



**GDB HOLDINGS BERHAD**

REGISTRATION NO.: 201301006623 (1036466-U)

# ANNUAL REPORT 2019



# About Us



Established in 2013, GDB Holdings Berhad ("GDB" or "Group") was listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") under the construction sector since 27 March 2018 and is transferred to the Main Market of Bursa Securities on 24 April 2020. The Group has two subsidiaries namely, 100%-owned Grand Dynamic Builders Sdn Bhd ("GDBSB") and 70%-owned GDB Geotechnics Sdn Bhd ("GDB Geotechnics"), formerly known as Eco Geotechnics Sdn Bhd.

GDBSB is principally involved in the provision of construction services, focusing on high rise residential, commercial and mixed development projects as main contractor and principal works contractor. Since incorporation, GDBSB has established a good track record for completing projects ahead of the contractual completion date, while adhering to stringent quality, safety and environmental standards.

GDBSB is accredited with multiple certifications such as ISO 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management System, and OHSAS 18001:2007 Occupational Health and Safety Management System. GDBSB has also attained the SHASSIC safety certification for its projects, and completed the Green 5-S program which is in line with its commitment to safety, health, quality, productivity and the environment. Notably, GDBSB is the first construction company in Malaysia to be certified by Hong Kong 5-S Association Ltd and SIRIM STS in December 2018 for implementing the Construction Green 5S ("CG5S") which consists of the 5S and Lean 5S Program.

On top of that, GDBSB is registered with the Construction Industry Development Board of Malaysia ("CIDB") as a Grade G7 contractor, which qualifies GDBSB to tender for projects of unlimited value in the categories of general building, general civil engineering, and mechanical works. GDBSB has also obtained the Sijil Perolehan Kerja Kerajaan as a Grade G7 contractor which qualifies GDBSB to participate in tenders for Government projects with contract value exceeding RM10.0 million.

Its 70%-owned subsidiary, GDB Geotechnics, extends the Group's in-house capabilities to include geotechnical and foundation engineering works. This comprises bored piling, caisson and micro piling solutions, diaphragm walls, earth retaining systems, soil treatment, earthworks, basement works as well as general construction.

GDB Geotechnics also holds a Grade G7 License from the CIDB.

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# Vision

To be a highly **REPUTABLE** and **PROGRESSIVE** construction firm that delivers products and services of sustainable and excellent quality via innovation in **PEOPLE, QUALITY, SAFETY** and **TECHNOLOGY**.

# Mission

- To employ, cultivate, and support our knowledgeable and motivated teams through continuous development and improvement driven by the synergy of Efficiency, Teamwork and Commitment of the management and staff.
- To build dedicated and lasting relationships with our valued customers by delivering progressive excellence, reliable quality and cost-effective projects that exceeds their expectations via exceptional performance by every member of GDB – every time.
- To safeguard Mother Nature and provide sustainability as well as additional peace of mind for our customers by upholding ecological, resource-efficient green technologies and environmentally responsible practices during every stage of construction.

# Corporate Information

## BOARD OF DIRECTORS

**Tan Sri Dato' Ir. Hj. Zaini Bin Omar**  
(Independent Non-Executive Chairman)

**Cheah Ham Cheia**  
(Group Managing Director)

**Alexander Lo Tzone Leong**  
(Group Executive Director)

**Cheah Jun Kai**  
(Executive Director)

**Datuk Chia Lui Meng**  
(Independent Non-Executive Director)

**Kow Poh Gek**  
(Independent Non-Executive Director)

## RISK MANAGEMENT COMMITTEE

Datuk Chia Lui Meng (Chairman)  
Tan Sri Dato' Ir. Hj. Zaini Bin Omar (Member)  
Kow Poh Gek (Member)  
Cheah Ham Cheia (Member)  
Alexander Lo Tzone Leong (Member)

## COMPANY SECRETARY

Tea Sor Hua (MACS 01324)  
(SSM PC No.: 201908001272)

## REGISTERED OFFICE

Third Floor, No. 77, 79 & 81  
Jalan SS21/60  
Damansara Utama  
47400 Petaling Jaya  
Selangor Darul Ehsan  
Telephone No : 603-7725 1777  
Fax No : 603-7722 3668

## PRINCIPAL PLACE OF BUSINESS

A-02-01, F-02-01 & F-02-02  
Sekitar 26 Enterprise  
Persiaran Hulu Selangor  
Seksyen 26, 40400 Shah Alam  
Selangor Darul Ehsan  
Telephone No : 603-5103 8162  
Fax No : 603-5103 6621  
Website : <https://www.gdbhb.com.my>  
Email : [enquiry@gdbhb.com.my](mailto:enquiry@gdbhb.com.my)

## AUDITORS

Crowe Malaysia PLT  
Chartered Accountants  
Level 16 Tower C  
Megan Avenue II  
12 Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Telephone No : 603-2788 9999  
Fax No : 603-2788 9998

## SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd  
11th Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13, 46200 Petaling Jaya  
Selangor Darul Ehsan  
Telephone No : 603-7890 4700  
Fax No : 603-7890 4670

## PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad  
HSBC Bank Malaysia Berhad  
United Overseas Bank (Malaysia) Bhd  
CIMB Islamic Bank Berhad

## STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad  
Main Market  
Stock Code : 0198

## AUDIT COMMITTEE

Kow Poh Gek (Chairperson)  
Tan Sri Dato' Ir. Hj. Zaini Bin Omar  
(Member)  
Datuk Chia Lui Meng (Member)

## REMUNERATION COMMITTEE

Datuk Chia Lui Meng (Chairman)  
Tan Sri Dato' Ir. Hj. Zaini Bin Omar  
(Member)  
Kow Poh Gek (Member)

## NOMINATION COMMITTEE

Kow Poh Gek (Chairperson)  
Tan Sri Dato' Ir. Hj. Zaini Bin Omar  
(Member)  
Datuk Chia Lui Meng (Member)

# Corporate Structure



**GDB HOLDINGS BERHAD**

201301006623 (1036466-U)

INVESTMENT HOLDING COMPANY

100%

**GRAND DYNAMIC BUILDERS SDN BHD**

200501035889 (718036-T)

PROVISION OF CONSTRUCTION  
SERVICES

69%

1%

**GDB GEOTECHNICS SDN BHD**

(formerly known as Eco Geotechnics Sdn Bhd)

201101043173 (971293-X)

PROVISION OF CONSTRUCTION SERVICES  
SPECIALISING IN GEOTECHNICAL AND  
FOUNDATION ENGINEERING WORKS

# Five-Year Financial Highlights

Financial Year Ended 31 December	2019	2018	2017	2016	2015
RESULTS	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	322,767	274,559	296,812	276,906	169,539
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	42,768	42,126	34,879	25,162	12,052
Profit Before Tax	37,723	36,949	30,502	21,424	9,698
Profit After Tax and Minority Interest (PATMI)	29,132	27,890	22,518	16,092	7,177

FINANCIAL POSITION	RM'000	RM'000	RM'000	RM'000	RM'000
Total Assets	230,725	212,751	152,206	110,433	80,239
Total Liabilities	107,386	108,630	112,289	83,234	68,032
Share Capital	62,564	62,564	20,000	15,000	2,500
Equity Attributable to Owners of the Company	120,753	104,121	39,917	27,199	12,207

SHARE INFORMATION					
Earnings Per Share (Sen) <sup>(1)</sup>	4.66	4.68	4.50	6.42	6.04
Net Assets Per Share (Sen) <sup>(2)</sup>	19.32	16.66	6.39	4.35	1.95
Share Price - High (RM)	0.625	0.365	NA	NA	NA
Share Price - Low (RM)	0.600	0.220	NA	NA	NA
Share Price - Close as at 31 December (RM)	0.615	0.230	NA	NA	NA
Market Capitalisation (RM' Million)	384.38	143.75	NA	NA	NA

## Notes:

<sup>(1)</sup> Earnings Per Share is calculated based on weighted average number of ordinary share as at year end.

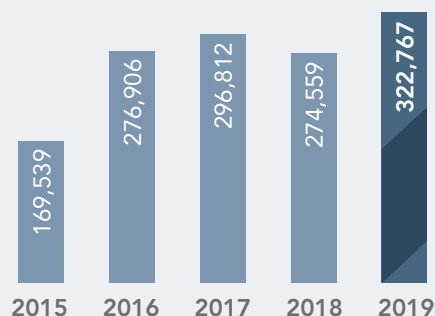
<sup>(2)</sup> Net Assets Per Share is calculated based on issued share capital of 625,000,000 shares.

NA - Not applicable

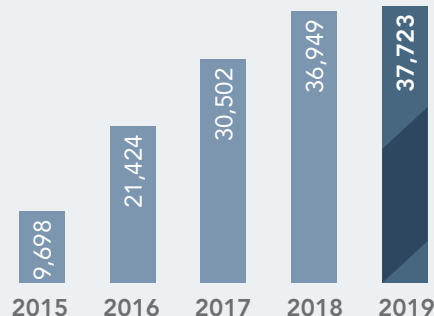
# Five-Year Financial Highlights

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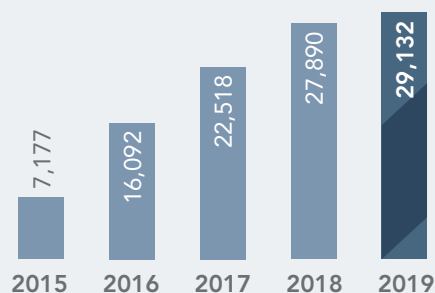
REVENUE  
(RM' 000)



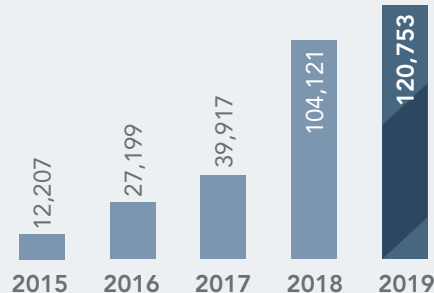
PROFIT BEFORE TAX  
(RM' 000)



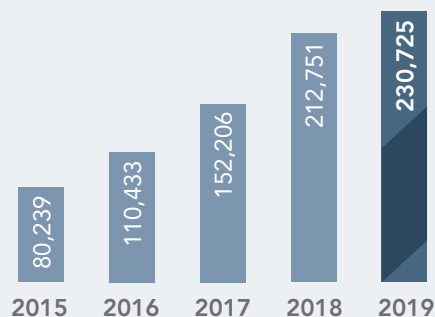
PATMI  
(RM' 000)



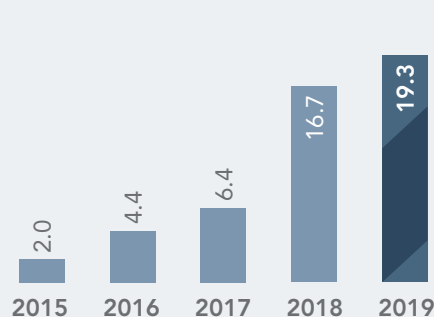
SHAREHOLDERS' FUND  
(RM' 000)



TOTAL ASSETS  
(RM' 000)



NET ASSETS PER SHARE  
(SEN)\*



\* Net Assets Per Share is calculated based on issued share capital of 625,000,000 shares



# Profile of Directors



**TAN SRI DATO' IR.  
HJ. ZAINI BIN OMAR**  
*Independent Non-Executive Chairman*

**Tan Sri Dato' Ir. Hj. Zaini bin Omar**, male, a Malaysian, aged 71, is our Independent Non-Executive Chairman and was appointed to our Board on 18 September 2017. He is also a member of the Audit Committee, Remuneration Committee, Nomination Committee, and Risk Management Committee.

He graduated with a Bachelor of Engineering from James Cook University of North Queensland, Australia in November 1974 and holds a Bachelor of Laws from the University of London awarded in July 1985. In November 1986, he obtained his Professional Engineer status from the Board of Engineers, Kuala Lumpur and in September 1988, he was admitted and enrolled as an Advocate and Solicitor of the High Court in Malaya. In April 2003, he was conferred with an honorary Doctor of Philosophy (PhD) in project management by University Tun Hussein Onn, Malaysia. He was, from February 2000 to July 2005, the President of the Board of Engineers Malaysia and is currently the Honorary Fellow of the Institution of Engineers Malaysia and a fellow of the Construction Industry Development Board of Malaysia.

He has vast experience in the electricity sector, the aviation sector, the water supply sector and the public works sector. He has served in various functions including Director General of the Public Works Department, Deputy Director General of Electricity Department, Director General of the Department of Civil Aviation (DCA), Chairman of the National Water Services Commission, and the Head of The Special Unit for Overseas Projects in the Economic Planning Unit, Malaysia until 2009.

Presently, he is an Independent Non-Executive Chairman of Digistar Corporation Berhad, which is listed on the Main Market of Bursa Malaysia Securities Berhad. Additionally, he also sits on the board of several private companies.

He has no family relationship with any Director and/or any major shareholder of GDB and has no conflict of interest with the Group. He has not been convicted of any offences in the past five (5) years other than traffic offences (if any). There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year.



**CHEAH HAM CHEIA**  
*Group Managing Director*

**Mr. Cheah Ham Cheia**, male, a Malaysian, aged 64, is our Group Managing Director. He is also a substantial shareholder of the Group. He was appointed to our Board on 28 February 2013 and was re-designated to his current position in October 2019. He is responsible for the overall guidance on our business direction and manages the strategic development of our Group. He is a member of the Risk Management Committee.

He graduated with a Bachelor of Science in Engineering from University of Aberdeen, United Kingdom in July 1985. He has spent his entire career in the construction industry with over 40 years of experience and held multiple positions, including Group Chief Executive Officer of Putrajaya Perdana Berhad where he was responsible for planning strategic business objectives and ensuring positive growth of revenue and profit margins of the Putrajaya Perdana group.

He was involved in numerous notable projects including The Intermark in Kuala Lumpur, Sarawak Energy Berhad Headquarters in Kuching, Light Rail Transit Infrastructure Works in Putrajaya, Government Administrative Offices in Putrajaya (namely Parcel C and Parcel D) and Pavilion Kuala Lumpur, among others.

He is the father of Mr. Cheah Jun Kai, an Executive Director of GDB. He has no conflict of interest with the Group and does not hold directorship in any other public listed companies. He has not been convicted of any offences in the past five (5) years other than traffic offences (if any). There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year.

# Profile of Directors

(cont'd)



**ALEXANDER LO  
TZONE LEONG**  
*Group Executive Director*



**CHEAH JUN KAI**  
*Executive Director*

**Mr. Alexander Lo Tzone Leong**, male, a Malaysian, aged 48, is our Group Executive Director. He is also a substantial shareholder of the Group. He was appointed to our Board on 3 August 2016 as our Executive Director and subsequently re-designated to his current position in October 2019. He is responsible for assisting our Group Managing Director in the overall management and operation of our Group as well as overseeing the overall operations of our construction projects. He is a member of the Risk Management Committee and also a Fellow of the Chartered Institute of Building ("FCIOB").

He graduated with a Certificate in Technology (Building) from Kolej Tunku Abdul Rahman, Malaysia in May 1992. He has spent more than 27 years in the construction industry and has served in various capacities, including Chief Operating Officer of Putra Perdana Construction Sdn Bhd where he was responsible for all daily operations of the company.

He was involved in several reputable projects, including Bangsar Shopping Centre, the Government Administrative Offices in Putrajaya ("Parcel D"), Pavilion Kuala Lumpur, Felda Tower Platinum Park, The Intermark in Kuala Lumpur, Menara PJH in Putrajaya, and the Ara Green Wellness & Healthcare City in Kuala Lumpur.

He has no family relationship with any Director and/or any major shareholder of GDB and has no conflict of interest with the Group. He does not hold directorship in any other public listed companies. He has not been convicted of any offences in the past five (5) years other than traffic offences (if any). There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year.

**Mr. Cheah Jun Kai**, male, a Malaysian, aged 33, is our Executive Director and the Senior Manager for the Finance, Risk Management and Business Development divisions. He was appointed to our Board on 28 February 2013.

He graduated with a Bachelor of Arts in Accounting from University of Hertfordshire, United Kingdom in July 2011. He started his career as a Management Trainee at AmlInvestment Bank Berhad before joining WorleyParsons Business Service Sdn Bhd and working his way up to Senior Business Analyst where he was responsible for the account payable stream of the company by developing, managing and monitoring the key performance indexes and developing key controls upon high risk functions.

He is the son of Mr. Cheah Ham Cheia, Group Managing Director of GDB. He has no conflict of interest with the Group and does not hold directorship in any other public listed companies. He has not been convicted of any offences in the past five (5) years other than traffic offences (if any). There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year.

# Profile of Directors

(cont'd)



**DATUK CHIA LUI MENG**  
*Independent Non-Executive Director*

**Datuk Chia Lui Meng**, male, a Malaysian, aged 65, is our Independent Non-Executive Director. He was appointed to our Board on 18 September 2017. He is the Chairman of the Remuneration Committee and the Risk Management Committee, as well as a member of the Audit Committee and the Nomination Committee.

He graduated with a Bachelor of Quantity Surveying (Hons) from Universiti Teknologi Malaysia in April 1978. He was also awarded a Bachelor of Laws (Hons) Degree from the University of London in August 1994 and completed the Certificate of Legal Practice awarded by the Legal Qualifying Board Malaysia in December 1995. He is a Fellow of the Royal Institution of Surveyors, Malaysia since August 2005, a Member of the Society of Construction Law (Kuala Lumpur and Selangor) since July 2006 and a Professional Member of the Royal Institution of Chartered Surveyors since November 2007. He was admitted to the Malaysian Bar in May 2017.

He has 42 years of experience in the property development and construction industry, and has worked in both the public and private sectors. He has held multiple positions, including Group Chief Executive Officer of United Malayan Land Berhad where he was responsible for the overall administration of the company.

He was involved in the development of the 1,200 acres ECOPARK township by VIHAJICO in Hanoi, Vietnam, Group Director of Naza TTDI Sdn Bhd, CEO of Malton Berhad and is currently National Council Member of the Real Estate and Housing Developers' Association Malaysia ("REHDA") and the Secretary of the REHDA Wilayah Persekutuan Branch.

He is a Non-Executive Director of certain subsidiaries under the United Malayan Land Berhad group. He is currently practicing as an Advocate & Solicitor in Soh Hayati & Co specialising in the area of real estate development and construction law.

Our Board is of the view that Datuk Chia Lui Meng's involvement as Non-Executive Director in Alpine Return Sdn Bhd, Bangi Heights Development Sdn Bhd, Nusajaya Consolidated Sdn Bhd, and UM Land Builders Sdn Bhd, which are carrying on a similar trade as our Group, does not give rise to a conflict of interest situation.

He has no family relationship with any Director and/or any major shareholder of GDB. He has not been convicted of any offences in the past five (5) years other than traffic offences (if any). There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year.



**KOW POH GEK**  
*Independent Non-Executive Director*

**Mdm. Kow Poh Gek**, female, a Malaysian, aged 63, is our Independent Non-Executive Director. She was appointed to our Board on 14 December 2017. She is also the Chairperson of the Audit Committee and the Nomination Committee, as well as a member of the Remuneration Committee and the Risk Management Committee.

She graduated with a Diploma in Commerce (Cost & Management Accounting) from Kolej Tunku Abdul Rahman, Malaysia in May 1982. She has been a Chartered Accountant of the Malaysian Institute of Accountants since June 1988 and a Fellow of The Chartered Institute of Management Accountants since March 1993.

She has more than 38 years of experience in accounting and finance, and has served in various sectors such as investment holding, banking, hotels and resorts, direct selling, manufacturing and trading/services. She was the Chief Financial Officer of EITA Resources Berhad from January 2012 to December 2017, where she was responsible for the Group's finance and accounts, investor relations functions and risk management.

Mdm. Kow is also an Independent Non-Executive Director of QL Resources Berhad.

She has no family relationship with any Director and/or any major shareholder of GDB and has no conflict of interest with the Group. She has not been convicted of any offences in the past five (5) years other than traffic offences (if any). There were no public sanctions or penalties imposed on her by any regulatory bodies during the financial year.

# Key Management Profile

## MDM. TOH FONG ENG

*Chief Financial Officer*

**Mdm. Toh Fong Eng**, female, a Malaysian, aged 58, is our Chief Financial Officer since May 2017. She is responsible for the overall corporate finance functions of the Group and oversees the accounting, taxation and treasury functions as well as the statutory compliance and reporting of our Group.

She is a Fellow Member of the Association of Chartered Certified Accountants (ACCA) since November 2004. She is also a registered chartered accountant with the Malaysian Institute of Accountants since June 2001.

She has more than 37 years of experience in accounting and corporate finance, and has held multiple positions, including as General Manager for Finance & Accounts of Putrajaya Perdana Berhad before she joined our Group.

She has no family relationship with any Director and/or any major shareholder of GDB and has no conflict of interest with the Group. She does not hold directorship in any public listed companies. She has not been convicted of any offences in the past five (5) years other than traffic offences (if any). There were no public sanctions or penalties imposed on her by any regulatory bodies during the financial year.

## MDM. LIM LEE LING

*Senior Manager for Human Resource and Administration*

**Mdm. Lim Lee Ling**, female, a Malaysian, aged 50, is our Senior Manager for Human Resource and Administration since May 2017. She is responsible for our Group's overall human resource and office administrative matters. She joined the Group in May 2013.

She graduated from Systematic Secretarial Centre Sdn Bhd, Kuala Lumpur with a Diploma in Secretarial & Administration in December 1996 and was awarded the Pitman Diploma in Secretarial and Administration from The City and Guilds of London Institute in July 1997. Prior to her current position, she has had extensive experience in secretarial and administrative matters, and has served in various capacities, including Office Manager in the Group.

She has no family relationship with any Director and/or any major shareholder of GDB and has no conflict of interest with the Group. She does not hold directorship in any public listed companies. She has not been convicted of any offences in the past five (5) years other than traffic offences (if any). There were no public sanctions or penalties imposed on her by any regulatory bodies during the financial year.

## MR. YAP WEI TONG

*Assistant General Manager for Projects*

**Mr. Yap Wei Tong**, male, a Malaysian, aged 46, is our Assistant General Manager for Projects since January 2015. He assists our Group Executive Director in managing the construction division and was the Head of Project for several of our Group's projects.

He graduated from Universiti Sains Malaysia with a Bachelor of Civil Engineering (Hons) in July 1999. He has substantial experience in the construction sector, and has held multiple positions, including Senior Project Manager at Putra Perdana Construction Sdn Bhd before joining our Group in May 2014.

