimable from client

Diagram 14 *- Total Training Days, Amount Invested & Number of Participants*

SUSTAINABILITY STATEMENT

ATTRACTIVE & INCLUSIVE WORKPLACE

We have a Code of Conduct & Ethics ("Code") that serves as a guide to proper business etiquette for all employees and ensures we observe the highest standards of integrity which addresses conflict of interest, confidentiality, crime, professional conduct, fair and equitable treatment. This Code will be reviewed and revised to incorporate anti-corruption policy to comply with Section 17A - Corporate Liability on Corruption of the Malaysian Anti-Corruption Commission (Amendment) Act 2018.

Our Equal Employment Opportunity Policy highlights our values and the enforcement of fair employment practices which covers recruitment, promotion, transfer, compensation, benefits administration, training, education, and recreational activities.

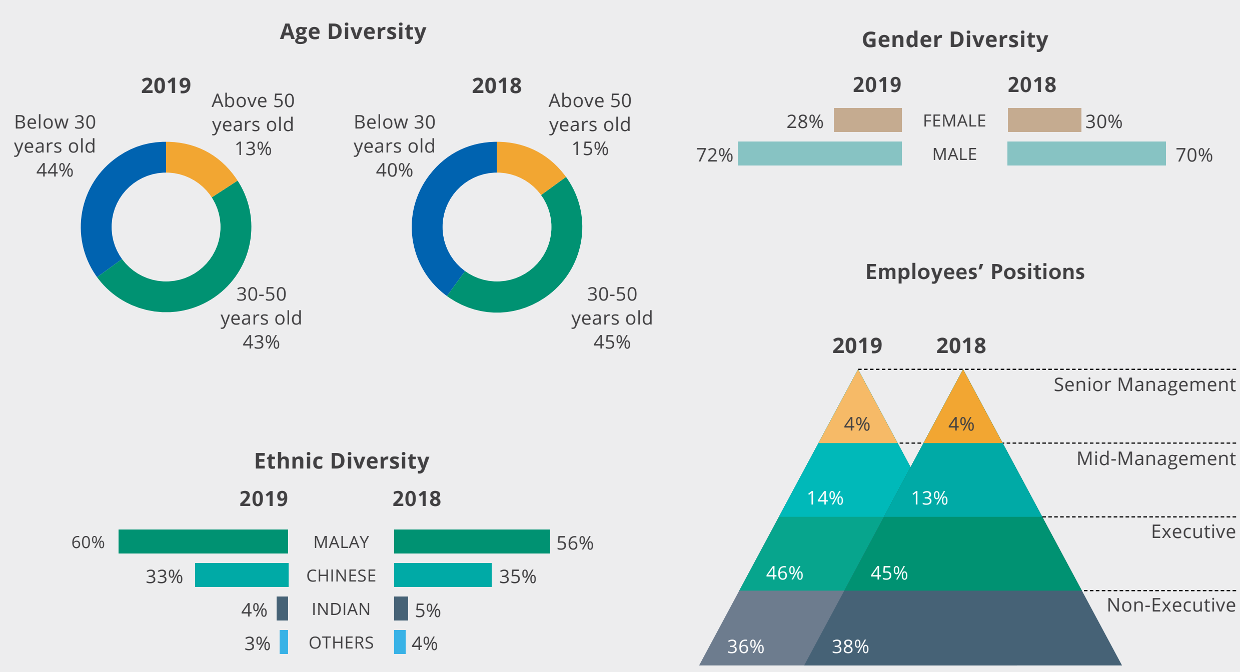


***Diagram 15** - Gender, Age Group, Position & Ethnicity Profiles*

It is imperative to take care of the health of employees to increase the productivity of employees. During the year, we reviewed the staff medical policy and introduced new benefit of allowing the medical expenses claim for Traditional Chinese Medicine ("TCM"). Employees who visit TCM practitioner that is registered under Traditional and Complementary Medicine Council and hold a valid and subsisting practicing license shall be allowed for medical reimbursement.

The following policies support fair and equitable practices:

- Employee Share Option Scheme
- Employee Handbook
- Group Performance Management System
- Group Substance Abuse Policy
- Grievance Procedure

SUSTAINABILITY STATEMENT

RECREATIONAL & SPORTING ACTIVITIES

Besides work, we encourage our employees to have a healthy lifestyle. We sponsor weekly after-work sports activities as follow;

- jazzercise;
- yoga; and
- Tai Chi.

We have an established Sports Club that organises recreational activities for its members, such as;

- badminton;
- family day;
- outings;
- lucky draw & dinner; and
- short trips.

COMMUNITY DEVELOPMENT

We enhance the quality of life of Malaysian by participating in MRT Line 1 - Package V2, MRT Line 2 – Package V206 and Cyberjaya Hospital projects. We ease the cost of living of local communities through our affordable housing development. Our affordable housing, Phase 1A PR1MA Homes comprising 325 units were fully sold and handed over to the purchasers. We continue our effort in developing affordable housing though Phase 2A PR1MA TWO Homes which will benefit 469 families. To cater to different market needs, we have Maple Residence, a freehold luxury landed housing development which consists of 3.97 acres of Green Central Park and surrounded with 4.2 km jogging path to foster healthy lifestyle. The residents can enjoy community features and 2 acres private club house facilities such as lap pool, wading pool, outdoor jacuzzi, gymnasium, half basketball court, barbecue area, thematic playground, reflexology path, gazebo, multipurpose room, reading room, lounge area, water feature at outdoor plaza, mini amphitheatre and others.

SUSTAINABILITY STATEMENT

We also support social activities such as beach cleaning program organized by Petronas. GESB has diligently completed the maintenance and cleaning of approximately 2 km patrol road within 2 days in preparation of Beach Cleaning Program held in December 2018. Petronas has awarded us a certificate in recognition of our efforts in this event.

We also participated in a school cleaning project at Sekolah Kebangsaan LKPT Sungai Mas at Johor. We repainted some of the facilities to protect them from wear and tear and adverse weather condition.

The Company has made monetary contributions to old folks homes, Majlis Kebangsaan Kesatuan Pekerja-pekerja Kerajaan Malaysia, Yayasan Sin Chew, Yayasan Nanyang Press, Oriental Daily Sdn Bhd, Yayasan Bursa Malaysia, Koperasi JKR Negeri Selangor dan Wilayah Persekutuan Berhad and others for festive celebration.

LOOKING BACK	LOOKING FORWARD
We have developed Annual Training Plan in 2019 to improve our employees' skills and performance.	We will continue to invest in learning and development, and implement appropriate health and safety measures to improve our performance in these areas.

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 2019.

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. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM	The Company RM
Profit after taxation for the financial year	44,140,938	13,037,390
Attributable to:-		
Owners of the Company	44,060,771	13,037,390
Non-controlling interests	80,167	-
	44,140,938	13,037,390

DIVIDENDS

The Company paid a first and final dividend of 3 sen per ordinary share amounting to RM19,851,630 for the financial year ended 31 May 2018 on 7 December 2018.

At the forthcoming Annual General Meeting, a first and final dividend of 1.2 sen per ordinary share in respect of the current financial year will be proposed for shareholders' approval. 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 2020.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by 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 pursuant to the Company's Employees' Share Option Scheme below.

DIRECTORS' REPORT

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 25(c) to the financial statements.

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.

There were no conversion of Warrants for the financial year. The number of outstanding Warrants as at 31 May 2019 was 129,254,039.

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

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

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.

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

DIRECTORS

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

Tan Sri Dato' Seri Dr. Mohamed Ismail Bin Merican
Tan Sri Dato' Kok Onn
Boey Tak Kong
Kok Pei Ling
Huang Shi Chin

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

Construction Division
Chan Chee Wai
Dato' Chan Ah Kam @
Chan Ah Thoong
Khew Check Kiet
Hew Thean Poh
Lee Yoke Koon
Liew Swee Kong
Ng Kok Leong
Saw Chee Hoay
Dato' Takhiyuddin Bin Haji Addullah
(Resigned on 1.4.2019)

Property Division
Dato' Ling Hock Hing
Kok Pei Shing
Raja Zainal Abidin Bin Raja Hussin
Yu Kang Huai
(Appointed on 14.11.2018)
Dato' Takhiyuddin Bin Haji Addullah
(Resigned on 14.11.2018)

Investment Holding
Yue Kham Wah
(Resigned on 7.6.2018)

Utility Division
Angga Panji Kesuma
Chan Huan Beng
Chua Soon Ann
Drs. Barat Iriansyah
Foo Mieng Yong
Hero Dwi Prasetyo
Ir. Joko Tripujono Sunaryo
Masni Kamal
Neo Lay Hiang Pamela
Reggy Hadiwijaya
Hendro Adinata
(Appointed on 26.3.2019)
Rofik Sungkar
(Resigned on 26.3.2019)

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 1.6.2018	**Acquired**	**Disposed**	**At 31.5.2019**
Shareholdings registered in the name of Directors:				
Direct interests				
Tan Sri Dato' Kok Onn	9,950,600	3,226,700	-	13,177,300
Boey Tak Kong	1,800,000	-	-	1,800,000
Kok Pei Ling	1,304,400	-	-	1,304,400
Huang Shi Chin	-	140,200	-	140,200
Deemed interest*				
Tan Sri Dato' Kok Onn	168,993,353	-	-	168,993,353

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONT'D)

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 (Cont'd):-

	Number of Warrants 2016/2021			
	At 1.6.2018	**Acquired**	**Disposed**	**At 31.5.2019**
Direct interest				
Boey Tak Kong	310,000	-	250,000	60,000

		Number of Options under ESOS			
	Exercise Price	**At 1.6.2018**	**Granted**	**Exercised**	**At 31.5.2019**
Direct interests					
Tan Sri Dato' Kok Onn	RM0.86	2,174,100	-	-	2,174,100
Boey Tak Kong	RM0.86	745,200	-	-	745,200
Kok Pei Ling	RM0.86	1,956,600	-	-	1,956,600

* 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.

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 related corporations 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 47 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' REPORT

Directors' Remuneration

The details of the directors' remuneration paid or payable to the directors of the Group and of the Company during the financial year are disclosed in Note 38 to the financial statements.

Indemnity and Insurance Cost

The Company maintains a Directors' and Officers' Liability Insurance Policy on a group basis. During the financial year, the amount of indemnity coverage and insurance premium paid for the directors of the Group were RM15,000,000 and RM45,610 respectively. No indemnity was given to or insurance effected for auditors of the Company.

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 51 to the financial statements.

Significant Event Occurring After The Reporting Period

The significant event occurring after the reporting period is disclosed in Note 52 to the financial statements.

DIRECTORS' REPORT

AUDITORS

The auditors, Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia), have expressed their willingness to continue in office.

The auditors' remuneration are disclosed in Note 36 to the financial statements.

Signed in accordance with a resolution of the directors dated 4 September 2019.

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 98 to 218 are drawn up in accordance with Malaysian Financial Reporting Standards, International 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 2019 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 4 September 2019.

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 98 to 218 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Kok Pei Ling,
at Kuala Lumpur in the Federal Territory
on this 4 September 2019

KOK PEI LING

Before me

Lai Din (W668)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GADANG HOLDINGS BERHAD (Incorporated In Malaysia)

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 2019 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 98 to 218.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 May 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International 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.

We have determined the matters described below to be the key audit matters to be communicated in our report.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GADANG HOLDINGS BERHAD (Incorporated In Malaysia)

Goodwill Impairment
Refer to Note 4.5 and Note 13 to the financial statements

Key Audit Matter	**How our audit addressed the Key Audit Matter**
Goodwill on consolidation as at 31 May 2019 amounted to RM17,412,139. 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 13 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.

Revenue Recognition for Construction Contracts
Refer to Note 4.22(a) and Note 33 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 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 (Incorporated In Malaysia)

Revenue Recognition for Property Development Activities
Refer to Note 4.22(b) and Note 33 to the financial statements

Key Audit Matter	**How our audit addressed the Key Audit Matter**
The Group recognises property development revenue over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation. This is determined by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract. 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:- • 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. • Assessed the reasonableness of the percentage of completion by comparing to certification by external parties. • For ongoing projects, checked for any variation orders and checked that changes to contracts and quotations with the contractors, if any, are properly supported. • Tested sales of properties to signed sales and purchase agreements and billings raised to property buyers. • Recomputed the stage of completion and 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 (Incorporated In Malaysia)

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 Malaysian Financial Reporting Standards, International 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.

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GADANG HOLDINGS BERHAD (Incorporated In Malaysia)

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 (Cont'd):-

- 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.

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GADANG HOLDINGS BERHAD (Incorporated In Malaysia)

OTHER MATTERS

As stated in Note 3.1 to the financial statements, Gadang Holdings Berhad adopted Malaysian Financial Reporting Standards on 1 June 2018 with a transition date of 1 June 2017. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position of the Group and of the Company as at 31 May 2018 and 1 June 2017, 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 ended 31 May 2018 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 May 2019, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 June 2018 do not contain misstatements that materially affect the financial position as at 31 May 2019 and the financial performance and cash flows for the financial year then ended.

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

Crowe Malaysia PLT
LLP0018817-LCA & AF 1018
Chartered Accountants

Chua Wai Hong
02974/09/2019 J
Chartered Accountant

Kuala Lumpur
4 September 2019

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MAY 2019

		The Group			The Company		
	Note	31.5.2019 RM	31.5.2018 RM	1.6.2017 RM	31.5.2019 RM	31.5.2018 RM	1.6.2017 RM
ASSETS							
Non-current assets							
Investments in subsidiaries	5	-	-	-	139,342,092	118,715,615	126,082,617
Investment in an associate	6	-	-	-	-	-	-
Investment in joint ventures	7	2,416,235	1,481,051	37,456	-	-	-
Concession assets	8	126,329,944	117,155,823	91,619,086	-	-	-
Property, plant and equipment	9	61,649,319	73,782,523	63,646,029	362,141	392,059	276,660
Investment properties	10	78,276,538	78,849,312	15,984,377	-	-	-
Inventories	11	3,905,097	3,897,203	3,889,309	-	-	-
Non-trade receivables	16	2,661,768	2,427,284	2,593,228	81,044,648	104,932,964	101,725,284
Other investments	12	13,300,000	100,000	100,000	13,200,000	-	-
Goodwill on consolidation	13	17,412,139	17,100,853	18,429,554	-	-	-
Deferred tax assets	14	18,339,877	16,355,025	6,244,688	-	-	-
		324,290,917	311,149,074	202,543,727	233,948,881	224,040,638	228,084,561
Current assets							
Inventories	11	858,938,606	904,086,817	731,998,729	-	-	-
Contract costs	15	1,050,325	1,210,091	284,715	-	-	-
Trade and non-trade receivables	16	163,189,916	129,216,117	108,210,163	120,205,985	107,887,893	80,298,627
Contract assets	19	215,298,132	75,419,233	99,830,833	-	-	-
Current tax assets		6,000,098	5,424,231	6,632,429	-	-	-
Short term funds	20	33,130,408	54,367,780	59,434,935	1,854,695	1,012,489	21,187,723
Deposits with licensed banks	21	98,414,401	92,542,024	87,908,616	11,671,692	13,629,330	22,010,349
Cash and bank balances	22	85,330,295	131,016,957	114,571,701	4,559,788	25,666,610	7,250,506
		1,461,352,181	1,393,283,250	1,208,872,121	138,292,160	148,196,322	130,747,205
Assets classified as held for sale	23	-	-	15,521,021	-	-	-
TOTAL ASSETS		1,785,643,098	1,704,432,324	1,426,936,869	372,241,041	372,236,960	358,831,766

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MAY 2019

	Note	The Group 31.5.2019 RM	The Group 31.5.2018 RM	The Group 1.6.2017 RM	The Company 31.5.2019 RM	The Company 31.5.2018 RM	The Company 1.6.2017 RM
EQUITY AND LIABILITIES							
Equity							
Share capital	24	338,380,295	338,380,295	331,678,178	338,380,295	338,380,295	331,678,178
Reserves	25	395,455,587	368,434,326	291,942,751	26,599,408	32,608,406	26,284,174
Total equity attributable to owners of the Company		733,835,882	706,814,621	623,620,929	364,979,703	370,988,701	357,962,352
Non-controlling interests	26	4,508,810	4,324,051	8,002,950	-	-	-
Total equity		738,344,692	711,138,672	631,623,879	364,979,703	370,988,701	357,962,352
Non-current liabilities							
Bank borrowings	27	191,821,297	219,856,075	143,819,295	-	-	-
Deferred tax liabilities	14	4,173,600	4,773,076	6,448,689	-	-	-
Defined benefit obligations	30	2,573,653	2,507,459	2,038,569	-	-	-
Non-trade payables	31	199,800,877	272,666,117	243,554,118	-	-	-
		398,369,427	499,802,727	395,860,671	-	-	-
Current liabilities							
Trade and non-trade payables	31	402,278,007	350,655,509	252,348,132	373,973	698,486	831,262
Contract liabilities	19	72,783,964	74,966,595	93,662,675	-	-	-
Bank borrowings	27	168,443,598	63,554,939	48,770,858	5,500,000	-	-
Current tax liabilities		5,423,410	4,313,882	4,149,633	1,387,365	549,773	38,152
		648,928,979	493,490,925	398,931,298	7,261,338	1,248,259	869,414
Liabilities classified as held for sale	23	-	-	521,021	-	-	-
Total liabilities		1,047,298,406	993,293,652	795,312,990	7,261,338	1,248,259	869,414
TOTAL EQUITY AND LIABILITIES		1,785,643,098	1,704,432,324	1,426,936,869	372,241,041	372,236,960	358,831,766
NET ASSETS PER ORDINARY SHARE (RM)	32	1.11	1.07	0.95			

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

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

	Note	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
Continuing operations:					
Revenue	33	687,692,910	594,770,559	24,490,000	40,906,000
Cost of sales	34	(572,749,553)	(400,646,356)	-	-
Gross profit		114,943,357	194,124,203	24,490,000	40,906,000
Other income	35	15,827,607	17,314,095	6,879,209	7,902,986
Administrative expenses		(26,128,744)	(31,802,828)	(7,900,872)	(7,285,344)
Depreciation and amortisation		(5,907,264)	(6,413,113)	(60,257)	(48,256)
Operating expenses		(17,581,279)	(19,195,411)	(2,495,482)	(3,133,363)
Other expenses		(5,339,773)	(12,284,423)	(5,595,004)	(7,438,228)
Net impairment losses on financial assets		(153,333)	(6,750,000)	-	(6,750,000)
Profit from operations		75,660,571	134,992,523	15,317,594	24,153,795
Finance costs	39	(4,873,162)	(1,824,147)	(63,000)	-
Share of results in joint ventures		935,184	934,105	-	-
Profit before taxation	36	71,722,593	134,102,481	15,254,594	24,153,795
Income tax expense	40	(27,581,655)	(35,547,334)	(2,217,204)	(1,574,416)
Net profit after taxation from continuing operations		44,140,938	98,555,147	13,037,390	22,579,379
Discontinued operations:					
Loss after taxation from discontinued operations	41	-	(155,467)	-	-
Net profit for the year		44,140,938	98,399,680	13,037,390	22,579,379
Profit after taxation attributable to:					
Owners of the Company		44,060,771	98,386,957	13,037,390	22,579,379
Non-controlling interests		80,167	12,723	-	-
		44,140,938	98,399,680	13,037,390	22,579,379
Earnings per share (sen)					
Basic:					
- continuing operations	42	6.66	14.96		
- discontinued operations	42	-	(0.02)		
Diluted:					
- continuing operations	42	6.66	14.37		
- discontinued operations	42	-	(0.02)		

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

STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

		The Group		The Company	
		2019	2018	2019	2018
	Note	RM	RM	RM	RM
Profit after taxation		44,140,938	98,399,680	13,037,390	22,579,379
Other comprehensive income/(expenses):-					
Items that will not be reclassified subsequently to profit or loss					
Actuarial gain/(loss) on defined benefit obligations	30	318,608	(425,279)	-	-
Less: Deferred tax effect		(62,593)	54,053	-	-
		256,015	(371,226)	-	-
Item that will be reclassified subsequently to profit or loss					
Foreign currency translation		1,855,455	(6,506,412)	-	-
Total comprehensive income for the financial year		46,252,408	91,522,042	13,037,390	22,579,379
Total comprehensive income attributable to:					
Owners of the Company		46,067,649	91,961,082	13,037,390	22,579,379
Non-controlling interests		184,759	(439,040)	-	-
		46,252,408	91,522,042	13,037,390	22,579,379

