



WCE HOLDINGS BERHAD
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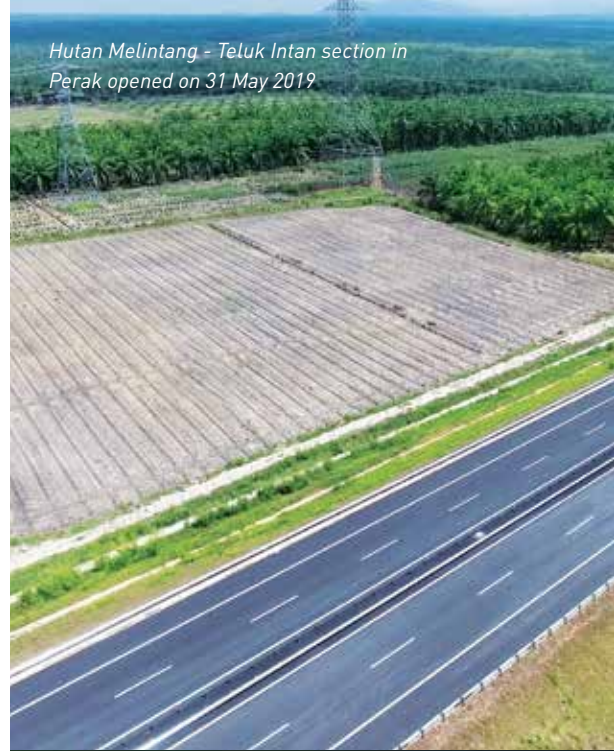
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STEADFAST PROGRESS

ANNUAL REPORT **2020**

Hutan Melintang - Teluk Intan section in Perak opened on 31 May 2019



STEADFAST PROGRESS

A strong and balanced design with a fresh look to indicate the steadfast progress of the development phase with the opening of more new interchanges during the year under review. This is indicated by the Loading indicator. The concrete slabs that represent the digital icons within the indicator reflect the construction phase of the highway. The fresh corporate blue represents a new chapter of growth on the horizon as the development phase nears completion.

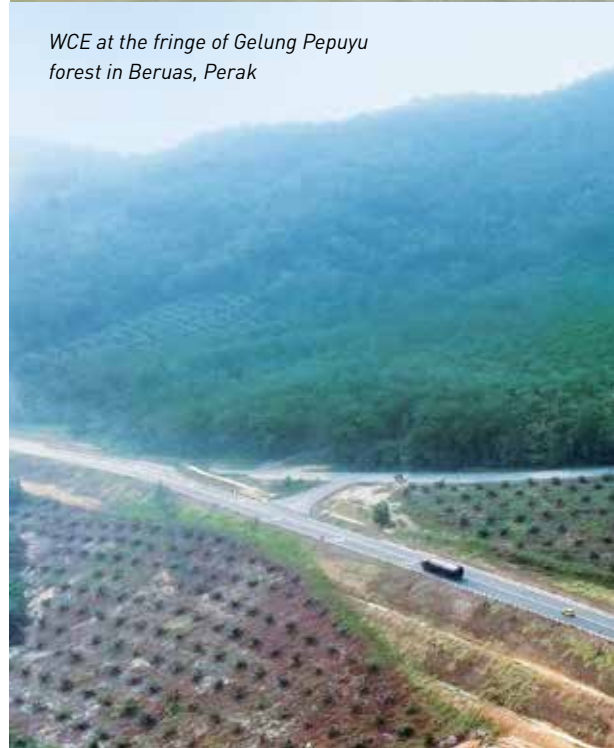
Changkat Chermin Toll Plaza, Perak



INSIDE STORY

- 1 Corporate Profile
- 2 Corporate Structure
- 3 Corporate Information
- 4 Profile of Directors
- 9 Profile of Chief Executive Officer
- 10 Profile of Key Senior Management
- 13 Financial Highlights
- 14 Management Discussion and Analysis
- 17 Corporate Governance Overview Statement
- 27 Sustainability Statement
- 34 Additional Compliance Information
- 35 Statement on Risk Management and Internal Control
- 38 Audit Committee Report
- 42 Statement of Directors' Responsibilities for the Preparation of Financial Statements
- 43 Reports and Financial Statements
- 147 List of Properties
- 149 Statement on Directors' and Chief Executive Officer's Interests
- 150 Analysis of Ordinary Shareholding
- 153 Analysis of Redeemable Convertible Preference (RCPS) Holdings
- 155 Analysis of Warrant Holdings
- 157 Notice of Annual General Meeting
- 162 Administrative Guide for the 19th Annual General Meeting ("19th AGM")
Proxy Form