He has no family relationship with any Director and/or any major shareholder of GDB and has no conflict of interest with the Group. He does not hold directorship in any public listed companies. He has not been convicted of any offences in the past five (5) years other than traffic offences (if any). There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year.

# Key Management Profile

(cont'd)

## MR. WONG CHIN TEE

*Assistant General Manager for Tenders and Contracts*

**Mr. Wong Chin Tee**, male, a Malaysian, aged 55, was promoted to the position of General Manager for Tenders and Contracts effective from January 2020. He oversees and manages the Group's project costs, tendering of projects, and leads the Tender & Contract Department since he joined the Group in August 2013.

He graduated from Robert Gordon University, Aberdeen with a Bachelor of Science majoring in Quantity Surveying in June 1993. He has extensive experience in the construction industry and served in various capacities, including Senior Contract Manager of Putra Perdana Construction Sdn Bhd before he joined our Group in August 2013.

He has no family relationship with any Director and/or any major shareholder of GDB and has no conflict of interest with the Group. He does not hold directorship in any public listed companies. He has not been convicted of any offences in the past five (5) years other than traffic offences (if any). There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year.

## MR. GOH ENG NGAI

*Executive Director for GDB Geotechnics Sdn Bhd ("GDB Geotechnics")*

**Mr. Goh Eng Ngai**, male, a Malaysian, aged 59, is our Executive Director for GDB Geotechnics Sdn Bhd (formerly known as Eco Geotechnics Sdn Bhd) since October 2019. He is responsible for the overall guidance on the GDB Geotechnics's strategic direction and tendering activities as well as overseeing the overall operations of our piling and substructure projects.

He has more than 31 years of experience in the construction industry and specialised in piling and substructure works. He has held various positions including Project Manager of Singapore Piling & Civil Engineering Pte Ltd, Senior Construction Manager of B+B Geotechnics Sdn Bhd, General Manager of Pilecon Geotechnics Sdn Bhd and Senior General Manager of Sunway Geotechnics Sdn Bhd. He joined the Group following the GDB's acquisition of GDB Geotechnics, at which he was serving as the Executive Director of the GDB Geotechnics since September 2013.

He has no family relationship with any Director and/or any major shareholder of GDB and has no conflict of interest with the Group. He does not hold directorship in any public listed companies. He has not been convicted of any offences in the past five (5) years other than traffic offences (if any). There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year.



# Chairman's Statement

## DEAR SHAREHOLDERS,

In the financial year ended 31 December 2019 ("FY2019"), the overall construction sector underwent a tumultuous phase of economic uncertainty due to global and domestic geopolitical adjustments in fiscal policies.

Backed by strong fundamentals and astute management, GDB Holdings Berhad ("GDB") not only managed to successfully navigate through the challenging economic climate but also succeeded in charting new milestones in our growth journey. This is well-reflected by the Group's new wins for FY2019 of more than RM950 million – a new record of highest contract wins in a single financial year.

On behalf of the Board of Directors of GDB, I am honored to present to you our annual report and our audited financial statements for FY2019.

### 2019 ECONOMIC REVIEW

As per the World Bank, the global economy decelerated to approximately 2.4% gross domestic product (GDP) growth in 2019 (2018: 3.7%), which marked the slowest since the 2009 global financial crisis. The reduced global economic expansion was largely due to trade tensions among major economies, which led to volatility in global financial markets.

On the home front, Malaysia also faced a slowdown in economic growth, with the domestic GDP declining to 4.3% in 2019 (2018: 4.7%), as the nation was adversely impacted by weaker total exports, disruptions in cross-border supply chains and dimmer private investments in light of low business confidence.

In tandem with Malaysia's slower GDP growth, the construction sector recorded minimal growth rate of 1.2% (2018: 4.3%), on continued delays in the commencement of major infrastructure projects as well as lower-than-usual private sector-driven projects.

Throughout 2019, project owners adopted a more selective stance in launching construction projects as well as reevaluating the scale of projects in line with overall prudence.

### 2020 OUTLOOK

The World Bank in January 2020 expected muted global GDP growth of 2.5% in 2020 on the back of gradual recovery of trade and investment activity. However, in light of the COVID-19 pandemic, this projection was expected to be further dampened to 1.3% and potentially leading to a global recession as per Fitch Ratings forecast in March 2020. The overall impact of the COVID-19 outbreak will, however, depend on the duration and policy responses by authorities especially in the G7 economies.

In 31 March 2020, the World Bank lowered its GDP targeted for Malaysia to -0.1% in 2020, down from an earlier forecast for 4.5% growth, in light of the growing domestic and global uncertainty over the duration and overall impact of the COVID-19 outbreak. The projected GDP contraction is based on expected larger decline of net exports and investments, as well as significantly slower pace of private consumption, which could be offset by the expected fiscal and monetary measures from the Federal Government to bolster the economy.

As at November 2019, Bank Negara Malaysia projected an expansion for the construction industry of 3.7% due to the continuation of mega projects as well as the building of affordable homes. Additionally, Bank Negara's decision in January and March 2020 to reduce the Overnight Policy Rate

(OPR) by 50 basis points to 2.50% was expected to aid in spurring the soft property market and in turn private-driven residential construction projects. However, in light of the COVID-19 and the Movement Control Order as announced by the Government, the domestic construction sector is expected to be negatively impacted due to works being halted.

### APPRECIATION

Despite our great achievements in 2019, the bearish upcoming financial year presents a tougher and more challenging operating landscape. In navigating through this unprecedented period, the Group will continue to hone its competitive edge and build on GDB's reputation as the contractor of choice.

I would like to express my gratitude to the Board of Directors, key senior management, and all employees of GDB for their unwavering efforts in driving the Group forward to reach greater heights.

Additionally, I would also like to thank our business partners, associates, suppliers, customers, and valued shareholders for their steadfast support. With your sustained encouragement, GDB would surely strengthen our foundation as one of the leading builders in Malaysia.

Sincerely,

**TAN SRI DATO' IR. HJ. ZAINI  
BIN OMAR**  
Chairman

# Management Discussion & Analysis

## DEAR VALUED SHAREHOLDERS,

We are delighted to share that GDB Holdings Berhad ("GDB") notched multiple milestones in our growth journey despite tough economic conditions for the financial year ended 31 December 2019 ("FYE 2019").

GDB's feat in building an excellence track record in only the second year as a listed entity followed by the successful transfer to the Main Market speak volumes of our tenacity in carrying out our growth plan and is GDB's testament to wider investment community.

## BUSINESS OVERVIEW

GDB, via its 100%-owned subsidiary, Grand Dynamic Builders Sdn Bhd ("GDBSB"), is a construction services provider in Malaysia, specialising in high-rise residential, commercial and mixed development buildings.

As a main or principal works contractor, GDBSB is responsible for the implementation of construction projects. This includes the engagement of subcontractors as well as daily management of all the works necessary for completing projects on time and in accordance with our customers' specifications.

GDBSB is registered with the Construction Industry Development Board of Malaysia ("CIDB") as a Grade G7 contractor, which enables GDBSB to tender for projects with unlimited value in the categories of general building, general civil engineering, and mechanical works.

GDBSB is also equipped with the Sijil Perolehan Kerja Kerajaan as a Grade G7 contractor, which allows us to participate in tenders for Government jobs with contract value above RM10.0 million.

In line with our commitment to comply with stringent quality, safety, and environmental standards, we have obtained multiple certifications such as ISO 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management System, and OHSAS 18001:2007 Occupational Health and Safety Management System. GDBSB has also obtained the Quality Assessment System in Construction (QLASSIC), Safety and Health Assessment System in Construction (SHASSIC), Building Quality Assessment System (BuildQAS), Construction Quality Assessment System (CONQUAS) and the 5-S certifications for our projects.

GDBSB embraces the use of cutting-edge technology and efficient practices to provide value engineering and deliver projects ahead of their contractual completion dates. These technologies and practices include:

- **Building Information Modelling (BIM)**, which provides "virtual reality" insight throughout the building construction stages. This allows for early clash detection and analysis, which enhances efficiency in implementing large-scale projects and reduces completion time.
- **Industrialised Building System (IBS)**, which is a construction process that speeds up project completion by utilising off-site pre-fabricated components and on-site installation as well as various types of formwork systems for projects.

# Management Discussion & Analysis (cont'd)

- **The 5-S Standards** which develops and enhances the practices of Structurise, Systematise, Sanitise, Standardise and Self-discipline with the goal of improving the safety, quality and environmental aspects of our projects.

In October 2019, GDB successfully completed the acquisition of 70% stake in Eco Geotechnics Sdn Bhd, now known as GDB Geotechnics Sdn Bhd ("GDB Geotechnics"). Through the acquisition, GDB has bolstered its in-house expertise and added bored piling and foundation services to its list of capabilities, hence providing complete substructure and superstructure works.

Similar to GDBSB, GDB Geotechnics also holds a Grade G7 License from the CIDB.

## OPERATIONS OVERVIEW

### New Contract Wins

Amidst navigating an intensely competitive landscape, GDB recorded its highest contract wins in a single financial year, securing RM953.9 million worth of new projects in FYE 2019. Not only that, these new wins consisted of building construction projects from various sectors, including hospitality, automotive, as well as commercial and residential.

One of the new wins was the Group's single largest contract of RM517 million to undertake construction works as the main contractor for the Park Regent residential development located at Desa ParkCity. The contract was awarded by Cloudvest Sdn Bhd, a wholly-owned unit of Unicorn Frontier Sdn Bhd, which is a 50:50 joint venture entity between ParkCity Property Holdings Sdn Bhd and CapitaLand Malaysia Pte Ltd.

The Park Regent premium residential development comprises two 54-storey blocks with 505 apartment units on a five-storey podium, which consists of one-storey of residential amenities, a four-storey car park, as well as a one-storey basement car park. Upon completion, the Park Regent project is slated to be the tallest building in the entire Desa ParkCity township.



The 37-month contract is also the third time GDB was awarded to build high-rise residential buildings in Desa ParkCity and is expected to be completed by 1 January 2023.

We had also extended our wings to East Malaysia by securing the RM213.3 million contract from Sunhill Ventures Sdn Bhd, a wholly-owned subsidiary of Hap Seng Consolidated Berhad ("Hap Seng") for the construction of the 22-storey five-star Hyatt Centric Hotel in Kota Kinabalu, Sabah.

Not only that, the Hyatt Centric Hotel contract is GDB's first hospitality project and will feature 222 guest rooms. The duration of the contract will be 22.5 months, with commencement date on 2 January 2020 and scheduled completion date on 16 November 2021.

Additionally, the Group also ventured into other building segments by bagging the RM67.9 million contract from Hap Seng Land Development (Puchong) Sdn Bhd, a wholly-owned subsidiary of Hap Seng to build the Hap Seng Star Mercedes-Benz Autohaus in Setia Alam, Selangor.

The 15-month project which appointed GDB as the main contractor consists of a seven-storey block, which consists of a ground floor and six-storey with two mezzanine floors, as well as a rooftop. It is expected to be completed on 27 February 2021.

# Management Discussion & Analysis (cont'd)

Altogether with Menara Hap Seng 3, it's important to note that Hap Seng has entrusted us with three projects thus far in both Peninsular and East Malaysia, attesting to the consistent quality of our services.

Also, we have won our first piling and substructure job for Aviary Residence in Puchong Horizon worth RM20.7 million in less than a month since the completion of GDB Geotechnics' acquisition.

The contract entails bored piling and pile caps for two blocks of serviced apartments comprising a 36-storey 565-unit Tower 1 and 37-storey 337-unit Tower 2. The development will also include a common facilities podium as well as a six-storey car park.

The overall duration of the Aviary Residence job is for 21 months from the date of possession of site on 18 November 2019.



## Successful Delivery

In 2019, GDB further bolstered the Group's enviable track record of delivering projects ahead of their contractual completion dates by completing two projects ahead of schedule, namely Menara Hap Seng 3 office tower and Dementia Care Centre.

For the Menara Hap Seng 3 project with contract sum of RM312.9 million, GDB successfully managed to complete the project 7 days ahead of schedule. This achievement is an exceptional feat considering the Group was given only 26 months tenure to complete this sizable project.

On top of the substantial size of the project, the Menara Hap Seng 3 office tower also posed complexities due to its location in the heart of Kuala Lumpur City Centre, thus, subjected to more stringent regulations in terms of timing of heavy machinery movement, noise pollution during work hours, as well as precision of works considering the proximity to surrounding buildings.

Meanwhile, the Group has also completed the RM2.6 million renovation works for Dementia Care Centre 7 days ahead of schedule despite having short contract tenure.

## Industry-Leading Operational Excellence

Our Group has also sustained our operational excellence, where our works for AIRA Residence were recognised by multiple industry-leading certifications.





# Management Discussion & Analysis (cont'd)



These included receiving 5-star rating for workplace cleanliness by the Human Resource Ministry, 5-star rating with a score of 98% from CIDB in Safety and Health Assessment System in Construction (SHASSIC), Gold award for occupational safety and health (OSH) management by The Malaysian Society for Occupational Safety & Health, and the first Construction Green 5-S certification in Malaysia by International 5-S Organisation and SIRIM.

The continued operational excellence culminated with GDB being once again awarded 5-star rating by CIDB and SME Corp in 2019 for our exemplary leadership, established brand presence, excellent management and technical capabilities.

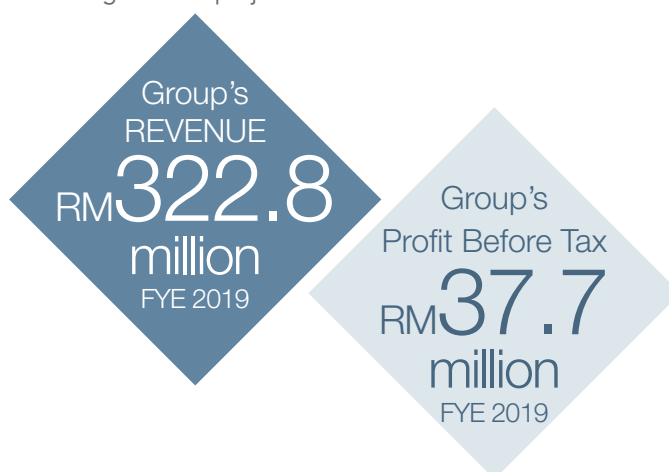
## Steady Progress

As at 31 December 2019, our order book stood at a healthy level of RM1.15 billion, which provides positive earnings visibility until the financial year ending 31 December 2022.

The sizable order book comprises ongoing projects namely AIRA Residence condominium in Damansara Heights, Perla Ara Sentral in Ara Damansara, Park Regent in Desa ParkCity, Hap Seng Star Mercedes-Benz Autohaus in Setia Alam, Hyatt Centric Hotel in Kota Kinabalu, Sabah, and piling and substructure works for Aviary Residence in Puchong Horizon.

The Group has made considerable progress and is on-track for AIRA Residence in respect of its contractual completion date by 12 October 2020. Additionally, GDB has also passed the initial stage of structural construction for Perla Ara Damansara and expects to go full-speed ahead to propel revenue recognition in the financial year ending 31 December 2020. Additionally, despite winning most of the new contracts in the fourth quarter of 2019, GDB has made good construction progress for Park Regent in Desa ParkCity, Hap Seng Star Mercedes-Benz Autohaus in Setia Alam, and Hyatt Centric Hotel in Kota Kinabalu, Sabah.

On the piling and substructure front, the Group has made smooth construction progress for the Aviary Residence at Puchong Horizon project.





# Management Discussion & Analysis (cont'd)



## FINANCIAL OVERVIEW

Notwithstanding the challenging operating landscape, GDB was single mindedly focused on securing new jobs and executing its projects at-hand in FYE 2019. These efforts paid off handsomely, as the Group's revenue in FYE 2019 increased 17.6% to RM322.8 million from RM274.6 million a year ago.

The revenue growth was driven by maiden contributions of newly-secured projects, namely Park Regent, Hap Seng Star Mercedes-Benz Autohaus and piling and substructure works for Aviary Residence. This was on top of progress billings for on-going projects as at 31 December 2019, which are AIRA Residence, Perla Ara Sentral as well as Menara Hap Seng 3 which was completed on 24 December 2019.

Altogether, the Group's profit before tax ("PBT") rose 2.1% in FYE 2019 to RM37.7 million from RM36.9 million previously. The higher profitability was in tandem with the Group's enlarged revenue base and higher interest income, which offset the increase in administrative expenses.

In FYE 2019, GDB reported growth of 4.5% to RM29.1 million in Profit After Tax and Minority Interests (PATMI) from RM27.9 million a year ago, primarily attributable to the Group's larger top line and reduced effective tax rate of 23.6% from 24.5% in the previous year.

As at 31 December 2019, GDB's total assets grew 8.4% to RM230.7 million from RM212.8 million a year ago. The rise was largely due to acquisition of corporate office building, higher contract assets and increase in fixed deposits with licensed banks.

Similar to previous year, GDB did not have any outstanding borrowings as at 31 December 2019, and ended the year under review with a significant net cash position. This strong balance sheet positions the Group favorably in not only effectively navigating the continuous challenging environment in the construction industry but also funding the Group's projects at hand.

The Group's total liabilities marginally declined by 1.1% to RM107.4 million as at 31 December 2019 from RM108.6 million a year ago, which is primarily attributable to lower contract liabilities due to timing differences between construction work certified by a customer and construction costs incurred plus attributable profit. This was offset by higher trade payables due to higher retention sums.

Total equity leaped 18.4% to RM123.3 million as at 31 December 2019 compared to RM104.1 million previously driven by higher retained earnings, which was slightly offset by minority interest stemming from the acquisition of GDB Geotechnics.

# Management Discussion & Analysis (cont'd)

## CAPITAL EXPENDITURE

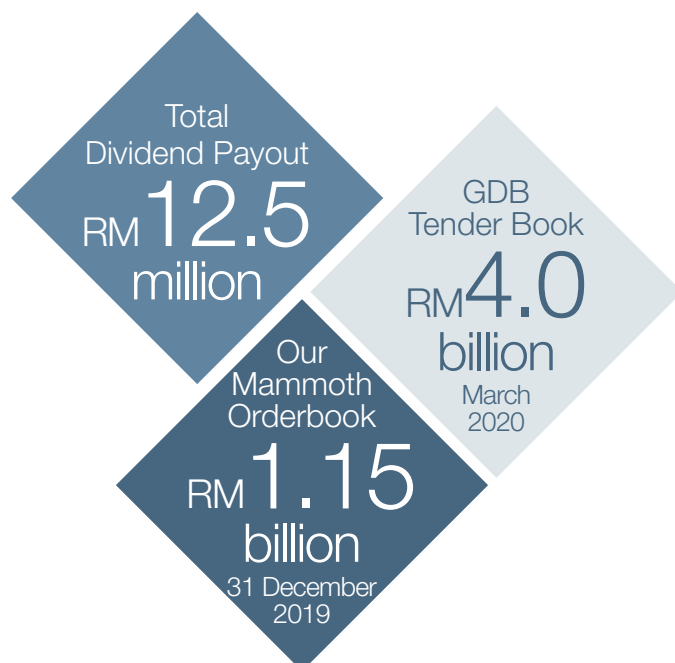
In FYE 2019, GDB incurred RM11.1 million in capital expenditure primarily attributable to acquiring a new office in Sekitar 26 Enterprise for the Group's new headquarters for RM9.2 million, as mentioned during the Group's initial public offering exercise. Additionally, the Group purchased plant and equipment comprising RM0.6 million for office renovation, RM0.5 million for motor vehicles, RM0.5 million for plant & equipment, RM0.2 million for site equipment, RM0.1 million for computer software & hardware and the remaining balance for office equipment.

## DIVIDEND

GDB paid two interim single-tier dividends to shareholders in respect of FYE 2019 amounting to a total of 2.0 sen per share.

The total dividend payout amounted to RM12.5 million, representing 42.9% of FYE 2019 net profit, thus, yet again exceeding our dividend policy to distribute up to 30.0% of our annual net profit.

This showcases the Group's willingness to not only reward our shareholders for their participation in the Group's achievements, but also creating shareholder value, as GDB continues to march forward in its growth journey.



## GROWTH STRATEGIES

Building on our successes in 2019, we remain cautiously optimistic in weathering the numerous potential challenges in 2020, armed with our experienced management team and stellar track record of delivering projects ahead of their contractual completion dates for our customers.

In order to strengthen our market presence, we will be implementing the following strategies:

### Securing New Contracts in the Premium High-Rise Construction Segment

The Group aims to mitigate the projected challenging environment in 2020 by building on our mammoth orderbook of RM1.15 billion as at 31 December 2019 by targeting to secure new high-rise jobs, especially in the high-end range where our core-expertise lies.

Despite the construction sector doldrums, GDB continues to see steady tender streams of building works. The Group's construction segment tender book as at end-March 2020 stood at RM3.7 billion, comprising mixed development, residential, and offices. Out of the RM3.7 billion tender works, 14% percent of the tenders are repeated clientele that are familiar with the quality of the Group's works.

For our piling and substructure segment, GDB via GDB Geotechnics has tendered for 13 jobs, which amounts to RM0.3 billion as at end of March 2020.

Altogether, GDB's RM4.0 billion tender book signifies the Group's commitment to achieve revenue of RM1.0 billion by 2025.

### Targeting Construction Works in Other Building Segments

GDB remains committed in securing works for other buildings segments and strengthening its project portfolio, given the Group's initial breakthrough by venturing into other building segments in 2019, namely hotels and industrial buildings.

Backed by successful project reference in high-rise construction segments, we are optimistic of securing more other building segments projects by offering a value proposition centered on timely completion, quality and safety.

# Management Discussion & Analysis (cont'd)

## Exploring Opportunities to Penetrate the Civil and Infrastructure Construction Segment

The Group remains committed in venturing into the civil and infrastructure construction segment. However, we adopted a longer timeframe for the recruitment and establishment of the infrastructure project team in light of prevailing market uncertainties for infrastructure projects as well as the private sector adopting a cautious approach in project implementation.

On 26 March 2020, the Board of Directors of GDB has decided to extend the timeframe for utilisation of the Public Issue Proceeds which have been earmarked for payment of salaries for infrastructure project team amounting to RM680,000, by an additional 12 months.

Moving forward, the Group will continue to monitor the situation closely and exert caution in setting up the Group's infrastructure project team.

## Transfer to the Main Market of Bursa Malaysia Securities Berhad

GDB, on 27 December 2019, filed its application with the Securities Commission Malaysia for the proposed transfer of listing of and quotation for the entire issued share capital of GDB from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Proposed Transfer"), as the Group had fulfilled the requirements for the Proposed Transfer, including aggregate profit after tax of RM20 million over 3 full financial years, 25% public shareholding spread, and the 12.5% bumiputera equity requirement.