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

The Group	Note	Share Capital RM	Share Option Reserves RM	Capital Reserves RM	Foreign Exchange Translation Reserves RM	Retained Profits RM	Total RM	Non-controlling Interests RM	Total Equity RM
Balance at 1.6.2017 (as previously reported)		**331,678,178**	**742,977**	**1,346,681**	**1,772,253**	**287,628,070**	**623,168,159**	**8,002,950**	**631,171,109**
Effect of adopting MFRSs:	53								
MFRS 15		-	-	-	-	452,770	**452,770**	-	**452,770**
Balance at 1.6.2017 (restated)		**331,678,178**	**742,977**	**1,346,681**	**1,772,253**	**288,080,840**	**623,620,929**	**8,002,950**	**631,623,879**
Profit after taxation for the financial year		-	-	-	-	98,386,957	**98,386,957**	12,723	**98,399,680**
Other comprehensive expenses for the financial year:									
- Actuarial loss on defined benefit obligations		-	-	-	-	(371,226)	**(371,226)**	-	**(371,226)**
- Foreign currency translation differences		-	-	-	(6,054,649)	-	**(6,054,649)**	(451,763)	**(6,506,412)**
Total comprehensive income for the financial year		-	-	-	(6,054,649)	98,015,731	**91,961,082**	(439,040)	**91,522,042**
Balance carried forward		331,678,178	742,977	1,346,681	(4,282,396)	386,096,571	**715,582,011**	7,563,910	**723,145,921**

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

The Group	Note	Share Capital RM	Share Option Reserves RM	Capital Reserves RM	Foreign Exchange Translation Reserves RM	Retained Profits RM	Total RM	Non-controlling Interests RM	Total Equity RM
Balance brought forward		331,678,178	742,977	1,346,681	(4,282,396)	386,096,571	**715,582,011**	7,563,910	**723,145,921**
Contributions by and distribution to owners of the Company:									
- Dividend	45	-	-	-	-	(19,758,270)	**(19,758,270)**	-	**(19,758,270)**
- Issuance of shares upon exercise of ESOS		5,822,681	-	-	-	-	**5,822,681**	-	**5,822,681**
- Issuance of shares upon exercise of warrants		53	-	-	-	-	**53**	-	**53**
- Acquisition of a subsidiary		-	-	-	-	-	**-**	45,781	**45,781**
- Changes in ownership interest in a subsidiary (effects of change in stake)		-	-	-	-	785,640	**785,640**	(3,285,640)	**(2,500,000)**
- Recognition of share option expenses		-	4,382,506	-	-	-	**4,382,506**	-	**4,382,506**
- ESOS lapsed		-	(525,233)	-	-	525,233	**-**	-	**-**
- Transfer to share capital for ESOS exercised		879,383	(879,383)	-	-	-	**-**	-	**-**
Total transactions with owners		6,702,117	2,977,890	-	-	(18,447,397)	**(8,767,390)**	(3,239,859)	**(12,007,249)**
Balance at 31.5.2018		**338,380,295**	**3,720,867**	**1,346,681**	**(4,282,396)**	**367,649,174**	**706,814,621**	**4,324,051**	**711,138,672**

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

The Group	Note	Share Capital RM	Share Option Reserves RM	Capital Reserves RM	Foreign Exchange Translation Reserves RM	Retained Profits RM	Total RM	Non-controlling Interests RM	Total Equity RM
Balance at 1.6.2018 (as previously reported)		**338,380,295**	**3,720,867**	**1,346,681**	**(4,282,396)**	**365,718,644**	**704,884,091**	**4,324,051**	**709,208,142**
Effect of adopting MFRSs:	53								
MFRS 15		-	-	-	-	1,930,530	**1,930,530**	-	**1,930,530**
Balance at 1.6.2018 (restated)		**338,380,295**	**3,720,867**	**1,346,681**	**(4,282,396)**	**367,649,174**	**706,814,621**	**4,324,051**	**711,138,672**
Profit after taxation for the financial year		-	-	-	-	44,060,771	**44,060,771**	80,167	**44,140,938**
Other comprehensive income for the financial year:									
- Actuarial gain on defined benefit obligations		-	-	-	-	256,015	**256,015**	-	**256,015**
- Foreign currency translation differences		-	-	-	1,750,863	-	**1,750,863**	104,592	**1,855,455**
Total comprehensive income for the financial year		-	-	-	1,750,863	44,316,786	**46,067,649**	184,759	**46,252,408**
Contributions by and distribution to owners of the Company:									
- Dividend	45	-	-	-	-	(19,851,630)	**(19,851,630)**	-	**(19,851,630)**
- Recognition of share option expenses		-	805,242	-	-	-	**805,242**	-	**805,242**
- ESOS lapsed		-	(71,379)	-	-	71,379	**-**	-	**-**
Total transactions with owners		-	733,863	-	-	(19,780,251)	**(19,046,388)**	-	**(19,046,388)**
Balance at 31.5.2019		**338,380,295**	**4,454,730**	**1,346,681**	**(2,531,533)**	**392,185,709**	**733,835,882**	**4,508,810**	**738,344,692**

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

The Company	Note	Share Capital RM	Share Option Reserves RM	Retained Profits RM	Total RM
Balance at 1.6.2017		**331,678,178**	**742,977**	**25,541,197**	**357,962,352**
Profit after taxation for the financial year		-	-	22,579,379	22,579,379
Contributions by and distribution to owners of the Company:					
- Issuance of shares upon exercise of ESOS		5,822,681	-	-	5,822,681
- Issuance of shares upon exercise of warrants		53	-	-	53
- Recognition of share option expenses		-	4,382,506	-	4,382,506
- ESOS lapsed		-	(525,233)	525,233	-
- Transfer to share capital for ESOS exercised		879,383	(879,383)	-	-
- Dividend	45	-	-	(19,758,270)	(19,758,270)
Total transactions with owners		6,702,117	2,977,890	(19,233,037)	(9,553,030)
Balance at 31.5.2018/1.6.2018		**338,380,295**	**3,720,867**	**28,887,539**	**370,988,701**
Profit after taxation for the financial year		-	-	13,037,390	13,037,390
Contributions by and distribution to owners of the Company:					
- Recognition of share option expenses		-	805,242	-	805,242
- ESOS lapsed		-	(71,379)	71,379	-
- Dividend	45	-	-	(19,851,630)	(19,851,630)
Total transactions with owners		-	733,863	(19,780,251)	(19,046,388)
Balance at 31.5.2019		**338,380,295**	**4,454,730**	**22,144,678**	**364,979,703**

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Cash flows from operating activities				
Profit before tax:				
- continuing operations	71,722,593	134,102,481	15,254,594	24,153,795
- discontinued operations	-	(155,467)	-	-
Adjustments for:				
Accretion of interest on:				
- trade and non-trade receivables	(57,074)	(2,170,934)	-	-
- amounts owing by subsidiaries	-	-	(538,404)	(1,828,435)
- trade and non-trade payables	-	3,074,789	-	-
- amount owing to a director	155,274	(15,813)	-	-
Bad debts recovered	-	(614,402)	-	-
Bad debts written off	47,974	59,290	-	4,959,100
Concesssion assets written off	-	7,337	-	-
Depreciation of:				
- concession assets	2,514,282	2,715,612	-	-
- investment properties	876,490	732,023	-	-
- property, plant and equipment	19,763,982	19,619,503	60,257	48,256
Dividend received from subsidiaries	-	-	(16,000,000)	(32,200,000)
Dividend received from short term funds	(1,884,896)	(2,260,769)	(375,185)	(456,102)
Fair value loss on quoted investments	4,800,000	-	4,800,000	-
Impairment/(Reversal) loss on:				
- assets held for sale	-	(1,211,210)	-	-
- goodwill	5,889	-	-	-
- inventories	-	2,540,272	-	-
- investment in subsidiaries	-	-	-	(2,859,537)
- investment properties	-	1,197,000	-	-
- trade and non-trade receivables	153,333	6,750,000	-	6,750,000
Increase in liability for defined benefit obligations	384,802	43,611	-	-
Interest expense	6,740,614	3,646,251	63,000	-
Interest income	(4,690,086)	(5,244,473)	(5,887,282)	(5,565,760)

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash flows from operating activities (Cont'd)				
Adjustments for (Cont'd):-				
Inventories written off	-	128	-	-
Loss on disposal of concession assets	-	97,494	-	-
Loss on disposal of a subsidiary	-	1,304,255	-	2,819,509
Net gain on disposal of property, plant and equipment	(2,001,100)	(904,013)	-	-
Net unrealised (gain)/loss on foreign exchange	(720,951)	3,941,427	582,506	2,506,367
Share of results in joint ventures	(935,184)	(934,105)	-	-
Share option expenses	805,242	4,382,506	805,242	1,016,764
Share option expenses charged to subsidiaries	-	-	(626,477)	(1,487,707)
Property, plant and equipment written off	169,311	45,927	11,389	-
Waiver of liability	-	(35,581)	-	-
Operating profit/(loss) before working capital changes	97,850,495	170,713,139	(1,850,360)	(2,143,750)
Changes in working capital:				
(Increase)/Decrease in contract assets/(liabilities)	(142,061,530)	5,715,520	-	-
Decrease/(Increase) in contract costs	159,766	(925,376)	-	-
Decrease/(Increase) in inter-company balances	-	-	16,776,680	(3,538,634)
Decrease/(Increase) in inventories	45,140,317	(174,636,382)	-	-
(Decrease)/Increase in payables	(21,367,839)	124,266,191	(241,390)	(82,777)
Increase in receivables	(34,352,516)	(18,347,243)	(24,126)	(68,248)
Cash generated from operations	(54,631,307)	106,785,849	14,660,804	(5,833,409)
Net income tax paid	(29,712,264)	(43,949,732)	(1,462,735)	(1,062,795)
Net Operating Cash Flows	(84,343,571)	62,836,117	13,198,069	(6,896,204)

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Cash flows from investing activities				
Acquisition of:				
- concession assets	(8,814,713)	(39,157,175)	-	-
- property, plant and equipment (Note 46(a))	(11,949,542)	(4,805,524)	(41,728)	(163,655)
- investment properties	(303,716)	(58,043,958)	-	-
- quoted shares	(18,000,000)	-	(18,000,000)	-
Repayment from subsidiaries	-	-	200,000	-
Dividends received from subsidiaries	-	-	16,000,000	32,200,000
Dividends received from short term funds	1,884,896	2,260,769	375,185	456,102
Interest received	4,690,086	5,244,473	422,340	330,472
Additional investment in an existing joint venture	-	(509,490)	-	-
Additional investment in an existing subsidiary	-	-	(20,000,000)	(29,548)
Acquisition of subsidiaries:				
- investment in a new subsidiary (Note 43)	(2)	60,036	-	-
- acquisition of additional equity interest in a subsidiary from non-controlling interest	-	(2,500,000)	-	(2,500,000)
Proceeds from disposal of:				
- assets held for sale	-	1,497,623	-	1,500,000
- concession assets	-	1,587,091	-	-
- property, plant and equipment	7,825,601	1,635,314	-	-
Net Investing Cash Flows	(24,667,390)	(92,730,841)	(21,044,203)	31,793,371

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Cash flows from financing activities				
Dividends paid	(19,851,630)	(19,758,270)	(19,851,630)	(19,758,270)
Drawdown of bank borrowings	116,174,819	107,754,312	15,000,000	-
Fixed deposits pledged as security values	(7,840,398)	(7,238,587)	(325,924)	(822,587)
Interest paid	(6,740,614)	(3,646,251)	(63,000)	-
Interest income	-	-	-	5,235,288
Proceeds from issuance of:				
- warrants exercised	-	53	-	53
- ESOS exercised	-	5,822,681	-	5,822,681
Advances to subsidiaries	-	-	-	(26,076,654)
Repayment of:				
- bank borrowings	(43,892,320)	(31,990,658)	(9,500,000)	-
- hire purchase payables	(11,313,131)	(7,188,449)	-	-
Net Financing Cash Flows	26,536,726	43,754,831	(14,740,554)	(35,599,489)
Net change in cash and cash equivalents	(82,474,235)	13,860,107	(22,586,688)	(10,702,322)
Effect of exchange rate changes on cash and cash equivalents	(994,699)	(6,017,682)	38,510	(260,414)
Cash and cash equivalents at the beginning of the financial year	209,063,744	201,221,319	28,962,661	39,925,397
Cash and cash equivalents at the end of the financial year (Note 46(c))	125,594,810	209,063,744	6,414,483	28,962,661

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

1. General Information

The Company is a public limited liability company, 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 4 September 2019.

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. There have been no significant changes in the nature of these activities during the financial year.

3. Basis Of Preparation

The financial statements of the Group 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 Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.1 These are the Group's first set of financial statements prepared in accordance with MFRSs, which are also in line with International Financial Reporting Standards as issued by the International Accounting Standards Board.

In the previous financial year, the financial statements of the Group were prepared in accordance with Financial Reporting Standards ("FRSs").

The transition to MFRSs is accounted for in accordance with MFRS 1 'First-time Adoption of Malaysian Financial Reporting Standards', with 1 June 2017 as the date of transition. An opening statement of financial position as at the date of transition has been prepared based on the accounting policies as described in Note 4 to the financial statements. Such accounting policies have also been applied to other financial information covered under this set of financial statements, including the comparative information presented. The financial impacts on the transition from FRSs to MFRSs are disclosed in Note 53 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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") but are not yet effective for the current financial year:-

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

The adoption of the above 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:-

MFRS 16: Leases

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statements of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The Group is currently assessing the financial impact that may arise from the adoption of this standard.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Critical Accounting Estimates and Judgements

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) 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 period in which such determination is made. The carrying amounts of current tax assets and current tax liabilities as at the reporting date are RM6,000,098 (31.5.2018 - RM5,424,231) and RM5,423,410 (31.5.2018 - RM4,313,882) respectively.

(b) Impairment of Investment Properties

The Group determines whether its investment properties is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of investment properties as at the reporting date is disclosed in Note 10 to the financial statements.

(c) Revenue and Cost Recognition of Property Development Activities

The Group recognises property development revenue as and when the control of the asset is transferred to a customer and it is probable that the Group will collect the consideration to which it will be entitled. The control of the asset may transfer over time or at a point in time depending on the terms of the contract with the customer and the application laws governing the contract.

When the control of the asset is transferred over time, the Group recognises property development revenue and costs by reference to the progress towards complete satisfaction of the performance obligation at the end of the reporting period. This is measured based on the Group's efforts or budgeted inputs to the satisfaction of the performance obligation. Significant judgement is required in determining the completeness and accuracy of the budgets and the extent of the costs incurred. Substantial changes in property development cost estimates in the future can have a significant effect on the Group's results. In making the judgement, the Group evaluates and relies on past experience and works of specialists. The carrying amount of property development costs as at the reporting date is disclosed in Note 11(b) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Critical Accounting Estimates and Judgements (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

(d) Revenue Recognition for Construction Contracts

The Group recognises construction revenue by reference to the construction progress using the input method, determined based on the proportion of construction costs incurred for work performed todate over the estimated total construction costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists. The carrying amounts of contract assets and contract liabilities as at the reporting date are disclosed in Note 19 to the financial statements.

(e) Impairment of Goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date is disclosed in Note 13 to the financial statements.

(f) Impairment of Trade Receivables and Contract Assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables and contract assets. The carrying amounts of trade receivables and contract assets as at the reporting date are disclosed in Notes 16 and 19 to the financial statements.

(g) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period. The carrying amounts of other receivables and amounts owing by subsidiaries as at the reporting date are disclosed in Notes 16 and 17 to the financial statements.

(h) 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. The carrying amount of inventories as at the reporting date is disclosed in Note 11 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Critical Accounting Estimates and Judgements (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

(i) Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unabsorbed capital allowances could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amounts of deferred tax assets and deferred tax liabilities as at the reporting date is disclosed in Note 14 to the financial statements.

(j) Projected Revenue of the Concession Assets

Significant estimation is involved in determining the projected revenue of concession assets where the concession periods range between 15 to 25 years. The projected revenue is estimated based on the contracted tariff as set out in the concession agreement and projected 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. The carrying amount of concession assets as at the reporting date is disclosed in Note 8 to the financial statements.

(k) 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. The carrying amount of investments in subsidiaries as at the reporting date is disclosed in Note 5 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Critical Accounting Estimates and Judgements (Cont'd)

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(a) 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 properties.

(b) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(c) Contingent Liabilities

The recognition and measurement for contingent liabilities is based on management's view of the expected outcome on contingencies, after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business. Furthermore, the directors are of the view that the chances of the financial institutions to call upon the corporate guarantees issued by the Group and the Company are remote.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Critical Accounting Estimates and Judgements (Cont'd)

Critical Judgements Made in Applying Accounting Policies (Cont'd)

(d) 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 MFRS 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 (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 - Revenue from Contracts with Customers at inception). 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Financial Instruments (Cont'd)

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

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), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value Through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Financial Instruments (Cont'd)

(a) Financial Assets (Cont'd)

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(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. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are 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 (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 liability or a shorter period (where appropriate).

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently. Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Financial Instruments (Cont'd)

(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 when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

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.

(e) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

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 THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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.

4.4 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Basis of Consolidation (Cont'd)

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.

(a) Business Combinations

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.

(b) Non-controlling Interests

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.

(c) Changes in Ownership Interests in Subsidiaries without Change of Control

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.

(d) Loss of Control

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

4. Significant Accounting Policies (Cont'd)

4.4 Basis of Consolidation (Cont'd)

(d) Loss of Control (Cont'd)

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 MFRS 9 (31.5.2018 - MFRS 139) or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

As part of its transition to MFRSs, the Group elected not to restate those business combinations that occurred before the date of transition 1 June 2017. Such business combinations and the related goodwill and fair value adjustments have been carried forward from the previous FRS framework as at the date of transition.

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.

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.

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 including the share options granted to employees of the 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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 2019. 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 MFRS 9 (31.5.2018 - MFRS 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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 2019. 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.

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 MFRS 9 (31.5.2018 - MFRS 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 has an unlimited useful life and therefore 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.

The principal annual rates used for this purpose are:-

Leasehold land	Over lease period
Buildings	2% - 12.5%
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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Impairment

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income, trade receivables and contract assets, as well as on financial guarantee contracts.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Impairment (Cont'd)

(b) Impairment of Non-financial Assets (Cont'd)

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.

4.11 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.

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 999 years.

Freehold land and investment property under construction is not depreciated.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 Inventories

(a) Land Held for Property Development and Property Development Costs

(i) Land Held for Property Development

Land held for property development consists of land where no development activities are carried out or where development activities are not expected to be completed within the normal operating cycle. Such land 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.

(ii) 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.

The excess of revenue recognised in the profit or loss over billings to purchasers is shown as contract assets and the excess of billings to purchasers over revenue recognised in profit or loss is shown as contract liabilities.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary in selling property.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 Inventories (Cont'd)

(b) Completed Development Properties Held for Sales

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.

(c) Other Inventories

Other inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method 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.

4.13 Contract Costs

(a) Incremental Costs of Obtaining a Contract

The Group recognises incremental costs of obtaining contracts with customers as an asset when the Group expects to recover these costs. When the amortisation period of the asset is one year or less, such costs are recognised as an expense immediately when incurred.

(b) Costs to Fulfil a Contract

The Group recognises costs that relate directly to a contract (or an anticipated contract) with customer as an asset when the costs generate or enhance resources of the Group, will be used in satisfying performance obligation in the future and are recovered.

The contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates.

An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Any impairment loss recovered shall be reversed to the extent of the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 Contract Assets and Contract Liabilities

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9 - Financial Instruments.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

4.15 Borrowing Costs

Borrowing costs incurred on borrowings directly associated with property development activities up to completion is capitalised and included as part of property development costs. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

Borrowing costs incurred on borrowings to finance the construction of concession assets during the period that is required to complete and prepare the assets for its intended use are capitalised as part of the cost of the asset.

All other borrowing costs are charged to profit or loss in the period in which they are incurred.

Arising from the Tentative Agenda Decision issued by the IFRS Interpretation Committee relating to the capitalisation of borrowing costs for over time transfer of constructed goods, the Group is required to change its existing accounting policy to cease the capitalisation of borrowing costs on development properties when the assets are ready for their intended sale for reporting period ending 31 May 2022. The Group is currently assessing the potential impact from this change in accounting policy and may opt for early compliance.

4.16 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).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 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.

4.17 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 fixed deposits pledged to financial institutions.

4.18 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 discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 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.

(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 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 Employee Benefits (Cont'd)

(e) Share-based Payment Transactions (Cont'd)

In the Company's separate financial statements, the grant of the share options to the subsidiaries' employees is not recognised as an expense. Instead, the fair value of the share options measured at the grant date is accounted for as an increase to the investment in subsidiary undertaking with a corresponding credit to the share option reserve.

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.

4.20 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, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees and the warrants.

4.21 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 THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.22 Revenue from Contracts with Customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(a) Construction Services

Revenue from construction services is recognised over time in the period in which the services are rendered using the input method, determined based the proportion of construction costs incurred for work performed todate over the estimated total construction costs. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as incentives and penalties. Past experience is used to estimate and provide for the variable consideration, using expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the construction services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the construction services rendered exceed the payment received, a contract asset is recognised. If the payments exceed the construction services rendered, a contract liability is recognised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.22 Revenue from Contracts with Customers (Cont'd)

(b) Revenue from Property Development

Revenue from property development is recognised progressively when property development services are rendered and such services do not create an asset with an alternative's use to the Group, and the Group has a present right to payment for services rendered to date. The progress towards complete satisfaction of the performance obligation is measured based on a method that best depicts the Group's performance in satisfying the performance obligation of the contract. This is determined by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract. Otherwise, revenue is recognised at a point in time upon delivery of property and customer's acceptance, and the Group has a present right to payment for the property sold.