WCE at the fringe of Gelung Pepuyu forest in Beruas, Perak





Changkat Cermin - Beruas section in Perak opened on 23 September 2019

CORPORATE PROFILE



Incorporated in December 2000 and listed on 17 November 2003, WCE Holdings Berhad is focused on the execution of the West Coast Expressway Project by its 80%-owned subsidiary, West Coast Expressway Sdn Bhd, an ISO9001:2015 and ISO14001:2015 company. This build-operate-transfer privatisation project involves the development of a 233km highway from Banting in Selangor to Taiping in Perak. To-date, the percentage of the overall construction of the Project is 66% and the construction is still on-going. The financial year ended 31 March 2020 had marked a significant milestone for the Group upon the commencement of the toll operations following the completion of Section 5 (Bandar Bukit Raja Selatan – Bandar Bukit Raja Utara), Section 8 (Hutan Melintang – Teluk Intan), Section 9 (Kampung Lekir – Changkat Cermin) and Section 10 (Changkat Cermin – Beruas).

In the property sector, the Group has also enjoyed success in the launches of its 1,879 acres Bandar Rimbau mixed development project located next to Kota Kemuning, Shah Alam. The development which commenced in March 2013 has a total expected gross development value of RM11,500 million and it is to be developed over a period of approximately 20 years.

Moving forward, the Group is confident that its ventures in infrastructure and properties will position itself positively on a sustainable growth path.



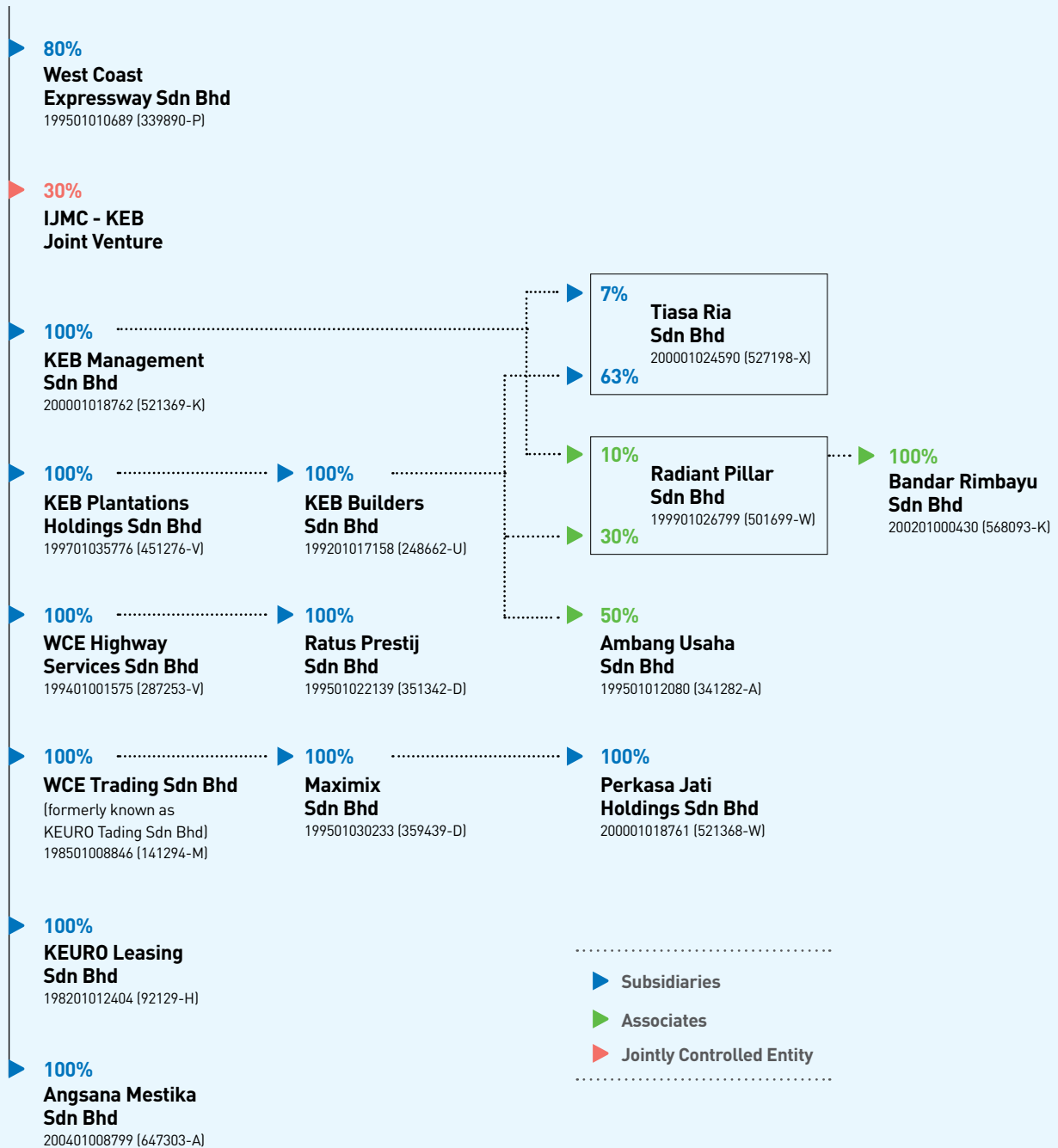
Elevated section near Federal Highway (FHR2) in Klang, Selangor