On 21 February 2020, the Group's shareholders voted to approve the amendments to the Constitution of the Company to facilitate the Proposed Transfer.

Following approvals from the Securities Commission Malaysia and Bursa Securities, the Group is transferred to the Main Market of Bursa Securities on 24 April 2020 ("Transfer").

The Transfer will not only elevate GDB's prestige, recognition and profile in the eyes of potential clientele as one of the nation's leading builders, but also allowing the Group to tap into a broader investing community, especially the institutional funds. This will only enhance GDB shareholders' value from greater investor participation.



## RISKS

On the back of bearish outlook, our Group is mindful of the various risks facing the construction industry that may materially impact our operations, performance, financial condition, and liquidity.

Backed by a strong financial position and experience, we are confident in mitigating our risks effectively.

The key risks faced by our Group are as follows:

### Oversupply of Property

The overhang of residential and commercial property in key urban areas across the nation could potentially lead to fewer property launches in the near term. This would result in slower tender streams and adversely impact the Group's order book replenishment prospects.

In mitigating this risk, the Group seeks to further diversify its tender portfolio to incorporate other building segments. This would leverage on the Group's initial success in FYE 2019 by securing building works in the hospitality and automotive segment.

The Group believes there is still ample opportunity for residential and commercial works in the market and will continue to hone its competitive edge in order to improve its tender prospects.

# Management Discussion & Analysis (cont'd)

## Competition

The slowdown of construction investments leads to highly competitive landscape, which could potentially lead to constrained margins as construction companies aggressively reduce prices to secure projects.

Hence, we have added piling and basement capabilities through the acquisition of GDB Geotechnics, which enables us to provide a full suite of services from substructure to superstructure construction services.

Therefore, we are optimistic that reputable project owners would continue trusting GDB as their contractor of choice on the back of our proven track record of early completion whilst adhering to the most exacting quality, safety, and environmental standards.

Nonetheless, the Group will continue to seek new methods to hone our competitive edge of cost-conscious project management in a bid to remain price-competitive.

## Rising Building Material Costs

Any change in the costs of building materials such as steel and cement would have a corresponding impact on GDB's margins.

Therefore, the Group has put in place various mechanisms to manage cost increases, and implemented adequate project and resource management processes to prevent undesirable consequences.

Additionally, via network of trusted suppliers and sub-contractors, the Group constantly has eyes and ears on the ground to safeguard to ensure that raw materials purchased are competitively priced and delivered at agreed timelines, thus enabling ideal project progress.

## Economic Risks

GDB could be adversely affected by lack of private-driven investments in the construction segment in light of the current challenging and opaque economic landscape on the global, regional as well as domestic front.

At this time, the Group will employ caution and prudence in deploying its assets, whilst continuing its efforts to deliver industry-leading quality works without compromising on safety. On top of that, the Group continues to identify ways to enhance our tendering prospects.

Nonetheless, the Group's RM1.15 billion orderbook will provide steady revenue recognition till FYE 2022 and aid GDB in navigating this volatile period.

## Risks Arising from Novel Coronavirus Disease (COVID-19) and Movement Control Order (MCO)

In compliance with the Government's ruling, GDB observed the MCO that was implemented on 18 March 2020 and halted works on its construction sites accordingly.

In order to mitigate the MCO impact, GDB would seek extension of time for its on-going projects on hand with project owners as well as leverage on the Group's cutting-edge technologies such as IBS and BIM to hasten the construction progress without compromising on its quality. With our aforesaid mitigating measures, the impact on the Group's financial performance in light of the COVID-19 pandemic and the MCO is not expected to be significant.

Post-MCO, the Group would implement stricter sanitation protocols to ensure the well-being of our workers and stakeholders.

## APPRECIATION

I would like to extend my appreciation towards the steadfast dedication of GDB's management team and employees in driving the Group forward through a challenging year, by not only maintaining our operational excellence, but also setting new numerous records.

I would also like to express my heartfelt gratitude to our business partners, associates, suppliers, customers, and valued shareholders who played their part in ensuring GDB remains as one of the leading builders in Malaysia.

Going forward, we will endeavor to deliver value in every aspect of our works in order to grow GDB's reputation as the contractor of choice.

Sincerely,

**CHEAH HAM CHEIA**  
Group Managing Director

# Sustainability Statement

Sustainability is taken seriously by the top management of GDB and emphasised in every level of the Group. To this end, sustainability is embedded in our mission statement to safeguard Mother Nature and to build dedicated and lasting relationships with our valued stakeholders.

GDB has established a robust corporate governance structure that is overseen by our Board of Directors to ensure that we sufficiently and competently discharge our responsibilities to our customers, regulatory authorities, suppliers, subcontractors, employees, shareholders, and society at large.

This structure is also applicable to GDB Geotechnics Sdn Bhd (formerly known as Eco Geotechnics Sdn Bhd) ("GDB Geotechnics"), which was integrated into the GDB Group upon its acquisition in October 2019.

In line with our commitment to be a responsible corporate citizen, we have identified four key areas where we can have a positive impact on society. These key areas encompass the health, safety and well-being of our employees, our environmental impact, the communities where we operate, and the overall marketplace.

## I. HEALTH, SAFETY AND WELL-BEING OF EMPLOYEES

We regard our employees as the most crucial components to our success and we strive to constantly uphold the well-being, health and safety of our employees.

To this end, we place great emphasis on co-operation between our project teams and subcontractors to minimise potential safety hazards and maintain a safe working environment at all our construction sites. The Group's adherence to the OHSAS 18001:2007 Occupational Health and Safety Management System international standard demonstrates our focus on the occupational health and safety of our employees as well as other personnel at all construction sites.

Additionally, GDB strives to provide employees with adequate training and career advancement opportunities to help them reach their full potential professionally. The Group also aims to enhance teamwork and forge closer bonds between employees through events such as Annual Dinner and gatherings to celebrate the achievement of key project milestones.

We consistently prioritise preserving the dignity of our employees, and we avoid engaging in any form of discrimination.

Decisions regarding promotion and remuneration are made based on employees' merits and their contribution to the success of the Group.

We also aim to promote gender equality and diversity in the workplace, and we actively provide opportunities for women to take on leadership roles in the Group. As at 31 December 2019, we have one female Independent Non-Executive Director on the Board of Directors and two women in our Key Senior Management team.

## II. ENVIRONMENT

GDB endeavours to minimise its environmental footprint and reduce wastage by reusing, reducing and recycling construction materials. The Group has also established and implemented proper protocols for the responsible disposal of waste from our construction sites.

In line with our target of being an environmentally-friendly construction services provider, we have installed waste water treatment systems at our construction sites to mitigate the risk of pollution. The treated waste water is subsequently available for general use at our construction sites.



# Sustainability Statement

(cont'd)

The Group also performs regular maintenance on its fleet of machinery and equipment which ensures efficient performance and reduces carbon emissions. Environmental impact is also an important consideration for us when acquiring new machinery and equipment.

We emphasise initiatives to increase the usage of eco-friendly materials and validate the sustainability of our building materials sources. Additionally, we are committed in our compliance with the ISO 14001:2015 Environmental Management System international standard to further enhance our environmental performance.

We also use energy-saving lightbulbs at our office and construction sites in line with the United Nations ("UN")'s Sustainable Development Goal of deploying affordable and clean energy. Additionally, we encourage our workers to commute to our construction sites by bicycle which also supports the UN's Sustainable Development Goal of promoting sustainable cities and communities.

Our employees are also actively reducing plastic usage on a daily basis by bringing their own eco-friendly containers for food and beverages, which is in line with the UN's Sustainable Development Goal of keeping the oceans clean and safe by avoiding the use of plastic bags.

The Group is cognizant of the public's concerns surrounding noise, vibration and dust pollution, particularly because our project sites are typically within urban and highly-congested commercial or residential locations. We therefore make it a top priority to put in place necessary mitigation measures such as setting up noise barriers at identified areas of our construction sites.

## III. COMMUNITY

We aim to play a significant role in the flourishing of the communities where we operate. For the financial year under review, we successfully completed construction works to renovate an existing hangar building to a dementia care centre in Segambut, Kuala Lumpur.

We adhere to stringent health, safety and quality standards in our projects to deliver buildings that provide future owners and/or tenants with a better quality of life. Furthermore, we are steadfast in adhering to the ISO 9001:2015 Quality Management System international standard to enhance the quality of workmanship in our projects.

GDB employs 232 people directly, providing them with employment and opportunities to advance their careers. We also cultivate strong relationships with our subcontractors and suppliers, providing them with the support to sustain their operations and provide more employment opportunities in the construction sector.

## IV. MARKETPLACE

We place strong importance on upholding best-practice corporate governance principles in our dealings with all stakeholders.

The Group has established rigorous procedures to ensure our suppliers and subcontractors consistently meet high quality, safety, and environmental standards when working on our projects. We also take measures to ensure that we engage suppliers and subcontractors that conduct their business in an ethical manner, especially in the areas of labour rights, business integrity, and legal compliance.

# Sustainability Statement

(cont'd)

We always endeavor to reach commercially fair terms for all parties in our negotiations with suppliers and subcontractors. We believe in paying our suppliers and subcontractors reasonably, and we have put in place systems to ensure that our business associates are paid within the agreed dates.

GDB continuously seeks to enhance its competitiveness and strengthen its value proposition. To this end, we have embraced cutting-edge technologies and construction methods to maintain our track record for delivering projects in a timely manner, and in accordance with the exacting requirements of our customers.

For instance, we are early adopters of Industrialised Building System, which is a construction process that speeds up project completion by utilising off-site pre-fabricated components and on-site installation as well as various types of formwork systems for our projects.

While we aim to constantly hone our competitive edge, we advocate fair competition in the marketplace. Therefore, we do not engage in unethical conduct.

To further underscore this principle, GDB is committed towards the enforcement of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) and hence adopted a zero-tolerance approach against bribery and corruption of all forms.

This policy and guideline on anti-corruption practices has been adequately communicated and strictly enforced across the Group's operations, namely Grand Dynamic Builders Sdn Bhd and GDB Geotechnics. All employees are prohibited from dealing, being involved in and/or being a part of any form of corrupt practices, both as giver or receiver of monetary gains or otherwise be it in kind, tangible or intangible, direct or indirect for personal gains.

The guidelines on anti-corruption practices encompass actions and interactions within the internal Group (i.e. between employees and employers), as well as with external parties, including but not limited to nominated sub-contractors, vendors, agents, business partners, and all parties with whom it has a contractual relationship, to guide activities pertaining to procurement, provision of site instruction and other related services.

Any actual or suspected form of corrupt practices must be promptly reported to the management of GDB. The Whistleblowing Policy is accessible on the Company website (<https://www.gdbhb.com.my/investor-relations/corporate-governance/>) which stipulated the appropriate channels for such reporting.

Any employee found to infringe this clause shall be treated with disciplinary action including termination of employment.

GDB is dedicated to protecting shareholders' rights and creating shareholder value. To this end, we will continue to provide material information and corporate development updates in a timely manner, while maintaining transparency when reporting on our financial performance. We also intend to continue our dividend policy of paying up to 30% of our annual net profit as dividends to shareholders, in appreciation for their participation in our success and confidence in the Group.

# Corporate Governance Overview Statement

The Board of Directors ("Board") of GDB Holdings Berhad ("Company") is pleased to present this statement to provide shareholders and investors with an overview of the corporate governance practices of the Company during the financial year ended 31 December 2019 ("FYE 2019"). The statement is also presented in compliance with Rule 15.25 of the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

This Corporate Governance Overview Statement ("CG Statement") has adopted and applied best practices from the three (3) principles as set out in the Malaysian Code of Corporate Governance ("MCCG"), which are:

**Principle A - Board leadership and effectiveness**

**Principle B - Effective audit and risk management**

**Principle C - Integrity in corporate reporting and meaningful relationship with stakeholders**

This CG Statement shall be ready together with the Corporate Governance Report of the Company, which provides details on how the Company has applied each practice as set out in MCCG. This Corporate Governance Report is available on the Company's corporate website at [www.gdbhb.com.my](http://www.gdbhb.com.my), as well as via an announcement on the website of Bursa Securities.

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

### PART I – BOARD RESPONSIBILITIES

#### 1.1 Board and Board Committees

The Board is always mindful of its pivotal role in the stewardship of its direction and operations in delivering sustainable and long-term success of the Company's businesses and ultimately creating shareholders' value. To fulfil this role, the Board determines the strategic objectives and policies of the Group to ensure sustainability of business.

The Board is responsible for the overall performance and business affairs of the Group, amongst others, reviewing and adopting corporate strategies, enhancing corporate values, overseeing the conduct of the Group's businesses to evaluate whether they are properly managed, reviewing the adequacy and effectiveness of the Group's internal control systems and management information systems in ensuring compliance with applicable laws, regulations, rules, directives and guidelines.

An effective Board is the one that made up of a combination of Executive Directors with intimate knowledge of the business and Non-Executive Directors from diversified industry/business background to bring broad business and commercial experience to the Group.

In order to ensure the effectiveness in discharging its fiduciary duties and responsibilities, the Board has put in place the relevant Board Committees as follows to assist the Board in the running of its function:-

- a. Audit Committee;
- b. Nomination Committee;
- c. Remuneration Committee; and
- d. Risk Management Committee

Each Committee operates in accordance with clearly defined terms of reference. These Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their respective terms of reference and report to the Board on their proceedings and deliberation together with its recommendations to the Board for approval.

# Corporate Governance Overview Statement (cont'd)

## 1.2 Chairman

The Board is chaired by Tan Sri Dato' Ir. Hj. Zaini Bin Omar, who is an Independent Non-Executive Chairman and is primarily responsible for matters pertaining to the Board and ensures the orderly conduct and performance of the Board. The Chairman is committed to good corporate governance practices and has been leading the Board towards a high performing culture.

The key responsibilities of the Chairman, amongst others, are as follows:

- a. To provide leadership to the Board.
- b. To oversee the effective discharge of the Board's supervisory role.
- c. To facilitate the effective contribution of all Directors.
- d. To conduct and chair Board Meetings and General Meetings of the Company.
- e. To manage Board communications and Board effectiveness and effective supervision over Management.
- f. To ensure that quality information to facilitate decision-making is delivered to the Board on a timely manner.
- g. To ensure Board Meetings and General Meetings are conducted/held in compliance with good conduct and best practices.
- h. To promote constructive and respectful relations between Board members and between the Board and the Management.
- i. To jointly represent the Company together with the Group Managing Director to external groups such as shareholders, creditors, consumer groups, local communities and federal, state, and local governments.

## 1.3 Chairman and Group Managing Director ("GMD")

The roles of the Chairman of the Board and the GMD of the Company are exercised by separate individuals and each has a clear division of responsibilities to ensure that there is a balance of power and authority to promote accountability and unfettered powers in decision making.

The Chairman of the Board is primarily responsible for the leadership, effectiveness, conduct and governance of the Board while the GMD has overall responsibilities over the business operations and day-to-day management of the Group and implementation of the Board's policies and decisions.

## 1.4 Qualified and Competent Company Secretary

The Board is supported by a competent and qualified Company Secretary under Section 235(2) of the Companies Act 2016. The Company Secretary is a member of the Malaysian Association of Companies Secretaries and possesses over 25 years of experience in corporate secretarial practices.

The Company Secretary constantly keeps herself abreast with the latest regulatory changes and/or development in corporate governance by attending the necessary trainings, conferences, seminars and/or workshops to ensure effective discharge of her advisory role to the Board.

Overall, the Board is satisfied with the performance and support rendered by the Company Secretary to the Board in the discharge of her duties and functions.

# Corporate Governance Overview

## Statement (cont'd)

### 1.5 Access to Information and Advice

The Board recognises that the decision-making process is highly dependent on the quality of information furnished to the Board. In furtherance to this, every Director has access to all the information within the Company or the Group through the following means:-

- a. Members of Key Senior Management attend Board and/or Board Committees meetings by invitation and report on areas which are within their responsibilities for the Board's decision making and effective discharge of the Board's responsibilities.
- b. The notices of meetings and board papers are prepared and circulated to the Directors and/or Board Committees Members at least five (5) working days prior to the scheduled Board Meetings.
- c. Regular updates and advices on new regulations, guidelines or directives issued by Bursa Securities, Securities Commission of Malaysia and any other relevant regulatory authorities.
- d. The Directors, collectively or individually, may seek independent professional advice and information in the furtherance of their duties at the Company's expense, if so required.

### 1.6 Board Charter

The Company has formalised and adopted a Board Charter which sets out the functions, authority, roles and responsibilities of the Board as well as the various internal processes and principles governing the Board. The Board Charter also serves as a source of reference and primary induction literature, providing insights to new Board members.

The Board Charter would be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter is available at the Company's website, [www.gdbhb.com.my](http://www.gdbhb.com.my).

### 1.7 Code of Ethics and Conduct

The Board has established appropriate standards of business conduct and ethical behaviour to govern the exercise of the Directors' duties and responsibilities as Directors of the Company in order to uphold good corporate integrity.

The Code of Ethics and Conduct sets out the general principals and standards of business conduct and ethical behaviour for the Directors and employees of the Group in the performance and exercise of their responsibilities or when representing the Group and includes the expectation of professionalism and trustworthiness from the Directors and employees of the Group.

The Code of Ethics and Conduct which is incorporated in the Board Charter of the Company is available at the Company's website, [www.gdbhb.com.my](http://www.gdbhb.com.my).

### 1.8 Whistle Blowing Policy

The Board has also adopted a Whistle Blowing Policy to provide avenue for all employees of the Group and members of the public to report or disclose any violations or wrongdoings that may be observed in the Group without fear of retaliation should they act in good faith when reporting such concerns.

The Whistle Blowing Policy is available at the Company's website, [www.gdbhb.com.my](http://www.gdbhb.com.my).



# Corporate Governance Overview Statement (cont'd)

## PART II – COMPOSITION OF THE BOARD

### 2.1 Composition and Board Balance

The Board comprises of one (1) GMD, one (1) Group Executive Directors, one (1) Executive Director and three (3) Independent Non-Executive Directors. This composition is able to provide an unbiased and independent views, advice and judgement to facilitate a balanced and impartial Board decision making process in the Group as well as providing effective check and balance to safeguard the interest of other stakeholders, and ensuring that high standards of conduct and integrity are maintained, which is in compliance with Rule 15.02 of the Listing Requirements of Bursa Securities and Practice 4.1 of the MCCG.

The Board members have diverse backgrounds and experiences in various fields. Collectively, they bring a wide range of skills, experience and knowledge to manage the Group's business. The profiles of these Directors are provided on pages 7 to 9 in this Annual Report.

### 2.2 Tenure of Independent Directors

The Board is fully aware that the tenure of an Independent Non-Executive Director shall not exceed a cumulative term of nine (9) years as recommended by the MCCG. However, if the Board intends to retain a Director who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, the Board must justify its decision and seek the shareholders' approval at a general meeting.

Based on the assessment carried out during the financial year under review, the Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their abilities to act in the best interest of the Company.

During the financial year under review, none of our Directors has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years.

### 2.3 New Appointment to the Board

The Board through the Nomination Committee ("NC") is responsible for reviewing recommendations of any new appointments to the Board. In reviewing these recommendations, the NC will review the Board appointment based on merit, taking into account the skills, experience, independence and knowledge which the Board as a whole requires to be effective. Any new nomination is to be reviewed by NC and subsequently recommended to the full Board for assessment and endorsement.

In fostering the commitment of the Board to devote sufficient time to carry out their responsibilities, each Director is required to notify the Chairman of the NC and the Board prior to accepting directorships, his or her directorship in listed issuers other than the Group. All Directors shall not hold more than five (5) directorships in other listed issuer as required under Rule 15.06 of the Listing Requirements of Bursa Securities.

### 2.4 Gender Diversity

The Board recognises and embraces the benefits of having diverse Board and understand that increasing diversity at Board level is an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of differences in the skill, regional and industry experience, background, race, gender and other distinction between Directors. These differences will be considered in determining the optimum composition of the Board and when possible should be balance appropriately.

In line with the recommendation under MCCG, the Board has adopted a Gender Diversity Policy on 23 November 2018 which provides a framework for the Company to improve its gender diversity at Board level. The NC regularly assesses the optimum size, required mix of skills, experience, independence and diversity required collectively for the Board to effectively fulfil its role.

# Corporate Governance Overview Statement (cont'd)

## 2.5 Nomination Committee

The NC comprised of three (3) members, all of whom are Independent Non-Executive Directors and they are responsible to make independent recommendations for new appointments to the Board. The composition of the NC is as follows:-

Name	Designation
Mdm. Kow Poh Gek	Chairperson, Independent Non-Executive Director
Tan Sri Dato' Ir. Hj. Zaini Bin Omar	Member, Independent Non-Executive Chairman
Datuk Chia Lui Meng	Member, Independent Non-Executive Director

The Terms of Reference of the NC is available at the Company's website, [www.gdbhb.com.my](http://www.gdbhb.com.my).

The NC is responsible for identifying and recommending suitable candidates for Board membership and also assessing the performance of the individual Directors. The Board would have the final decision on the appointment. This process is to ensure the Board membership are determined by the relevant skills, talents and experience in order to support the strategic direction and needs of the Group.

During the FYE 2019, the following are the summary of activities undertaken by the NC:-

- Reviewed and recommended to the Board for adoption, evaluation forms which comprises of annual performance evaluation of the Board and Board Committees as a whole, annual assessment of the Audit Committee, annual evaluation of independence of Directors and annual evaluation of the Managing Director and Executive Directors.
- Considered and set out the expectations on time commitment for the members of the Board and protocol for accepting new directorships.
- Considered and recommended to the Board for consideration, the re-election of Mr. Alexander Lo Tzone Leong and Mr. Cheah Jun Kai who retired pursuant to Clause 85 of the Company's Constitution at the last Annual General Meeting ("AGM") held on 13 June 2019.

## 2.6 Annual Evaluation of the Board and Board Committees as a whole

The NC has a formal assessment criterion to assess the effectiveness of the Board and Board Committees as a whole and the contribution of each individual Director. The Board, through the annual review by the NC on the size and composition of the Board, will determine if the Board has the right size and sufficient diversity with independence elements that befit the Company's objectives and strategic goals.