A receivable is recognised when the development activities are carried out as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. When the services rendered exceed the billings to customers, a contract asset is recognised. If the billings exceed the services rendered, a contract liability is recognised.

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers.

(c) Water Concession

Revenue from water concession is recognised upon transfer of treated water as measured by the meter in the water treatment plant.

4.23 Revenue from Other Sources and Other Operating Income

(a) Management Fee and Administrative Charges

Management fee and administrative charges are recognised upon performance of services.

(b) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

(c) Dividend Income

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

(d) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

Interest income from financial assets at fair value through profit or loss is included in the net fair value gains/losses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.24 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.

4.25 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.

4.26 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:

$$\frac{\text{Cumulative actual water revenue}}{\text{Total projected water revenue of the concession}} \quad \text{X} \quad \begin{array}{c}\text{Concession assets}\\ \text{capitalised to date}\end{array}$$

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.

4.27 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.28 Leased Assets

Finance Leases

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 bank borrowings.

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 investment properties.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

5. INVESTMENTS IN SUBSIDIARIES

	31.5.2019 RM	The Company 31.5.2018 RM	1.6.2017 RM
Unquoted shares, at cost	128,199,390	108,199,391	105,669,843
Amount owing by subsidiaries	14,372,774	14,372,774	31,982,311
Share options granted to employees of subsidiaries	5,479,928	4,853,450	-
	148,052,092	127,425,615	137,652,154
Allowance for impairment loss	(8,710,000)	(8,710,000)	(11,569,537)
	139,342,092	118,715,615	126,082,617
Allowance for impairment loss:-			
At 1 June	(8,710,000)	(11,569,537)	(8,710,000)
Addition during the financial year	-	-	(2,859,537)
Reversal upon disposal of a subsidiary	-	2,859,537	-
At 31 May	(8,710,000)	(8,710,000)	(11,569,537)

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 2019	2018	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 contractors
Katah Realty Sdn Bhd	Malaysia	100%	100%	Building and civil engineering construction works

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2019	2018	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%	100%	Management consulting services
Nusantara Suriamas Sdn Bhd *	Malaysia	70%	70%	Yet to commence business since date of incorporation
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	100%	100%	Provision of mechanical and electrical engineering services
Mandy Corporation Sdn Bhd	Malaysia	100%	100%	Property development, building and civil engineering contractor

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2019	2018	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%	Property development
Prelude Avenue Sdn Bhd *	Malaysia	100%	100%	Property development
Special Courtyard Sdn Bhd *	Malaysia	100%	-	Property management and maintenance

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiary	Principal Place of Business / Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2019	2018	Principal Activities
Gadang Properties Sdn Bhd and its subsidiary	Malaysia	100%	100%	Property development and investment holding
Buildmark Sdn Bhd *	Malaysia	100%	100%	Property development
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 *	Malaysia	100%	100%	Dormant
Gadang Plantations Holdings Sdn Bhd * and its subsidiary	Malaysia	100%	100%	Investment holding
Jauhari Mahir Sdn Bhd ^	Malaysia	-	100%	Struck off

* *Not audited by Crowe Malaysia PLT.*

^ *The subsidiary has been struck off during the current financial year.*

<u>Changes in the Group Structure during the financial year</u>

(a) On 28 August 2018, the Company's wholly-owned subsidiary, Gadang Land Sdn Bhd acquired 2 ordinary shares, representing 100% of the total issued capital of Special Courtyard Sdn Bhd ("Special Courtyard") for a total cash consideration of RM2. As a result of the acquisition, Special Courtyard became an indirect wholly-owned subsidiary of the Company. The details of the acquisition are disclosed in Note 43 to the financial statements.

(b) On 7 January 2019, the Company announced that Jauhari Mahir Sdn Bhd, a dormant indirect wholly-owned subsidiary of the Company has been struck off from the register of the Companies Commission of Malaysia pursuant to Section 550 of the Companies Act, 2016.

Summarised financial information of non-controlling interests has not been presented as the non-controlling interests of the subsidiaries are not individually material to the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

6. INVESTMENT IN AN ASSOCIATE

	The Group 31.5.2019 RM	31.5.2018 RM	1.6.2017 RM
Unquoted shares, at cost	25	25	25
Share of post-acquisition reserves	(25)	(25)	(25)
	-	-	-

The details of the associate are as follows:-

Name of Associate	Principal Place of Business / Country of Incorporation	Effective Equity Interest 2019	2018	Principal Activity
Maha Abadi Sdn Bhd	Malaysia	25%	25%	Dormant

7. INVESTMENT IN JOINT VENTURES

	The Group 31.5.2019 RM	31.5.2018 RM	1.6.2017 RM
Unquoted shares, at cost	510,001	510,001	511
Share of post-acquisition reserves	1,906,234	971,050	36,945
	2,416,235	1,481,051	37,456

The details of the joint ventures are as follows:-

Name of Joint Venture	Principal Place of Business/ Country of Incorporation	Effective Equity Interest 2019	2018	Principal Activities
Zeta Datapuri JV Sdn Bhd	Malaysia	45%	45%	Provision of mechanical and electrical engineering services
Gadang CRFG Consortium Sdn Bhd	Malaysia	51%	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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

7. INVESTMENT IN JOINT VENTURES (CONT'D)

(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 of all the shareholders.

(c) The summarised audited financial information (after the alignment for the Group's accounting policies) for each joint venture that is material to the Group is as follows:-

	Gadang CRFG Consortium Sdn Bhd	
	2019	**2018**
At 31 May	**RM**	**RM**
Non-current assets	3,213,256	2,457,462
Current assets	40,544,912	28,909,149
Non-current liabilities	(259,587)	(149,620)
Current liabilities	(39,216,095)	(28,503,583)
Net assets	4,282,486	2,713,408
Financial year ended 31 May		
Revenue	72,906,210	38,825,513
Depreciation of plant and equipment	(475,971)	(256,833)
Income tax expense	(862,468)	(554,225)
Profit after taxation for the financial year	1,569,079	1,713,408
Other comprehensive income	-	-
Total comprehensive income	1,569,079	1,713,408
Group's share of profit for the financial year	800,230	873,838
Group's share of other comprehensive income	-	-
Reconciliation of Net Assets to Carrying Amount		
Group's share of net assets above	2,184,068	1,383,838
Carrying amount of Group's interest in this joint venture	2,184,068	1,383,838

(d) The summarised unaudited financial information (after the alignment for the Group's accounting policies) for all joint venture that is immaterial to the Group is as follows:-

	Other Immaterial Joint Venture	
	2019	**2018**
Financial year ended 31 May	**RM**	**RM**
Group's share of profit for the financial year	134,954	60,267
Group's share of other comprehensive income	-	-
Group's share of total comprehensive income	134,954	60,267
Aggregate carrying amount of the Group's interests in joint ventures	232,167	97,213

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

8. CONCESSION ASSETS

	The Group	
	2019	2018
At cost	RM	RM
At 1 June	139,277,159	114,614,160
Acquisition of subsidiaries	-	91,160
Additions	8,814,713	39,157,175
Disposals/Writeoff	-	(2,294,955)
Foreign exchange difference	3,636,439	(12,290,381)
	151,728,311	139,277,159
Accumulated depreciation		
At 1 June	(21,826,825)	(22,664,521)
Charge for the financial year (Note 36)	(2,514,282)	(2,715,612)
Disposals/Writeoff	-	584,661
Foreign exchange difference	(754,511)	2,968,647
	(25,095,618)	(21,826,825)
Accumulated impairment loss		
At 1 June	(294,511)	(330,553)
Foreign exchange difference	(8,238)	36,042
	(302,749)	(294,511)
At 31 May	126,329,944	117,155,823

Included in the concession assets are land, building and generator with an aggregate carrying value of RM85,890,231 (31.5.2018 - RM74,095,786) pledged to licensed banks as security for credit facilities granted to a subsidiary as disclosed in Note 28 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

9. PROPERTY, PLANT AND EQUIPMENT

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 2019										
Cost										
At 1 June	2,860,000	4,854,550	9,212,341	152,109,607	7,822,776	3,971,116	2,512,887	19,663,367	3,363,810	206,370,454
Additions	-	-	-	1,589,500	10,722,487	484,700	33,118	705,199	78,039	13,613,043
Disposals/Writeoff	-	-	-	(10,309,436)	(1,220,086)	(201,261)	(19,683)	(761,415)	-	(12,511,881)
Foreign exchange difference	-	-	576	-	-	15,312	-	20,412	1,387	37,687
At 31 May	2,860,000	4,854,550	9,212,917	143,389,671	17,325,177	4,269,867	2,526,322	19,627,563	3,443,236	207,509,303
Accumulated depreciation										
At 1 June	-	278,516	3,214,404	100,318,570	6,387,496	2,207,493	1,685,864	12,932,102	1,516,070	128,540,515
Charge for the financial year										
- recognised in profit or loss (Note 36)	-	53,122	186,409	-	468,510	335,771	166,203	1,072,515	233,962	2,516,492
- recognised in cost of sales (Note 34)	-	-	-	13,897,607	2,215,592	109,619	1,370	1,023,302	-	17,247,490
	-	53,122	186,409	13,897,607	2,684,102	445,390	167,573	2,095,817	233,962	19,763,982
Disposals/Writeoff	-	-	-	(4,371,564)	(1,105,452)	(170,035)	(14,388)	(719,924)	-	(6,381,363)
Foreign exchange difference	-	-	498	-	-	13,167	-	11,061	1,388	26,114
At 31 May	-	331,638	3,401,311	109,844,613	7,966,146	2,496,015	1,839,049	14,319,056	1,751,420	141,949,248

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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 2019										
Accumulated impairment loss										
At 1 June	-	-	-	4,046,499	-	917	-	-	-	4,047,416
Disposals/Writeoff	-	-	-	(136,706)	-	-	-	-	-	(136,706)
Foreign exchange difference	-	-	-	-	-	26	-	-	-	26
At 31 May	-	-	-	3,909,793	-	943	-	-	-	3,910,736
Carrying value										
At cost	2,860,000	4,522,912	5,811,606	29,635,265	9,359,031	1,772,909	687,273	5,308,507	1,691,816	61,649,319
31 May 2018										
Cost										
At 1 June	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
Additions	-	-	-	23,555,166	139,532	692,040	297,208	4,244,549	1,673,528	30,602,023
Disposals/Writeoff	-	-	-	(2,828,697)	-	(164,574)	-	(1,302,531)	-	(4,295,802)
Foreign exchange difference	-	-	(2,520)	-	-	(66,917)	-	(89,007)	(6,067)	(164,511)
At 31 May	2,860,000	4,854,550	9,212,341	152,109,607	7,822,776	3,971,116	2,512,887	19,663,367	3,363,810	206,370,454

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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 2018										
Accumulated depreciation										
At 1 June	-	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
Charge for the financial year										
- recognised in profit or loss (Note 36)	-	53,122	186,544	3,500	534,029	343,875	145,114	1,523,092	176,206	2,965,482
- recognised in cost of sales (Note 34)	-	-	-	15,648,431	108,659	55,341	2,654	838,936	-	16,654,021
	-	53,122	186,544	15,651,931	642,688	399,216	147,768	2,362,028	176,206	19,619,503
Disposals/Writeoff	-	-	-	(2,209,803)	-	(118,646)	-	(1,135,446)	-	(3,463,895)
Foreign exchange difference	-	-	(1,684)	-	-	(50,392)	-	(40,619)	(2,903)	(95,598)
At 31 May	-	278,516	3,214,404	100,318,570	6,387,496	2,207,493	1,685,864	12,932,102	1,516,070	128,540,515
Accumulated impairment loss										
At 1 June	-	-	-	4,101,182	-	1,028	-	-	-	4,102,210
Disposals/Writeoff	-	-	-	(54,683)	-	-	-	-	-	(54,683)
Foreign exchange difference	-	-	-	-	-	(111)	-	-	-	(111)
At 31 May	-	-	-	4,046,499	-	917	-	-	-	4,047,416
Carrying value										
At cost	2,860,000	4,576,034	5,997,937	47,744,538	1,435,280	1,762,706	827,023	6,731,265	1,847,740	73,782,523

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	Motor vehicles RM	Furniture and fittings RM	Office equipment RM	Total RM
2019				
Cost				
At 1 June	13,768	183,112	432,637	629,517
Additions	-	3,568	38,160	41,728
Disposal/Writeoffs	-	(3,753)	(113,053)	(116,806)
At 31 May	13,768	182,927	357,744	554,439
Accumulated depreciation				
At 1 June	1,606	34,966	200,886	237,458
Charge for the financial year (Note 36)	2,754	18,175	39,328	60,257
Disposal/Writeoffs	-	(3,744)	(101,673)	(105,417)
At 31 May	4,360	49,397	138,541	192,298
Carrying value at cost	9,408	133,530	219,203	362,141
2018				
Cost				
At 1 June	-	109,443	356,419	465,862
Additions	13,768	73,669	76,218	163,655
At 31 May	13,768	183,112	432,637	629,517
Accumulated depreciation				
At 1 June	-	21,505	167,697	189,202
Charge for the financial year (Note 36)	1,606	13,461	33,189	48,256
At 31 May	1,606	34,966	200,886	237,458
Carrying value at cost	12,162	148,146	231,751	392,059

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

9. Property, Plant And Equipment (Cont'd)

(a) The carrying value of property, plant and equipment of the Group acquired under hire purchase and term loan arrangements are as follows:

	The Group		
	31.5.2019	**31.5.2018**	**1.6.2017**
	RM	**RM**	**RM**
Plant and machinery	20,435,416	29,215,499	19,712,613
Motor vehicles	4,607,380	5,972,945	3,413,068
	25,042,796	35,188,444	23,125,681

(b) Land and buildings with an aggregate carrying value of RM13,072,614 (31.5.2018 - RM13,307,651) are pledged to licensed banks as security for credit facilities granted to the Group as disclosed in Note 28 to the financial statements.

10. Investment Properties

	The Group	
	2019	**2018**
Cost	**RM**	**RM**
At 1 June	83,551,020	18,757,062
Additions during the financial year	303,716	64,793,958
At 31 May	83,854,736	83,551,020
Accumulated depreciation		
At 1 June	1,704,708	972,685
Charge for the financial year (Note 36)	876,490	732,023
At 31 May	2,581,198	1,704,708
Accumulated impairment loss		
At 1 June	2,997,000	1,800,000
Addition during the financial year	-	1,197,000
At 31 May	2,997,000	2,997,000
Net carrying value	78,276,538	78,849,312
Represented by:		
Freehold lands	222,800	222,800
Leasehold lands	74,968,638	75,514,272
Buildings	3,085,100	3,112,240
	78,276,538	78,849,312

Investment properties with an aggregate carrying value of RM68,974,416 (31.5.2018 - RM69,735,617) are pledged to licensed banks as security for credit facilities granted to the Group as disclosed in Note 28 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

10. INVESTMENT PROPERTIES (CONT'D)

In the previous financial year, an impairment loss of RM1,197,000, 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 36 to the financial statements.

The fair values of the investment properties of the Group as at the reporting date are estimated at RM84,471,732 (31.5.2018 - RM84,173,698) based on directors' assessment of the current prices in an active market for the respective properties within each vicinity.

11. INVENTORIES

		The Group	
	31.5.2019	31.5.2018	1.6.2017
Non-current:-	RM	RM	RM
Land held for property development (Note 11(a))	3,905,097	3,897,203	3,889,309
Current:-			
Property development costs (Note 11(b))	792,899,393	834,280,713	731,018,747
Developed properties held for sale (Note 11(c))	65,960,221	69,751,272	922,341
Raw materials	78,992	54,832	57,641
	858,938,606	904,086,817	731,998,729

(a) Land Held for Property Development

	The Group	
	2019	2018
	RM	RM
At 1 June	3,897,203	3,889,309
Cost incurred during the financial year	7,894	7,894
At 31 May	3,905,097	3,897,203
Represented by:		
Freehold land	3,693,200	3,693,200
Development costs	211,897	204,003
	3,905,097	3,897,203

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 28 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

11. INVENTORIES (CONT'D)

(b) Property Development Costs

The Group	Freehold Land RM	Leasehold Land RM	Development Costs RM	Total RM
At 31 May 2019				
Cumulative Property Development Cost				
At 1 June	542,621,624	80,109,727	324,073,342	946,804,693
Cost incurred during the financial year	963,298	-	94,379,128	95,342,426
(Reduction)/Addition in land proprietary entitlement	(10,654,433)	4,449,750	-	(6,204,683)
Reversal of completed projects	(295,151)	-	(6,608,425)	(6,903,576)
Transferred to developed properties held for sales	(548,225)	-	(13,549,867)	(14,098,092)
At 31 May	532,087,113	84,559,477	398,294,178	1,014,940,768
Cumulative Costs Recognised in Profit or Loss				
At 1 June	(11,734,207)	-	(100,789,773)	(112,523,980)
Cost recognised during the financial year	(11,107,539)	(626,629)	(104,686,803)	(116,420,971)
Reversal of completed projects	295,151	-	6,608,425	6,903,576
At 31 May	(22,546,595)	(626,629)	(198,868,151)	(222,041,375)
Property Development Cost at 31 May 2019	509,540,518	83,932,848	199,426,027	792,899,393

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

11. INVENTORIES (CONT'D)

(b) Property Development Costs (Cont'd)

The Group	Freehold Land RM	Leasehold Land RM	Development Costs RM	Total RM
At 31 May 2018				
Cumulative Property Development Cost				
At 1 June	402,980,762	103,159,621	521,464,301	1,027,604,684
Cost incurred during the financial year	131,002,780	-	135,367,556	266,370,336
Addition in land proprietary entitlement	14,385,541	1,808,497	-	16,194,038
Reversal of completed projects	(5,661,501)	(17,661,366)	(260,282,491)	(283,605,358)
Transferred to developed properties held for sales	(85,958)	(7,197,025)	(72,476,024)	(79,759,007)
At 31 May	542,621,624	80,109,727	324,073,342	946,804,693
Cumulative Costs Recognised in Profit or Loss				
At 1 June	(9,365,957)	(14,187,837)	(273,032,143)	(296,585,937)
Cost recognised during the financial year	(8,029,751)	(3,473,529)	(88,040,121)	(99,543,401)
Reversal of completed projects	5,661,501	17,661,366	260,282,491	283,605,358
At 31 May	(11,734,207)	-	(100,789,773)	(112,523,980)
Property Development Cost at 31 May 2018	530,887,417	80,109,727	223,283,569	834,280,713

(i) Included in development costs is interest expense capitalised during the financial year amounting to RM11,633,667 (31.5.2018 - RM6,824,241).

(ii) The lands under development of the Group with an aggregate carrying value of RM185,011,181 (31.5.2018 - RM154,595,732) are pledged to financial institutions for banking facilities granted to the Group as disclosed in Note 28 to the financial statements.

(iii) Included in property development costs is land proprietor's entitlement of the Group committed through:-

(aa) 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 RM108,399,544 (31.5.2018 - RM132,509,758);

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

11. INVENTORIES (CONT'D)

(b) Property Development Costs (Cont'd)

(iii) Included in property development costs is land proprietor's entitlement of the Group committed through (Cont'd):-

(bb) 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 RM143,899,643 (31.5.2018 - RM141,212,365); and

(cc) 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 Darul Ehsan with a carrying value of RM40,141,150 (31.5.2018 - RM36,303,990). The land has been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 28 to the financial statements.

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 development.

(c) Developed Properties Held for Sales

The developed properties held for sales amounting to RM52,044,428 (31.5.2018 - RM2,254,272) have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 28 to the financial statements.

	The Group	
	2019	2018
Recognised in profit or loss:-	RM	RM
Developed properties held for sales recognised as cost of sales	17,460,945	14,824,664
Amount written down to net realisable value	-	2,540,272

12. OTHER INVESTMENTS

	The Group			The Company		
	31.5.2019	31.5.2018	1.6.2017	31.5.2019	31.5.2018	1.6.2017
	RM	RM	RM	RM	RM	RM
Quoted shares, at fair value	13,200,000	-	-	13,200,000	-	-
Unquoted shares, at fair value (31.5.2018 and 1.6.2017 - at cost)	100,000	100,000	100,000	-	-	-
	13,300,000	100,000	100,000	13,200,000	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

12. OTHER INVESTMENTS (CONT'D)

Equity Investments at Fair Value Through Other Comprehensive Income

(a) On 1 June 2018, the Group designated its investments in unquoted shares to be measured at fair value through other comprehensive income because the Group intends to hold for long-term strategic purposes. In the previous financial year, these investments were classified as available-for-sale financial assets and measured at cost.