CORPORATE STRUCTURE



WCE HOLDINGS BERHAD

200001031761 (534368 – A)



CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Ir. Hamzah bin Hasan
(Chairman/Independent
Non-Executive Director)

Datuk Oh Chong Peng
(Senior Independent
Non-Executive Director)

Datuk Wira Hj. Hamza bin Taib
(Independent
Non-Executive Director)

Tan Chor Teck
(Independent
Non-Executive Director)

Lee Chun Fai
(Non-Independent
Non-Executive Director)

Tang King Hua
(Non-Independent
Non-Executive Director)

Vuitton Pang Hee Cheah
(Non-Independent
Non-Executive Director)

COMPANY SECRETARY

Raw Koon Beng (MIA 8521)

AUDIT COMMITTEE

Datuk Oh Chong Peng
Chairman

Datuk Ir. Hamzah bin Hasan
Member

Datuk Wira Hj. Hamza bin Taib
Member

Tan Chor Teck
Member

Tang King Hua
Member

NOMINATION COMMITTEE

Datuk Wira Hj. Hamza bin Taib
Chairman

Datuk Oh Chong Peng
Member

Tang King Hua
Member

REMUNERATION COMMITTEE

Datuk Oh Chong Peng
Chairman

Datuk Ir. Hamzah bin Hasan
Member

Lee Chun Fai
Member

Tan Chor Teck
Member

PRINCIPAL BANKERS

RHB Investment Bank Berhad
RHB Bank Berhad
Malayan Banking Berhad

CORPORATE OFFICE

Pejabat Pengurusan Lebuhraya
Pesisiran Pantai Barat
Jalan Meru/KU5
Bandar Bukit Raja
41050 Klang

Tel No. : +603 3082 1999
Fax No. : +603 3082 1988
Website : www.wcehb.com.my

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
8 Jalan Kerinchi
59200 Kuala Lumpur

Tel No. : +603 2783 9191
Fax No. : +603 2783 9111

SHARE REGISTRAR

Metra Management Sdn Bhd
35th Floor, Menara Multi-Purpose
Capital Square
8 Jalan Munshi Abdullah
50100 Kuala Lumpur