In evaluating the performance of Non-Executive Directors, the assessment comprises amongst others, the attendance at Board or Committee meetings, adequate preparation for Board and/or Committee meetings, regular contribution to Board or Committee meetings, personal input to the role and other contributions to the Board or Committee as a whole. In evaluating the performance of Executive Directors, the assessment was carried out against diverse key performance indicators including amongst others, financial, strategic, operations management and business plans, product development, conformance and compliance, shareholders'/investors' relations, employees training and development, succession planning and personal input to the role.

# Corporate Governance Overview

## Statement (cont'd)

### 2.7 Attendance of Board and Board Committee Meetings

The Board meets at least once in every quarter on a scheduled basis and additional meetings to be convened as and when deemed necessary by the Board. All the Directors fulfilled the requirements of the Listing Requirements of Bursa Securities of having attended at least 50% of the Board meetings held by the Company during the FYE 2019.

The attendance record of the Directors at Board and Board Committee meetings for the FYE 2019 is set out as follows:-

Meeting Attendance	Board	AC	NC	RC	RMC
Tan Sri Dato' Ir. Hj. Zaini Bin Omar	5/6	4/5	1/1	1/1	1/2
Mr. Cheah Ham Cheia	6/6	-	-	-	2/2
Mr. Alexander Lo Tzone Leong	6/6	-	-	-	2/2
Mr. Cheah Jun Kai	6/6	-	-	-	-
Datuk Chia Lui Meng	6/6	5/5	1/1	1/1	2/2
Mdm. Kow Poh Gek	6/6	5/5	1/1	1/1	2/2

### 2.8 Directors' Training

The NC has taken on the responsibility in evaluating and determining the specific and continuous training needs of the Directors on a regular basis. The Directors have attended courses/conferences and/or in house training from time to time to enhance their skills and knowledge and to keep abreast with the relevant changes in laws, Listing Requirements, regulations and business environment in order to discharge their duties more effectively.

The Directors are mindful that they should continually attend seminars and courses to keep themselves abreast with the latest economic and corporate developments as well as new regulations and statutory requirements. The Directors are also encouraged to evaluate their own training needs on a continuous basis and to determine the relevant programmes, seminars, briefings or dialogues available that would best enable them to enhance their knowledge and contribution to the Board.

Relevant guidelines on statutory and regulatory requirements were circulated to the Board from time to time for Board reference.

The training programmes, seminars and/or conferences attended by the Directors during the FYE 2019 are as follows:-

Name of Directors	Training /seminar attended
Tan Sri Dato' Ir. Hj. Zaini Bin Omar	<ul style="list-style-type: none"> <li>Key Amendments to Listing Requirements arising from the Companies Act 2016</li> <li>Key Amendments to the ACE Market Listing Requirements of Bursa Securities relating to Continuing Disclosure Obligations and Other Amendments</li> </ul>

# Corporate Governance Overview Statement (cont'd)

Name of Directors	Training /seminar attended
Datuk Chia Lui Meng	<ul style="list-style-type: none"> <li>• Key Amendments to Listing Requirements arising from the Companies Act 2016</li> <li>• Key Amendments to the ACE Market Listing Requirements of Bursa Securities relating to Continuing Disclosure Obligations and Other Amendments</li> <li>• Strata Property Management Seminar 2019 "Good Governance &amp; Good Practices in a Developed Economy"</li> <li>• Session on Corporate Governance and Anti-Corruption</li> </ul>
Mdm. Kow Poh Gek	<ul style="list-style-type: none"> <li>• Remuneration Committee: Attracting and Retaining the Best Talents</li> <li>• Key Amendments to Listing Requirements arising from the Companies Act 2016</li> <li>• Key Amendments to the ACE Market Listing Requirements of Bursa Securities relating to Continuing Disclosure Obligations and Other Amendments</li> <li>• Case Study Workshop for Independent Directors</li> <li>• The Corporate Liability Provision, the "Adequate Procedures" &amp; The Implementation of the National Anti-Corruption Plan (NACP)</li> <li>• AOB Conversation with Audit Committee</li> </ul>
Mr. Cheah Ham Cheia	<ul style="list-style-type: none"> <li>• Key Amendments to Listing Requirements arising from the Companies Act 2016</li> <li>• Key Amendments to the ACE Market Listing Requirements of Bursa Securities relating to Continuing Disclosure Obligations and Other Amendments</li> </ul>
Mr. Alexander Lo Tzone Leong	<ul style="list-style-type: none"> <li>• Key Amendments to Listing Requirements arising from the Companies Act 2016</li> <li>• Key Amendments to the ACE Market Listing Requirements of Bursa Securities relating to Continuing Disclosure Obligations and Other Amendments</li> </ul>
Mr. Cheah Jun Kai	<ul style="list-style-type: none"> <li>• Key Amendments to Listing Requirements arising from the Companies Act 2016</li> <li>• Key Amendments to the ACE Market Listing Requirements of Bursa Securities relating to Continuing Disclosure Obligations and Other Amendments</li> </ul>

The Directors will continue to participate in professional development programmes from time to time as necessary to enable them to carry out their roles and duties effectively.



# Corporate Governance Overview Statement (cont'd)

## PART III – REMUNERATION

### 3.1 Remuneration Policy

The Board has in place a formal Remuneration Policy for Directors and Key Senior Management. The Remuneration Policy establishes a formal and transparent procedure for developing a structure for determining remuneration of Directors and Key Senior Management of the Company with the objective of supporting and driving business strategy and the long-term interests of the Company.

The aim of the Remuneration Policy is to:

- a. determine the level of remuneration of Directors and Key Senior Management;
- b. attract, retain and reward high performing, experienced and qualified Directors and Key Senior Management by providing remuneration which commensurate with their responsibilities and contributions, and be competitive with the industry; and
- c. encourage value creation for the Company by aligning the interests of Directors with the long-term interests of shareholders.

The Board, through the Remuneration Committee will conduct a periodic review of the criteria to be used in recommending the remuneration package of Directors and Key Senior Management to ensure that it is in line with current market practices and needs.

The Remuneration Policy is available at the Company's website, [www.gdbhb.com.my](http://www.gdbhb.com.my).

### 3.2 Remuneration Committee ("RC")

The RC consists of all Independent Non-Executive Directors. The members of the RC are as follows:-

Name	Designation
Datuk Chia Lui Meng	Chairman, Independent Non-Executive Director
Tan Sri Dato' Ir. Hj. Zaini Bin Omar	Member, Independent Non-Executive Chairman
Mdm. Kow Poh Gek	Member, Independent Non-Executive Director

The RC is primarily responsible for reviewing and recommending the appropriate level of remuneration packages of Executive Directors and Non-Executive Directors.

The remuneration of Executive Directors is structured so as to link rewards to corporate and individual performance in order to attract, retain and motivate the Executive Directors to manage the Group successfully.

Non-Executive Directors will be paid based on fixed fees that commensurate with their responsibilities in the Board and Board Committees and their attendance at the meetings, subject to approval from shareholders. The individual Director concerned shall abstain from discussion and voting on their own remuneration.

The Terms of Reference of the RC is available at the Company's website, [www.gdbhb.com.my](http://www.gdbhb.com.my).

# Corporate Governance Overview

## Statement (cont'd)

### 3.3 Remuneration of Directors

The breakdown of the remuneration of each individual Directors of the Company and of the Group for the FYE 2019 are as follows:-

#### The Company

Name of Directors	Fees RM'000	Salaries RM'000	EPF RM'000	Benefits in Kind RM'000	Meeting Allowance RM'000	Bonus RM'000	Other Benefits# RM'000	Total RM'000
Tan Sri Dato' Ir. Hj. Zaini								
Bin Omar	72	-	-	-	3	-	-	75
Mr. Cheah Ham Cheia	-	540	32	-	-	-	-	572
Mr. Alexander Lo								
Tzone Leong	-	492	59	-	-	-	1	552
Mr. Cheah Jun Kai	-	137	17	-	-	-	1	155
Datuk Chia Lui Meng	60	-	-	-	4	-	-	64
Mdm. Kow Poh Gek	66	-	-	-	4	-	-	70
<b>TOTAL</b>	<b>198</b>	<b>1,169</b>	<b>108</b>	<b>-</b>	<b>11</b>	<b>-</b>	<b>2</b>	<b>1,488</b>

#### The Group

Name of Directors	Fees RM'000	Salaries RM'000	EPF RM'000	Benefits in Kind RM'000	Meeting Allowance RM'000	Bonus RM'000	Other Benefits# RM'000	Total RM'000
Tan Sri Dato' Ir. Hj. Zaini								
Bin Omar	72	-	-	-	3	-	-	75
Mr. Cheah Ham Cheia	-	540	46	-	-	225	297	1,108
Mr. Alexander Lo								
Tzone Leong	-	492	85	21	-	215	285	1,098
Mr. Cheah Jun Kai	-	137	23	-	-	54	60	274
Datuk Chia Lui Meng	60	-	-	-	4	-	-	64
Mdm. Kow Poh Gek	66	-	-	-	4	-	-	70
<b>TOTAL</b>	<b>198</b>	<b>1,169</b>	<b>154</b>	<b>21</b>	<b>11</b>	<b>494</b>	<b>642</b>	<b>2,689</b>

Note:-

# Other benefits include project completion reward, petrol card and etc.

# Corporate Governance Overview Statement (cont'd)

## 3.4 Remuneration of Key Senior Management

The Board is of the view that the disclosure of the Key Senior Management's remuneration components on named basis would not be in the best interest of the Company as it may be detrimental to the Company's human resource management due to the competitive nature for talents within the construction industry.

The Board also took into consideration of sensitivity and security of the remuneration package of Key Senior Management, hence, opts not to disclose on named basis the remuneration or in bands of RM50,000 for the Key Senior Management.

Alternatively, the Board is of the view that the disclosure of Key Senior Management's aggregated remuneration on an unnamed basis in the bands of RM50,000 in this Annual Report is adequate.

The aggregate remuneration and benefits paid to the Key Senior Management of the Group for the FYE 2019 are as follows:-

Remuneration Band	Number of Key Senior Management
Below RM50,000	1 <sup>(1)</sup>
RM200,001 to RM250,000	1
RM250,001 to RM350,000	-
RM350,001 to RM400,000	-
RM400,001 to RM450,000	1
RM450,001 to RM500,000	2

<sup>(1)</sup> Key Senior Management who joined the Group during the financial year under review.

## PRINCIPAL B - EFFECTIVE AUDIT AND RISK MANAGEMENT

### PART I – AUDIT COMMITTEE ("AC")

#### 4.1 Effective and Independent AC

The AC is relied upon by the Board to, amongst others, provide advice and oversee in the areas of financial reporting, external audit, internal control environment and internal audit processes, review of related party transactions as well as conflict of interest situation.

The AC comprises of three (3) Independent Non-Executive Directors and is chaired by an Independent Non-Executive Director namely Mdm. Kow Poh Gek. As the Chairperson of the AC is distinct from the Chairman of the Board, it ensures that the objectivity of the Board's review of the AC's findings and recommendations is not impaired.

The composition of the AC is in compliance with Rules 15.09 and 15.10 of the Listing Requirements of Bursa Securities and the recommendation of MCCG whereby all the three (3) AC members are Independent Non-Executive Directors. None of the Independent Directors has appointed alternate directors.

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

# Corporate Governance Overview Statement (cont'd)

The term of office and performance of the AC and its members are reviewed by the NC annually to determine whether such AC and members have carried out their duties in accordance with the terms of reference.

The Group has established a transparent and appropriate relationship with the Internal Auditors and External Auditors which facilitates the Group to seek professional advice on matters relating to compliance and corporate governance. The internal audit function of the Group is outsourced to a third party. Similarly to the External Auditors, the Internal Auditors also have direct reporting access to the AC to ensure that issues highlighted are addressed independently, objectively and impartially without any undue influence from the management.

The Board has established the Internal and External Auditors Assessment Policy together with the Annual Performance Evaluation Form. The said policy aims to outline the guidelines and procedures for AC to review, assess and monitor the performance, suitability and independence of the Internal and External Auditors.

The AC is satisfied with the performance, suitability and independence of the External Auditors of the Company based on the quality of services and sufficiency of resources they provided to the Group, in terms of firm and the professional employees assigned to the audit.

## PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

### 5.1 Risk Management and Internal Control Framework

The Board acknowledges the importance of a sound risk management system and internal control to ensure that the risks in the Group are identified and managed with the appropriate risk management system. The risk management process includes identifying principal business risks in critical areas, assessing the likelihood and impact of material exposures and determining its corresponding risk mitigation and treatment measures.

The internal audit function of the Group is outsourced to an independent professional firm. The findings of the outsourced Internal Auditors are reported directly to the AC which provides the Board with the required assurance in relation to the adequacy and integrity of the Group's system of internal controls.

The Group's risk management and internal control framework are elaborated in the Statement of Risk Management and Internal Control on pages 40 to 44 in this Annual Report.

### 5.2 Risk Management Committee ("RMC")

The members of the RMC are nominated and appointed by the Board to assist the Board in discharging its fiduciary duties and responsibilities in relation to overseeing and monitoring of risk management activities to ensure that the inherent business risk exposure of the Group is managed within an acceptable and appropriate level. The composition of the RMC consists of the following members, the majority of whom are Independent Non-Executive Directors:-

Name	Designation
Datuk Chia Lui Meng	Chairman, Independent Non-Executive Director
Tan Sri Dato' Ir. Hj. Zaini Bin Omar	Member, Independent Non-Executive Chairman
Mdm. Kow Poh Gek	Member, Independent Non-Executive Director
Mr. Cheah Ham Cheia	Member, Group Managing Director
Mr. Alexander Lo Tzone Leong	Member, Group Executive Director

# Corporate Governance Overview Statement (cont'd)

## PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### PART I – COMMUNICATION WITH STAKEHOLDERS

#### 6.1 Continuous Communication with Stakeholders

The Board recognises the need for transparency, timely and quality disclosure as well as regular communication with its shareholders, stakeholders and investors on the performance and major developments of the Company.

To ensure effective dissemination of information to the shareholders and stakeholders, the Group makes necessary announcements on the Group's affairs and development in accordance with the Listing Requirements of Bursa Securities through the website of Bursa Securities. In addition to that, the Company also maintains a corporate website at [www.gdbhb.com.my](http://www.gdbhb.com.my) where pertinent information on the Group can be easily accessible by the shareholders and stakeholders in matters as follows:-

- Interim financial reports to provide updates on the Group's operations and business development on a quarterly basis;
- Annual audited financial statements and annual reports to provide an overview of the Group's state of governance, state of affairs, financial performance and cash flows for the relevant financial year;
- Corporate announcements to Bursa Securities on material developments of the Group, as and when necessary and as mandated by the Listing Requirements of Bursa Securities; and
- Company's corporate information including Board Charter, Terms of References of various Board Committees and Whistle Blowing Policy.

#### 6.2 Corporate Disclosure Policy

The Board is committed to provide effective communication to its shareholders and general public regarding the business, operations and financial performance of the Group and where necessary, that information filed with regulators is in accordance with all applicable legal and regulatory requirements.

The Corporate Disclosure Policy was formalised to promote comprehensive, accurate and timely disclosures pertaining to the Company and the Group to regulators, shareholders and stakeholders.

### PART II – CONDUCT OF GENERAL MEETING

#### 7.1 Conduct of General Meetings

The AGM remains the principal forum for dialogue with shareholders where they may seek clarifications on the Company's business and reports. At the Sixth AGM ("6th AGM") held on 13 June 2019, the Chairman of the Board chaired the meeting in an orderly manner and allowed shareholders or proxies to raise questions and all questions raised were responded accordingly by the Board.

In line with Practice 12.1 of MCCG, the notice convening the 6th AGM was issued to shareholders at least 28 days before the AGM date, which gives shareholders sufficient time to prepare themselves to attend the AGM or to appoint proxy to attend and vote on their behalf.



# Corporate Governance Overview Statement (cont'd)

Members of the Board and Key Senior Management of the Company as well as the External Auditors of the Company are available to respond to shareholders' questions during the meetings.

All resolutions set out in the Notice of AGM were put to vote by poll and the votes casted were validated by an independent scrutineer appointed by the Company. The outcome of all resolutions proposed at the general meetings is announced to Bursa Securities at the end of the meeting day. A summary of the key matters discussed at the AGM was also published on the Company's website for the shareholders' information.

## STATEMENT BY THE BOARD ON CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Company shall continue to strive for high standards of corporate governance through the Group, and the highest level of integrity and ethical standards in all of its business dealings.

The Company has in all material aspects satisfactorily complied with the principles and practices set out in the MCCG, except for the departures set out in the CG Report.

# Audit Committee Report

The Board of Directors ("Board") of GDB Holdings Berhad ("Company") is pleased to present the Audit Committee ("AC") Report for the financial year ended 31 December 2019 ("FYE 2019").

## 1. OBJECTIVES

The primary objective of the AC is to assist the Board in discharging its statutory duties and responsibilities which, amongst others, include providing additional assurance to the Board by giving an objective and independent review of financial, operational and administrative controls and procedures, including establishing and maintaining internal controls.

## 2. COMPOSITION

The Company has met the requirements of Rule 15.09 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and in compliance thereof the AC consists of three (3) members, all of whom are Independent Non-Executive Directors.

All members are financially literate and the Chairperson of the AC, Mdm. Kow Poh Gek is a member of the Malaysian Institute of Accountants. She is also a Fellow member of The Chartered Institute of Management Accountants.

## 3. TERMS OF REFERENCE

The Terms of Reference of the AC sets out its duties and responsibilities can be assessed from the Company's website at [www.gdbhb.com.my](http://www.gdbhb.com.my).

## 4. SUMMARY OF ACTIVITIES

During the FYE 2019, the AC had held five (5) meetings. The details of AC members' attendance are as follows:

Name of Directors	Designation	No. of Meetings Attended	Percentage of Attendance
Mdm. Kow Poh Gek	Chairperson	5/5	100%
Tan Sri Dato' Ir. Hj. Zaini Bin Omar	Member	4/5	80%
Datuk Chia Lui Meng	Member	5/5	100%

The External Auditors, Internal Auditors, Sponsor and certain designated Key Senior Management are also invited for attendance at the AC meetings to facilitate direct communication and to provide clarifications on the audit issues, areas of concern, operational matters as well as the internal controls of the Group.

# Audit Committee Report

(cont'd)

## 4. SUMMARY OF ACTIVITIES (CONT'D)

The summary of works undertaken by the AC are summarised as follows:

- a. Reviewed with the External Auditors, the audit planning memorandum and scope of the statutory audit of the Group's financial statements for the FYE 2019 before the audit commenced to ensure that the scope of the external audit is comprehensive;
- b. Reviewed the unaudited quarterly financial results of the Group including the announcements pertaining thereto, before recommending to the Board for their approval and release of the announcements to Bursa Securities;
- c. Reviewed the annual audited financial statements of the Company and of the Group to ensure that the statements comply with the financial reporting standards. Discussion with External Auditors on their audit findings which include any change in accounting policies and practices, significant adjustments arising from the audit and compliance with accounting standards and other legal requirements;
- d. Considered and recommended the re-appointment of Crowe Malaysia PLT and their audit fee to the Board for consideration based on the competency, efficiency and transparency as demonstrated by the External Auditors during their audit;
- e. Reviewed with the Internal Auditors, the adequacy of the scope and functions of the internal audit plan, internal audit reports and considered the findings of internal audit and management responses thereof, and ensured that appropriate actions are taken by the Management on the recommendations raised by the Internal Auditors;
- f. Reviewed related party transactions and recurrent related party transaction entered into by the Group (if any) on a quarterly basis, to ensure that such transactions are carried out on arm's length basis;
- g. Reviewed the Corporate Governance Overview Statement, AC Report and Statement on Risk Management and Internal Control to ensure adherence to legal and regulatory reporting requirements, before recommending to the Board for approval and for inclusion in the Annual Report; and
- h. Self-appraised the performance of the AC for the FYE 2019 and submitted the evaluation form to the Nomination Committee for assessment.

## 5. INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit function to an independent consulting firm which assist the Board and AC in discharging its duties and responsibilities in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system. The outsourced Internal Auditors reports directly to the AC on its activities based on approved internal audit plans.

The internal audit cost incurred by the Group for the FYE 2019 amounted to RM42,000.

# Audit Committee Report

(cont'd)

## 5. INTERNAL AUDIT FUNCTION (CONT'D)

The annual internal audit plan as approved by the AC covers key functional areas and business activities of the Group emphasizing on best practices and encompasses all business risks with core focus on:

- Reliability of reporting;
- The effectiveness and efficiency of operations;
- Compliance with applicable laws and regulations; and
- Safe guarding the assets of the Group.

The Internal Auditors conducted internal audit reviews (on a quarterly basis) for three quarters and will subsequently conduct a follow-up review at the fourth quarter to ensure that all areas of concern, findings and recommendations are put in place and/or enhanced where appropriate by the Management.

For the FYE 2019, the AC noted that the internal audit function is independent and Internal Auditors have performed their audit assignments with impartiality, proficiency and due professional care.

## 6. RELATIONSHIP WITH AUDITORS

The Group has established a transparent and appropriate relationship with both the External and Internal Auditors. Such relationship allows the Group to seek professional advice on matters relating to compliance and corporate governance. Both the External and Internal Auditors have direct reporting and access to the AC to ensure that issues highlighted are addressed independently, objectively and impartially without any undue influence of the Management.

The Board, through the AC maintains appropriate, formal and transparent relationship with the External and Internal Auditors. The AC meets with the External and Internal Auditors on separate sessions without the presence of Executive Directors and Management, whenever necessary, which demonstrate their independence, objectivity and professionalism.

Meetings with the External Auditors will be held to discuss the Group's audit plans, audit findings, financial statements as well as to seek their professional advice on other related matters.

# Statement on Risk Management and Internal Control

## INTRODUCTION

The Board of Directors ("Board") is pleased to present its Statement on Risk Management and Internal Control ("Statement"), which outlines the nature and scope of risk management and internal control of the Group for the financial year ended 31 December 2019. This Statement is prepared in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines") released by Bursa Malaysia Securities Berhad ("Bursa Securities") on the issuance of Risk Management and Internal Control Statement pursuant to Rule 15.26(b) of the ACE Market Listing Requirements ("Listing Requirements") and the Malaysian Code on Corporate Governance 2017 ("MCCG").

## BOARD'S RESPONSIBILITY

The Board recognises the importance of good corporate governance and is committed to maintain a sound framework of risk management and internal control in order for the Board to carry out its responsibilities in ensuring the adequacy and effectiveness of the framework and controls are in place to ensure the Group's assets and shareholders' interest are safeguarded.