(b) The fair value of each investment is summarised below:-

	The Group 2019 RM	The Company 2019 RM
Unquoted shares of Golden Horse Palace Berhad	100,000	-

(c) There was no disposal of investment carried at fair value through other comprehensive income during the financial year.

13. GOODWILL ON CONSOLIDATION

	The Group	
	2019	2018
Cost	RM	RM
At 1 June	36,244,248	37,572,949
Acquisition of a subsidiary (Note 43)	5,889	33,175
Foreign exchange difference	311,286	(1,361,876)
At 31 May	36,561,423	36,244,248
Accumulated impairment loss		
At 1 June	(19,143,395)	(19,143,395)
Addition during the financial year (Note 36)	(5,889)	-
At 31 May	(19,149,284)	(19,143,395)
Carrying value	17,412,139	17,100,853

(a) The carrying amounts of goodwill allocated to each cash-generating unit are as follows:-

	The Group		
	31.5.2019	31.5.2018	1.6.2017
	RM	RM	RM
Property development	5,939,203	5,939,203	5,939,203
Power concession	5,247,384	5,105,501	5,693,065
Water concession	6,225,552	6,056,149	6,797,286
	17,412,139	17,100,853	18,429,554

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

13. GOODWILL ON CONSOLIDATION (CONT'D)

(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			Growth Rate			Discount Rate		
	31.5.2019	31.5.2018	1.6.2017	31.5.2019	31.5.2018	1.6.2017	31.5.2019	31.5.2018	1.6.2017
	%	%	%	%	%	%	%	%	%
Property development	84	90	90	Nil	5	5	15	14	9
Power concession	71 - 92	80 - 91	95 - 96	Nil - 3	Nil	Nil	12	12	11
Water concession	42 - 79	40 - 79	60 - 79	3 - 7	4 - 7	5 - 11	12	12	11

(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 adjusted 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

14. DEFERRED TAX LIABILITIES/(ASSETS)

	The Group	
	2019	2018
	RM	RM
At 1 June	(11,581,949)	204,001
Recognised in profit or loss (Note 40)		
- continuing operations	(2,634,326)	(11,743,838)
Recognised in other comprehensive income	62,593	(54,053)
Foreign exchange difference	(12,595)	11,941
At 31 May	(14,166,277)	(11,581,949)
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	4,173,600	4,773,076
Deferred tax assets	(18,339,877)	(16,355,025)
	(14,166,277)	(11,581,949)

Deferred tax assets and liabilities are attributable to the following items:-

	The Group	
	2019	2018
Deferred tax assets:-	RM	RM
Unrealised profit on contract works	(10,588,689)	(6,672,224)
Unused tax losses	(4,166,176)	(2,694,474)
Unabsorbed capital allowances	(318,566)	(396,409)
Provisions	(2,988,713)	(4,887,164)
Timing differences on allowable expenses	(665,033)	(2,802,016)
Others	(567,770)	(517,943)
Deferred tax assets (before offsetting)	(19,294,947)	(17,970,230)
Offsetting	955,070	1,615,205
Deferred tax assets (after offsetting)	(18,339,877)	(16,355,025)
Deferred tax liabilities:-		
Accelerated capital allowances over depreciation	3,590,079	5,006,445
Realisation of revaluation reserve on land	1,538,591	1,381,836
Deferred tax liabilities (before offsetting)	5,128,670	6,388,281
Offsetting	(955,070)	(1,615,205)
Deferred tax liabilities (after offsetting)	4,173,600	4,773,076

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

14. DEFERRED TAX LIABILITIES/(ASSETS) (CONT'D)

The recognition of the deferred tax assets is dependent on future taxable profits in excess of profits arising from the reversal of existing taxable temporary differences. The evidence used to support this recognition is the management' budget approved by the directors, which shows that it is probable that the deferred tax assets would be realised in future years

At the end of the reporting period, the Group has unused tax losses and unabsorbed capital allowances stated at gross of RM1,641,560 (31.5.2018 - RM1,166,057) and RM117,009 (31.5.2018 - Nil) 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 expire at end of the year of assessment 2025 but the unabsorbed capital allowances can be carried forward indefinitely to be utilised against income from the same business source, subject to no substantial change in shareholders of the subsidiaries.

With effect from year of assessment 2019, unused tax losses in a year of assessment can only be carried forward for a maximum period of 7 consecutive years of assessment immediately following that year of assessment.

15. CONTRACT COSTS

		The Group	
	31.5.2019	31.5.2018	1.6.2017
	RM	RM	RM
Incremental costs of obtaining a contract	1,050,325	1,210,091	284,715

The incremental costs of obtaining a contract primarily comprise commissions paid to real estate agents as a result of obtaining property sales and purchase contracts with customers. The costs are to be amortised over the period when the related revenue is recognised, ranging from 2 to 3 (31.5.2018 - 2 to 3) years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

16. TRADE AND NON-TRADE RECEIVABLES

	The Group			The Company		
	31.5.2019 RM	31.5.2018 RM	1.6.2017 RM	31.5.2019 RM	31.5.2018 RM	1.6.2017 RM
Trade receivables	81,854,149	60,580,624	64,261,565	-	-	-
Less: Impairment loss						
At 1 June	(137,476)	(137,476)	(589,290)	-	-	-
Additions during the financial year	-	-	(137,476)	-	-	-
Written off	137,476	-	589,290	-	-	-
At 31 May	-	(137,476)	(137,476)	-	-	-
Less: Accretion of interest						
At 1 June	-	(2,299,464)	(1,507,050)	-	-	-
Reversal/(Additions) during the financial year	-	2,299,464	(793,014)	-	-	-
Assets classified as held for sale	-	-	600	-	-	-
At 31 May	-	-	(2,299,464)	-	-	-
Trade receivables, net	81,854,149	60,443,148	61,824,625	-	-	-
Amount owing by subsidiaries	-	-	-	200,952,331	213,085,085	184,184,822
Less: Accretion of interest						
At 1 June	-	-	-	(538,404)	(2,366,839)	(1,620,611)
Reversal/(Additions) during the financial year	-	-	-	538,404	1,828,435	(746,228)
At 31 May	-	-	-	-	(538,404)	(2,366,839)
Amount owing by subsidiaries, net (Note 17)	-	-	-	200,952,331	212,546,681	181,817,983
Amount owing by joint ventures (Note 18)	11,346,511	11,760,290	-	-	-	-
Non-trade receivables	40,357,674	21,956,738	15,148,771	6,785,922	6,766,182	-
Prepayments	6,170,343	8,193,183	6,252,717	237,637	241,994	204,928
Deposits	7,004,494	8,017,932	15,133,441	16,200	16,000	1,000
Goods and services tax recoverable	1,050,303	1,363,066	1,614,553	8,543	-	-
Advances to subcontractors	25,329,270	27,073,845	11,729,957	-	-	-
	91,258,595	78,365,054	49,879,439	208,000,633	219,570,857	182,023,911
Less: Impairment loss						
At 1 June	(6,750,000)	(614,402)	(614,402)	(6,750,000)	-	-
Additions during the financial year	(153,333)	(6,750,000)	-	-	(6,750,000)	-
Recovered	-	614,402	-	-	-	-
At 31 May	(6,903,333)	(6,750,000)	(614,402)	(6,750,000)	(6,750,000)	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

16. TRADE AND NON-TRADE RECEIVABLES (CONT'D)

	The Group			The Company		
	31.5.2019 RM	31.5.2018 RM	1.6.2017 RM	31.5.2019 RM	31.5.2018 RM	1.6.2017 RM
Less: Accretion of interest						
At 1 June	(414,801)	(286,271)	(255,056)	-	-	-
Reversal/(Additions) during the financial year	57,074	(128,530)	(31,215)	-	-	-
At 31 May	(357,727)	(414,801)	(286,271)	-	-	-
Non-trade receivables, net	83,997,535	71,200,253	48,978,766	201,250,633	212,820,857	182,023,911
Trade and non-trade receivables	165,851,684	131,643,401	110,803,391	201,250,633	212,820,857	182,023,911

The maturities of trade and non-trade receivables are as follows:

	The Group			The Company		
	31.5.2019 RM	31.5.2018 RM	1.6.2017 RM	31.5.2019 RM	31.5.2018 RM	1.6.2017 RM
Current asset:						
Receivables within one year	163,189,916	129,216,117	108,210,163	120,205,985	107,887,893	80,298,627
Non-current asset:						
Receivables more than one year but less than five years	2,661,768	2,427,284	2,593,228	81,044,648	104,932,964	101,725,284
	165,851,684	131,643,401	110,803,391	201,250,633	212,820,857	182,023,911

(a) The Group's normal trade credit terms range from 30 to 90 (31.5.2018 - 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

(b) Included in non-trade receivables of the Group is an amount owing by a party related to a director of the Company. Balances as at end of the reporting period are as follows:

	The Group		
	31.5.2019 RM	31.5.2018 RM	1.6.2017 RM
Party related to Tan Sri Dato' Kok Onn:			
- Kok Khim Boon (brother)	2,110,829	1,802,639	-

(c) The advances to subcontractors are unsecured and interest-free. The amount owing will be offset against future workdone from the subcontractors.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

17. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company		
	31.5.2019	31.5.2018	1.6.2017
Amount owing by subsidiaries (Note 16):	RM	RM	RM
Current			
Trade balances	7,527,129	7,183,918	3,645,284
Non-trade balances	112,380,554	100,429,799	76,447,415
	119,907,683	107,613,717	80,092,699
Non-current			
Non-trade balances	81,044,648	105,471,368	104,092,123
Less: Accretion of interest	-	(538,404)	(2,366,839)
	81,044,648	104,932,964	101,725,284
	200,952,331	212,546,681	181,817,983
Amount owing to a subsidiary (Note 31):			
Current			
Non-trade balances	-	-	(50,000)

The trade balances are subject to the normal trade credit terms ranging from 30 to 90 (31.5.2018 - 30 to 90) days. The amounts owing are to be settled in cash.

The non-trade balances represent unsecured advances and payments made on behalf which are non-interest bearing except for interest bearing balances of RM123,400,093 (31.5.2018 - RM118,135,151) at interest rate of 5% (31.5.2018 - 5%) per annum. The amounts are repayable on demand or not more than 6 years and to be settled in cash.

18. AMOUNT OWING BY JOINT VENTURES

	The Group		
	31.5.2019	31.5.2018	1.6.2017
Amount owing by joint ventures (Note 16):	RM	RM	RM
Current			
Non-trade balances	11,346,511	11,760,290	-

The amount owing by joint ventures represent unsecured interest-free advances and payments made on behalf which are repayable on demand. The amount owing is to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

19. CONTRACT ASSETS/(CONTRACT LIABILITIES)

	The Group		
	31.5.2019	31.5.2018	1.6.2017
Contract Assets	RM	RM	RM
Contract assets relating to:-			
- construction	159,788,123	59,136,875	42,804,490
- property development	55,510,009	16,282,358	57,026,343
	215,298,132	75,419,233	99,830,833
Contract Liabilities			
Contract liabilities relating to:-			
- construction	(35,909,492)	(46,143,511)	(46,766,574)
- property development	(36,874,472)	(28,823,084)	(46,896,101)
	(72,783,964)	(74,966,595)	(93,662,675)

(a) Contract assets and contract liabilities from construction

The contract assets primarily relate to the Group's right to consideration for construction work completed on construction contracts but not yet billed to customers as at the reporting date. The amount will be invoiced within 3 to 6 (31.5.2018 - 3 to 9) months.

The contract assets/(liabilities) were presented as 'amount owing by/(to) contract customers' (Note 20) in the previous financial year.

The contract liabilities were presented as part of non-trade payable as 'advances from customers' in the previous financial year.

Included in the contract assets are retention sum receivables totalling RM28,824,555 (31.5.2018 - RM10,252,174). The retention sums are expected to be collected within the periods ranging from 12 to 36 (31.5.2018 - 12 to 36) months.

(b) Contract assets and contract liabilities from property development

The contract assets represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts. The amount will be invoiced within 1 to 3 (31.5.2018 - 1 to 3) months.

The contract assets were presented as part of trade receivables as 'accrued billings on contracts for property development costs' in the previous financial year.

The contract liabilities were presented as part of trade payables as 'progress billings on contract for property development costs' in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

19. CONTRACT ASSETS/(CONTRACT LIABILITIES) (CONT'D)

(c) The changes to contract asset and contract liability balances during the financial year are summarised below:-

	The Group	
	2019	2018
	RM	RM
At 1 June	452,638	6,168,158
Revenue recognised in profit or loss during the financial year	664,152,121	571,662,833
Billings to customers during the financial year	(522,090,591)	(577,378,353)
At 31 May	142,514,168	452,638
Represented by:		
Contract assets	215,298,132	75,419,233
Contract liabilities	(72,783,964)	(74,966,595)
	142,514,168	452,638

(d) As at the end of the reporting period, the transaction price allocated to the unsatisfied or partially unsatisfied performance obligations of long term contracts is RM1,157,625,322 (2018 - RM1,439,655,344). These remaining performance obligations are expected to be recognised as below:-

	The Group	
	2019	2018
Within 1 year	774,897,967	420,639,540
Between 1 to 5 years	382,727,355	1,019,015,804
	1,157,625,322	1,439,655,344

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

20. SHORT TERM FUNDS

	The Group			The Company		
	31.5.2019 RM	31.5.2018 RM	1.6.2017 RM	31.5.2019 RM	31.5.2018 RM	1.6.2017 RM
Money market fund, at fair value	33,130,408	54,367,780	59,434,935	1,854,695	1,012,489	21,187,723

Short term funds represent investment in trust funds managed by licensed investment management companies, which are tax exempt, fixed deposit linked and allow prompt redemption at any time.

21. DEPOSITS WITH LICENSED BANKS

	The Group			The Company		
	31.5.2019 RM	31.5.2018 RM	1.6.2017 RM	31.5.2019 RM	31.5.2018 RM	1.6.2017 RM
Deposits with licensed banks	98,414,401	92,542,024	87,908,616	11,671,692	13,629,330	22,010,349

(a) The deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 2.00% to 7.00% (31.5.2018 - 2.00% to 5.75%) per annum and 2.55% to 2.80% (31.5.2018 - 2.55% to 3.68%) per annum respectively. The deposits have maturity periods ranging from 1 to 12 (31.5.2018 - 1 to 12) months.

(b) Included in the deposits with licensed banks of the Group and of the Company at the end of the reporting period was an amount of RM68,376,978 and RM11,671,692 (31.5.2018 - RM60,536,580 and RM11,345,768) which has been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 27 to the financial statements.

22. CASH AND BANK BALANCES

	The Group			The Company		
	31.5.2019 RM	31.5.2018 RM	1.6.2017 RM	31.5.2019 RM	31.5.2018 RM	1.6.2017 RM
Cash and bank balances	85,330,295	131,016,957	114,571,701	4,559,788	25,666,610	7,250,506

Included in the cash and bank balances of the Group is an amount of RM30,031,962 (31.5.2018 - RM31,336,653) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and which is restricted from use in other operations.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

23. ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE

In the previous financial year, the Group disposed of its Plantation Division. 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.

In the financial year ended 2017, the assets and liabilities of the Plantation Division had 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 deemed completed in the previous financial year and the details are disclosed in Note 44 to the financial statements.

The assets and liabilities classified as held for sale are as follows:-

	The Group		
	31.5.2019 RM	**31.5.2018 RM**	**1.6.2017 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 THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

24. SHARE CAPITAL

	The Group/The Company			
	2019	2018	2019	2018
	Number of shares		RM	RM
Issued and fully paid-up:-				
At 1 June	661,720,995	654,953,945	338,380,295	331,678,178
Issuance of shares pursuant to:				
- exercise of ESOS	-	6,767,000	-	6,702,064
- conversion of warrant exercised	-	50	-	53
At 31 May	661,720,995	661,720,995	338,380,295	338,380,295

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

25. RESERVES

	The Group			The Company		
	31.5.2019	31.5.2018	1.6.2017	31.5.2019	31.5.2018	1.6.2017
	RM	RM	RM	RM	RM	RM
Non-distributable						
Capital reserves (Note 25(a))	1,346,681	1,346,681	1,346,681	-	-	-
Foreign exchange translation reserves (Note 25(b))	(2,531,533)	(4,282,396)	1,772,253	-	-	-
Share option reserves (Note 25(c))	4,454,730	3,720,867	742,977	4,454,730	3,720,867	742,977
	3,269,878	785,152	3,861,911	4,454,730	3,720,867	742,977
Distributable						
Retained profits	392,185,709	367,649,174	288,080,840	22,144,678	28,887,539	25,541,197
	395,455,587	368,434,326	291,942,751	26,599,408	32,608,406	26,284,174

(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) Foreign exchange translation reserves

The foreign exchange translation reserves arose from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from the Group's presentation currency.

(c) Share option reserves

The 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

25. RESERVES (CONT'D)

(c) Share option reserves (Cont'd)

The 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.

(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%
15,201,200	-	25%	25%	25%	25%

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

25. RESERVES (CONT'D)

(c) Share option reserves (Cont'd)

The option price and the details in the movement of the share options are as follows:-

Exercise price (RM)	Date of offer	As at 1 June	Granted	Exercised	Lapsed	As at 31 May	Exercisable as at 31 May
		← No. of options over ordinary shares →					
2019							
0.86	16.12.2016	67,372,700	-	-	(7,286,900)	60,085,800	30,680,400
1.03	5.1.2018	14,933,300	-	-	(1,729,700)	13,203,600	6,601,800
		82,306,000	-	-	(9,016,600)	73,289,400	37,282,200
2018							
0.86	16.12.2016	76,942,600	-	(6,749,000)	(2,820,900)	67,372,700	16,204,400
1.03	5.1.2018	-	15,201,200	(18,000)	(249,900)	14,933,300	3,532,400
		76,942,600	15,201,200	(6,767,000)	(3,070,800)	82,306,000	19,736,800

No person to whom the share option has been granted above has any right to participate by virtue of the option in any share issue of the any other company.

The options which lapsed during the financial year were due to resignations of employees.

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:-

	The Group/The Company			
	First Grant		Second Grant	
	Tranche 3 2019	Tranche 2 2018	Tranche 2 2019	Tranche 1 2018
Fair value of share options at the grant date (RM)	0.06	0.28	0.03	0.14
Weighted average ordinary share price (RM)	0.55	1.14	0.53	1.14
Exercise price of share option (RM)	0.86	0.86	1.03	1.03
Expected volatility (%)	38.39	6.13	38.39	6.16
Expected life (years)	3	4	3	4
Risk free rate (%)	3.84	3.86	3.84	3.82
Expected dividend yield (%)	5.78	2.81	6.21	2.83

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

26. 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	
	2019	2018
	RM	RM
At 1 June	4,324,051	8,002,950
Acquisition of a subsidiary	-	45,781
Share of results attributable to non-controlling interests	184,759	(439,040)
Changes in ownership interest in a subsidiary (effects of change in stake)	-	(3,285,640)
At 31 May	4,508,810	4,324,051

27. BANK BORROWINGS

	The Group			The Company		
	31.5.2019	31.5.2018	1.6.2017	31.5.2019	31.5.2018	1.6.2017
Current	RM	RM	RM	RM	RM	RM
Secured:						
Bank overdrafts (Note 46(c))	22,903,316	8,326,437	7,521,756	-	-	-
Bankers' acceptances	-	-	4,693,000	-	-	-
Revolving credits	72,700,000	34,999,000	15,200,000	5,500,000	-	-
Trust receipts	-	169,000	-	-	-	-
Term loans (Note 28)	66,180,667	9,000,225	17,518,105	-	-	-
Hire purchase payables (Note 29)	6,659,615	11,060,277	3,837,997	-	-	-
	168,443,598	63,554,939	48,770,858	5,500,000	-	-
Non-current						
Secured:						
Term loans (Note 28)	178,555,751	201,341,561	136,690,551	-	-	-
Hire purchase payables (Note 29)	13,265,546	18,514,514	7,128,744	-	-	-
	191,821,297	219,856,075	143,819,295	-	-	-
Total bank borrowings	360,264,895	283,411,014	192,590,153	5,500,000	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

27. BANK BORROWINGS (CONT'D)

The effective interest rates at the end of the reporting period for borrowings which bore interest at floating rates, were as follows:-

	The Group			The Company		
	31.5.2019	31.5.2018	1.6.2017	31.5.2019	31.5.2018	1.6.2017
	%	%	%	%	%	%
Bank overdrafts	5.16-7.82	6.69	7.71	-	-	-
Bankers' acceptances	-	-	4.47-4.48	-	-	-
Revolving credits	4.52-6.69	4.77-6.69	4.51-5.78	4.87	-	-
Trust receipts	-	7.95	-	-	-	-

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 21 to the financial statements.