Tel No. : +603 2698 3232
Fax No. : +603 2698 0313

AUDITORS

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA & AF 0117)
Chartered Accountants
Baker Tilly Tower
Level 10, Tower1, Avenue 5
Bangsar South City
59200 Kuala Lumpur

Tel No. : +603 2297 1000
Fax No. : +603 2282 9980

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Code : 3565
Stock Name : WCEHB

PROFILE OF DIRECTORS



DATUK IR. HAMZAH BIN HASAN

Chairman/Independent Non-Executive Director



69



Datuk Ir. Hamzah bin Hasan, a Malaysian, male, aged 69, was appointed as the Independent Non-Executive Director of the Company on 2 January 2015 and was appointed as the Chairman of the Company on 23 November 2017. He is a member of the Audit Committee and Remuneration Committee of the Company. He was also appointed as the Chairman and Director of West Coast Expressway Sdn Bhd, an 80%-owned subsidiary of the Company on 15 April 2015.

He obtained his Bachelor of Science (Honours) degree in Civil Engineering from Glasgow University, United Kingdom in 1975 and obtained his Master of Science (Construction Management) from Loughborough University, United Kingdom in 1987. He is a Professional Engineer of the Board of Engineers Malaysia, Fellow of Chartered Institute of Building, Fellow of Royal Institute of Chartered Surveyors, Fellow of Institution of Engineers Malaysia, Fellow of Institute of Value Engineering Malaysia, ASEAN Federation of Engineering Organisations and Honorary Fellow of the Project Management Institute Malaysia.

He started his career as a Civil Engineer in the Public Works Department ("JKR") in 1975. Since then he has served JKR for 23 years until 1998. With his vast experience in both the public and private sectors, he was appointed as the Chief Executive Officer of the Construction Industry Development Board ("CIDB") in 2003 and then served as the Chairman of CIDB from 2011 to February 2014 and the Chairman of Malaysian Highway Authority from 17 February 2014 to 31 December 2014.

He is currently an independent non-executive director of IJM Corporation Berhad, a public listed company, and a director of the School of Professional and Continuing Education, University of Technology Malaysia and PNB Merdeka Ventures Sdn Bhd, a subsidiary of Permodalan Nasional Berhad.

He has no family relationship with any other directors and/or major shareholders of the Company. There is no conflict of interest with the Company. He has no conviction for offences within the past five (5) years. There were no public sanction or penalty imposed by any regulatory bodies on him during the financial year.

He attended all six (6) Board of Directors' meeting held during the financial year ended 31 March 2020.

DATUK OH CHONG PENG

Senior Independent Non-Executive Director



76



Datuk Oh Chong Peng, a Malaysian, male, aged 76, was appointed as the Independent Non-Executive Director of the Company on 28 September 2007 and was appointed as the Senior Independent Non-Executive Director of the Company on 21 August 2015. He is the Chairman of the Audit Committee and Remuneration Committee of the Company. He is also a member of the Nomination Committee of the Company.

He undertook his accountancy training in London and qualified as a Chartered Accountant in 1969. He is a Fellow of the Institute of Chartered Accountants, England and Wales. He joined Coopers & Lybrand (now known as PricewaterhouseCoopers PLT) in London in 1969 and in Malaysia in 1971. He was a partner of Coopers & Lybrand Malaysia from 1974 until his retirement in 1997.