In view of the limitations that are inherent in any system of internal control, it should be noted that the system is designed to provide reasonable and not absolute assurance against material misstatement or loss, contingencies, fraud or irregularities.

The Group reviews its risk management and internal control regularly, with processes put in place for identifying, evaluating and managing risks which may otherwise potentially impact the Group.

## RISK MANAGEMENT FRAMEWORK

The Board regards the management of core risks as an integral and critical part of the day-to-day operations of the Group. The experience, knowledge and expertise to identify and manage such risks throughout the financial year under review enable the Group to make cautious, mindful and well-informed decisions through the formulation and implementation of requisite action plans and monitoring regime which are imperative in ensuring the accomplishment of the Group's objectives.

The Board, through the Risk Management Committee ("RMC"), provides oversight of overall risk management framework of the Group, establishes risk management policies and procedures on risk and control by identifying and assessing risks, and making recommendations designed to monitor, evaluate, manage and mitigate such risks throughout the business operations particularly in respect of key risks which the Group faces on a regular basis in the conduct of its business.

The Board confirms that there is an on-going process of identifying, evaluating, monitoring and managing risks to achieve the objectives of the Group for the financial year under review. The process is in place for the year under review and up to the date of issuance of the Statement on Risk Management and Internal Control.

During the financial year under review, key risk areas affecting the Group are brought to the attention of the RMC and the Board during scheduled meetings.

The Board has requested the Internal Auditors to conduct an independent review on the Group's Risk Management Framework, Risk Register, Risk Impact and Likelihood Classification, Risk Management Action Plan and Risk Management Review Report prepared by the Management to provide reasonable assurance that the risk management framework of the Group is adequate and effective in providing feedback for further improvement.



# Statement on Risk Management and Internal Control (cont'd)

As part of our Risk Management process, a Registry of Risk and a Risk Management Handbook had been formalised. The Registry of Risk is maintained to identify principal business risks and key risk areas, their impact, likelihood of occurrence, risk owner and risk control actions and is updated to address changes in risk profiles. The Risk Management Handbook summarises risk management methodology, approach and processes, roles and responsibilities, and various risk management concepts. The level of risk tolerance is established and monitored through the use of a risk impact and likelihood matrix where the ratings are assessed in response to changes in the business environment.

The respective risk owners are assigned and responsible for identifying risks as well as to ensure that adequate control systems are implemented to mitigate risks faced by the Group. The process of identifying, evaluating, monitoring and managing risks is embedded in the various work processes and procedures of the respective operational functions and for the financial year ended 31 December 2019.

The risks mitigating processes are implemented in the following aspects:

**1. Legal and Regulatory**

Compliance with laws and regulations that are relevant to our Group's business such as compliance with industry legislations as well as Listing Requirements to ensure that all announcements are made in a timely manner. This includes compliance with the requirements of Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009 which will come into effect on 1st June 2020 on corporate liability for corruption and Anti-Corruption and Whistle-Blower measures.

**2. Political, Legislative and Economic Risk**

Ensure that the Group is updated on changes, if any, in the political situation, government economic plans and policies in Malaysia.

**3. Financial**

Liquidity risk management processes which ensure that the Group effectively and efficiently manages its financial resources and meets its financial obligations and liquidity requirements.

**4. Business**

Business risk management approach which identifies key business risks and their financial impact. Identified business risks are assessed and ranked based on their severity of consequences and likelihood of occurrence for seizing business opportunities and mitigating actions to be taken.

**5. Operational**

Key operational risks identified such as risks affecting quality and timeliness of project delivery are monitored by risk owners to ensure that remedial and mitigating actions such as, among others, wastage monitoring and continuous internal quality assessment are carried out. The Management conducts risk monitoring to determine whether the underlying conditions of a particular risk have been effectively dealt with and where required, to implement further measures to mitigate the impact of the risk to the Group.

**6. Security**

Security risks inherent to IT network and information systems are secured and safeguarded with preventive measures such as system back-up recovery, antivirus and IT access controls are assigned appropriately to avoid leakage of private and confidential information.

# Statement on Risk Management and Internal Control (cont'd)

## 7. Environmental, Safety and Health

Adopting stringent monitoring controls on environmental, safety and health which are of utmost importance to the business. Monitoring control and measures include clearly documented procedures, the delegation of duties and responsibilities, schedule of tasks and the implementation of control measures.

## 8. Human Resources

Human resource risks such as key-person dependency risks are addressed by succession planning process which is in place to ensure continuity of business.

## INTERNAL AUDIT FUNCTION

The responsibility for reviewing the adequacy and integrity of the internal control system has been delegated by the Board to the Audit Committee. In turn, the Audit Committee assesses the adequacy and integrity of the internal control system and its compliance with the Group's policies and procedures through independent reviews performed by the Internal Auditors.

The Board outsourced its internal audit functions to an independent consulting firm, Sterling Business Alignment Consulting Sdn Bhd ("SBAC") to provide an independent evaluation of the system of internal control. The independent consulting firm acts as Internal Auditor and reports directly to the Audit Committee on a quarterly basis during the Audit Committee meeting. The scope of work performed by SBAC based on an internal audit plan is reviewed and approved by the Audit Committee. The Audit Committee is chaired by an Independent Non-Executive Director, and its members comprise of Independent Non-Executive Directors. SBAC has no family relationships and/or conflicts of interest, which could otherwise impair their objectivity and independence of the internal audit function. SBAC does not have any direct operational responsibility or authority over any of the activities audited. The Audit Committee is of the opinion that the internal audit function is effective and able to function independently.

The Internal Auditors uses the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control – Integrated Framework as a basis for evaluating the effectiveness of the internal control systems. The internal audit reviews are conducted according to the approved internal audit plan which addresses the critical business processes, internal control gaps, effectiveness and adequacy of the existing state of internal control and recommends possible improvements to the internal control process. The internal audit plans are reviewed and approved by the Audit Committee, to provide reasonable assurance that such a system continues to operate satisfactorily and effectively within the Group.

SBAC is accorded with complete and unrestricted access to all documents and records of the Group deemed necessary in performing its function and SBAC independently reviewed the risk identification procedures and control processes implemented by the Management. SBAC also reviewed the internal controls in key activities of the Group's business based on risk profiles of business units in the Group. All findings which arose from the review were discussed primarily with the respective process custodians prior to a formal report being presented to the Audit Committee.

SBAC has also made recommendations to the Management pertaining to the Group's operational and financial activities to help the Management to develop a more efficient and robust internal control environment and the recommendations have been adopted and implemented by the Management. Based on the findings and recommendations made by SBAC, actions were taken to adequately address the identified internal control issues. None of the internal control weaknesses noted has resulted in any material loss, contingency and uncertainty that would require separate disclosure in the Annual Report.

# Statement on Risk Management and Internal Control (cont'd)

For the financial year ended 31 December 2019, three (3) internal audit reviews, one (1) follow-up status review and two (2) risk management reviews had been carried out by SBAC:

Financial Reporting Quarter	Reporting Month	Name of Entity Audited	Audited Areas
1 <sup>st</sup> Quarter (January – March 2019)	May 2019	Grand Dynamic Builders Sdn Bhd	Follow-up review on previously reported audit findings: <ul style="list-style-type: none"> <li>• Finance &amp; Accounts</li> <li>• Tender Management</li> <li>• Procurement</li> <li>• Pre-contract Management</li> <li>• Post-Contract Management</li> </ul>
2 <sup>nd</sup> Quarter (April – June 2019)	August 2019	Grand Dynamic Builders Sdn Bhd	Internal audit review <ul style="list-style-type: none"> <li>• Human Resources and Administration</li> </ul> Risk Management Review
3 <sup>rd</sup> Quarter (July – September 2019)	November 2019	Grand Dynamic Builders Sdn Bhd	Internal audit review <ul style="list-style-type: none"> <li>• Management Information Services</li> </ul>
4 <sup>th</sup> Quarter (October – December 2019)	February 2020	Grand Dynamic Builders Sdn Bhd	Internal audit review <ul style="list-style-type: none"> <li>• Safety, Environment and Quality</li> </ul> Risk management review

The cost incurred in outsourcing the internal audit function for the financial year ended 31 December 2019 was at RM42,000.

## OTHER KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROLS

The other key elements of the Group's internal control system include: -

1. Clearly defined terms of reference, authorities and responsibilities of the various Board committees which include the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee;
2. Well-defined organisational structure with clear lines of authority, limits of authority, accountability and responsibilities of the Senior Management;
3. Clearly documented internal procedures in respect of operational processes as set out in the ISO 9001: 2015 Quality Management System and Quality, Environment, Safety and Health (QESH) Management System;
4. Regular reporting of operational performance and financial results at timely intervals to enable proper review by the Group Managing Director, Executive Directors and Senior Management;
5. Clearly defined and formalised internal policies and procedures are in place to support the Group in achieving its corporate objectives. These policies and procedures provide a basis for ensuring compliance with applicable laws and regulations, and also internal controls with respect to the Group's conduct of business;

# Statement on Risk Management and Internal Control (cont'd)

6. A fully independent Audit Committee comprising exclusively of Independent Non-Executive Directors with full and unrestricted access to both Internal and External Auditors. The quarterly financial results and annual audited report are reviewed by the Audit Committee prior to approval by the Board;
7. Decision of the Board to outsource its internal audit function to SBAC for greater independence and accountability in the internal audit function; and
8. Whistle Blowing Policy which provides an avenue for employees to report suspected malpractices, misconduct or violations of the Group's policies and regulations in a secured and confidential manner.

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Rule 15.23 of the Listing Requirements, the External Auditors have reviewed the Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 December 2019.

The External Auditors have reported to the Board that, based on their review procedures performed and evidence obtained, nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Guidelines and Practices 9.1 and 9.2 of the MCCG to be set out, nor is the Statement factually inaccurate.

## ASSURANCE TO THE BOARD

The Board is of the view that the Group's risk management and internal control systems are satisfactory and have no internal control failure nor any significant weaknesses that resulted in any loss to the Group during the financial year under review. The Board is also cognizant that the Group's risk management framework and system of internal control must be continuously reviewed and evolved to meet the changing and challenging business environment. Therefore, the Group is committed to continue to take all necessary measures to strengthen the risk management and internal control system to further enhance its effectiveness to ensure all identified risks are managed on a timely basis and are within tolerance limits.

Nonetheless, based on the half-yearly reporting by the Management on the risk management review and the quarterly internal audit reporting by the Internal Auditors as well as the Management's actions and explanations towards all identified audit findings on concern areas, the Board is satisfied that the Group's risk management framework and system of internal control are in place and are operating adequately and effectively in all material aspects for the financial year ended 31 December 2019.

The Board has received assurance from the Group Managing Director and Chief Financial Officer that the Group's risk management and internal control system have been operating adequately and effectively in all material aspects and compliance with laws and regulations during the financial year under review and that the risk management framework of the Group is based on an internationally recognised risk management framework.

# Additional Compliance Information

In compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the financial year ended 31 December 2019, the following additional information are provided:

## 1. RECURRENT RELATED PARTY TRANSACTIONS

The recurrent related party transactions of revenue and trading nature incurred by the Group for the financial year ended 31 December 2019 did not exceed the threshold prescribed under Rule 10.09(1) of the ACE Market Listing Requirements of Bursa Securities.

## 2. MATERIAL CONTRACTS

On 23 July 2019, the Company and its wholly-owned subsidiary, Grand Dynamic Builders Sdn Bhd had collectively entered into a Share Sale Agreement with Goh Eng Ngai, Tan Loo Loo and Wong Choo Keong (collectively referred to as "Sellers") in relation to the proposed acquisition of 70% equity interest in GDB Geotechnics Sdn Bhd (formerly known as Eco Geotechnics Sdn Bhd) [Registration No. 201101043173 (971293-X)] on a pro rata basis from the Sellers for a total purchase consideration of RM5,964,000. The acquisition was completed on 1 October 2019.

## 3. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid and payable to the External Auditors by the Company and Group for the financial year ended 31 December 2019 are as follows:

Type of Services	Fee (RM)	
	Company	Group
Audit		
- Financial audit	30,000	88,000
Non-audit		
- Review of Statement on Risk Management and Internal Control	5,000	5,000
- Tax advisory & compliance fees	6,400	31,400
Total	41,400	124,400

## 4. UTILISATION OF PROCEEDS RAISED FROM PUBLIC ISSUE

The Company had on 21 March 2019 resolved to extend the timeframe for utilisation of the gross proceeds from the Company's public issue ("Public Issue Proceeds") which Public Issue Proceeds has been earmarked for the acquisition of land for storage of construction machinery and equipment amounting to RM8.00 million, as well as for payment of salaries for new employees (for infrastructure project team) to be based at head office amounting to RM0.68 million by an additional twelve (12) months ("Extension of Time").

The Company had on 26 March 2020 resolved to extend the timeframe for utilisation of the Public Issue Proceeds by an additional twelve (12) months ("Additional Extension of Time").



# Additional Compliance Information

(cont'd)

The status of utilisation of the Public Issue Proceeds and Additional Extension of Time are set out below:-

Purpose RM'000	Proposed Utilisation RM'000	Deviation <sup>(1)</sup> RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000	Intended Timeframe (from the Listing Date)	Previous Revised Expected Timeframe (from the Listing Date)	Further Extension of Timeframe (from the Listing Date)
<b>i Capital expenditure:</b>							
- Purchase of new construction machinery and equipment	8,670	-	(437)	8,233	Within 36 months	No change	No change
- Acquisition of a new office building	8,000	-	(8,000)	-	Within 36 months	No change	No Change
- Acquisition of land for storage	8,000	-	-	8,000	Within 12 months	Within 24 months	Within 36 months
<b>ii Working capital:</b>							
- Payment to suppliers and subcontractors	14,900	673	(15,573)	-	Within 12 months	No change	No change
- Payment of salaries for new employees (for infrastructure project team) to be based at our head office	680	-	-	680	Within 12 months	Within 24 months	Within 36 months
<b>iii Estimated listing expenses</b>							
	3,500	(673)	(2,827)	-	Within 3 months	No change	No change
<b>Total</b>	<b>43,750</b>	<b>-</b>	<b>(26,837)</b>	<b>16,913</b>			

**Note:**

<sup>(1)</sup> The actual listing expenses are lower than the estimated amount hence, the excess of RM0.67 million was used for working capital purposes.

# Directors' Responsibility Statement

The Board of Directors ("Board") are responsible for ensuring the annual financial statements of the Group and of the Company are drawn up in accordance with applicable approved Malaysian Financial Reporting Standards, the International Financial Reporting Standards, the provisions of the Companies Act 2016 and the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The annual financial statements are prepared with reasonable accuracy from the accounting records of the Group and of the Company so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and their performance and cash flows for the financial year ended.

In the preparation of the annual financial statements, the Board has also:

- Adopted and applied appropriate and relevant accounting policies consistently;
- Made judgements and estimates that are reasonable and prudent; and
- Prepared the financial statements on a going concern basis of accounting as the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

The Board is responsible for:

- Ensuring that the Group and the Company maintain proper accounting records to enable the explanation of transactions and preparation of financial statements; and
- Taking reasonable steps to ensure that appropriate systems are in place to safeguard the assets of the Group and of the Company to prevent and detect fraud and other irregularities.

# Financial Statements

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# 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 December 2019.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

## RESULTS

	The Group RM	The Company RM
Profit after taxation for the financial year	28,813,570	13,524,790
Attributable to:-		
Owners of the company	29,131,871	13,524,790
Non-controlling interests	(318,301)	-
	28,813,570	13,524,790

## DIVIDENDS

Dividends paid or declared by the Company since 31 December 2018 are as follows:-

	RM
<u>In respect of the financial year ended 31 December 2018</u>	
A second interim single-tier dividend of RM0.01 per ordinary share, paid on 29 March 2019	6,250,000
<u>In respect of the financial year ended 31 December 2019</u>	
A first interim single-tier dividend of RM0.01 per ordinary share, paid on 23 September 2019	6,250,000
	12,500,000

On 28 February 2020, the Company declared a second interim single-tier dividend of RM0.01 per ordinary share amounting to RM6,250,000 in respect of the current financial year, paid on 27 March 2020, to shareholders whose names appeared in the record of depositors on 16 March 2020. The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2020.

# Directors' Report

(cont'd)

## 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.

## 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 there are no known bad debts and that no allowance for impairment losses on receivables is required.

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

## 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.



# Directors' Report

(cont'd)

## 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

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

Cheah Ham Cheia  
Alexander Lo Tzone Leong  
Cheah Jun Kai  
Tan Sri Dato' Ir. Hj. Zaini Bin Omar  
Datuk Chia Lui Meng  
Kow Poh Gek

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

Goh Eng Ngai  
Izhan Goh Bin Abdullah @ Eng Tew (Resigned on 1.10.2019 as director and appointed as alternate director to Goh Eng Ngai on 1.10.2019)

# Directors' Report

(cont'd)

## DIRECTORS' INTERESTS

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

	<----- Number Of Ordinary Shares ----->			
	At 1.1.2019	Bought	Sold	At 31.12.2019
<b>The Company</b>				
<i>Direct Interests</i>				
Alexander Lo Tzone Leong	139,142,900	-	-	139,142,900
Cheah Jun Kai	2,020,000	-	(1,820,000)	200,000
Tan Sri Dato' Ir. Hj. Zaini Bin Omar	400,000	-	-	400,000
Datuk Chia Lui Meng	300,000	-	-	300,000
Kow Poh Gek	300,000	-	-	300,000
<i>Indirect Interests</i>				
Cheah Ham Cheia*	323,750,000	-	-	323,750,000
Kow Poh Gek#	150,000	-	-	150,000

\* Deemed interested by virtue of his substantial shareholding in CHC Holdings Sdn. Bhd..

# Deemed interested by virtue of her son's shareholding in the Company.

By virtue of their shareholdings in the Company, Cheah Ham Cheia and Alexander Lo Tzone Leong are deemed to have interests in shares and its related corporations during the financial year to the extent of the Company's interest, in accordance with Section 8 of the Companies Act 2016.

## 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 directors are member, or with a company in which the directors have 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 interest as disclosed in Note 32 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.

# Directors' Report

(cont'd)

## DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Notes 23 and 31 to the financial statements.

## INDEMNITY AND INSURANCE COST

During the financial year, there was no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

## SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND OCCURRING AFTER THE REPORTING PERIOD

The significant events during the financial year and occurring after the reporting period are disclosed in Note 38 to the financial statements.

## HOLDING COMPANY

The holding company is CHC Holdings Sdn. Bhd., a company incorporated in Malaysia.

## AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 23 to the financial statements.

Signed in accordance with a resolution of the directors dated 6 May 2020.

Cheah Ham Cheia

Alexander Lo Tzone Leong

# Statement By Directors

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

We, Cheah Ham Cheia and Alexander Lo Tzone Leong, being two of the directors of GDB Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 59 to 115 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 December 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 6 May 2020.

**Cheah Ham Cheia**

**Alexander Lo Tzone Leong**

# Statutory Declaration

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

I, Toh Fong Eng, MIA Membership Number: 16576, being the officer primarily responsible for the financial management of GDB Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 59 to 115 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

Toh Fong Eng

at Kuala Lumpur

in the Federal Territory

on this 6 May 2020

**Toh Fong Eng**

Before me

**Commissioner for Oaths**

**Datin Hajah Raihela Wanchik**

**No. W-275**

# Independent Auditors' Report

To The Members Of GDB HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration No: 201301006623 (1036466 - U)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of GDB Holdings Berhad, which comprise the statements of financial position as at 31 December 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 59 to 115.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 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.

Revenue recognition, contract assets and liability Refer to Notes 9 and 20 to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
<p>The recognition of revenue on contracts is based on the percentage of completion method. The stage of completion is measured by reference to the proportion of actual costs incurred for work performed to date to the estimated total costs for the project.</p> <p>The determination of the percentage of completion requires the management to exercise significant judgement in estimating the total costs to complete the contracts.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"><li>• Reviewing the contract value secured and projected budgeted costs;</li><li>• Assessing the estimated total costs to complete through inquiries with the operational and finance personnel of the Group;</li><li>• Inspecting documentation to support cost estimates made including contract variations and cost contingencies;</li><li>• Performing verification on the actual progress billings issued and actual costs incurred for the financial year; and</li><li>• Performing recomputation on the profit recognised and checked calculation of the percentage of completion.</li></ul>

# Independent Auditors' Report

To The Members Of GDB HOLDINGS BERHAD (cont'd)

(Incorporated in Malaysia)

Registration No: 201301006623 (1036466 - U)

## 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' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and 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.