28. TERM LOANS

	The Group		
	31.5.2019	31.5.2018	1.6.2017
	RM	RM	RM
Current liabilities (Note 27)	66,180,667	9,000,225	17,518,105
Non-current liabilities (Note 27)	178,555,751	201,341,561	136,690,551
Total term loans	244,736,418	210,341,786	154,208,656

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

28. TERM LOANS (CONT'D)

Details of the term loans outstanding at the end of the reporting period are as follows:-

	The Group					
	Effective Interest Rate					
	31.5.2019	31.5.2018	1.6.2017	31.5.2019	31.5.2018	1.6.2017
Term Loan	%	%	%	RM	RM	RM
I	5.72%	5.97%	5.72%	16,087,500	19,800,000	19,800,000
II	7.25%	7.35%	7.25%	2,860,061	2,976,984	3,221,273
III	-	6.97%	6.72%	-	304,089	978,396
IV	5.16%	5.16%	5.16%	70,000,000	70,000,000	70,000,000
V	5.43%	5.43%	-	7,530,579	2,513,294	-
VI	5.78%	5.78%	-	12,134,564	8,396,639	-
VII	5.78%	5.78%	-	21,926,775	8,845,825	-
VIII	5.38%	-	-	19,000,000	-	-
IX	4.62%	4.87%	4.62%	680,581	755,821	871,987
X	5.47%	5.47%	-	44,999,968	44,999,969	-
XI	5.42%	4.46%	4.46%	5,475,090	7,492,920	10,524,481
XII	12.50%	12.50%	12.50%	44,041,300	44,256,245	29,421,894
XIII	-	-	5.52%	-	-	5,880
XIV	-	-	7.90%	-	-	6,632,415
XV	-	-	8.33%	-	-	899,830
XVI	-	-	8.33%	-	-	2,100,000
XVII	-	-	5.12%	-	-	9,752,500
				244,736,418	210,341,786	154,208,656

(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 commencing on September 2018, 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 11(b) to the financial statements; and

(ii) a corporate guarantee of the Company.

(b) Term loan II has a tenure of 14 years and is repayable by redemption of units sold or 179 monthly instalments of RM27,917 each commencing on November 2017, 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 as disclosed in Note 11(c) to the financial statements;

(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.

NOTES TO THE FINANCIAL STATEMENTS
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28. TERM LOANS (CONT'D)

(c) Term loan III 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 11(a) to the financial statements; and

(ii) a corporate guarantee of the Company.

The term loan was fully repaid during the financial year.

(d) Term loan IV 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 December 2019, whichever is earlier.

Term loan V has a tenure of 84 months and is repayable by 47 monthly principal payments of RM230,000 each with one final month's principal repayment of RM190,000 commencing on November 2020.

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 11(b) to the financial statements; and

(ii) a corporate guarantee of the Company.

(e) Term loan VI has a tenure of 3.5 years and is repayable by redemption of units sold or by way of 17 monthly instalments of RM1,110,000 each and a final instalment of RM1,130,000 commencing on April 2020, whichever is earlier.

The term loan VII has a tenure of 3.5 years and is repayable by redemption of units sold or by way of 17 monthly instalments of RM1,940,000 each and a final instalment of RM2,020,000 commencing on November 2019, whichever is earlier.

The term loans are 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

28. TERM LOANS (CONT'D)

(f) Term loan VIII has a tenure of 7 years and is repayable by redemption of units sold or by way of 59 monthly instalments of RM316,600 each and a final instalment of RM320,600 commencing on November 2020, whichever is earlier. The term loan is secured by:-

(i) a third party legal charge on the leasehold land which is included in the property development costs of a subsidiary as disclosed in Note 11(b) to the financial statements; and

(ii) a corporate guarantee of the Company.

(g) Term loan IX 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 all directors of a subsidiary; and

(iii) a corporate guarantee of the Company.

(h) Term loan X has a tenure of 6 years and is repayable by 48 monthly instalments of RM937,500 commencing on August 2019. 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 10 to the financial statements;

(ii) a corporate guarantee of the Company; and

(iii) a debenture over the assets financed under the term loan.

(i) Term loan XI 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 24 quarterly instalments of USD145,834 each commencing on October 2015. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

28. TERM LOANS (CONT'D)

(j) Term loan XII has a tenure of 120 months and is repayable in 32 quarterly step up principal instalments commencing on April 2018 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.

(k) Term loan XIII, XIV, XV, XVI and XVII were fully repaid in the previous financial year.

29. HIRE PURCHASE PAYABLES

		The Group	
	31.5.2019 RM	31.5.2018 RM	1.6.2017 RM
Minimum hire purchase payments:			
- not later than one year	7,665,566	12,528,617	4,423,676
- later than one year and not later than five years	14,157,416	20,131,483	3,738,176
- later than five years	68,888	206,650	3,985,815
	21,891,870	32,866,750	12,147,667
Less: Future finance charges	(1,966,709)	(3,291,959)	(1,180,926)
Present value of hire purchase payables	19,925,161	29,574,791	10,966,741
Analysed by:-			
Current liabilities (Note 27)	6,659,615	11,060,277	3,837,997
Non-current liabilities (Note 27)	13,265,546	18,514,514	7,128,744
	19,925,161	29,574,791	10,966,741

The hire purchase payables at the end of the reporting period bore effective interest rates ranging from 4.35% to 7.07% (31.5.2018 - 4.46% to 7.07%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

30. DEFINED BENEFIT OBLIGATIONS

Foreign subsidiaries in Indonesia operate an unfunded defined benefit obligations for its eligible employees in accordance with Republic of Indonesia Labour Law.

Movement in the net liability recognised in the statements of financial position:-

	The Group	
	2019 RM	2018 RM
At 1 June	2,507,459	2,038,569
Benefits paid for unfunded plans	(92,966)	(92,511)
Expense recognised in profit or loss (Note 37)	407,737	394,645
Actuarial (gain)/loss recognised in other comprehensive income	(318,608)	425,279
Foreign exchange difference	70,031	(258,523)
At 31 May	2,573,653	2,507,459

The expenses recognised in profit or loss were analysed as follows:-

	The Group	
	2019 RM	2018 RM
Service cost	219,678	251,278
Interest cost	188,059	143,367
Total cost incurred during the financial year	407,737	394,645

The principal actuarial assumptions used in respect of the Group's unfunded defined benefit plan were as follows:-

	The Group	
	2019	2018
Normal retirement age	55 years	55 years
Future salary increment rate	9% p.a.	9% p.a.
Discount rate	8.50% p.a.	7.50% p.a.

31. TRADE AND NON-TRADE PAYABLES

	The Group			The Company		
	31.5.2019 RM	31.5.2018 RM	1.6.2017 RM	31.5.2019 RM	31.5.2018 RM	1.6.2017 RM
Trade payables	43,692,439	49,001,151	29,469,787	-	-	-
Retention payable	49,768,658	38,173,310	42,517,619	-	-	-
Accrued subcontractor work and materials	103,534,866	80,483,381	49,521,658	-	-	-
Less: Accretion of interest						
At 1 June	-	(3,074,789)	(3,262,261)	-	-	-
Reversal during the financial year	-	3,074,789	187,472	-	-	-
At 31 May	-	-	(3,074,789)	-	-	-
Trade payables, net	196,995,963	167,657,842	118,434,275	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

31. TRADE AND NON-TRADE PAYABLES (CONT'D)

	The Group			The Company		
	31.5.2019 RM	31.5.2018 RM	1.6.2017 RM	31.5.2019 RM	31.5.2018 RM	1.6.2017 RM
Non-trade payables	136,929,363	128,863,041	8,201,828	21,483	20,245	55,272
Land proprietor's entitlement	219,631,301	263,324,477	282,902,879	-	-	-
Other accruals	47,281,154	61,858,973	79,555,006	352,490	479,250	575,466
Deposits	788,860	611,006	655,686	-	-	-
Amount owing to a director (Note 31(b))	651,783	951,783	1,251,783	-	-	-
Amount owing to a subsidiary (Note 17)	-	-	-	-	-	50,000
Goods and service tax payables	-	433,755	5,264,231	-	198,991	150,524
Sales and service tax payables	24,437	-	-	-	-	-
	405,306,898	456,043,035	377,831,413	373,973	698,486	831,262
Less: Accretion of interest						
At 1 June	(379,251)	(363,438)	(502,698)	-	-	-
Reversal/(Addition):						
- amount owing to a director	155,274	(15,813)	(16,777)	-	-	-
- non-trade payables	-	-	165,854	-	-	-
- foreign exchange difference	-	-	(9,817)	-	-	-
At 31 May	(223,977)	(379,251)	(363,438)	-	-	-
Non-trade payables, net	405,082,921	455,663,784	377,467,975	373,973	698,486	831,262
Trade and non-trade payables	602,078,884	623,321,626	495,902,250	373,973	698,486	831,262

The maturities of trade and non-trade payables are as follows:

	The Group			The Company		
	31.5.2019	31.5.2018	1.6.2017	31.5.2019	31.5.2018	1.6.2017
Current liability:	RM	RM	RM	RM	RM	RM
Payables within one year	402,278,007	350,655,509	252,348,132	373,973	698,486	831,262
Non-current liability:						
Payables more than one year and less than five years	199,800,877	272,666,117	243,554,118	-	-	-
	602,078,884	623,321,626	495,902,250	373,973	698,486	831,262

(a) Included in trade and non-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		
	31.5.2019	31.5.2018	1.6.2017
Parties related to	RM	RM	RM
Tan Sri Dato' Kok Onn:			
- Kok Khim Boon (brother)	1,612,592	999,664	529,931
- Datapuri Sdn Bhd (nephew is a director of the Company)	-	-	2,193,463
- Jawira Sdn Bhd (connected person)	-	-	203,962
- M Pro Garage Auto Specialist (connected person)	407	1,099	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

31. TRADE AND NON-TRADE PAYABLES (CONT'D)

(b) Amount owing to Raja Zainal Abidin Bin Raja Hussin, a director of a subsidiary, is unsecured, interest free and repayable within the next four years.

(c) The normal trade credit terms granted to the Group range from 30 to 90 (31.5.2018 - 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

32. NET ASSETS PER ORDINARY SHARE

The net assets per ordinary share is calculated based on the net assets value of RM733,835,882 (31.5.2018 - RM706,814,621) attributable to ordinary shares divided by the number of ordinary shares in issue at the end of the reporting period of 661,720,995 (31.5.2018 - 661,720,995) shares.

33. REVENUE

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Revenue from Contracts with Customers				
Construction contracts	479,235,027	377,842,958	-	-
Property development	184,917,094	193,819,875	-	-
Water concession	23,228,318	22,813,726	-	-
	687,380,439	594,476,559	-	-
Revenue from Other Sources				
Dividend income	-	-	16,000,000	32,200,000
Management fees	289,500	294,000	8,490,000	8,706,000
Rental income	22,971	-	-	-
	312,471	294,000	24,490,000	40,906,000
	687,692,910	594,770,559	24,490,000	40,906,000

The information on the disaggregation of revenue is disclosed in Note 48 to financial statements.

34. 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	
	2019 RM	2018 RM
Depreciation of property, plant and equipment (Note 9)	17,247,490	16,654,021
Employee benefits (Note 37)	43,754,342	46,942,505
Hire of plant and machinery	480	44,457
Interest expense	1,867,452	1,822,104
Rental of land and premises	1,426,517	1,579,650

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

35. OTHER INCOME

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Administrative fees	104,563	89,799	-	-
Accretion of interest on:				
- amount owing to a director	-	15,813	-	-
- amount owing by subsidiaries	-	-	538,404	1,828,435
- trade and non-trade receivables	57,074	2,170,934	-	-
Bad debts recovered	-	614,402	-	-
Dividend received from short term funds	1,884,896	2,260,769	375,185	456,102
Fair value gain on short term funds	274,590	158,609	67,709	22,166
Gain on disposal of property, plant and equipment	2,001,100	904,013	-	-
Interest income	4,690,086	5,244,473	5,887,282	5,565,760
Miscellaneous income	2,319,559	1,964,680	10,629	30,523
Rental income	3,375,849	2,613,496	-	-
Sales of car park	-	3,000	-	-
Sales of scrap iron	398,939	1,238,526	-	-
Unrealised gain on foreign exchange	720,951	-	-	-
Waiver of liability	-	35,581	-	-
	15,827,607	17,314,095	6,879,209	7,902,986

36. PROFIT BEFORE TAXATION

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Profit before taxation is arrived:-				
After charging/(crediting):-				
Accretion of interest on:				
- amount owing to a director	155,274	-	-	-
- trade and non-trade payables	-	3,074,789	-	-
Auditors' remuneration:				
- auditors of the Company	422,000	452,600	87,000	101,600
- other auditors	148,076	162,924	-	-
Bad debts written off	47,974	59,290	-	4,959,100
Concesssion assets written off	-	7,337	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

36. PROFIT BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Profit before taxation is arrived (Cont'd):-				
After charging/(crediting) (Cont'd):-				
Depreciation of:				
- concession assets (Note 8)	2,514,282	2,715,612	-	-
- property, plant and equipment (Note 9)	2,516,492	2,965,482	60,257	48,256
- investment properties (Note 10)	876,490	732,023	-	-
Employee benefits (Note 37)	26,128,744	31,802,828	7,900,872	7,285,344
Fair value loss on:				
- short term funds	-	-	-	11,776
- quoted investment	4,800,000	-	4,800,000	-
Impairment/(Reversal) loss on:				
- assets held for sale	-	(1,211,210)	-	-
- goodwill (Note 13)	5,889	-	-	-
- inventories	-	2,540,272	-	-
- investment properties	-	1,197,000	-	-
- investment in subsidiaries	-	-	-	(2,859,537)
- trade and non-trade receivables	153,333	6,750,000	-	6,750,000
Inventories written off	-	128	-	-
Loss on disposal of concession assets	-	97,494	-	-
Loss on disposal of a subsidiary	-	1,304,255	-	2,819,509
Property, plant and equipment written off	169,311	45,927	11,389	-
Realised loss on foreign exchange	161,325	383,755	201,109	1,013
Unrealised loss on foreign exchange	-	3,941,427	582,506	2,506,367

37. EMPLOYEE BENEFITS

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Salaries and other benefits	63,913,141	69,231,254	7,126,439	7,161,084
Contributions to:				
- defined contribution plan	4,756,966	4,736,928	595,668	595,203
- defined benefit obligations (Note 30)	407,737	394,645	-	-
- share option expenses	805,242	4,382,506	805,242	1,016,764
- share option expenses charged to subsidiaries	-	-	(626,477)	(1,487,707)
	69,883,086	78,745,333	7,900,872	7,285,344

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

37. Employee Benefits (Cont'd)

Employee benefits are allocated as follows:-

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Cost of sales (Note 34)	43,754,342	46,942,505	-	-
Administrative expenses (Note 36)	26,128,744	31,802,828	7,900,872	7,285,344
	69,883,086	78,745,333	7,900,872	7,285,344

Included in employee benefits of the Group and of the Company are executive directors' remuneration amounting to RM8,548,568 (2018 - RM11,434,478) and RM2,177,705 (2018 - RM2,730,455) respectively as further disclosed in Note 38 to the financial statements.

38. Directors' Remuneration And Key Management Personnel Compensation

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Directors of the Company				
Executive:-				
Salaries and other emoluments	2,031,911	2,273,403	2,031,911	2,273,403
Defined contribution plan	63,180	71,520	63,180	71,520
Share option expenses	82,614	385,532	82,614	385,532
	2,177,705	2,730,455	2,177,705	2,730,455
Non-executive:-				
Director fees	240,000	243,000	240,000	243,000
Other emoluments	90,000	97,000	90,000	97,000
Share option expenses	11,178	52,164	11,178	52,164
	341,178	392,164	341,178	392,164
	2,518,883	3,122,619	2,518,883	3,122,619
Directors of the subsidiaries				
Executive:-				
Salaries and other emoluments	5,380,156	6,297,129	-	-
Director fees	183,479	178,134	-	-
Defined contribution plan	459,762	561,458	-	-
Share option expenses	347,466	1,667,302	-	-
	6,370,863	8,704,023	-	-
Total directors' remuneration	8,889,746	11,826,642	2,518,883	3,122,619
Benefits-in-kind	487,324	429,869	238,813	110,526
Total directors' remuneration including benefits-in-kind	9,377,070	12,256,511	2,757,696	3,233,145

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

38. Directors' Remuneration And Key Management Personnel Compensation (Cont'd)

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Key Management Personnel				
Salaries and other emoluments	3,950,143	4,426,967	1,341,892	1,535,386
Defined contribution plan	440,927	524,984	148,252	180,637
Share option expenses	184,635	1,041,446	106,089	350,154
	4,575,705	5,993,397	1,596,233	2,066,177
Benefits-in-kind	111,892	127,685	52,381	41,650
Total key management personnel compensation including benefits-in-kind	4,687,597	6,121,082	1,648,614	2,107,827

39. Finance Costs

	The Group		The Group	
	2019	2018	2019	2018
	RM	RM	RM	RM
Bank borrowing interest	4,680,723	1,607,947	63,000	-
Hire purchase interest	192,439	216,200	-	-
	4,873,162	1,824,147	63,000	-

40. Income Tax Expense

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Income tax expense on:				
- continuing operations	27,581,655	35,547,334	2,217,204	1,574,416
- discontinued operations	-	-	-	-
Total income tax expense	27,581,655	35,547,334	2,217,204	1,574,416

Major components of income tax expense include:-

Income tax:				
- Malaysian income tax	22,216,019	44,733,400	1,376,018	1,389,205
- Foreign tax	2,461,678	2,090,601	-	-
	24,677,697	46,824,001	1,376,018	1,389,205
Underprovision in the previous financial year				
- Malaysian income tax	5,538,284	467,171	841,186	185,211
	30,215,981	47,291,172	2,217,204	1,574,416

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

40. INCOME TAX EXPENSE (CONT'D)

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Deferred taxation (Note 14):				
- for the financial year	(1,543,836)	(10,789,768)	-	-
- overprovision in the previous financial year	(1,090,490)	(954,070)	-	-
	(2,634,326)	(11,743,838)	-	-
	27,581,655	35,547,334	2,217,204	1,574,416

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	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit before tax:				
- continuing operations	71,722,593	134,102,481	15,254,594	24,153,795
- discontinued operations	-	(155,467)	-	-
	71,722,593	133,947,014	15,254,594	24,153,795
Tax at Malaysian tax rate of 24%	17,213,422	32,147,283	3,661,103	5,796,911
Non-deductible expenses	5,875,827	6,349,216	1,598,324	3,608,095
Non-taxable income	(776,996)	(2,444,114)	(3,756,192)	(7,570,986)
Deferred tax assets not recognised	1,046,052	206,033	-	-
Share of results of joint ventures	(224,444)	(224,185)	-	-
Utilisation of deferred tax assets previously not recognised	-	-	(127,217)	(444,815)
	23,133,861	36,034,233	1,376,018	1,389,205
Underprovision of income tax in prior year	5,538,284	467,171	841,186	185,211
Overprovision of deferred tax in prior year	(1,090,490)	(954,070)	-	-
Income tax expense for the financial year	27,581,655	35,547,334	2,217,204	1,574,416

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018 - 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

41. LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS

An analysis of the results of the discontinued operations is as follows:-

	The Group	
	2019 RM	2018 RM
Revenue	-	235,482
Cost of sales	-	(163,255)
Gross profit	-	72,227
Administrative expenses	-	(152,519)
Depreciation and amortisation	-	-
Operating expenses	-	(74,656)
Impairment loss on assets held for sale	-	-
Loss from operations	-	(154,948)
Finance costs	-	(519)
Loss before taxation	-	(155,467)
Income tax expense	-	-
Loss after taxation from discontinued operations	-	(155,467)

Included in loss before taxation from the discontinued operations are the following:-

	The Group	
	2019 RM	2018 RM
Director's remuneration	-	88,026
Staff costs	-	64,493

42. EARNINGS PER SHARE

	The Group	
	2019	2018
Profit after tax attributable to owners of the Company (RM)		
- from continuing operations	44,060,771	98,542,424
- from discontinued operations	-	(155,467)
	44,060,771	98,386,957
Weighted average number of ordinary shares during the year	661,720,995	658,850,583
Basic earnings per ordinary share (sen)		
- from continuing operations	6.66	14.96
- from discontinued operations	-	(0.02)

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 THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

42. EARNINGS PER SHARE (CONT'D)

	The Group	
	2019	2018
Profit after tax attributable to owners of the Company (RM):		
- from continuing operations	44,060,771	98,542,424
- from discontinued operations	-	(155,467)
	44,060,771	98,386,957
Weighted average number of ordinary shares during the year	661,720,995	658,850,583
Effect of dilution:		
- exercise of Warrants 2016/2021	-	10,767,246
- exercise of ESOS	-	16,204,708
Weighted average number of ordinary shares during the year	661,720,995	685,822,537
Diluted earnings per share (sen):		
- from continuing operations	6.66	14.37
- from discontinued operations	-	(0.02)

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. For the current financial year, the unexercised warrants and ESOS have no dilutive effect on the earnings per share as the exercise price is higher than the market price per ordinary share.