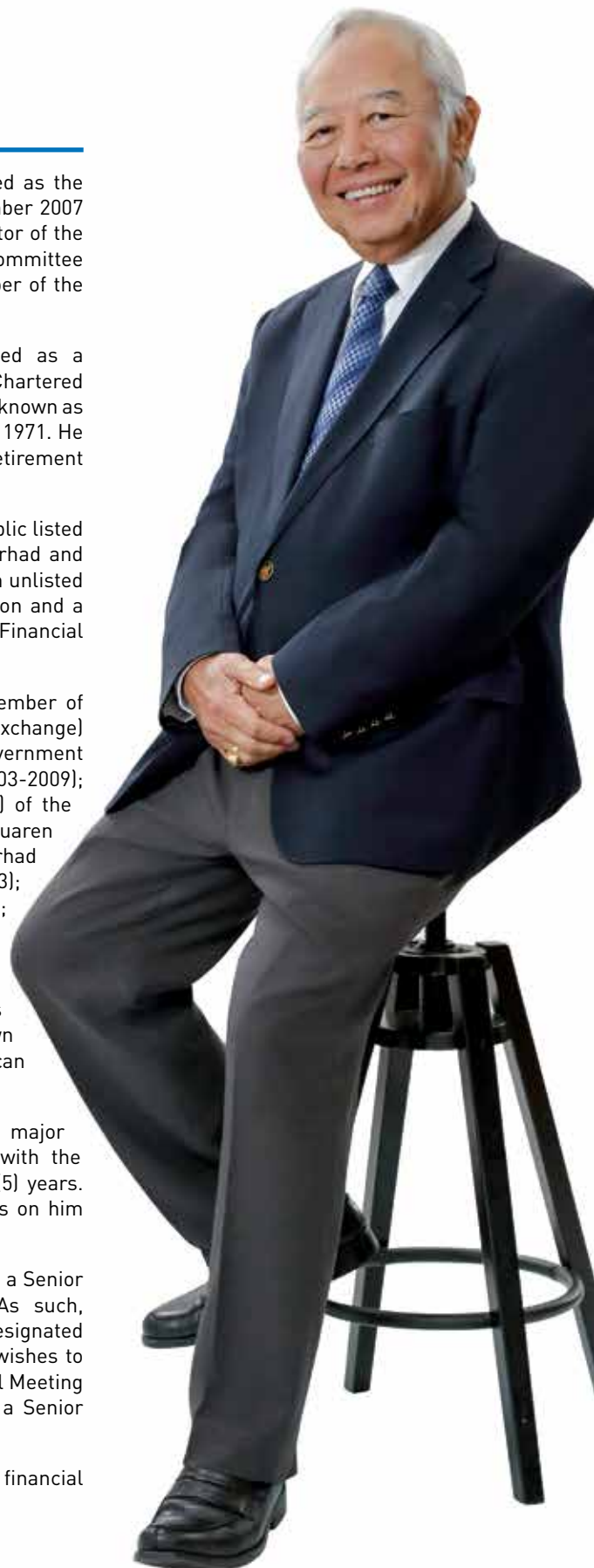
He is currently an independent non-executive director of several public listed companies, namely Dialog Group Berhad, Malayan Flour Mills Berhad and PUC Berhad. He is also a Director of Saujana Resort (M) Berhad, an unlisted company. In addition, he is a Trustee of UTAR Education Foundation and a Government of Malaysia's appointed Chairman of the Labuan Financial Services Authority.

His past appointments include being a Government appointed member of Bursa Malaysia Berhad (formerly known as Kuala Lumpur Stock Exchange) (1990-1996) and member of its Listing Committee (2008-2009); a Government appointed member of Malaysian Accounting Standards Board (2003-2009); and a Council Member (1981-2003), a past president (1994-1996) of the Malaysian Institute of Certified Public Accountants; a trustee of Huaren Education Foundation (1993-2009) and a Director of Powertek Berhad (1997-2003); Rashid Hussain Berhad Group of companies (1998-2003); UEM Land Berhad (formerly known as Renong Berhad) (2001-2003); Nanyang Press Holdings Berhad (2001-2005); Land & General Berhad (1999-2007); Rohas Eucos Industries Berhad (2007-2008); Huaren Holdings Sdn Bhd (1987-2009); Star Publications Berhad (1987-2009); IJM Corporation Berhad (2002-2012); IJM Plantations Berhad (2003-2012); Alliance Financial Group Berhad (formerly known as Malaysian Plantations Berhad) (2006-2017) and British American Tobacco (Malaysia) Berhad (1998-2019).

He has no family relationship with any other directors and/or major shareholders of the Company. There is no conflict of interest with the Company. He has no conviction for offences within the past five (5) years. There were no public sanction or penalty by any regulatory bodies on him during the financial year.