# Independent Auditors' Report

To The Members Of GDB HOLDINGS BERHAD (cont'd)

(Incorporated in Malaysia)

Registration No: 201301006623 (1036466 - U)

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism 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 of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

# Independent Auditors' Report

To The Members Of GDB HOLDINGS BERHAD (cont'd)

(Incorporated in Malaysia)

Registration No: 201301006623 (1036466 - U)

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## OTHER MATTERS

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

**Crowe Malaysia PLT**  
201906000005 (LLP0018817-LCA) & AF 1018  
Chartered Accountants

Kuala Lumpur

6 May 2020

**Ngiam Mia Teck**  
03000/07/2020 J  
Chartered Accountant

# Statements Of Financial Position

At 31 December 2019

		The Group		The Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Investments in subsidiaries	6	-	-	25,933,157	17,984,357
Property, plant and equipment	7	27,821,754	11,224,127	9,199,715	-
Goodwill	8	1,285,825	-	-	-
		29,107,579	11,224,127	35,132,872	17,984,357
<b>CURRENT ASSETS</b>					
Contract assets	9	90,883,185	62,716,993	-	-
Trade receivables	10	22,980,659	33,725,375	-	-
Other receivables, deposits and prepayments	11	11,003,175	21,586,755	157,849	132,070
Amount owing by a subsidiary	12	-	-	30,000	6,300,000
Current tax assets		56,248	167,452	8,538	167,452
Short-term investments	13	53,020,640	65,260,844	34,552,489	44,466,173
Fixed deposits with licensed banks	14	10,823,953	7,230,057	-	-
Cash and bank balances		12,849,509	10,839,019	740,178	471,068
		201,617,369	201,526,495	35,489,054	51,536,763
<b>TOTAL ASSETS</b>		<b>230,724,948</b>	<b>212,750,622</b>	<b>70,621,926</b>	<b>69,521,120</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	15	62,564,078	62,564,078	62,564,078	62,564,078
Retained profits		58,188,743	41,556,872	7,882,476	6,857,686
Equity attributable to owners of the Company		120,752,821	104,120,950	70,446,554	69,421,764
Non-controlling interest	6	2,586,632	-	-	-
<b>TOTAL EQUITY</b>		<b>123,339,453</b>	<b>104,120,950</b>	<b>70,446,554</b>	<b>69,421,764</b>
<b>NON-CURRENT LIABILITY</b>					
Deferred tax liability	16	1,879,064	-	-	-
<b>CURRENT LIABILITIES</b>					
Contract liabilities	9	2,860,043	7,579,976	-	-
Trade payables	17	44,477,203	37,834,597	-	-
Other payables and accruals	18	51,222,650	53,649,161	175,372	99,356
Provision	19	4,734,175	6,783,569	-	-
Current tax liabilities		2,212,360	2,782,369	-	-
		105,506,431	108,629,672	175,372	99,356
<b>TOTAL LIABILITIES</b>		<b>107,385,495</b>	<b>108,629,672</b>	<b>175,372</b>	<b>99,356</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>230,724,948</b>	<b>212,750,622</b>	<b>70,621,926</b>	<b>69,521,120</b>

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

# Statements Of Profit Or Loss And Other Comprehensive Income

For The Financial Year Ended 31 December 2019

		The Group		The Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
REVENUE	20	322,766,826	274,558,876	12,800,000	13,890,000
COST OF SALES	21	(279,879,348)	(233,577,142)	-	-
GROSS PROFIT		42,887,478	40,981,734	12,800,000	13,890,000
OTHER INCOME	22	3,858,654	3,080,148	3,553,885	2,791,826
		46,746,132	44,061,882	16,353,885	16,681,826
ADMINISTRATIVE EXPENSES	23	(8,255,747)	(6,234,039)	(2,825,214)	(2,136,970)
OTHER EXPENSES	24	(697,260)	(879,272)	-	(718,354)
FINANCE COST	25	(70,291)	-	-	-
PROFIT BEFORE TAXATION		37,722,834	36,948,571	13,528,671	13,826,502
INCOME TAX EXPENSE	26	(8,909,264)	(9,058,743)	(3,881)	(33,982)
PROFIT AFTER TAXATION/TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		28,813,570	27,889,828	13,524,790	13,792,520
<b>PROFIT/(LOSS) AFTER TAXATION/ TOTAL COMPREHENSIVE INCOME/ (EXPENSES) ATTRIBUTABLE TO:-</b>					
- Owners of the Company		29,131,871	27,889,828	13,524,790	13,792,520
- Non-controlling interest		(318,301)	-	-	-
		28,813,570	27,889,828	13,524,790	13,792,520
<b>EARNINGS PER SHARE (SEN)</b>					
- Basic	27	4.66	4.68		
- Diluted	27	4.66	4.68		

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

# Statements Of Changes In Equity

For The Financial Year Ended 31 December 2019

The Group	Note	Share Capital RM	Retained Profits RM	Attributable to Owners of the Company RM	Non-controlling Interest RM	Total Equity RM
Balance at 1.1.2018		20,000,000	19,917,044	39,917,044	-	39,917,044
Profit after taxation/Total comprehensive income for the financial year		-	27,889,828	27,889,828	-	27,889,828
Contributions by and distributions to owners of the Company:						
- Issuance of shares	15	43,750,000	-	43,750,000	-	43,750,000
- Share issuance expenses	15	(1,185,922)	-	(1,185,922)	-	(1,185,922)
- Dividend	29	-	(6,250,000)	(6,250,000)	-	(6,250,000)
Total transactions with owners		42,564,078	(6,250,000)	36,314,078	-	36,314,078
Balance at 31.12.2018/1.1.2019		62,564,078	41,556,872	104,120,950	-	104,120,950
Profit/(Loss) after taxation/Total comprehensive income/(expenses) for the financial year		-	29,131,871	29,131,871	(318,301)	28,813,570
Contributions by and distributions to owners of the Company:						
- Acquisition of a subsidiary	28	-	-	-	2,004,933	2,004,933
- Additional investments by non-controlling interest		-	-	-	900,000	900,000
- Dividends	29	-	(12,500,000)	(12,500,000)	-	(12,500,000)
Total transactions with owners		-	(12,500,000)	(12,500,000)	2,904,933	(9,595,067)
Balance at 31.12.2019		62,564,078	58,188,743	120,752,821	2,586,632	123,339,453

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

# Statements Of Changes In Equity

For The Financial Year Ended 31 December 2019 (cont'd)

The Company	Note	Share Capital RM	(Accumulated Loss)/ Retained Profits RM	Total Equity RM
Balance at 1.1.2018		20,000,000	(684,834)	19,315,166
Profit after taxation/Total comprehensive income for the financial year		-	13,792,520	13,792,520
Contributions by and distributions to owners of the Company:				
- Issuance of shares	15	43,750,000	-	43,750,000
- Share issuance expenses	15	(1,185,922)	-	(1,185,922)
- Dividend	29	-	(6,250,000)	(6,250,000)
Total transactions with owners		42,564,078	(6,250,000)	36,314,078
Balance at 31.12.2018/1.1.2019		62,564,078	6,857,686	69,421,764
Profit after taxation/Total comprehensive income for the financial year		-	13,524,790	13,524,790
Distributions to owners of the Company:				
- Dividends	29	-	(12,500,000)	(12,500,000)
Balance at 31.12.2019		62,564,078	7,882,476	70,446,554

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



# Statements Of Cash Flows

For The Financial Year Ended 31 December 2019

	Note	The Group		The Company	
		2019 RM	2018 RM	2019 RM	2018 RM
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>					
Profit before taxation		37,722,834	36,948,571	13,528,671	13,826,502
Adjustments for:-					
Depreciation of plant and equipment		4,974,339	5,177,407	-	-
Interest expense		70,291	-	-	-
Listing expenses		-	718,354	-	718,354
Plant and equipment written off		33,256	28,762	-	-
Provision for defect works		2,300,143	3,980,412	-	-
Dividend income		-	-	(12,800,000)	(13,890,000)
(Gain)/Loss on disposal of plant and equipment		(6,000)	1,785	-	-
Interest income		(3,168,911)	(2,645,231)	(1,843,885)	(1,219,826)
Reversal of provision for defect works		(4,655,337)	(2,748,121)	-	-
Operating profit/(loss) before working capital changes		37,270,615	41,461,939	(1,115,214)	(564,970)
Increase in contract assets		(23,297,144)	(40,792,908)	-	-
Decrease/(Increase) in trade and other receivables		25,349,294	30,171,608	(25,779)	(112,447)
(Increase)/Decrease in amount owing by a subsidiary		-	-	(30,000)	262,880
(Decrease)/Increase in contract liabilities		(4,719,933)	2,202,693	-	-
(Decrease)/Increase in trade and other payables		(7,876,481)	(7,228,640)	76,016	16,727
<b>CASH FROM/(FOR) OPERATIONS</b>		<b>26,726,351</b>	<b>25,814,692</b>	<b>(1,094,977)</b>	<b>(397,810)</b>
Income tax paid		(9,715,423)	(8,970,208)	(17,054)	(90,086)
Income tax refund		317,302	-	172,087	-
<b>NET CASH FROM/(FOR) OPERATING ACTIVITIES</b>		<b>17,328,230</b>	<b>16,844,484</b>	<b>(939,944)</b>	<b>(487,896)</b>
<b>CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES</b>					
Acquisition of a subsidiary, net of cash and equivalents acquired	28	(5,318,832)	-	(5,878,800)	-
Additional investments in an existing subsidiary	6	-	-	(2,070,000)	-
Dividends received		-	-	19,100,000	7,590,000
Increase in pledged fixed deposits with licensed banks		(3,593,896)	(1,752,088)	-	-
Interest income received		3,168,911	2,645,231	1,843,885	1,219,826
Proceeds from disposal of plant and equipment		6,000	4,047	-	-
Purchase of property, plant and equipment		(11,096,497)	(3,461,452)	(9,199,715)	-
<b>NET CASH (FOR)/FROM INVESTING ACTIVITIES</b>		<b>(16,834,314)</b>	<b>(2,564,262)</b>	<b>3,795,370</b>	<b>8,809,826</b>

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

# Statements Of Cash Flows

For The Financial Year Ended 31 December 2019 (cont'd)

		The Group		The Company	
		2019	2018	2019	2018
	Note	RM	RM	RM	RM
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Acquisition of shares in a subsidiary by non-controlling interest		900,000	-	-	-
Dividends paid	29	(12,500,000)	(6,250,000)	(12,500,000)	(6,250,000)
Interest paid	30(a)	(70,291)	-	-	-
Proceeds from issuance of ordinary shares		-	43,750,000	-	43,750,000
Repayment of lease liabilities	30(a)	(1,444,611)	-	-	-
Advances from related parties		2,391,272	-	-	-
Payment of listing expenses		-	(1,684,172)	-	(1,684,172)
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(10,723,630)	35,815,828	(12,500,000)	35,815,828
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS					
		(10,229,714)	50,096,050	(9,644,574)	44,137,758
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR					
		76,099,863	26,003,813	44,937,241	799,483
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR					
	30(b)	65,870,149	76,099,863	35,292,667	44,937,241

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

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	Third Floor, No. 77, 79 & 81, Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan.
Principal place of business	:	A-02-01, F-02-01 & F-02-02, Sekitar 26 Enterprise, Persiaran Hulu Selangor, Seksyen 26, 40400 Shah Alam, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 6 May 2020.

## 2. HOLDING COMPANY

The holding company is CHC Holdings Sdn. Bhd., a company incorporated in Malaysia.

## 3. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

## 4. 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 and the requirements of the Companies Act 2016 in Malaysia.

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

**MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

MFRS 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

Annual Improvements to MFRS Standards 2015 – 2017 Cycles

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

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 4. BASIS OF PREPARATION (CONT'D)

- 4.2 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:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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.

## 5. SIGNIFICANT ACCOUNTING POLICIES

### 5.1 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) Depreciation of Property, Plant and Equipment**

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 7 to the financial statements.

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

*Key Sources of Estimation Uncertainty (Cont'd)*

#### (b) 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 flows 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 8 to the financial statements.

#### (c) Impairment of Property, Plant and Equipment

The Group determines whether its property, plant and equipment 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 property, plant and equipment as at the reporting date is disclosed in Note 7 to the financial statements.

#### (d) Impairment of Contract Assets and Trade Receivables

The Group uses the general approach to estimate a lifetime expected credit loss allowance for all contract assets and trade receivables. 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 customer's financial information, past trend of payment 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 contract assets and trade receivables. The carrying amounts of contract assets and trade receivables as at the reporting date are disclosed in Notes 9 and 10 to the financial statements.

#### (e) 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 and forward-looking estimates at the end of each reporting period. The carrying amounts of other receivables and amount owing by a subsidiary as at the reporting date are disclosed in Notes 11 and 12 to the financial statements.

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

*Key Sources of Estimation Uncertainty (Cont'd)*

#### (f) 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 to date 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 9 to the financial statements.

#### (g) 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 the Group's current tax assets/(liabilities) as at the reporting date is RM56,248 and (RM2,212,360) (2018 - RM167,452 and (RM2,782,369)). The carrying amount of the Company's current tax assets as at the reporting date is RM8,538 (2018 - RM167,452).

#### (h) Provision

The Group recognises a provision for liabilities associated with completed contract based on past experience of the level of repair of defects. The Group's provision of defect works is affected by claims due to actual repair of defects, which may result in the actual costs differing from the Group's estimates. The carrying amount of provision as at the reporting date is disclosed in Note 19 to the financial statements.

#### (i) Purchase Price Allocation

Purchase prices related to business combinations are allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The determination of fair value required the Group to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amount assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impacts the Group's reported assets (including goodwill) and liabilities, future net earnings due to the impact on future depreciation and amortisation expense and impairment tests. The fair values of the assets acquired and liabilities assumed under the business combinations made during the current financial year are disclosed in Note 28 to the financial statements.



# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.1 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:-

#### **Contingent Liabilities**

The recognition and measurement for contingent liabilities are 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.

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

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

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. 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.

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.2 BASIS OF CONSOLIDATION (CONT'D)

#### (a) Business Combinations (Cont'd)

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

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.3 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 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 purchases gain and is recognised in profit or loss immediately.

### 5.4 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.

### 5.5 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. 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 December 2019

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.5 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 December 2019

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.5 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 December 2019

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.5 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 Group, 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.

### 5.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statements 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 investments includes 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 December 2019

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.7 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 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.

Depreciation on property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a 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:-

Freehold buildings	2%
Computer software and hardware	20% - 33%
Motor vehicles	20%
Office equipment	20% - 33%
Plant and machinery	20%
Renovation	20%
Site equipment	20% - 33%

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 periods 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.

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.8 LEASES

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

#### Accounting Policies Applied Until 31 December 2018

##### (a) 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 statements of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.8 LEASES (CONT'D)

#### (b) Operating Lease

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statements of financial position of the Group and of the Company.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

### 5.9 CONTRACT ASSET AND CONTRACT LIABILITY

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 in accordance to 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.

### 5.10 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 statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

### 5.11 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.

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 general approach. The expected credit losses on these financial assets are estimated based on the customer's financial information, past trend of payment and are adjusted for forward-looking information (including time value of money where appropriate).

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.11 IMPAIRMENT (CONT'D)

#### (a) Impairment of Financial Assets (Cont'd)

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 statements 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 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 assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately. 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.

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.12 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.

### 5.13 EMPLOYEE BENEFITS

#### (a) Short-term Benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss and included in the construction costs, 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 defined contribution plans are recognised in profit or loss and included in the construction costs, 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.

### 5.14 INCOME TAXES

#### (a) Current Tax

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

#### (b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise 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.

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.14 INCOME TAXES (CONT'D)

#### (b) Deferred Tax (Cont'd)

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

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

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

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

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

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

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

### 5.15 CONTINGENT LIABILITIES

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

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.16 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.

### 5.17 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Group 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 Group and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

### 5.18 BORROWING COSTS

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

### 5.19 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.

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 December 2019

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.20 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of 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.

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.

#### 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 on the proportion of construction costs incurred for work performed to date 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.

### 5.21 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

#### (a) Dividend Income

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

#### (b) Interest Income

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

#### (c) Rental Income

Rental income is accounted for on a straight-line method over the contract period.

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 6. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2019	2018
	RM	RM
Unquoted shares, at cost:-		
At 1 January	17,984,357	17,984,357
Additions during the financial year	7,948,800	-
At 31 December	25,933,157	17,984,357

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		Principal Activity
		2019 %	2018 %	
Grand Dynamic Builders Sdn. Bhd. ("GDBSB")	Malaysia	100	100	Provision of construction services
GDB Geotechnics Sdn. Bhd. (formerly known as Eco Geotechnics Sdn. Bhd.) ("GDBGSB")	Malaysia	69	-	Provision of construction services specialising in geotechnical and foundation engineering works

- (a) During the current financial year, the Company and its subsidiary, GDBSB, have acquired 69% and 1% equity interests in GDBGSB respectively. The details of the acquisition are disclosed in Note 28 to the financial statements.

The statutory financial year end of GDBGSB is 30 September and does not coincide with the Group. GDBGSB has been consolidated based on management account for the 3-month period ended 31 December 2019. GDBGSB is in the midst of changing its statutory financial year end to conform with the Group.

- (b) During the current financial year, the Company and its subsidiary, GDBSB, have subscribed for additional 2,070,000 and 30,000 ordinary shares respectively for a total purchase consideration of RM2,100,000 in GDBGSB.

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (c) The non-controlling interest at the end of the reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2019 %	2018 %	2019 RM	2018 RM
GDBGSB	30	-	2,586,632	-

- (d) The summarised of unaudited financial information (before intra-group elimination and fair value adjustments) for each subsidiary that has non-controlling interests that are material to the Group is as follows:-

	GDBGSB 2019 RM
<u>At 31 December</u>	
Non-current asset	2,163,125
Current assets	9,855,387
Non-current liability	-
Current liabilities	(9,346,774)
Net assets	2,671,738
<u>3-month Period Ended 31 December</u>	
Revenue	942,273
Loss for the financial period	(747,827)
Total comprehensive expenses	(747,827)
Total comprehensive expenses attributable to non-controlling interest	(224,348)
Net cash flows for operating activities	(2,165,919)
Net cash flows for investing activities	(29,581)
Net cash flows from financial activities	3,876,370

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 7. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.1.2019 RM	Additions RM	Write Off RM	Depreciation Charges RM	Acquisition of A Subsidiary (Note 28) RM	At 31.12.2019 RM
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### 2019

#### Carrying Amount

Freehold buildings	-	9,199,715	-	-	-	9,199,715
Computer software and hardware	334,804	143,735	(2,771)	(143,659)	-	332,109
Motor vehicles	584,095	507,510	-	(256,330)	122,505	957,780
Office equipment	134,369	24,799	(1,138)	(44,655)	725	114,100
Plant and machinery	5,863,879	476,000	-	(3,031,124)	10,385,494	13,694,249
Renovation	26,744	554,867	-	(7,649)	1	573,963
Site equipment	4,280,236	189,871	(29,347)	(1,490,922)	-	2,949,838
	11,224,127	11,096,497	(33,256)	(4,974,339)	10,508,725	27,821,754

	At 1.1.2018 RM	Additions RM	Disposal RM	Write Off RM	Depreciation Charges RM	At 31.12.2018 RM
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### 2018

#### Carrying Amount

Computer software and hardware	373,061	135,120	-	(5)	(173,372)	334,804
Motor vehicles	671,936	203,037	-	-	(290,878)	584,095
Office equipment	214,300	12,179	-	(5,196)	(86,914)	134,369
Plant and machinery	8,445,762	556,500	-	-	(3,138,383)	5,863,879
Renovation	49,392	-	-	-	(22,648)	26,744
Site equipment	3,220,225	2,554,616	(5,832)	(23,561)	(1,465,212)	4,280,236
	12,974,676	3,461,452	(5,832)	(28,762)	(5,177,407)	11,224,127

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
<b>2019</b>			
Freehold buildings	9,199,715	-	9,199,715
Computer software and hardware	1,130,664	(798,555)	332,109
Motor vehicles	2,587,511	(1,629,731)	957,780
Office equipment	642,601	(528,501)	114,100
Plant and machinery	42,537,078	(28,842,829)	13,694,249
Renovation	697,413	(123,450)	573,963
Site equipment	8,148,456	(5,198,618)	2,949,838
	64,943,438	(37,121,684)	27,821,754

<b>2018</b>			
Computer software and hardware	1,002,744	(667,940)	334,804
Motor vehicles	1,551,359	(967,264)	584,095
Office equipment	517,405	(383,036)	134,369
Plant and machinery	15,538,830	(9,674,951)	5,863,879
Renovation	138,246	(111,502)	26,744
Site equipment	8,186,039	(3,905,803)	4,280,236
	26,934,623	(15,710,496)	11,224,127

The Company	At 1.1.2019 RM	Addition RM	At 31.12.2019 RM
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### 2019

*Carrying Amount*

Freehold buildings	-	9,199,715	9,199,715
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	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
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### 2019

Freehold buildings	9,199,715	-	9,199,715
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# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 8. GOODWILL

The carrying amount of goodwill is allocated to a subsidiary GDBGSB, a cash-generating unit.

	The Group	
	2019 RM	2018 RM
Cost:-		
At 1 January	-	-
Acquisition of a subsidiary (Note 28)	1,285,825	-
At 31 December	1,285,825	-

- (a) The Group has assessed the recoverable amount of goodwill allocated and determined that no impairment is required. The recoverable amount of the cash-generating unit is determined using the value in use approach, and this is derived from the present value of the future cash flows computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amount are as follows:-

- Gross margin ranging from 7.7% to 8.0% (2018: N/A); and
- Pre-tax discount rate of 12.1% (2018: N/A).

- |                              |  |
|------------------------------|--|
| (i) Budgeted gross margin    | Average gross margin achieved on past experience and actual operating results increased for expected efficiency improvements and cost saving measures. |
| (ii) Discount rate (pre-tax) | Reflects specific risks relating to the relevant cash-generating unit.   |
| (iii) Growth rate            | Based on the expected projection of the construction services and works segments. There is no growth rate in perpetuity to arrive at terminal value.   |

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating unit and are based on both external sources and internal historical data.

- (b) The directors believe that is no reasonably possible change in the above key assumptions applied that is likely to materially cause the cash-generating unit carrying amount to exceed its recoverable amount.

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 9. CONTRACT ASSETS/(LIABILITIES)

	The Group	
	2019	2018
	RM	RM
Contract assets relating to construction contracts	90,883,185	62,716,993
Contract liabilities relating to construction contracts	(2,860,043)	(7,579,976)
	88,023,142	55,137,017

- (a) The contract assets primarily relate to the Group's right to consideration for construction work completed on construction contracts but not yet billed as at the reporting date. This balance will be billed progressively in the future upon the fulfillment of contractual milestones.

Included in contract assets are retention sums receivable amounting to RM57,568,887 (2018 - RM39,018,885). The retention sums are to be settled in accordance with the terms of the respective contracts.

- (b) The contract liabilities primarily relate to timing differences between construction works certified by customers and construction costs incurred plus attributable profit.

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

	The Group	
	2019	2018
	RM	RM
At 1 January:	55,137,017	54,196,086
Revenue recognised in profit or loss during the financial year	322,766,826	274,558,876
Billing to customers during the financial year	(294,749,749)	(273,617,945)
Acquisition of a new subsidiary (Note 28)	4,869,048	-
At 31 December	88,023,142	55,137,017
As represented by:-		
Contract assets	90,883,185	62,716,993
Contract liabilities	(2,860,043)	(7,579,976)
	88,023,142	55,137,017



# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 9. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

- (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 RM1,149,766,892 (2018 - RM579,345,624). These remaining performance obligations are expected to be recognised as below:-

	The Group	
	2019 RM	2018 RM
Within 1 year	478,866,882	442,442,790
Between 1 and 3 years	670,900,010	136,902,834
	1,149,766,892	579,345,624

## 10. TRADE RECEIVABLES

The Group's normal trade credit terms range from 30 to 60 (2018 - 30) days. Other credit terms are assessed and approved on a case-by-case basis.

## 11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other receivables:-				
Third parties	897,323	547,730	-	-
Advances to subcontractors/suppliers	6,798,278	18,978,672	-	-
GST receivables	287,429	424,410	86,169	86,169
	7,983,030	19,950,812	86,169	86,169
Deposits	2,780,146	1,395,792	26,630	-
Prepayments	239,999	240,151	45,050	45,901
	11,003,175	21,586,755	157,849	132,070

The advance payments to subcontractors/suppliers are unsecured and interest-free. The amount owing will be offset against future works performance/purchases from the subcontractor/suppliers.