There have been no other transactions involving ordinary shares between the reporting date and the date of completion of these financial statements except for the following:-

(a) The allotment of 66,172,000 new ordinary shares at an issue price of RM0.77 per ordinary share pursuant to a private placement; and

(b) Issuance of 168,000 ordinary shares (2018 - Nil) for a total cash consideration of RM144,480 pursuant to the exercise of ESOS.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

43. ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

43.1 Acquisition of Subsidiaries

(a) On 28 August 2018, the Company's wholly-owned subsidiary, Gadang Land Sdn Bhd acquired 2 ordinary shares, representing 100% of the total issued capital of Special Courtyard Sdn Bhd ("Special Courtyard") for a total cash consideration of RM2. As a result of the acquisition, Special Courtyard became an indirect wholly-owned subsidiary of the Company. The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:-

	The Group 2019 RM
Cash in hand	2
Other payables	(5,889)
Net identifiable assets acquired	(5,887)
Add: Goodwill on acquisition (Note 13)	5,889
Total purchase consideration, to be settled by cash	2

(b) 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.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:-

	The Group 2018 RM
Concession assets	91,160
Cash and bank balances	200,035
Other payables	(138,590)
Net identifiable assets acquired	152,605
Less: Non-controlling interests	(45,781)
Add: Goodwill on acquisition (Note 13)	33,175
Total purchase consideration, to be settled by cash	139,999
Less: Cash and bank balances of a subsidiary acquired	(200,035)
Net cash inflow from the acquisition of a subsidiary	(60,036)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

43. ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS (CONT'D)

43.2 Acquisition of Non-Controlling Interests

On 16 April 2018, the Company acquired the remaining 49% equity interest in Datapuri Sdn Bhd ("Datapuri") comprising 980,000 ordinary shares from Exclusive Acres Sdn Bhd for a cash consideration of RM2,500,000. The Group recognised a decrease in non-controlling interests of RM3,285,640 and a decrease in retained profits of RM785,640.

The following summarises the effect of changes in the equity interests in Datapuri that is attributable to the owners of the Company:-

	The Group 2018 RM
Equity interest at 1 June	3,163,680
Effect of increase in the Company's ownership interest	(3,285,640)
Share of post acquisition profits	121,960
Equity interest at 31 May	-

44. DISPOSAL OF A SUBSIDIARY

In the previous financial year, the Group disposed of its wholly owned subsidiary, Desiran Impian Sdn Bhd which formed part of the Plantation Division. The Group ceased control of the subsidiary upon the deemed completed disposal on 27 November 2017.

The following summarised the major classes of consideration received, and the amounts of assets disposed of and liabilities transferred at the date of disposal:-

(a) Financial Effect Arising from Disposal

	The Group 2018 RM
Property, plant and equipment	1,036,007
Biological assets	11,804,610
Deferred tax assets	3,365,008
Inventories	113,850
Other receivables	4,174
Cash and bank balances	2,377
Other payables	(21,771)
Net assets disposed	16,304,255
Sale consideration	(15,000,000)
Loss on disposal of a subsidiary	1,304,255

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44. DISPOSAL OF A SUBSIDIARY (CONT'D)

(b) Cash Flow Arising from Disposal

	The Group 2018 RM
Sale consideration	15,000,000
Settlement by way of land	(6,750,000)
Balance of consideration	(6,750,000)
Cash and cash equivalents of subsidiary disposed of	(2,377)
Net cash inflow	1,497,623

45. DIVIDENDS

	The Company	
	2019 RM	2018 RM
First and final dividend of 3 sen per ordinary share in respect of the financial year ended 31 May 2018	19,851,630	-
First and final dividend of 3 sen per ordinary share in respect of the financial year ended 31 May 2017	-	19,758,270

The directors propose a first and final dividend of 1.2 sen per share in respect of the financial year ended 31 May 2019 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.

46. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property, plant and equipment is as follows:-

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cost of property, plant and equipment purchased	13,613,043	30,602,023	41,728	163,655
Amount financed through hire purchase	(1,663,501)	(25,796,499)	-	-
Cash disbursed for purchase of property, plant and equipment	11,949,542	4,805,524	41,728	163,655

NOTES TO THE FINANCIAL STATEMENTS
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46. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliation of liabilities arising from financing activities are as follows:-

	Revolving Credits RM	Trust Receipts RM	Hire Purchase Payables RM	Term Loans RM	Total RM
The Group					
2019					
At 1 June	34,999,000	169,000	29,574,791	210,341,786	275,084,577
Changes in Financing Cash Flows					
Proceeds from drawdown	52,200,000	-	-	63,974,819	116,174,819
New hire purchase	-	-	1,663,501	-	1,663,501
Repayment of bank borrowings	(14,499,000)	(169,000)	-	(29,224,320)	(43,892,320)
Repayment of hire purchase payables	-	-	(11,313,131)	-	(11,313,131)
Foreign exchange difference	-	-	-	(355,867)	(355,867)
Repayment of borrowing interest	(1,347,156)	(3,092)	(1,528,724)	(3,134,477)	(6,013,449)
Non-cash Changes					
Finance charges recognised in profit or loss	1,347,156	3,092	1,528,724	3,134,477	6,013,449
At 31 May	72,700,000	-	19,925,161	244,736,418	337,361,579

	Bankers' Acceptances RM	Revolving Credits RM	Trust Receipts RM	Hire Purchase Payables RM	Term Loans RM	Total RM
The Group						
2018						
At 1 June	4,693,000	15,200,000	-	10,966,741	154,208,656	185,068,397
Changes in Financing Cash Flows						
Proceeds from drawdown	-	24,799,000	169,000	-	82,786,312	107,754,312
New hire purchase	-	-	-	25,796,499	-	25,796,499
Repayment of bank borrowings	(4,693,000)	(5,000,000)	-	-	(22,297,658)	(31,990,658)
Repayment of hire purchase payables	-	-	-	(7,188,449)	-	(7,188,449)
Foreign exchange difference	-	-	-	-	(4,355,524)	(4,355,524)
Repayment of borrowing interest	-	(555,671)	-	(1,487,781)	(1,086,717)	(3,130,169)
Non-cash Changes						
Finance charges recognised in profit or loss	-	555,671	-	1,487,781	1,086,717	3,130,169
At 31 May	-	34,999,000	169,000	29,574,791	210,341,786	275,084,577

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

46. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliation of liabilities arising from financing activities are as follows (Cont'd):-

The Company	Revolving Credits RM
2019	
At 1 June	-
Changes in Financing Cash Flows	
Proceeds from drawdown	15,000,000
Repayment of bank borrowings	(9,500,000)
Repayment of borrowing interest	(63,000)
Non-cash Changes	
Finance charges recognised in profit or loss	63,000
At 31 May	5,500,000

(c) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Short term funds	33,130,408	54,367,780	1,854,695	1,012,489
Deposits with licensed banks	98,414,401	92,542,024	11,671,692	13,629,330
Cash and bank balances	85,330,295	131,016,957	4,559,788	25,666,610
Bank overdrafts (Note 27)	(22,903,316)	(8,326,437)	-	-
	193,971,788	269,600,324	18,086,175	40,308,429
Less: Fixed deposits pledged as security values (Note 21)	(68,376,978)	(60,536,580)	(11,671,692)	(11,345,768)
Cash and cash equivalents	125,594,810	209,063,744	6,414,483	28,962,661

47. 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 or common significant influence. Related parties may be individuals or other entities.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, joint ventures, key management personnel and entities within the same group of companies.

NOTES TO THE FINANCIAL STATEMENTS
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47. RELATED PARTY DISCLOSURES (CONT'D)

(a) Identities of related parties (Cont'd)

Key management personnel are defined as those having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel of the Group and of the Company include Executive Directors and Non-Executive Directors and certain members of senior management of the Group and of the Company.

(b) Related party transactions

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	
	2019	2018	2019	2018
	RM	RM	RM	RM
Subsidiaries				
Accretion of interest on amount owing by subsidiaries	-	-	538,404	1,828,435
Advances to subsidiaries	-	-	(5,630,000)	(35,917,100)
Gross dividend income	-	-	16,000,000	32,200,000
Interest income received/ receivable	-	-	5,516,671	5,235,288
Management fee received/ receivable	-	-	8,490,000	8,706,000
Payment on behalf	-	-	(358,809)	(34,858)
Rental expense - land and building	-	-	(314,849)	(305,477)
Related parties				
Subcontractor work payable to				
- Kok Khim Boon (i)	(13,898,116)	(20,931,646)	-	-
Purchase/Repair motor vehicles from				
- Jawira Sdn Bhd (ii)	-	(1,325,332)	-	-
- M Pro Garage Auto Specialist (ii)	(8,319)	(23,414)	-	-
Training fees paid or payable to a company in which a director of the Company is a member	(12,000)	(30,000)	(12,000)	(30,000)
Joint ventures				
Management fee received/ receivable	288,000	288,000	-	-
Subcontractor work received	26,716	128,155	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

47. RELATED PARTY DISCLOSURES (CONT'D)

(b) Related party transactions (Cont'd)

The above parties deemed related to the Group as follows:-

(i) Tan Sri Dato' Kok Onn's brother.

(ii) Jawira Sdn Bhd and M Pro Garage Auto Specialist are companies wholly-owned by persons connected to Tan Sri Dato' Kok Onn.

48. 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 mechanical & electrical 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 THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

48. **OPERATING SEGMENTS (CONT'D)**

The Group	Construction division RM	Property division RM	Utility division RM	Investment holding RM	Group RM
2019					
Total revenue	479,545,998	185,643,170	23,228,318	24,490,000	712,907,486
Less: Inter-segment revenue	-	(724,576)	-	(24,490,000)	(25,214,576)
Revenue from external customers	479,545,998	184,918,594	23,228,318	-	687,692,910
Represented by revenue recognised:					
- over time	479,235,027	184,917,094	-	-	664,152,121
- at a point of time	310,971	1,500	23,228,318	-	23,540,789
	479,545,998	184,918,594	23,228,318	-	687,692,910
Results					
Segment results	42,757,515	40,953,667	7,345,394	(15,396,005)	75,660,571
Finance costs	(2,752,932)	(1,716,466)	(340,764)	(63,000)	(4,873,162)
Share of results in joint ventures	935,184	-	-	-	935,184
Profit/(Loss) before taxation	40,939,767	39,237,201	7,004,630	(15,459,005)	71,722,593
Income tax expense					(27,581,655)
Profit after taxation					**44,140,938**
Non-controlling interests					**(80,167)**
Net profit attributable to owners					**44,060,771**
Segment assets	506,678,321	1,056,346,383	178,934,994	43,683,400	1,785,643,098
Segment liabilities	306,140,138	670,986,367	62,902,715	7,269,186	1,047,298,406
Other information:					
- Depreciation and amortisation	19,797,650	669,201	2,619,965	67,938	23,154,754
- Capital expenditure	13,477,416	159,191	8,826,879	267,986	22,731,472

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

48. OPERATING SEGMENTS (CONT'D)

	Continuing operations				*Discontinued operations*	
The Group	**Construction division RM**	**Property division RM**	**Utility division RM**	**Investment holding RM**	**Plantation division RM**	**Group RM**
2018						
Total revenue	378,130,958	194,537,170	22,813,726	40,906,000	235,482	636,623,336
Less: Inter-segment revenue	-	(711,295)	-	(40,906,000)	-	(41,617,295)
Revenue from external customers	378,130,958	193,825,875	22,813,726	-	235,482	595,006,041
Represented by revenue recognised:						
- over time	377,842,958	193,819,875	-	-	-	571,662,833
- at a point of time	288,000	6,000	22,813,726	-	235,482	23,343,208
	378,130,958	193,825,875	22,813,726	-	235,482	595,006,041
Results						
Segment results	83,953,924	68,217,095	464,063	(17,642,559)	(154,948)	134,837,575
Finance costs	(159,885)	(1,260,562)	(403,700)	-	(519)	(1,824,666)
Share of results in joint ventures	934,105	-	-	-	-	934,105
Profit/(Loss) before taxation	84,728,144	66,956,533	60,363	(17,642,559)	(155,467)	133,947,014
Income tax expense						(35,547,334)
Profit after taxation						**98,399,680**
Non-controlling interests						**(12,723)**
Net profit attributable to owners						**98,386,957**
Segment assets	423,294,340	1,056,223,268	172,447,847	52,466,869	-	1,704,432,324
Segment liabilities	236,188,079	691,784,364	64,070,951	1,250,258	-	993,293,652
Other information:						
- Depreciation and amortisation	19,558,097	625,785	2,835,000	48,256	-	23,067,138
- Capital expenditure	86,351,367	2,105,428	39,182,707	163,654	-	127,803,156

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

48. 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, mechanical & electrical works, property development and investment holding.

(ii) Indonesia – the operations in this area are principally water concessions and power concession.

	Total revenue from external customers	Segment assets	Capital expenditure
2019	**RM**	**RM**	**RM**
Malaysia - continuing operations	664,464,592	1,611,671,126	13,953,256
Indonesia	23,228,318	173,971,972	8,778,216
	687,692,910	1,785,643,098	22,731,472
2018			
Malaysia - continuing operations	571,956,833	1,538,145,999	88,620,449
Malaysia - discontinued operations	235,482	-	-
Indonesia	22,813,726	166,286,325	39,182,707
	595,006,041	1,704,432,324	127,803,156

The information on the disaggregation of revenue based on geographical region is summarised below:-

	At a Point of Time		Over Time		The Group	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Malaysia:	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
- continuing operations	312,471	294,000	664,152,121	571,662,833	664,464,592	571,956,833
- discontinued operations	-	235,482	-	-	-	235,482
Indonesia	23,228,318	22,813,726	-	-	23,228,318	22,813,726
	23,540,789	23,343,208	664,152,121	571,662,833	687,692,910	595,006,041

MAJOR CUSTOMERS

The following are major customers from Construction Division with revenue equal to or more than 10% of Group revenue:-

	Revenue		Segment
	2019	**2018**	
	RM	**RM**	
Customer A	299,090,282	151,665,158	Construction
Customer B	68,834,469	144,723,753	Construction
Customer C	84,963,026	-	Construction
	452,887,777	296,388,911	

NOTES TO THE FINANCIAL STATEMENTS
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49. 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	
	2019	2018
	RM	RM
United States Dollar	4.1988	3.9900
Indonesian Rupiah	0.000294	0.000286

50. 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.

50.1 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 transactions and balances that are denominated in currencies other than Ringgit Malaysia ("RM"). The currencies giving rise to this risk are primarily Indonesian Rupiah ("IDR") and United States Dollar ("USD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

As at the end of the reporting period, the Group and the Company had IDR and USD denominated net financial assets/(liabilities).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The effects to the Group's and the Company's profit after taxation and other comprehensive income if the IDR and USD had strengthened/weakened by 5% against RM are as follows:-

Foreign Currency Exposure

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Net financial (liabilities)/ assets denominated in IDR	(10,560,996)	(9,937,146)	3,198,002	335,368
Effects on Profit After Taxation/ Other Comprehensive Income				
IDR/RM				
Strengthened by 5%	(401,318)	(377,612)	121,524	12,744
Weakened by 5%	401,318	377,612	(121,524)	(12,744)

	The Group	
	2019 RM	2018 RM
Net financial liabilities denominated in USD	(5,475,090)	(7,492,920)
Effects on Profit After Taxation/ Other Comprehensive Income		
USD/RM		
Strengthened by 5%	(208,053)	(284,731)
Weakened by 5%	208,053	284,731

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest bearing assets are fixed deposits with licensed banks. The interest rates on these deposits are monitored closely to ensure that they are maintained at favourable rates. The Group considers the risk of significant changes to interest rates on fixed deposits to be unlikely.

Interest rate exposure arises mainly from the Group's bank borrowings. The Group manages its interest rate exposure by maintaining a balanced portfolio mix of fixed and floating rate bank borrowings.

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		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Bank overdrafts	22,903,316	8,326,437	-	-
Revolving credits	72,700,000	34,999,000	5,500,000	-
Term loans	244,736,418	210,341,786	-	-
	340,339,734	253,667,223	5,500,000	-

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		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Effects on Profit After Taxation/ Other Comprehensive Income				
Increase of 10 basis points	(258,658)	(192,787)	(4,180)	-
Decrease of 10 basis points	258,658	192,787	4,180	-

NOTES TO THE FINANCIAL STATEMENTS
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50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure to equity price risk by maintaining a portfolio of equities with different risk profiles.

Equity Price Risk Sensitivity Analysis

Any reasonably possible change in the prices of quoted investments at the end of the reporting period does not have material impact on the profit after taxation of the Group and hence, no sensitivity analysis is presented.

(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 Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by 2 customers which constituted approximately 57% (31.5.2018 - 44%) 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		
	31.5.2019	**31.5.2018**	**1.6.2017**
	RM	**RM**	**RM**
Malaysia	295,026,421	133,846,337	160,856,134
Indonesia	2,125,860	2,016,044	3,098,788
	297,152,281	135,862,381	163,954,922

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

50. Financial Instruments (Cont'd)

50.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(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).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost and contract assets are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

Trade Receivables and Contract Assets

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group considers any receivables having financial difficulty or with significant balances outstanding for more than a year, are deemed credit impaired.

The expected loss rates are based on the payment profiles of sales from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

NOTES TO THE FINANCIAL STATEMENTS
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50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)

For construction contracts, the Group assessed the expected credit loss of each customer individually based on their financial information and past trends of payments as there are only a few customers. All of these customers have low risk of default as they have a strong capacity to meet their debts.

For property development, purchasers are generally financed by loan facilities from reputable financiers. In addition, the credit risk is limited as the ownership and rights to the properties sold will revert to the Group in the event of default, and the products do not suffer from physical, technological and fashion obsolescence. Therefore, there is minimal exposure to credit risk from its property development activities.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for both trade receivables and contract assets are summarised below:-

The Group	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
31.5.2019			
Current (not past due)	42,574,558	-	42,574,558
Less than 3 months past due	32,210,975	-	32,210,975
More than 6 months past due	6,499,400	-	6,499,400
More than 1 year past due	569,216	-	569,216
	81,854,149	-	81,854,149
Credit impaired:			
- individually impaired	-	-	-
Trade receivables	81,854,149	-	81,854,149
Contract assets	215,298,132	-	215,298,132
	297,152,281	-	297,152,281

NOTES TO THE FINANCIAL STATEMENTS
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50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)

In the previous financial year, the loss allowance on trade receivables was calculated under MFRS 139. The ageing analysis of trade receivables is as follows:-

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
31.5.2018				
Not past due	43,905,262	-	-	43,905,262
Past due:				
- less than 3 months	14,966,580	-	-	14,966,580
- more than 6 months	1,453,795	-	-	1,453,795
- more than 1 year	254,987	(137,476)	-	117,511
	60,580,624	(137,476)	-	60,443,148
1.6.2017				
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

The movements in the loss allowances in respect of trade receivables and contract assets are disclosed in Notes 16 and 19 to the financial statements respectively.

Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owing By Subsidiaries

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for amount owing by subsidiaries are summarised below:-

The Company	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
2019			
Low credit risk	200,952,331	-	200,952,331

No expected credit loss is recognised on amount owing by subsidiaries as it is negligible.

In the previous financial year, the assessment of impairment losses on amount owing by subsidiaries was based on MFRS 139. The ageing analysis is not presented as the amount owing by subsidiaries had low credit risk and there was no allowance for impairment losses provided.

50. Financial Instruments (Cont'd)

50.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 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):-

The Group	Effective interest rate %	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1 - 5 years RM	Over 5 years RM
31.5.2019						
Non-derivative Financial Liabilities						
Trade and non-trade payables	-	601,265,587	697,783,359	415,293,921	176,274,860	106,214,578
Bank overdrafts	5.16-7.82	22,903,316	22,903,316	22,903,316	-	-
Revolving credits	4.52-6.69	72,700,000	73,236,929	73,236,929	-	-
Hire purchase payables	4.35-7.07	19,925,161	21,891,870	7,665,566	14,157,416	68,888
Term loans	4.62-12.50	244,736,418	284,850,159	79,071,887	182,856,777	22,921,495
		961,530,482	1,100,665,633	598,171,619	373,289,053	129,204,961
31.5.2018						
Non-derivative Financial Liabilities						
Trade and non-trade payables	-	622,276,865	713,830,097	382,618,702	305,505,647	25,705,748
Bank overdrafts	6.69	8,326,437	8,326,437	8,326,437	-	-
Revolving credits	4.77-6.69	34,999,000	35,370,022	35,370,022	-	-
Trust receipts	7.95	169,000	172,092	172,092	-	-
Hire purchase payables	4.46-7.07	29,574,791	32,866,750	12,528,617	20,131,483	206,650
Term loans	4.46-12.50	210,341,786	256,149,708	23,581,545	182,919,172	49,648,991
		905,687,879	1,046,715,106	462,597,415	508,556,302	75,561,389
1.6.2017						
Non-derivative Financial Liabilities						
Trade and non-trade payables	-	489,982,333	584,733,965	270,633,317	230,742,882	83,357,766
Bank overdrafts	7.71	7,521,756	7,521,756	7,521,756	-	-
Bankers' acceptance	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
		682,572,486	822,204,903	329,864,285	351,677,691	140,662,927

50. Financial Instruments (Cont'd)

50.1 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):-

The Company	Effective interest rate %	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1 - 5 years RM	Over 5 years RM
31.5.2019						
Non-derivative Financial Liabilities						
Trade and non-trade payables	-	373,973	373,973	373,973	-	-
Revolving credits	4.87	5,500,000	5,522,015	5,522,015	-	-
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries	-	-	619,828,536	619,828,536	-	-
31.5.2018						
Non-derivative Financial Liabilities						
Trade and non-trade payables	-	499,495	499,495	499,495	-	-
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries	-	-	599,795,219	599,795,219	-	-
1.6.2017						
Non-derivative Financial Liabilities						
Trade and non-trade payables	-	680,738	680,738	680,738	-	-
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries	-	-	473,686,630	473,686,630	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

50. FINANCIAL INSTRUMENTS (CONT'D)

50.2 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 short term funds, deposits with licensed banks and cash and bank balances. Total equity includes equity attributable to the owners of the parent and non-controlling interests.