Datuk Oh Chong Peng will achieve a tenure of thirteen (13) years as a Senior Independent Non-Executive Director on 27 September 2020. As such, in accordance with the Company's Board Charter, he will be re-designated as Non-Independent Non-Executive Director. However, the Board wishes to seek shareholders' approval at the forthcoming 19th Annual General Meeting of the Company that he be retained and to continue to serve as a Senior Independent Non-Executive Director of the Company.

He attended all six (6) Board of Directors meetings held during the financial year ended 31 March 2020.



PROFILE OF DIRECTORS



**DATUK WIRA HJ.
HAMZA BIN TAIB**
Independent
Non-Executive
Director



64



TAN CHOR TECK
Independent
Non-Executive
Director



57



Datuk Wira Hj. Hamza bin Taib, a Malaysian, male, aged 64, was appointed as the Independent Non-Executive Director of the Company on 23 November 2017. He is a member of the Audit Committee and the Chairman of the Nomination Committee of the Company.

He graduated with LLB (Hons) Bachelor of Law from the International Islamic University Malaysia in 1998 and also obtained a LLB (Hons) Diploma in Shariah Legal Practice from the same university in 2007.

He has been with the Royal Malaysian Police for more than 41 years and with that, he gained extensive experience in investigation, management and legal matters particularly in the areas of criminal investigation, commercial crime investigation, traffic investigation and internal affairs investigation. He started his career as an Investigation Officer in 1976 attached to the Criminal Investigation Department of the Kuantan Contingent Police Headquarters of the Royal Malaysian Police. He was then promoted as the Head of Division of the Criminal Investigation Department of the Raub District Police Headquarter in 1978 and in 2003 he was the Perak State Traffic Chief. In 2005, he was the Kuala Lumpur Traffic Chief and in 2007, he was the Federal Traffic Chief. He was the Deputy Commissioner of Police for Sarawak in 2008 and the Commissioner of Police for Sabah in 2010. In 2014, he was appointed as the Deputy Director of Commercial Crime Investigation and promoted to the rank of Commissioner of Police with the Royal Malaysian Police until his retirement in 2017. Thereafter, he was appointed as Advocate and Solicitor of High Court of Malaya in 2017.

He is currently a director of Berjaya Guards Services Sdn Bhd, a subsidiary of Berjaya Land Berhad, a Security Advisor for Padiberas Nasional Bhd and a director of a private limited company.

He has no family relationship with any other directors and/or major shareholders of the Company. There is no conflict of interest with the Company. He has no conviction for offences within the past five (5) years. There were no public sanction or penalty by any regulatory bodies on him during the financial year.

He attended all six (6) Board of Directors meetings held during the financial year ended 31 March 2020.

Tan Chor Teck, a Malaysian, male, aged 57, male, was appointed as an Independent Non-Executive Director of the Company on 26 February 2018. He is a member of the Audit Committee and Remuneration Committee of the Company.

He graduated with a degree in Law & Arts from Melbourne University in 1984 and a degree in Film Directing from the Australian Film TV and Radio School in 1988. He was working professionally in film and TV directing and producing in Sydney until his return to Malaysia in 1996. He subsequently left the film-making industry to head his family businesses, mainly in property development and management, and private investments focused on regional equities.

He is a director of several private limited companies. Previously, he was a director in MWE Holdings Berhad, a public company listed on the Main Market of Bursa Malaysia Securities Berhad prior to 11 October 2018.

He has no family relationship with any other directors and/or major shareholders of the Company. There is no conflict of interest with the Company. He has no conviction for offences within the past five (5) years. There were no public sanction or penalty by any regulatory bodies on him during the financial year.

He attended all six (6) Board of Directors meetings held during the financial year ended 31 March 2020.



LEE CHUN FAI
Non-Independent
Non-Executive Director



Lee Chun Fai, a Malaysian, male, aged 49, was appointed as the Non-Independent Non-Executive Director of the Company on 17 February 2014. He is a member of the Remuneration Committee of the Company.

He graduated with a Bachelor of Accountancy (Honours) Degree from University Utara Malaysia in 1995 and a Master of Business Administration from Northwestern University (Kellogg School of Management) and The Hong Kong University of Science & Technology in 2012.