## 12. AMOUNT OWING BY A SUBSIDIARY

The amount owing is non-trade in nature, unsecured, interest-free and receivable on demand. The amount owing is to be settled in cash.

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 13. SHORT-TERM INVESTMENTS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Money market fund, at fair value	53,020,640	65,260,844	34,552,489	44,466,173
Market value of short-term investments	53,020,640	65,260,844	34,552,489	44,466,173

## 14. FIXED DEPOSITS WITH LICENSED BANKS

- (a) The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 2.90% to 3.15% (2018 - 2.55% to 3.25%) per annum. The fixed deposits have a maturity period of 365 (2018 - 365) days.
- (b) The fixed deposits with licensed banks of the Group at the end of the reporting period had been pledged to licensed banks as security for banking facilities granted to the Group.

## 15. SHARE CAPITAL

	The Group/The Company			
	2019 Number of Shares	2018	2019 RM	2018 RM
<b>Issued and Fully Paid-up</b>				
<b>Ordinary Shares</b>				
At 1 January	625,000,000	500,000,000	62,564,078	20,000,000
Issuance of new shares	-	125,000,000	-	43,750,000
	625,000,000	625,000,000	62,564,078	63,750,000
Share issuance expenses	-	-	-	(1,185,922)
At 31 December	625,000,000	625,000,000	62,564,078	62,564,078

- (a) 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.
- (b) In the previous financial year, the Company increased its issued and paid-up share capital from RM20,000,000 to RM63,750,000 by the allotment of 125,000,000 new ordinary shares pursuant to the listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad for a total cash consideration of RM43,750,000. The new ordinary shares issued rank pari passu in all respects with the existing shares.

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 16. DEFERRED TAX LIABILITY

The Group	At 1.1.2019 RM	Recognised in Profit or Loss (Note 26) RM	Acquisition of A Subsidiary (Note 28) RM	At 31.12.2019 RM
<b>2019</b>				
<i>Deferred Tax Liability</i>				
Plant and equipment	720,480	(262,338)	1,977,962	2,436,104
<i>Deferred Tax Asset</i>				
Provision	(720,480)	163,440	-	(557,040)
	-	(98,898)	1,977,962	1,879,064

The Group	At 1.1.2018 RM	Recognised in Profit or Loss (Note 26) RM	At 31.12.2018 RM
<b>2018</b>			
<i>Deferred Tax Liability</i>			
Plant and equipment	691,200	29,280	720,480
<i>Deferred Tax Asset</i>			
Provision	(618,200)	(102,280)	(720,480)
	73,000	(73,000)	-

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 17. TRADE PAYABLES

	Note	The Group 2019 RM	2018 RM
Trade payables	(a)	16,008,464	17,310,559
Retention sums	(b)	28,468,739	20,524,038
		44,477,203	37,834,597

(a) The normal trade credit terms granted to the Group range from 30 to 60 (2018 - 30 to 60) days.

(b) The retention sums are to be settled in accordance with the terms of the respective contracts.

## 18. OTHER PAYABLES AND ACCRUALS

	Note	The Group 2019 RM	2018 RM	The Company 2019 RM	2018 RM
Other payables:-					
Third parties	(a)	4,647,195	14,149,796	87,007	27,508
Related parties	(b)	4,343,056	-	-	-
		8,990,251	14,149,796	87,007	27,508
Accruals	(c)	42,232,399	39,499,365	88,365	71,848
		51,222,650	53,649,161	175,372	99,356

(a) Included in other payables of the Group are advances from customers amounting to RM4,198,869 (2018 - RM14,042,288).

(b) The amount owing to related parties represent amount owing to a director of a Company's subsidiary and amount owing to a company which a director has controlling interest amounting to RM3,443,164 and RM899,892 respectively.

The amount owing to related parties represent unsecured interest-free advances which are repayable on demand. The amount owing is to be settled in cash.

(c) Included in accruals of the Group are accrued costs of construction for projects amounting to RM27,398,697 (2018 - RM27,969,198).

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 19. PROVISION

	The Group	
	2019 RM	2018 RM
At 1 January	6,783,569	5,551,278
Provision made during the financial year	2,300,143	3,980,412
Provision reversed during the financial year	(4,655,337)	(2,748,121)
Acquisition of a subsidiary (Note 28)	305,800	-
At 31 December	4,734,175	6,783,569

Provision is made in respect of the rectification costs for defect works which are expected to be incurred on the completed projects during the defect liability periods based on respective terms of contracts.

## 20. REVENUE

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Construction contracts	322,766,826	274,558,876	-	-
Dividend income	-	-	12,800,000	13,890,000

## 21. COST OF SALES

	The Group	
	2019 RM	2018 RM
Depreciation of plant and equipment	4,277,083	5,018,431
Lease expenses:		
- short-term leases	1,914,863	-
- rental of equipment	-	2,073,866
- rental of staffs accomodation	-	80,749
- others	68,418	-
Project cost, incentives and related expenses	260,135,461	206,208,829
Provision for defect works	2,300,143	3,980,412
Plant and equipment written off	33,252	28,605
Reversal of provision for defect works	(4,655,337)	(2,748,121)
Staff costs:		
- salaries and other emoluments	14,280,801	17,167,676
- defined contribution plan	1,524,664	1,766,695
	279,879,348	233,577,142

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 22. OTHER INCOME

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Included in other income are the following items:-				
Gain on disposal of plant and equipment	6,000	-	-	-
Interest income:				
- fixed deposits with licensed banks	606,298	701,722	17,481	60,574
- short-term investments	2,562,613	1,943,509	1,826,404	1,159,252
Lease income from plant and equipment	22,703	-	-	-
Management services income	-	-	1,710,000	1,572,000
Scrap sales	301,542	227,644	-	-

## 23. ADMINISTRATIVE EXPENSES

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Included in administrative expenses are the following items:-				
Auditors' remuneration:				
- audit fees	88,000	66,500	30,000	21,500
- other services:				
- current financial year	5,000	5,000	5,000	5,000
- underprovision in the previous financial year	-	4,500	-	4,500
Directors' fees	209,220	154,948	209,220	154,948
Directors' non-fee remuneration:				
- salaries and other emoluments	1,838,658	1,659,702	1,171,315	1,059,570
- defined contribution plan	157,644	141,546	107,940	96,696
Staff costs (including other key management personnel as disclosed in Note 31):				
- salaries and other emoluments	3,523,272	2,609,715	346,247	307,247
- defined contribution plan	388,816	275,505	41,328	36,648
Lease expenses:				
- short-term leases	23,330	-	-	-
- rental of equipment	-	7,820	-	-
- rental of office	-	139,400	-	-
- others	162,400	-	-	-

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 24. OTHER EXPENSES

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Depreciation of plant and equipment	697,256	158,976	-	-
Listing expenses	-	718,354	-	718,354
Loss on disposal of plant and equipment	-	1,785	-	-
Plant and equipment written off	4	157	-	-
	697,260	879,272	-	718,354

## 25. FINANCE COST

	The Group	
	2019 RM	2018 RM
Interest expense on lease liabilities	70,291	-

## 26. INCOME TAX EXPENSE

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Current tax:				
- for the financial year	8,837,542	9,051,361	8,516	31,722
- under/(over)provision in the previous financial years	170,620	80,382	(4,635)	2,260
	9,008,162	9,131,743	3,881	33,982
Deferred tax (Note 16):				
- realisation of deferred taxation on usage of plant and equipment	(98,898)	-	-	-
- overprovision in the previous financial year	-	(73,000)	-	-
	8,909,264	9,058,743	3,881	33,982



# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 26. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit before taxation	37,722,834	36,948,571	13,528,671	13,826,502
Tax at the statutory tax rate of 24% (2018 - 24%)	9,053,480	8,867,657	3,246,881	3,318,360
Tax effects of:-				
Non-taxable income	(615,027)	(466,442)	(3,510,337)	(3,611,820)
Non-deductible expenses	520,271	546,866	271,972	325,182
Deferred tax asset not recognised during the financial year	170,640	185,280	-	-
Utilisation of deferred tax asset previously not recognised	(390,720)	-	-	-
Effects of changes in corporate income tax rates	-	(82,000)	-	-
Under/(Over)provision of current tax in the previous financial years	170,620	80,382	(4,635)	2,260
Overprovision of deferred taxation in the previous financial year	-	(73,000)	-	-
Income tax expense for the financial year	8,909,264	9,058,743	3,881	33,982

Domestic income tax is calculated at the Malaysian statutory rate of 24% (2018 - 24%) of the estimated assessable profit for the financial year.

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 26. INCOME TAX EXPENSE (CONT'D)

The temporary differences attributable to the deferred tax assets and tax liability which are not recognised in the financial statements are as follows:-

	The Group	
	2019	2018
Deferred tax assets:-		
Unused tax losses	1,753,000	-
Unabsorbed capital allowances	3,444,000	-
Provision for defect works	2,414,000	3,782,000
	7,611,000	3,782,000
Deferred tax liability:-		
Accelerated capital allowances	(147,000)	-
	7,464,000	3,782,000

The unused tax losses are allowed to be utilised for 7 consecutive years of assessment while the unabsorbed capital allowances are allowed to be carried forward indefinitely.

## 27. EARNINGS PER SHARE

	The Group	
	2019	2018
Profit attributable to owners of the Company (RM)	29,131,871	27,889,828
Weighted average number of ordinary shares in issue:-		
Ordinary share at 1 January	625,000,000	500,000,000
Issuance of shares	-	95,890,411
Weighted average number of ordinary shares at 31 December	625,000,000	595,890,411
Earnings per share (Sen) attributable to owners of the Company:		
- Basic	4.66	4.68
- Diluted	4.66	4.68

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 28. ACQUISITION OF A SUBSIDIARY

On 23 July 2019, the Company and its wholly-owned subsidiary, GDBSB had collectively, entered into share sale agreement to acquire 70% equity interest in GDBGSB with 69% equity interest held by the Company and remaining 1% equity interest held by GDBSB. The acquisition of this subsidiary is to enable the Group to expand its business into bored piling and foundation works speciality. The acquisition has been completed on 1 October 2019.

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
Plant and equipment (Note 7)	10,508,725
Contract assets (Note 9)	4,869,048
Trade receivables	2,759,873
Other receivables and deposits	1,261,125
Current tax assets	68,846
Cash and bank balances	645,168
Deferred tax liability (Note 16)	(1,977,962)
Lease liabilities	(1,444,611)
Trade payables	(6,055,665)
Other payables and accruals	(1,361,934)
Provision (Note 19)	(305,800)
Amount owing to a director	(1,793,127)
Amount owing to related parties	(917,520)
Fair value of net identifiable assets acquired	6,256,166
Capital contribution by former shareholders	426,942
Less: Non-controlling interest, measured at the proportionate share of the fair value of the net identifiable assets	(1,876,850)
Less: Non-controlling interest, measured at the proportionate share of the capital contribution by former shareholders	(128,083)
Add: Goodwill on acquisition (Note 8)	1,285,825
Total purchase consideration, to be settled by cash	5,964,000
Less: Cash and cash equivalents of subsidiary acquired	(645,168)
Net cash outflow from the acquisition of a subsidiary	5,318,832

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 28. ACQUISITION OF A SUBSIDIARY (CONT'D)

	The Company 2019 RM
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Total purchase consideration, to be settled by cash/Cash outflow from the acquisition of a subsidiary	5,878,800
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- (a) The goodwill is attributable mainly to the control premium paid. In addition, the purchase consideration also included benefits derived from the expected revenue growth of the subsidiary, its future market development. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. The goodwill is not deductible for tax purposes.
- (b) The subsidiary has contributed revenue of RM942,273 and incurred loss after taxation of RM747,827 to the Group since the date of acquisition.

The revenue and profit or loss for the Group, if the acquisition of GDBGSB was effective at the beginning of the current financial year cannot be reliably measured without undue cost or effort due to the directors have considered the time and costs required to generate the financial results would exceed the benefits for the users of the financial statements.

There was no acquisition of new subsidiary in the last financial year.

## 29. DIVIDENDS

	The Group/The Company 2019 RM	2018 RM
In respect of the financial year ended 31 December 2018/31 December 2017:		
- Second interim single-tier dividend of RM0.01 (2018 - Nil) per ordinary share	6,250,000	-
In respect of the financial year ended 31 December 2019/31 December 2018:		
- First interim single-tier dividend of RM0.01 (2018 - RM0.01) per ordinary share	6,250,000	6,250,000
	12,500,000	6,250,000

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 30. CASH FLOW INFORMATION

- (a) The reconciliation of liability arising from financing activity is as follows:-

The Group	Lease Liabilities RM
<b>2019</b>	
At 1 January	-
<u>Non-cash Changes</u>	
Acquisition of a subsidiary (Note 28)	1,444,611
Interest expense recognised in profit or loss	70,291
	1,514,902
<u>Changes in Financing Cash Flows</u>	
Repayment of principal	(1,444,611)
Repayment of interests	(70,291)
	(1,514,902)
At 31 December	-

- (b) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash and bank balances	12,849,509	10,839,019	740,178	471,068
Fixed deposits with licensed banks	10,823,953	7,230,057	-	-
Short-term investments	53,020,640	65,260,844	34,552,489	44,466,173
	76,694,102	83,329,920	35,292,667	44,937,241
Less: Fixed deposits pledged to licensed banks (Note 14)	(10,823,953)	(7,230,057)	-	-
	65,870,149	76,099,863	35,292,667	44,937,241

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 31. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors, non-executive directors and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
<u>Directors of the Company</u>				
Short-term employee benefits:				
- fees	209,220	154,948	209,220	154,948
- salaries and other emoluments	1,794,808	1,659,702	1,171,315	1,059,570
- defined contribution plan	153,750	141,546	107,940	96,696
	2,157,778	1,956,196	1,488,475	1,311,214
<u>Director of a subsidiary</u>				
Short-term employee benefits:				
- salaries and other emoluments	43,850	-	-	-
- defined contribution plan	3,894	-	-	-
	47,744	-	-	-
Total directors' remuneration	2,205,522	1,956,196	1,488,475	1,311,214
<b>Other key management personnel:-</b>				
Short-term employee benefits:				
- salaries and other emoluments	1,146,974	1,081,132	346,246	307,247
- defined contribution plan	130,811	123,411	41,328	36,648
	1,277,785	1,204,543	387,574	343,895

The total project incentives and defined contribution plan paid to the executive directors and other key management personnel amounted to RM510,947 (2018 - RM668,712) and RM274,472 (2018 - RM466,271) respectively.

The estimated monetary value of benefits-in-kind provided by the Group to the directors and other key management personnel were RM21,250 and RM12,500 (2018 - RM21,250 and RM15,000) respectively.

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 32. RELATED PARTY DISCLOSURES

### 32.1 Identities of Related Parties

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

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, holding company, key management personnel and entities within the same group of companies.

### 32.2 Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with the related parties during the financial year:-

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Management fees received from subsidiaries	-	-	(1,710,000)	(1,572,000)
Dividends receivable/received from a subsidiary	-	-	(12,800,000)	(13,890,000)
Store rental expenses paid to a related party	18,000	-	-	-

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

## 33. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Managing Director as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their services provided.

The Group is organised into 2 main reportable segments as follows:-

- (i) Construction segment - involved in provision of construction services.
- (ii) Investment holding segment - involved in group-level corporate services.

Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.



# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 33. OPERATING SEGMENTS (CONT'D)

### 33.1 BUSINESS SEGMENTS

	Construction Segment RM	Investment Holding Segment RM	The Group RM
<b>2019</b>			
<b>Revenue</b>			
External revenue/Consolidated revenue	322,766,826	-	322,766,826
Inter-segment revenue	-	12,800,000	12,800,000
	322,766,826	12,800,000	335,566,826
Consolidation adjustments			(12,800,000)
Consolidated revenue			322,766,826
Represented by:-			
<u>Revenue recognised at a point of time</u>			
- Dividend income	-	12,800,000	12,800,000
<u>Revenue recognised over time</u>			
- Construction contracts	322,766,826	-	322,766,826
	322,766,826	12,800,000	335,566,826
Consolidation adjustments			(12,800,000)
			322,766,826
<b>Results</b>			
Segment profit/(loss)	40,068,573	(2,825,214)	37,243,359
Interest income	1,325,026	1,843,885	3,168,911
Interest expense	(70,291)	-	(70,291)
Depreciation of plant and equipment	(4,974,339)	-	(4,974,339)
Provision for defect works	(2,300,143)	-	(2,300,143)
Reversal of provision for defect works	4,655,337	-	4,655,337
Consolidated profit/(loss) before taxation	38,704,163	(981,329)	37,722,834
Income tax expense	(8,905,383)	(3,881)	(8,909,264)
Consolidated profit/(loss) after taxation	29,798,780	(985,210)	28,813,570

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 33. OPERATING SEGMENTS (CONT'D)

### 33.1 BUSINESS SEGMENTS (CONT'D)

	Construction Segment RM	Investment Holding Segment RM	The Group RM
<b>2019</b>			
<b>Assets</b>			
Segment assets/Consolidated total assets	186,066,179	44,658,769	230,724,948
Additions to non-current assets other than financial instrument:			
- Property, plant and equipment	1,896,782	9,199,715	11,096,497
<b>Liabilities</b>			
Segment liabilities/Consolidated total liabilities	107,210,123	175,372	107,385,495
<b>2018</b>			
<b>Revenue</b>			
External revenue/Consolidated revenue	274,558,876	-	274,558,876
Inter-segment revenue	-	13,890,000	13,890,000
	274,558,876	13,890,000	288,448,876
Consolidation adjustments			(13,890,000)
Consolidated revenue			274,558,876
Represented by:-			
<u>Revenue recognised at a point of time</u>			
- Dividend income	-	13,890,000	13,890,000
<u>Revenue recognised over time</u>			
- Construction contracts	274,558,876	-	274,558,876
	274,558,876	13,890,000	288,448,876
Consolidation adjustments			(13,890,000)
			274,558,876

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 33. OPERATING SEGMENTS (CONT'D)

### 33.1 BUSINESS SEGMENTS (CONT'D)

	Construction Segment RM	Investment Holding Segment RM	The Group RM
<b>2018</b>			
<b>Results</b>			
Segment profit/(loss)	43,568,362	(2,855,324)	40,713,038
Interest income	1,425,405	1,219,826	2,645,231
Depreciation of plant and equipment	(5,177,407)	-	(5,177,407)
Provision for defect works	(3,980,412)	-	(3,980,412)
Reversal of provision for defect works	2,748,121	-	2,748,121
Consolidated profit/(loss) before taxation	38,584,069	(1,635,498)	36,948,571
Income tax expense	(9,024,761)	(33,982)	(9,058,743)
Consolidated profit/(loss) after taxation	29,559,308	(1,669,480)	27,889,828
<b>Assets</b>			
Segment assets/Consolidated total assets	167,513,859	45,236,763	212,750,622
Additions to non-current assets other than financial instrument:			
- Plant and equipment	3,461,452	-	3,461,452
<b>Liabilities</b>			
Segment liabilities/Consolidated total liabilities	108,530,316	99,356	108,629,672

### 33.2 GEOGRAPHICAL INFORMATION

The Group operates predominantly in Malaysia. Accordingly, the information by geographical segment is not presented.

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 33. OPERATING SEGMENTS (CONT'D)

### 33.3 MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of the Group's total revenue.

	2019 RM	Segment
Customer C	134,521,675	Construction
Customer D	160,359,794	Construction

	2018 RM	Segment
Customer A	81,304,049	Construction
Customer B	65,997,475	Construction
Customer C	63,126,824	Construction
Customer D	60,085,235	Construction

## 34. CAPITAL COMMITMENTS

	The Group 2019 RM	2018 RM
Purchase of plant and equipment	494,944	3,310

## 35. OPERATING LEASE COMMITMENT

The Group has applied MFRS 16 using modified retrospective approach. As a result, the following information are disclosed required by MFRS 117 "Leases".

The future minimum lease payments under the non-cancellable operating leases are as follows:-

	The Group 2018 RM
Not more than 1 year	48,500

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 36. CONTINGENT LIABILITY

No provisions are recognised on the following matter as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:-

	The Group	
	2019 RM	2018 RM
<b>Secured</b>		
Performance bond and tender bond guarantees extended by subsidiaries to third parties	67,122,922	45,314,552

## 37. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (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 financial performance.

### 37.1 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 does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

##### (ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's fixed deposits with licensed banks is carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither the carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

#### *Interest Rate Risk Sensitivity Analysis*

The Group does not have any interest-bearing borrowings and hence, no sensitivity analysis is presented.

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 37. FINANCIAL INSTRUMENTS (CONT'D)

### 37.1 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 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*

The following table details the sensitivity analysis to a reasonably possible change in the prices of the investments at the end of the reporting period, with all other variable held constant:-

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
<b>Effects on Profit After Taxation/ Other Comprehensive Income</b>				
Increase of 10%	5,302,064	6,526,084	3,455,249	4,446,617
Decrease of 10%	(5,302,064)	(6,526,084)	(3,455,249)	(4,446,617)

#### (b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from 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, the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from advances to a subsidiary. The Company monitors the results of the subsidiary regularly and repayments made by the subsidiary.

##### (i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 3 (2018 - 4) customers which constituted approximately 94% (2018 - 92%) trade receivables at the end of the reporting period.

##### (ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 37. FINANCIAL INSTRUMENTS (CONT'D)

### 37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (b) Credit Risk (Cont'd)

##### (iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of 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 they are still subject to enforcement activities.

#### *Trade Receivables and Contract Assets*

The Group applies the general approach to measure expected credit losses using a lifetime expected credit 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.

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.

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	Collective Impairment RM	Carrying Amount RM
<b>2019</b>			
Current (not past due)	21,367,264	-	21,367,264
1 to 30 days past due	357,054	-	357,054
31 to 60 days past due	420,260	-	420,260
61 to 90 days past due	294,244	-	294,244
More than 90 days past due	541,837	-	541,837
Trade receivables	22,980,659	-	22,980,659
Contract assets	90,883,185	-	90,883,185
	113,863,844	-	113,863,844

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 37. FINANCIAL INSTRUMENTS (CONT'D)

### 37.1 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)*

The Group	Gross Amount RM	Collective Impairment RM	Carrying Amount RM
<b>2018</b>			
Current (not past due)	33,720,665	-	33,720,665
1 to 30 days past due	4,710	-	4,710
Trade receivables	33,725,375	-	33,725,375
Contract assets	62,716,993	-	62,716,993
	96,442,368	-	96,442,368

The Group believes that no impairment allowance is necessary in respect of its trade receivables because they are companies with a positive financial position.