The debt-to-equity ratio of the Group and of the Company at the end of the reporting period was as follows:-

	The Group		The Company	
	31.5.2019 RM	31.5.2018 RM	31.5.2019 RM	31.5.2018 RM
Total interest bearing financial liabilities	360,264,895	283,411,014	5,500,000	-
Less:				
Short term funds	(33,130,408)	(54,367,780)	(1,854,695)	(1,012,489)
Deposits with licensed banks	(98,414,401)	(92,542,024)	(11,671,692)	(13,629,330)
Cash and bank balances	(85,330,295)	(131,016,957)	(4,559,788)	(25,666,610)
Net debt/(Net cash)	143,389,791	5,484,253	(12,586,175)	(40,308,429)
Total equity	738,344,692	711,138,672	364,979,703	370,988,701
Debt-to-equity	0.19	0.01	Not applicable	Not applicable

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

50. FINANCIAL INSTRUMENTS (CONT'D)

50.3 Classification of Financial Instruments

	31.5.2019	
	The Group	The Company
Financial Assets	RM	RM
Mandatorily at Fair Value through Profit or Loss		
Quoted investment (Note 12)	13,200,000	13,200,000
Short term funds	33,130,408	1,854,695
	46,330,408	15,054,695
Designated at Fair Value through Other Comprehensive Income upon Initial Recognition		
Unquoted investment (Note 12)	100,000	-
Amortised Cost		
Trade and non-trade receivables	151,626,544	200,988,253
Deposits with licensed banks	98,414,401	11,671,692
Cash and bank balances	85,330,295	4,559,788
	335,371,240	217,219,733
Financial Liabilities		
Amortised Cost		
Trade and non-trade payables	(601,265,587)	(373,973)
Bank borrowings	(360,264,895)	(5,500,000)
	(961,530,482)	(5,873,973)

	The Group		The Company	
	31.5.2018	1.6.2017	31.5.2018	1.6.2017
Financial Assets	RM	RM	RM	RM
Available-for-sale				
Other investment	100,000	100,000	-	-
Loans and Receivables				
Trade and non-trade receivables	114,069,220	87,802,680	212,562,863	181,817,983
Deposits with licensed banks	92,542,024	87,908,616	13,629,330	22,010,349
Cash and bank balances	131,016,957	114,571,701	25,666,610	7,250,506
	337,628,201	290,282,997	251,858,803	211,078,838
Fair Value through Profit or Loss				
Short term funds	54,367,780	59,434,935	1,012,489	21,187,723
Financial Liabilities				
Other Financial Liabilities				
Trade and non-trade payables	(622,276,865)	(489,982,333)	(499,495)	(680,738)
Bank borrowings	(283,411,014)	(192,590,153)	-	-
	(905,687,879)	(682,572,486)	(499,495)	(680,738)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

50. FINANCIAL INSTRUMENTS (CONT'D)

50.4 Gains or Losses Arising from Financial Instruments

	2019	
	The Group	The Company
Financial Assets	RM	RM
Fair Value through Profit or Loss		
Net losses recognised in profit or loss	(4,525,410)	(4,732,291)
Amortised Cost		
Net gains recognised in profit or loss	4,593,827	6,425,686
Financial Liabilities		
Amortised Cost		
Net losses recognised in profit or loss	(6,895,888)	(63,000)

	2018	
	The Group	The Company
Financial Assets	RM	RM
Loans and Receivables		
Net gains recognised in profit or loss	681,220	644,195
Fair Value through Profit or Loss		
Net gains recognised in profit or loss	158,609	22,166
Financial Liabilities		
Financial Liabilities Measured at Amortised Cost		
Net losses recognised in profit or loss	(6,721,040)	-

50. FINANCIAL INSTRUMENTS (CONT'D)

50.5 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 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				
The Group	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total Fair Value RM**	**Carrying Amount RM**
31.5.2019								
Financial Asset								
Other investments:								
- quoted	13,200,000	-	-	-	-	-	13,200,000	13,200,000
- unquoted	-	-	100,000	-	-	-	100,000	100,000
Short term funds	33,130,408	-	-	-	-	-	33,130,408	33,130,408
Financial Liabilities								
Land proprietor's entitlement	-	-	-	-	-	219,631,301	219,631,301	219,631,301
Term loans	-	-	-	-	244,736,418	-	244,736,418	244,736,418
Hire purchase payables	-	-	-	-	20,069,673	-	20,069,673	19,925,161
31.5.2018								
Financial Asset								
Other investments:								
- unquoted	-	-	-	-	-	-	*	100,000
Short term funds	54,367,780	-	-	-	-	-	54,367,780	54,367,780
Financial Liabilities								
Land proprietor's entitlement	-	-	-	-	-	263,324,477	263,324,477	263,324,477
Term loans	-	-	-	-	210,341,786	-	210,341,786	210,341,786
Hire purchase payables	-	-	-	-	29,637,875	-	29,637,875	29,574,791

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

50. FINANCIAL INSTRUMENTS (CONT'D)

50.5 Fair Value Information (Cont'd)

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value				
The Group	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**	**Carrying Amount**
1.6.2017	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Financial Asset								
Other investments:								
- unquoted	-	-	-	-	-	-	*	100,000
Short term funds	59,434,935	-	-	-	-	-	59,434,935	59,434,935
Financial Liabilities								
Land proprietor's entitlement	-	-	-	-	-	282,902,879	282,902,879	282,902,879
Term loans	-	-	-	-	154,208,656	-	154,208,656	154,208,656
Hire purchase payables	-	-	-	-	11,192,464	-	11,192,464	10,966,741

* In the previous financial year, the fair value of the Group's investment in unquoted shares that with carrying amount of RM100,000 was not presented due to lack of marketability of the shares and the fair value cannot be reliably measured.

50. FINANCIAL INSTRUMENTS (CONT'D)

50.5 Fair Value Information (Cont'd)

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value				
The Company	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total Fair Value RM**	**Carrying Amount RM**
31.5.2019								
Financial assets								
Other investments:								
- quoted	13,200,000	-	-	-	-	-	13,200,000	13,200,000
Short term funds	1,854,695	-	-	-	-	-	1,854,695	1,854,695
Amount owing by subsidiaries	-	-	-	-	-	123,400,093	123,400,093	123,400,093
31.5.2018								
Financial assets								
Short term funds	1,012,489	-	-	-	-	-	1,012,489	1,012,489
Amount owing by subsidiaries	-	-	-	-	-	121,796,746	121,796,746	121,796,747
1.6.2017								
Financial assets								
Short term funds	21,187,723	-	-	-	-	-	21,187,723	21,187,723
Amount owing by subsidiaries	-	-	-	-	-	105,371,723	105,371,723	105,371,723

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

50. Financial Instruments (Cont'd)

50.5 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:-

(aa) The fair value of quoted equity investments is determined at their quoted closing bid prices at the end of the reporting period.

(bb) The fair value of the unquoted equity investments is determined to approximate the net assets of the investee as it is immaterial in the context of the financial statements.

(cc) The fair value of money market fund is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.

(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 future contractual 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	
	2019	2018
	%	%
Hire purchase payables	4.48-6.72	4.48-6.69

51. Significant Events During The Financial Year

The significant events during the financial year are as follows:-

(a) On 20 August 2018, the Company's wholly-owned subsidiary, Gadang Engineering (M) Sdn Bhd ("GESB") accepted the Letter of Award from TRX City Sdn Bhd to undertake the proposed construction and completion of Public Realm Works at Tun Razak Exchange ("TRX") for a total contract sum of RM86,086,000.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

51. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

The significant events during the financial year are as follows (Cont'd):-

(b) On 29 March 2019, the Company's wholly-owned subsidiary, Achwell Property Sdn Bhd ("APSB"), had entered into a conditional settlement agreement, put option agreement and call option agreement with Capital City Property Sdn Bhd ("CCPSB") for the proposed variation to the terms of the joint venture agreement between APSB and CCPSB for an integrated development in Bandar Johor Bahru, District of Johor Bahru, State of Johor Darul Takzim ("Proposed Variation").

The Proposed Variation is subject to the fulfillment of the conditions precedent as stipulated in the respective agreements.

(c) On 16 April 2019, the Company's wholly-owned subsidiary, GESB received and accepted a Letter of Award from TRX City Sdn Bhd for a contract sum of RM38,518,213 to undertake the proposed construction of bridge connecting the northern and southern points of TRX.

(d) On 18 April 2019, the Company's wholly-owned subsidiary, GESB entered into a pre-bid consortium agreement with Million Rich Development Sdn Bhd ("MRDSB"), a wholly-owned subsidiary of DWL Resources Berhad (formerly known as Spring Gallery Berhad) to work with each other to bid for infrastructure projects. Under the agreement, a consortium, named "DWL-Gadang Consortium" will be set up, whereby GESB will have a 70% stake, with the remaining 30% to be owned by MRDSB.

52. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

On 8 May 2019, the Company announced that it proposed to undertake a private placement of up to ten percent (10%) of the issued and paid-up share capital of the Company ("Placement Shares").

Bursa Malaysia Securities Berhad had vide its letter dated 14 May 2019, approved the listing of and quotation for up to 82,825,000 new ordinary shares to be issued. On 28 May 2019, the Company announced that the issue price of the Placement Shares had been fixed at RM0.77 per Placement Share. The 66,172,000 Placement Shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 12 June 2019.

53. TRANSITION TO THE MFRS FRAMEWORK

As stated in Note 3.1 to the financial statements, these are the first set financial statements of the Group and of the Company prepared in accordance with MFRSs. The accounting policies in Note 4 to the financial statements have been applied to all financial information covered under this set of financial statements.

The transition to MFRS does not have financial impact to the separate financial statements of the Company.

In preparing the opening MFRS statements of financial position at 1 June 2017 (date of transition), the Group and the Company have adjusted amounts reported previously in financial statements prepared in accordance with FRSs. The financial impacts on the transition are as below:-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

53. **TRANSITION TO THE MFRS FRAMEWORK (CONT'D)**

RECONCILIATION OF FINANCIAL POSITION

	31 May 2018			1 June 2017		
The Group	FRSs RM	Transition Effects RM	MFRSs RM	FRSs RM	Transition Effects RM	MFRSs RM
ASSETS						
Non-current assets						
Investments in subsidiaries	-	-	-	-	-	-
Investment in an associate	-	-	-	-	-	-
Investment in joint ventures	1,481,051	-	1,481,051	37,456	-	37,456
Concession assets	117,155,823	-	117,155,823	91,619,086	-	91,619,086
Property, plant and equipment	73,782,523	-	73,782,523	63,646,029	-	63,646,029
Investment properties	78,849,312	-	78,849,312	15,984,377	-	15,984,377
Land held for property development	3,897,203	(3,897,203)	-	3,889,309	(3,889,309)	-
Inventories	-	3,897,203	3,897,203	-	3,889,309	3,889,309
Non-trade receivables	2,427,284	-	2,427,284	2,593,228	-	2,593,228
Other investments	100,000	-	100,000	100,000	-	100,000
Goodwill on consolidation	17,100,853	-	17,100,853	18,429,554	-	18,429,554
Deferred tax assets	16,355,025	-	16,355,025	6,244,688	-	6,244,688
	311,149,074	-	311,149,074	202,543,727	-	202,543,727
Current assets						
Inventories	69,806,104	834,280,713	904,086,817	979,982	731,018,747	731,998,729
Property development costs	834,280,713	(834,280,713)	-	731,018,747	(731,018,747)	-
Contract costs	-	1,210,091	1,210,091	-	284,715	284,715
Trade and non-trade receivables	155,030,209	(25,814,092)	129,216,117	183,177,887	(74,967,724)	108,210,163
Amounts owing by contract customers	48,884,702	(48,884,702)	-	24,695,054	(24,695,054)	-
Contract assets	-	75,419,233	75,419,233	-	99,830,833	99,830,833
Current tax assets	5,424,231	-	5,424,231	6,632,429	-	6,632,429
Short term funds	54,367,780	-	54,367,780	59,434,935	-	59,434,935
Deposits with licensed banks	92,542,024	-	92,542,024	87,908,616	-	87,908,616
Cash and bank balances	131,016,957	-	131,016,957	114,571,701	-	114,571,701
	1,391,352,720	1,930,530	1,393,283,250	1,208,419,351	452,770	1,208,872,121
Assets classified as held for sale	-	-	-	15,521,021	-	15,521,021
TOTAL ASSETS	1,702,501,794	1,930,530	1,704,432,324	1,426,484,099	452,770	1,426,936,869

53. TRANSITION TO THE MFRS FRAMEWORK (CONT'D)

RECONCILIATION OF FINANCIAL POSITION (CONT'D)

	31 May 2018			1 June 2017		
The Group	**FRSs RM**	**Transition Effects RM**	**MFRSs RM**	**FRSs RM**	**Transition Effects RM**	**MFRSs RM**
EQUITY AND LIABILITIES						
Equity						
Share capital	338,380,295	-	338,380,295	331,678,178	-	331,678,178
Reserves	366,503,796	1,930,530	368,434,326	291,489,981	452,770	291,942,751
Total equity attributable to owners of the Company	704,884,091	1,930,530	706,814,621	623,168,159	452,770	623,620,929
Non-controlling interests	4,324,051	-	4,324,051	8,002,950	-	8,002,950
Total equity	709,208,142	1,930,530	711,138,672	631,171,109	452,770	631,623,879
Non-current liabilities						
Bank borrowings	219,856,075	-	219,856,075	143,819,295	-	143,819,295
Deferred tax liabilities	4,773,076	-	4,773,076	6,448,689	-	6,448,689
Defined benefit obligations	2,507,459	-	2,507,459	2,038,569	-	2,038,569
Non-trade payables	272,666,117	-	272,666,117	243,554,118	-	243,554,118
	499,802,727	-	499,802,727	395,860,671	-	395,860,671
Current liabilities						
Trade and non-trade payables	421,049,539	(70,394,030)	350,655,509	327,167,310	(74,819,178)	252,348,132
Amounts owing to contract customers	4,572,565	(4,572,565)	-	18,843,497	(18,843,497)	-
Contract liabilities	-	74,966,595	74,966,595	-	93,662,675	93,662,675
Bank borrowings	63,554,939	-	63,554,939	48,770,858	-	48,770,858
Current tax liabilities	4,313,882	-	4,313,882	4,149,633	-	4,149,633
	493,490,925	-	493,490,925	398,931,298	-	398,931,298
Liabilities classified as held for sale	-	-	-	521,021	-	521,021
Total liabilities	993,293,652	-	993,293,652	795,312,990	-	795,312,990
TOTAL EQUITY AND LIABILITIES	1,702,501,794	1,930,530	1,704,432,324	1,426,484,099	452,770	1,426,936,869

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

53. TRANSITION TO THE MFRS FRAMEWORK (CONT'D)

RECONCILIATION OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	31 May 2018		
	FRSs RM	Transition Effects RM	MFRSs RM
The Group			
Continuing operations:-			
Revenue	596,059,109	(1,288,550)	594,770,559
Cost of sales	(397,904,237)	(2,742,119)	(400,646,356)
Gross profit	198,154,872	(4,030,669)	194,124,203
Other income	17,314,095	-	17,314,095
Administrative expenses	(31,802,828)	-	(31,802,828)
Depreciation and amortisation	(6,413,113)	-	(6,413,113)
Operating expenses	(24,703,840)	5,508,429	(19,195,411)
Other expenses	(19,034,423)	6,750,000	(12,284,423)
Net impairment losses on financial assets	-	(6,750,000)	(6,750,000)
Profit from operations	133,514,763	1,477,760	134,992,523
Finance costs	(1,824,147)	-	(1,824,147)
Share of results in joint ventures	934,105	-	934,105
Profit before taxation	132,624,721	1,477,760	134,102,481
Income tax expense	(35,547,334)	-	(35,547,334)
Net profit after taxation from continuing operations	97,077,387	1,477,760	98,555,147
Discontinued operations:-			
Loss after taxation from discontinued operations	(155,467)	-	(155,467)
Net profit for the year	96,921,920	1,477,760	98,399,680
Other comprehensive income:-			
Items that will not be reclassified subsequently to profit or loss			
Actuarial loss on defined benefit obligations	(425,279)	-	(425,279)
Less: Deferred tax effect	54,053	-	54,053
	(371,226)	-	(371,226)
Item that may be reclassified subsequently to profit or loss			
Foreign currency translation	(6,506,412)	-	(6,506,412)
Total comprehensive income for the financial year	90,044,282	1,477,760	91,522,042

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

53. TRANSITION TO THE MFRS FRAMEWORK (CONT'D)

RECONCILIATION OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	31 May 2018		
	FRSs RM	Transition Effects RM	MFRSs RM
The Company			
Continuing operations:-			
Revenue	40,906,000	-	40,906,000
Cost of sales	-	-	-
Gross profit	40,906,000	-	40,906,000
Other income	7,902,986	-	7,902,986
Administrative expenses	(7,285,344)	-	(7,285,344)
Depreciation and amortisation	(48,256)	-	(48,256)
Operating expenses	(3,133,363)	-	(3,133,363)
Other expenses	(14,188,228)	6,750,000	(7,438,228)
Net impairment losses on financial assets	-	(6,750,000)	(6,750,000)
Profit from operations	24,153,795	-	24,153,795
Finance costs	-	-	-
Share of results in joint ventures	-	-	-
Profit before taxation	24,153,795	-	24,153,795
Income tax expense	(1,574,416)	-	(1,574,416)
Net profit after taxation from continuing operations	22,579,379	-	22,579,379
Discontinued operations:-			
Loss after taxation from discontinued operations	-	-	-
Net profit for the year	22,579,379	-	22,579,379
Other comprehensive income:-			
Items that will not be reclassified subsequently to profit or loss			
Actuarial loss on defined benefit obligations	-	-	-
Less: Deferred tax effect	-	-	-
	-	-	-
Item that may be reclassified subsequently to profit or loss			
Foreign currency translation	-	-	-
Total comprehensive income for the financial year	22,579,379	-	22,579,379

RECONCILIATION OF CASH FLOWS

There are no material differences between the statements of cash flows presented under FRSs and MFRSs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

53. TRANSITION TO THE MFRS FRAMEWORK (CONT'D)

As there is no material financial statements impacts on the transition from FRS to MFRS to the Company's statement of financial position, the reconciliation of the impact arising from first time adoption of MFRSs including application of the new accounting standards to the Company's statement of financial position is not presented.

NOTES TO RECONCILIATION

53.1 MFRS 15 Revenue from Contracts with Customers

On 1 June 2018, the Group adopted MFRS 15 which is effective for annual periods beginning on or after 1 June 2018.

Under FRSs, revenue was recognised under FRS 118 'Revenue'. Upon transition to MFRSs, the Group adopted MFRS 15 'Revenue from Contracts with Customers' ("MFRS 15") which required the Group to review the measurement and timing of when revenue shall be recognised and the manner of presentation.

The application of MFRS 15 resulted in the following changes:-

(i) Land held for property development amounted to RM3,897,203 as at 31.5.2018 (1.6.2017 - RM3,889,309) was represented as inventories (within non-current);

(ii) Property development costs amounted to RM834,280,713 as at 31.5.2018 (1.6.2017 - RM731,018,747) was represented as inventories (within current assets);

(iii) Amount owing by contract customers amounted to RM48,884,702 as at 31.5.2018 (1.6.2017 - RM24,695,054) was represented as contract assets;

(iv) Retention sums previously recognised in trade and non-trade receivables amounted to RM10,252,174 as at 31.5.2018 (1.6.2017 - RM18,109,436) was represented as contract assets;

(v) Accrued billing previously recognised in trade and non-trade receivables amounted to RM15,561,918 as at 31.5.2018 (1.6.2017 - RM56,858,288) was represented as contract assets;

(vi) Amount owing to contract customers amounted to RM4,572,565 as at 31.5.2018 (1.6.2017- RM18,843,497) was represented as contract liabilities;

(vii) Advance billing previously recognised in trade and non-trade payables amounted to RM70,394,030 as at 31.5.2018 (1.6.2017 - RM74,819,178) was represented as contract liabilities;

(viii) Payments made for customers are recognised as a deduction in transaction price, resulting in an increase in contract asset and decrease in reserves amounted to RM720,439 as at 31.5.2018 (1.6.2017 - 168,055);and

(ix) Incremental costs of obtaining contract are capitalised and amortised by reference to the progress towards complete satisfaction of performance obligation, resulting in an increase in contract costs and decrease in reserves amounted to RM1,210,091 as at 31.5.2018 (1.6.2017 - RM284,715).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

53. TRANSITION TO THE MFRS FRAMEWORK (CONT'D)

NOTES TO RECONCILIATION (CONT'D)

53.2 MFRS 9 Financial Instruments

Under FRSs, financial assets and financial liabilities were accounted for under FRS 139 'Financial Instrument: Recognition and Measurement'. Upon transition to MFRSs, the Group and the Company adopted MFRS 9 'Financial Instruments' ("MFRS 9"), requiring the Group and the Company to review the classification and measurement of its financial instruments at the date of transition. The new accounting policy on financial instruments has been applied retrospectively of which the changes are summarised below:-

- The Group intends to hold the Investments in unquoted shares for long-term strategic purposes. These investments were measured at cost less impairment losses in prior periods. As permitted by MFRS 9, the Group designated such investments as fair value through other comprehensive income, to be measured at fair value at each reporting date.

- The Group and the Company changed its impairment loss methodology from the 'incurred loss' approach to the 'expected credit loss' approach upon the adoption of MFRS 9. Under this new approach, the Group and the Company accounted for the expected credit losses of its financial assets measured at amortised cost and contract assets to reflect their changes in credit risk since initial recognition. As permitted by MFRS 9, the Group and the Company used a simplified approach to measure the loss allowance of its trade receivables and contract assets.

  In addition, the Group and the Company represented its net impairment losses on financial assets and contract assets as a separate line item on the statements of profit or loss and other comprehensive income pursuant to the requirements of MFRS 101 'Presentation of Financial Statements'.

The financial impacts arising from the adoption of MFRS 9 are as follows:-

(i) Impairment loss on receivables previously recognised in other expenses amounted to RM6,750,000 as at 31.5.2018 was represented as net impairment losses on financial assets.

53.3 Comparative figures has been restated to conform with the presentation of the current financial year following transition from FRSs to MFRSs.

LIST OF PROPERTIES

AS OF 31 MAY 2019

Title/Location	Description/ Existing use	Tenure	Acquisition 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)	8,001,171
Tampoi Land Mukim Johor Bahru HS(D) 547601 PT No. PTB 24274	Mixed integrated commercial development	Freehold	31/07/2003	439,727	21,318,469
Salak South Land Mukim Kuala Lumpur HS(D) 51683 Lot 480759; HS(D) 51684 Lot 480760; HS(D) 51685 Lot 480761; HS(D) 51686 Lot 480762; HS(D) 51687 Lot 480763; HS(D) 51688 Lot 480764; HS(D) 51689 Lot 480765; HS(D) 51690 Lot 480766; HS(D) 51691 Lot 480767; HS(D) 51692 Lot 480768; HS(D) 51693 Lot 480769	Mixed development	Leasehold ending 17/06/2112	27/01/2010	531,432	9,126,974
Plot No. 209 held under HS(D) 252119 PT No. 1014; Plot No. 211 held under HS(D) 252121 PT No. 1016; Plot No. 212 held under HS(D) 252122 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	8,723,656
Pokok Sena Lot 165, Pokok Sena Kedah	Mixed development	Freehold	11/06/2010	8,786,923	13,083,917
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 OF 31 MAY 2019

Title/Location	Description/ Existing use	Tenure	Acquisition Date	Approximate Land/(Built-up) Area in sq. ft	Carrying Value (RM)
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	4,403,873
PM 317 Lot 4249 Mukim Setapak Tempat Dusun Ranjau Daerah Kuala Lumpur	Land for development	Leasehold ending 06/02/2091	25/10/2013	413,733	33,110,000
GRN 271958 Lot 20504 Mukim Semenyih District of Ulu Langat State of Selangor	Land for development	Freehold	30/01/2015	2,736,268	95,805,800
HS(D) 256293 PT 47369 Mukim Sungai Buloh Daerah Petaling Negeri Selangor	Commercial land for sale/ development	Leasehold ending 13/05/2108	06/02/2017	116,013	54,639,548

ANALYSIS OF SHAREHOLDINGS & WARRANT HOLDINGS

I. ANALYSIS OF SHAREHOLDINGS as at 30 August 2019

Share Capital

Number of Issued Shares	:	728,060,995
Class of Shares	:	Ordinary shares
No. of shareholders	:	11,712
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	271	2.31	11,175	0.00
100 - 1,000	1,035	8.84	678,866	0.09
1,001 - 10,000	6,382	54.49	34,489,205	4.74
10,001 - 100,000	3,544	30.26	109,517,800	15.04
100,001 - 33,086,048	478	4.08	414,370,596	56.92
33,086,049* and above	2	0.02	168,993,353	23.21
Total	**11,712**	**100.00**	**728,060,995**	**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	81,525,402	11.20	-	-
2.	Tan Sri Dato' Kok Onn	13,177,300	1.81	168,993,353[(a)]	23.21
3.	Meloria Sdn Bhd	87,467,951	12.01	-	-
4.	Employees Provident Fund Board	37,305,700	5.12		
5.	Puan Sri Datin Chan Ngan Thai	-	-	87,467,951[(b)]	12.01

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	12.01
2.	JF Apex Nominees (Tempatan) Sdn Bhd *Pledged securities for Sumber Raswira Sdn Bhd*	81,525,402	11.20
3.	Urusharta Jamaah Sdn Bhd	33,829,500	4.65
4.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	19,430,800	2.67
5.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *Deutsche Trustees Malaysia Berhad for Hong Leong Penny Stockfund*	18,850,000	2.59
6.	Citigroup Nominees (Asing) Sdn Bhd *Exempt An for Citibank New York (Norges Bank 14)*	17,811,300	2.45
7.	Citigroup Nominees (Tempatan) Sdn Bhd *Great Eastern Life Assurance (Malaysia) Berhad (LGF)*	13,221,500	1.82
8.	UOB Kay Hian Nominees (Asing) Sdn Bhd *Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)*	11,322,500	1.56
9.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (RHBIslamic)*	8,674,400	1.19
10.	Universal Trustee (Malaysia) Berhad *TA Dynamic Absolute Mandate*	8,516,200	1.17
11.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged securities account for Kok Onn (7002585)*	8,512,600	1.17
12.	Maybank Nominees (Tempatan) Sdn Bhd *Maybank Trustees Berhad for Saham Amanah Sabah (ACC 2-940410)*	7,324,000	1.01
13.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc*	7,114,700	0.98
14.	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for Affin Hwang Aiiman Growth Fund (4207)*	7,078,400	0.97
15.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (Pheim)*	6,931,400	0.95
16.	Citigroup Nominees (Tempatan) Sdn Bhd *Great Eastern Life Assurance (Malaysia) Berhad (LBF)*	6,703,700	0.92

ANALYSIS OF SHAREHOLDINGS & WARRANT HOLDINGS

THIRTY LARGEST SHAREHOLDERS (cont'd)

		No. of Shares	%
17.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for Dimensional Emerging Markets Value Fund*	6,485,100	0.89
18.	Citigroup Nominees (Tempatan) Sdn Bhd *Great Eastern Life Assurance (Malaysia) Berhad (LPF)*	6,250,000	0.86
19.	Maybank Nominees (Tempatan) Sdn Bhd *Yeoh Ah Tu*	5,171,625	0.71
20.	DB (Malaysia) Nominee (Asing) Sdn Bhd *The Bank of New York Mellon for Acadian Emerging Markets Small Cap Equity Fund, LLC*	4,975,550	0.68
21.	Citigroup Nominees (Tempatan) Sdn Bhd *Pledged securities account for Kok Onn (474131)*	4,664,700	0.64
22.	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged securities account for Law Wan Ni (M09)*	4,412,500	0.61
23.	CIMB Group Nominees (Tempatan) Sdn Bhd *Hong Leong Asset Management Bhd for Hong Leong Assurance Berhad (LP Fund ED102)*	4,170,000	0.57
24.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *Deutsche Trustees Malaysia Berhad for Hong Leong Growth Fund*	4,100,000	0.56
25.	CIMB Group Nominees (Tempatan) Sdn Bhd *CIMB Commerce Trustee Berhad for Hong Leong Strategic Opportunity Fund II*	3,800,000	0.52
26.	Maybank Nominees (Tempatan) Sdn Bhd *Etiqa Life Insurance Berhad (PREM Equity)*	3,790,100	0.52
27.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged securities account for Teh Win Kee (8106483)*	3,546,200	0.49
28.	Public Nominees (Tempatan) Sdn Bhd *Pledged securities account for Ko Mok Chuan (E-TMR/TMJ)*	3,528,700	0.48
29.	Law Wan Cheen	3,241,500	0.44
30.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for DFA Emerging Markets Small Cap Series*	3,218,800	0.44
	Total	**405,669,128**	**55.72**

ANALYSIS OF SHAREHOLDINGS & WARRANT HOLDINGS

II. ANALYSIS OF WARRANT HOLDINGS as at 30 August 2018

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	:	5,425
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 Shares	%
Less than 99	354	6.53	13,771	0.01
100 - 1,000	1,344	24.77	876,771	0.68
1,001 - 10,000	2,098	38.67	10,380,724	8.03
10,001 - 100,000	1,409	25.97	49,465,832	38.27
100,001 - 6,462,700	220	4.06	68,516,941	53.01
6,462,701* and above	0	0.00	0	0.00
Total	**5,425**	**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.	Shim Hon Wei	6,000,000	4.64
2.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged securities account for Wong Ai Lang (MQ0419)*	1,802,000	1.39
3.	Teoh Teck Hin	1,800,000	1.39
4.	Kok Yoon Hing	1,597,000	1.24
5.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Cheah Chee Siong (PB-0J0022)*	1,492,500	1.15
6.	Tan Wee Yee	1,450,000	1.12
7.	HSBC Nominees (Asing) Sdn Bhd *JPMBL SA for Evli Emerging Frontier Fund*	1,167,500	0.90
8.	Su Ming Keat	1,040,000	0.80
9.	Lim Chee Meng	911,000	0.70
10.	Law Wan Ni	856,500	0.66
11.	Maybank Nominees (Tempatan) Sdn Bhd *Shireen Heng @ Heng Ai Phing*	782,850	0.61
12.	Leong Chee Kit	743,800	0.58
13.	Ng Boon Jit	737,000	0.57
14.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged securities account for Yew Teik Ghee*	700,000	0.54
15.	Koh Boon Kai	691,600	0.54
16.	Heng Choon Lee	600,050	0.46
17.	Public Nominees (Tempatan) Sdn Bhd *Pledged securities account for Ko Mok Chuan (E-TMR/TMJ)*	590,000	0.46
18.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd *Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)*	575,050	0.44
19.	Kee Hong Chee	574,100	0.44

ANALYSIS OF SHAREHOLDINGS & WARRANT HOLDINGS

THIRTY LARGEST WARRANT HOLDERS (cont'd)

		No. of Warrants	%
20.	HLB Nominees (Tempatan) Sdn Bhd *Pledged securities account for Wong Ah Kim*	556,500	0.43
21.	Maybank Nominees (Tempatan) Sdn Bhd *Yeoh Ah Tu*	555,425	0.43
22.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged securities account for Kee Hong Chee (B BR Klang-CL)*	550,000	0.43
23.	Ding Lien Bing	532,700	0.41
24.	HLIB Nominees (Tempatan) Sdn Bhd *Hong Leong Bank Bhd for Ngu Teck Ping*	520,000	0.40
25.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB for Fardan Bin Abdul Majeed (PB)*	510,000	0.39
26.	C Vignesh Kumar A/L Chellapah	500,000	0.39
27.	Chen Kheng Seng	500,000	0.39
28.	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged securities account for Gan Chin Seng (REM 875 – Margin)*	500,000	0.39
29.	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged securities account for Ng Kay Soon (REM 875 – Margin)*	500,000	0.39
30.	Chong Kim Soon	485,833	0.38
	Total	**29,821,408**	**23.07**

ANALYSIS OF SHAREHOLDINGS & WARRANT HOLDINGS

III. DIRECTORS' SHAREHOLDINGS & WARRANT HOLDINGS as at 30 August 2019

A. DIRECTORS' SHAREHOLDINGS IN THE COMPANY

	No. of Ordinary Shares			
	Direct Interest	%	Deemed interest	%
Tan Sri Dato' Kok Onn	13,177,300	1.81	168,993,353[(a)]	23.21
Boey Tak Kong	1,800,000	0.25	-	-
Kok Pei Ling	1,304,400	0.18	-	-
Huang Shi Chin	157,000	0.02		

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' INTERESTS UNDER GADANG HOLDINGS BERHAD EMPLOYEES' SHARE OPTION SCHEME

Name of Director	No. of Options Held
Tan Sri Dato' Kok Onn	2,174,100
Boey Tak Kong	745,200
Kok Pei Ling	1,956,600

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 and options of the Company or its related corporations as at 30 August 2019. None of the Directors had any interest in the Warrants of the Company as at 30 August 2019.

NOTICE OF 26TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Sixth (26th) Annual General Meeting (AGM) of Gadang Holdings Berhad (the Company) will be held at Ballroom 3, First Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Wednesday, 6 November 2019 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 2019 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 dividend of 1.2 sen per share in respect of the financial year ended 31 May 2019. (Ordinary Resolution 1)

3. To approve the payment of Directors' fees of RM240,000 for the financial year ending 31 May 2020, to be made payable quarterly. (Ordinary Resolution 2)
   Please refer to Explanatory Note B

4. To approve the payment of benefits payable to the Non-Executive Directors of the Company up to an amount of RM150,000 from 7 November 2019 until the next Annual General Meeting of the Company. (Ordinary Resolution 3)
   Please refer to Explanatory Note B

5. To re-elect the following Directors who retire pursuant to Article 108 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 4)
   (b) Mr Huang Shi Chin (Ordinary Resolution 5)
   Please refer to Explanatory Note C

6. To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company for the financial year ending 31 May 2020 and to authorize the Directors to fix their remuneration. (Ordinary Resolution 6)
   Please refer to Explanatory Note D

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions:-

7. **Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016**

   "**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." (Ordinary Resolution 7)
   Please refer to Explanatory Note E

NOTICE OF 26TH ANNUAL GENERAL MEETING

8. **Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature**

"**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 as set out in Section 2.4 of the Circular to Shareholders dated 27 September 2019 ("Circular") with the related party 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 party 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." (Ordinary Resolution 8)
Please refer to Explanatory Note F

9. **Continuing in office as Independent Director – Mr Boey Tak Kong**

"**THAT** 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". (Ordinary Resolution 9)
Please refer to Explanatory Note G

10. **Proposed adoption of new Constitution of the Company**

"**THAT** the new Constitution as set out in Appendix I of the Circular to Shareholders dated 27 September 2019 be and is hereby approved and adopted as the Constitution of the Company in place of the existing Memorandum and Articles of Association of the Company ("Proposed New Constitution");

AND THAT the Board of Directors and/or Secretary of the Company be and are hereby authorised to give full effect and to do all acts and things as may be required for or in connection with the Proposed New Constitution." (Special Resolution)
Please refer to Explanatory Note H

11. To transact any other business of which due notice shall have been given.

NOTICE OF 26TH ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT the first and final dividend of 1.2 sen per share, for the financial year ended 31 May 2019, if approved by the shareholders at the 26th Annual General Meeting, will be paid on 6 December 2019 to Depositors whose names appear in the Record of Depositors at the close of business on 15 November 2019.

A Depositor shall qualify for entitlement to the dividend only in respect of:-

a. shares transferred into the Depositor's Securities Account before 4.30 p.m. on 15 November 2019 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

TAN SEOK CHUNG, SALLY
Company Secretary

Kuala Lumpur
27 September 2019

NOTES ON APPOINTMENT OF PROXY AND ENTITLEMENT OF ATTENDANCE

1. *Only depositors whose names appear in the Record of Depositors as at 30 October 2019 (General Meeting Record of Depositors) shall be 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.*

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.*

NOTICE OF 26TH ANNUAL GENERAL MEETING

EXPLANATORY NOTES

A. **Audited Financial Statements for the financial year ended 31 May 2019**
The audited financial statements 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 and 3 – 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") of the Company on a quarterly basis from 1 June 2019 until 31 May 2020.

The proposed Ordinary Resolution 3, if passed, will authorize the payment of Directors' benefits to the NEDs by the Company. The Directors' benefits of RM150,000 for the period from 7 November 2019 until the next AGM in year 2020 are derived from the estimated meeting attendance allowance based on the number of scheduled meetings and unscheduled meetings (when necessary) for 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 Resolutions 4 and 5 – Re-election of Directors**
Article 108 of the Company's Articles of Association provides that one-third (1/3) of the Directors of the Company for the time being shall retire by rotation at each AGM of the Company. All the Directors shall retire from office once at least in every three (3) years but shall be eligible for re-election. Tan Sri Dato' Seri Dr. Mohamed Ismail Bin Merican and Mr Huang Shi Chin are standing for re-election as Directors and being eligible, have offered themselves for re-election.

Based on the annual Board Evaluation, the Nomination & Remuneration Committee and the Board are of the view that the said Directors have discharged their roles and responsibilities to act in the best interest of the Company.

The Board has therefore recommended the re-election of the said Directors.

D. **Ordinary Resolution 6 – Re-appointment of Auditors**
The Board, through the Audit Committee, had reviewed and was satisfied with the performance and independence of Messrs Crowe Malaysia PLT during the financial year under review. The Board has therefore recommended the re-appointment of Messrs Crowe Malaysia PLT as external auditors of the Company for the financial year ending 31 May 2020.

E. **Ordinary Resolution 7 - Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016**
The proposed Ordinary Resolution 7 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.

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).

Pursuant to the last mandate granted to the Directors at the 25th AGM held on 7 November 2018 which will lapse at the conclusion of this 26th AGM, the Company had placed out 66,172,000 new ordinary shares at an issue price of RM0.77 each, which raised a total proceeds of RM50,952,440 which shares were all listed on the Main Market of Bursa Malaysia Securities Berhad on 12 June 2019 ("Private Placement").

NOTICE OF 26TH ANNUAL GENERAL MEETING

The status of utilisation of proceeds from the Private Placement is as follows:-

Utilisation purpose	Proposed Utilisation RM	Actual utilisation as at 12/9/2019 RM	Balance unutilised RM	Expected time frame for utilisation from date of listing
Construction projects expenditure	37,069,440	-	37,069,440	Within 24 months
Repayment of bank Borrowings	13,500,000	(9,000,000)	4,500,000	Within 3 months
Expenses relating to the Private Placement	383,000	(383,000)	-	Within 2 weeks
Total	**50,952,440**	**(9,383,000)**	**41,569,440**	

F. **Ordinary Resolution 8 - Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature**
The proposed Ordinary Resolution 8 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 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 party 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 8 are set out in the Circular to Shareholders dated 27 September 2019, which is despatched together with this Annual Report 2019.

G. **Ordinary Resolution 9 - Continuing in office as Independent Director**
The Board 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 9, if passed, will authorize Mr Boey Tak Kong to continue in office as an Independent Non-Executive Director of the Company.

H. **Special Resolution – Proposed adoption of new Constitution**
The Special Resolution, if approved, will bring the Constitution of the Company to be in line with the Companies Act, 2016, and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, as set out in the Circular to Shareholders dated 27 September 2019.

The Constitution will take effect once the Special Resolution has been passed by a majority of not less than 75% of such members who are entitled to vote in person or by proxy at the 26th AGM.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

[Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad]

- There are no individuals who are standing for election as Directors at the 26th Annual General Meeting of the Company.
- Details of the general mandate to issue securities in the Company pursuant to Sections 75 and 76 of the Companies Act, 2016 are set out in Explanatory Note E of the Notice of this meeting.

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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 26th Annual General Meeting of the Company to be held at Ballroom 3, First Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Wednesday, 6 November 2019 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 ending 31 May 2020		
3.	To approve the payment of benefits payable to the Non-Executive Directors		
4.	To re-elect Tan Sri Dato' Seri Dr Mohamed Ismail Bin Merican as Director		
5.	To re-elect Mr Huang Shi Chin as Director		
6.	To re-appoint Messrs Crowe Malaysia PLT as Auditors		
7.	To authorize the Directors to issue shares		
8.	To renew the shareholders' mandate for Recurrent Related Party Transactions		
9.	To continue in office for Mr Boey Tak Kong as Independent Director		
SPECIAL RESOLUTION			
To approve the proposed adoption of new Constitution			

** Strike out whichever not applicable*

Dated this ________ day of __________________, 2019

____
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 30 October 2019 shall be 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)
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Off Jalan Persiaran Utama, Sri Damansara
52200 Kuala Lumpur

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