##### *Other Receivables*

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables. Under this approach, the Group assesses whether there is a significant increase in credit risk on the receivables by comparing their risk of default as at the reporting date with the risk of default as at the date of initial recognition based on available reasonable and supportable forward-looking information. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 30 days past due in making a contractual payment.

The Group considers a receivable is credit impaired when the receivable is in significant financial difficulty, for instances, the receivable is in breach of financial covenants or insolvent. Receivables that are credit impaired are assessed individually while other receivables are assessed on a collective basis.

Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

##### *Fixed Deposits with Licensed Banks, Cash and Bank Balances*

The Group considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.



# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 37. FINANCIAL INSTRUMENTS (CONT'D)

### 37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (b) Credit Risk (Cont'd)

##### (iii) Assessment of Impairment Losses (Cont'd)

###### *Amount Owing by a Subsidiary*

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers advance to subsidiary has low credit risk. 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 subsidiary's advance when they are payable, the Company considers the advances to be in default when the subsidiary is not able to pay when demanded. The Company considers a subsidiary's advance to be credit impaired when the subsidiary is unlikely to repay its 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 advances individually using internal information available.

#### (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 adequate working capital to meet its obligation as and when they fall due.

##### *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	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
<b>2019</b>			
<u>Non-derivative Financial Liabilities</u>			
Trade payables	16,008,464	16,008,464	16,008,464
Other payables and accruals	47,023,781	47,023,781	47,023,781
	63,032,245	63,032,245	63,032,245

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 37. FINANCIAL INSTRUMENTS (CONT'D)

### 37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (c) Liquidity Risk (Cont'd)

##### *Maturity Analysis (Cont'd)*

The Group	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
<b>2018</b>			
<u>Non-derivative Financial Liabilities</u>			
Trade payables	17,310,559	17,310,559	17,310,559
Other payables and accruals	39,606,873	39,606,873	39,606,873
	56,917,432	56,917,432	56,917,432
<hr/>			
The Company	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
<b>2019</b>			
<u>Non-derivative Financial Liabilities</u>			
Other payables and accruals	175,372	175,372	175,372
<hr/>			
<b>2018</b>			
<u>Non-derivative Financial Liability</u>			
Other payables and accruals	99,356	99,356	99,356
<hr/>			

### 37.2 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 debt-to-equity ratio is calculated as net debt divided by total equity. The debt-to-equity of the Group at the end of the reporting period is not presented as there is no external borrowing.

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 37. FINANCIAL INSTRUMENTS (CONT'D)

### 37.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2019		2018	
	The Group RM	The Company RM	The Group RM	The Company RM
<b>Financial Assets</b>				
<u>Mandatorily at Fair Value Through Profit or Loss</u>				
Short-term investments	53,020,640	34,552,489	65,260,844	44,466,173
<u>Amortised Cost</u>				
Trade receivables	22,980,659	-	33,725,375	-
Other receivables	897,323	-	547,730	-
Amount owing by a subsidiary	-	30,000	-	6,300,000
Fixed deposits with licensed banks	10,823,953	-	7,230,057	-
Cash and bank balances	12,849,509	740,178	10,839,019	471,068
	47,551,444	770,178	52,342,181	6,771,068
<b>Financial Liability</b>				
<u>Amortised Cost</u>				
Trade payables	16,008,464	-	17,310,559	-
Other payables and accruals	47,023,781	175,372	39,606,873	99,356
	63,032,245	175,372	56,917,432	99,356

### 37.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	2019		2018	
	The Group RM	The Company RM	The Group RM	The Company RM
<b>Financial Assets</b>				
<u>Fair Value Through Profit or Loss</u>				
Net gains recognised in profit or loss by:				
- mandatorily required by MFRS 9	2,562,613	1,826,404	1,943,509	1,159,252
<u>Amortised Cost</u>				
Net gains recognised in profit or loss	606,298	17,481	701,722	60,574

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 37. FINANCIAL INSTRUMENTS (CONT'D)

### 37.5 FAIR VALUE INFORMATION

The fair value of the financial asset of the Group and of the Company which is maturing within the next 12 months approximated its carrying amount due to the relatively short-term maturity of the financial instrument or repayable on demand terms. The following table sets out the fair value profile of financial instrument that is carried at fair value at the end of the reporting period:-

The Group	Fair Value Of Financial Instruments Carried At Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM		
2019					
Financial Asset					
Short-term investments	53,020,640	-	-	53,020,640	53,020,640
2018					
Financial Asset					
Short-term investments	65,260,844	-	-	65,260,844	65,260,844
The Company					
2019					
Financial Asset					
Short-term investments	34,552,489	-	-	34,552,489	34,552,489
2018					
Financial Asset					
Short-term investments	44,466,173	-	-	44,466,173	44,466,173

The fair value of short-term investments is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.

## 38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND OCCURRING AFTER THE REPORTING PERIOD

- (a) On 25 October 2019, Inland Revenue Board of Malaysia ("IRB") had issued a notice under Section 81 of the Income Tax Act 1967 to the Company and its subsidiary, GDBSB, detail as follows:
  - (i) The Company is required to provide supporting documents for the years of assessment ("YA") 2014 to 2018, which include among others, computation of income tax and unaudited management accounts.

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2019

## 38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND OCCURRING AFTER THE REPORTING PERIOD (CONT'D)

- (a) On 25 October 2019, Inland Revenue Board of Malaysia ("IRB") had issued a notice under Section 81 of the Income Tax Act 1967 to the Company and its subsidiary, GDBSB, detail as follows (Cont'd):
  - (ii) GDBSB is required to provide the audited accounts, computation of income tax and supporting documents for the YA 2014 to 2018.

The Company and GDBSB had on 11 November 2019 duly submitted the requested documents to IRB.

On 13 March 2020, IRB had requested additional supporting documents from the Company and GDBSB. The Company and GDBSB had on 17 March 2020 duly submitted the requested documents to IRB.

As up to the date of this report, the tax investigation is still on-going and IRB has yet to inform the Company and GDBSB of any potential tax issues from their review of the documents submitted.

The potential financial impact of the tax investigation on the Group's financial statements could not be reasonably quantified at this juncture.

- (b) On 27 December 2019, the Company had submitted application in relation to the proposed transfer from the ACE Market to the Main Market ("Proposed Transfer") to the Securities Commission Malaysia.

On 30 March 2020, the Company had submitted application in relation to the Proposed Transfer to Bursa Malaysia Securities Berhad ("Bursa Malaysia").

On 17 April 2020, the Securities Commission Malaysia had vide its letter approved the Proposed Transfer and the resultant equity structure pursuant to the Proposed Transfer. Subsequently, the Proposed Transfer had approved by Bursa Malaysia vide its letter dated 20 April 2020.

On 24 April 2020, the Company had effectively transferred from the ACE Market to the Main Market of Bursa Malaysia.

- (c) The outbreak of Coronavirus Disease 2019 (COVID-19) in early 2020 has affected the business and economic environments of the Group and hence, may impact its performance and financial position in the future. However, given the unpredictability associated with the COVID-19 outbreak and any further contingency measures that may be put in place by the governments and various private corporations, the potential financial impact of the COVID-19 outbreak on the Group's 2020 financial statements could not be reasonably quantified at this juncture.

# List of Property

as at 31 December 2019

Location of Property	Description and Existing Use	Date of Acquisition	Tenure	Approximate Age of the Building	Approximate Area	Net Book Value as at 31 Dec 2019 RM
A-02-01, F-02-01 & F-02-02 Sekitar 26 Enterprise Persiaran Hulu Selangor Seksyen 26 40400 Shah Alam Selangor Darul Ehsan	3 units of shop offices used as GDB Head Office and subsidiaries offices	10-Jun-19	Freehold	Less than 1 year	Built-up: 1,451 square meter	9,199,715

# Analysis of Shareholdings

as at 12 May 2020

Class of equity securities	: Ordinary Shares ("Shares")
Total number of issued Shares	: 625,000,000 Shares
Voting rights by show of hand	: One vote for every member
Voting rights by poll	: One vote for every Share held

## DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100 Shares	5	0.17	199	0.00
100 - 1,000 Shares	385	12.95	222,000	0.04
1,001 - 10,000 Shares	1,524	51.26	8,984,700	1.44
10,001 - 100,000 Shares	894	30.07	29,031,101	4.64
100,001 - less than 5% of issued Shares	163	5.48	123,869,100	19.82
5% and above of issued Shares	2	0.07	462,892,900	74.06
<b>Total</b>	<b>2,973</b>	<b>100.00</b>	<b>625,000,000</b>	<b>100.00</b>

## DIRECTORS' SHAREHOLDINGS

(As per the Register of Directors' Shareholdings)

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Cheah Ham Cheia	-	-	323,750,000 <sup>(1)</sup>	51.80
Alexander Lo Tzone Leong	139,142,900	22.26	-	-
Cheah Jun Kai	800,000	0.13	50,000 <sup>(2)</sup>	0.01
Tan Sri Dato' Ir. Hj. Zaini Bin Omar	400,000	0.06	-	-
Datuk Chia Lui Meng	300,000	0.05	-	-
Kow Poh Gek	300,000	0.05	100,000 <sup>(3)</sup>	0.02

### Notes:

<sup>(1)</sup> Deemed interested by virtue of his shareholdings in CHC Holdings Sdn Bhd.

<sup>(2)</sup> Deemed interested by virtue of his wife, Yeo Tze Lin's shareholdings in the Company.

<sup>(3)</sup> Deemed interested by virtue of her son, Lye Jun Xiong's shareholdings in the Company.

# Analysis of Shareholdings

as at 12 May 2020 (cont'd)

## SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(As per the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
CHC Holdings Sdn Bhd	323,750,000	51.80	-	-
Cheah Ham Cheia	-	-	323,750,000 <sup>(1)</sup>	51.80
Alexander Lo Tzone Leong	139,142,900	22.26	-	-

Notes:

<sup>(1)</sup> Deemed interested by virtue of his shareholdings in CHC Holdings Sdn Bhd.

## 30 LARGEST SECURITIES ACCOUNT HOLDERS

(without aggregating the securities from different securities accounts belonging to the same registered holder)

No	Name	No. of Shares held	%
1	CHC Holdings Sdn Bhd	323,750,000	51.80
2	Alexander Lo Tzone Leong	139,142,900	22.26
3	RHB Nominees (Tempatan) Sdn Bhd - OSK Capital Sdn Bhd For Yayasan Islam Terengganu	15,400,000	2.46
4	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Deutsche Trustees Malaysia Berhad for Hong Leong Balanced Fund	10,800,000	1.73
5	Amanahraya Trustees Berhad - PMB Shariah Growth Fund	9,000,000	1.44
6	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Deutsche Trustees Malaysia Berhad for Hong Leong Growth Fund	8,400,000	1.34
7	Amanahraya Trustees Berhad - PMB Shariah Aggressive Fund	8,300,000	1.33
8	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Deutsche Trustees Malaysia Berhad for Hong Leong Dividend Fund	7,300,000	1.17
9	Maybank Nominees (Tempatan) Sdn Bhd - Etiqa Life Insurance Berhad (Life Non Par)	2,911,800	0.47
10	CIMB Group Nominees (Tempatan) Sdn Bhd - CIMB Commerce Trustee Berhad for Kenanga Growth Opportunities Fund (50154 TR01)	2,494,700	0.40
11	CIMB Group Nominees (Tempatan) Sdn Bhd - CIMB Islamic Trustee Berhad – PMB Shariah Dividend Fund	2,300,000	0.37
12	CGS-CIMB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Joseph Ling Yeo Kong (KKINABALU)	2,000,000	0.32
13	See Sek Hock	1,395,400	0.22
14	Anchor-Link Sdn Bhd	1,250,000	0.20



# Analysis of Shareholdings

as at 12 May 2020 (cont'd)

## 30 LARGEST SECURITIES ACCOUNT HOLDERS (CONT'D)

(without aggregating the securities from different securities accounts belonging to the same registered holder)

No	Name	No. of Shares held	%
15	Lim Say Hock	1,200,000	0.19
16	Soh Soon Pheng	1,178,000	0.19
17	CIMB Islamic Nominees (Tempatan) Sdn Bhd - <i>CIMB Islamic Trustee Berhad for PMB Shariah Small-Cap Fund</i>	1,150,000	0.18
18	Sow Tiap	1,100,000	0.18
19	Lau Chee Leong	1,050,000	0.17
20	Chin Hooi Nan	1,023,000	0.16
21	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - <i>Deutsche Trustees Malaysia Berhad for Hong Leong Dana Makmur</i>	1,020,000	0.16
22	CIMB Group Nominees (Tempatan) Sdn Bhd - <i>CIMB Commerce Trustee Berhad for Kenanga Shariah Growth Opportunities Fund (50156 TR01)</i>	1,006,500	0.16
23	Koon Poh Weng	1,000,000	0.16
24	Loke Kien Tuck	1,000,000	0.16
25	Sin Kheng Lee	1,000,000	0.16
26	Sit Kam Hock	1,000,000	0.16
27	Wong Hon Kong	1,000,000	0.16
28	Lee Ka Eng	950,000	0.15
29	HLIB Nominees (Tempatan) Sdn Bhd - <i>Pledged Securities Account for See Sek Hock</i>	908,300	0.15
30	Chang Yock Chai	800,000	0.13

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Seventh Annual General Meeting ("7th AGM" or "Meeting") of GDB HOLDINGS BERHAD ("GDB" or "the Company") will be held on fully virtual and entirely via remote participation and voting at the Broadcast Venue : Conference Room of GDB, A-02-01, F-02-01 & F-02-02, Sekitar 26 Enterprise, Persiaran Hulu Selangor, Seksyen 26, 40400 Shah Alam, Selangor Darul Ehsan on Tuesday, 16 June 2020 at 10.30 a.m. to transact the following businesses:-

## A G E N D A

### AS ORDINARY BUSINESS :

- |   |  |
|---|--|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the reports of the Directors and Auditors thereon.                   | PLEASE REFER TO NOTE (a)                       |
| 2. To approve the payment of Directors' fees and benefits of up to RM228,600 for the financial year ending 31 December 2020.  | ORDINARY RESOLUTION 1                          |
| 3. To re-elect the following Directors who retire by rotation in accordance with Clause 85 of the Company's Constitution:-<br><br>i. Cheah Ham Cheia<br>ii. Datuk Chia Lui Meng | ORDINARY RESOLUTION 2<br>ORDINARY RESOLUTION 3 |
| 4. To re-appoint Crowe Malaysia PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration.                   | ORDINARY RESOLUTION 4                          |

### AS SPECIAL BUSINESS :

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

- |  |                              |
|--|------------------------------|
| 5. <b>GENERAL AUTHORITY FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016</b> | <b>ORDINARY RESOLUTION 5</b> |
|--|------------------------------|

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue in force until the conclusion of the next AGM of the Company."

# Notice of Annual General Meeting

(cont'd)

6. To transact any other business of which due notice shall have been given.

By order of the Board

**TEA SOR HUA (MACS 01324) (SSM PC No.: 201908001272)**  
Company Secretary

Petaling Jaya, Selangor Darul Ehsan  
18 May 2020

## Notes:

- a) The Agenda No. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval from shareholders for the Audited Financial Statements. Hence, Agenda No. 1 is not put forward for voting.
- b) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same right as the member to speak and vote at the Meeting.
- c) Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
- d) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or signed by an officer or attorney duly authorised.
- e) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- f) Where a member of the Company is an exempt authorised nominee 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 authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- g) To be valid, the instrument appointing a proxy must be deposited at the office of the Poll Administrator, Mega Corporate Services Sdn. Bhd. situated at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan or submitted via email to AGM-support.GDB@megacorp.com.my, not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote.
- h) For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 63(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 9 June 2020. Only members whose names appear in the General Meeting Record of Depositors as at 9 June 2020 shall be regarded as members and entitled to attend, speak and vote at the Meeting.

# Notice of Annual General Meeting

(cont'd)

- i) All the resolutions set out in this Notice of Meeting will be put to vote by poll.
- j) The 7th AGM will be conducted on fully virtual at the Broadcast Venue, the members are advised to refer to the Administrative Notes on the registration and voting process for the Meeting.

## **EXPLANATORY NOTES TO ORDINARY/SPECIAL BUSINESS**

### **1. Item 2 of the Agenda – Directors' Fees and Benefits**

The estimated Directors' fees and benefits proposed for the financial year ending 31 December 2020 were calculated based on the current Board size and number of scheduled Board and Committee meetings to be held. This resolution is to facilitate payment of Directors' fees and benefits on a current financial year basis. In the event the proposed amount is insufficient due to more meetings or enlarged board size, approval will be sought at the next AGM for the shortfall.

### **2. Item 5 of the Agenda – General Authority for the Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016**

The Ordinary Resolution 5 proposed under item 5 of the Agenda is a renewal of the general mandate for issuance and allotment of shares by the Company pursuant to Sections 75 and 76 of Companies Act 2016. This Ordinary Resolution, if passed, will empower the Directors to issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued share of the Company for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening a general meeting to approve the issuance and allotment of such shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is the earlier.

This general mandate will provide flexibility to the Company for issuance and allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

As at the date of this Notice, no new shares in the Company were issued and allotted pursuant to the mandate granted to the Directors at the last AGM held on 13 June 2019 which will lapse at the conclusion of the Meeting.

# Administrative Notes

## For The Fully Virtual 7th Annual General Meeting

<b>Day/Date</b>	: Tuesday, 16 June 2020
<b>Time</b>	: 10:30 a.m.
<b>Broadcast Venue</b>	: Conference Room of GDB Holdings Berhad ("GDB" or "the Company"), A-02-01, F-02-01 & F-02-02, Sekitar 26 Enterprise, Persiaran Hulu Selangor, Seksyen 26, 40400 Shah Alam, Selangor Darul Ehsan

### DIGITAL BALLOT FORM ("DBF") VOTING PROCEDURES AT THE FULLY VIRTUAL 7TH ANNUAL GENERAL MEETING OF THE COMPANY ("7TH AGM")

No shareholder should be physically present at the Broadcast Venue. Shareholders who wish to attend the fully virtual 7th AGM will have to register and attend remotely.

As a shareholder, you can register online. You can also appoint proxy / Chairman via online registration. Kindly follow the steps below to ensure that you are able to obtain your DBF and details to log in to the Webinar session to participate at the 7th AGM online:

1. Open this link <https://shorturl.at/yFMR9> and submit all details requested at least forty-eight hours (48) hours before the date of the 7th AGM.
2. Only shareholders are allowed to register their details online. Shareholders can also appoint proxy / Chairman via online, as in Step 1 above. Please ensure that your details are accurate as non-compliance would result in you not being able to receive your DBF.
3. Alternatively, you may deposit your Proxy Form with the **proxy's email address** and **mobile phone number** at the office of the Poll Administrator, Mega Corporate Services Sdn Bhd situated at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan or submit via email at AGM-support.GDB@megacorp.com.my.
4. The Poll Administrator, Mega Corporate Services Sdn. Bhd., will email a copy of your DBF to you once they have verified your details entered in Step 1 or 3 above.
5. There will be explanatory notes in DBF, to guide you to register to Meeting, Voting and to post questions. Please read them for better understanding.

### RECORD OF DEPOSITORS FOR THE 7TH AGM

The date of Record of Depositors for the 7th AGM is 9 June 2020. As such, only members whose name appears in the Record of Depositors of GDB as at 9 June 2020 shall be entitled to attend the 7th AGM and to participate, speak and vote thereat.

### ENQUIRY

If you have any general queries prior to the 7th AGM, please contact the Poll Administrator during office hours (Monday to Friday):

Mega Corporate Services Sdn. Bhd.  
Tel No : +60 (3) 2692 4271  
Email : AGM-support.GDB@megacorp.com.my

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**GDB HOLDINGS BERHAD**  
REGISTRATION NO.: 201301006623 (1036466-U)  
(Incorporated in Malaysia)

# Proxy Form

CDS Account No.

No. of Shares Held

I/We\* \_\_\_\_\_ NRIC/Passport/Registration No.\* \_\_\_\_\_  
(Full name in block)

of \_\_\_\_\_  
(Address)

with email address \_\_\_\_\_ mobile phone no. \_\_\_\_\_

being a member/members\* of GDB HOLDINGS BERHAD ("GDB" or "the Company"), hereby appoint(s):-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Mobile Phone No.			

and / or\*

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Mobile Phone No.			

or failing him/her\*, the Chairman of the 7th Annual General Meeting ("7th AGM" or "Meeting") as my/our\* proxy to vote for me/us\* on my/our\* behalf at the 7th AGM of GDB to be held on fully virtual and entirely via remote participation and voting at the Broadcast Venue: Conference Room of GDB, A-02-01, F-02-01 & F-02-02, Sekitar 26 Enterprise, Persiaran Hulu Selangor, Seksyen 26, 40400 Shah Alam, Selangor Darul Ehsan on Tuesday, 16 June 2020 at 10.30 a.m. and at any adjournment thereof.

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If no specific direction as to vote is given, the proxy will vote or abstain from voting at his/her discretion.

No.	Ordinary Resolutions	For	Against
1.	To approve the payment of Directors' fees and benefits of up to RM228,600 for the financial year ending 31 December 2020.		
2.	To re-elect Mr. Cheah Ham Cheia as Director who retires by rotation in accordance with Clause 85 of the Company's Constitution.		
3.	To re-elect Datuk Chia Lui Meng as Director who retires by rotation in accordance with Clause 85 of the Company's Constitution.		
4.	To re-appoint Crowe Malaysia PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration.		
5.	To approve the general authority for the Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		

\*delete whichever not applicable

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2020

Signature of Member(s) / Common Seal

*Fold this flap for sealing*

**Notes:**

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- e) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

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**AFFIX  
STAMP**

The Poll Administrator

**GDB HOLDINGS BERHAD**

[201301006623 (1036466-U)]

c/o Mega Corporate Services Sdn. Bhd.  
Level 15-2, Bangunan Faber Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Wilayah Persekutuan

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- f) Where a member of the Company is an exempt authorised nominee 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 authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
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## **GDB HOLDINGS BERHAD**

REGISTRATION NO.: 201301006623 (1036466-U)

A-02-01, F-02-01 & F-02-02, Sekitar 26 Enterprise  
Persiaran Hulu Selangor, Seksyen 26, 40400 Shah Alam, Selangor Darul Ehsan  
Tel : +603 5103 8162 Email : enquiry@gdbhb.com.my

[www.gdbhb.com.my](http://www.gdbhb.com.my)