He started his career with a public accounting firm. In October 1995, he joined Road Builder (M) Holdings Bhd ("**RBH Group**") and was the Head of Corporate Services Division of RBH Group prior to the acquisition of RBH Group in 2007 by IJM Corporation Berhad ("**IJM**"), a public listed company. Currently, he is the Deputy Chief Executive Officer and Deputy Managing Director of IJM and is also Head of Corporate Strategy & Investment of IJM group. Previously, he served as the Deputy Chief Financial Officer.

He is a Non-Independent Non-Executive Director of Scomi Group Bhd. His directorships in other public companies include IJM Land Berhad, Road Builder (M) Holdings Bhd and Seban Golf & Marina Resort Berhad.

He has no family relationship with any other directors and/or major shareholders of the Company. There is no conflict of interest with the Company. He has no conviction for offences within the past five (5) years. There were no public sanction or penalty by any regulatory bodies on him during the financial year.

He attended all six (6) Board of Directors meetings held during the financial year ended 31 March 2020.



TANG KING HUA
Non-Independent
Non-Executive Director



Tang King Hua, a Malaysian, male, aged 62, was appointed as the Non-Independent Non-Executive Director of the Company on 17 February 2014. He is a member of the Audit Committee and Nomination Committee of the Company. He was also appointed as a Director of West Coast Expressway Sdn Bhd, an 80%-owned subsidiary of the Company on 2 April 2014.

He graduated with a Bachelor's degree in Industrial Engineering from Canada Technical University of Nova Scotia in 1982. He is an Industrial Engineer by profession and held various managerial positions in related industries before joining Eastrade Electronics (M) Sdn Bhd ("**EESB**") in 1986 as Operations Manager. Subsequently, he was appointed as the Managing Director of EESB and was actively involved in the operations of EESB.

In 1991, he joined Davex Group of Companies, an electronic division of MWE Holdings Berhad ("**MWE**"), as its Managing Director where he was responsible for the overall profitability and viability of Davex Group. On 2 February 2000, he was appointed as an Executive Director of MWE, and subsequently as a Managing Director of MWE on 28 August 2002. MWE was a public company listed on the Main Market of Bursa Malaysia Securities Berhad prior to 11 October 2018. On 10 June 2019, MWE was converted to a private limited company and now known as MWE Holdings Sdn Bhd.

He is currently also a director of MWE Golf & Country Club Berhad and Davex Holdings Berhad, unlisted public companies and director in several private limited companies.

He has no family relationship with any other directors and/or major shareholders of the Company. There is no conflict of interest with the Company. He has no convictions for offences within the past five (5) years. There were no public sanction or penalty by any regulatory bodies on him during the financial year.

He attended all six (6) Board of Directors meetings held during the financial year ended 31 March 2020.

PROFILE OF DIRECTORS



VUITTON PANG HEE CHEAH
Non-Independent
Non-Executive Director



Vuitton Pang Hee Cheah, a Malaysian, male, aged 39, was appointed as the Non-Independent Non-Executive Director of the Company on 23 February 2018.

He graduated with a double degree in Information Systems and Commerce from the University of Melbourne in 2004. He started his career as a Management Associate for OSK Investment Bank Berhad (“**OSK**”). While at OSK, he was exposed to different aspects of banking namely Asset Management, Corporate Finance and Venture Capital. After three (3) years with OSK, he joined Mamee-Double Decker (M) Berhad (“**Mamee**”) in April 2009 and assumed the role of Business Development Manager. He was responsible for managing Mamee group’s investor relations and corporate exercises which saw the group’s market capitalisation more than doubling in value. He also played an instrumental role in the privatisation of Mamee in 2012. He is currently the Director of Corporate Strategy and Finance for Mamee-Double Decker (M) Sdn Bhd.

He has no family relationship with any other directors and/or major shareholders of the Company. There is no conflict of interest with the Company. He has no conviction for offences within the past five (5) years. There were no public sanction or penalty by any regulatory bodies on him during the financial year.

He attended all six (6) Board of Directors meetings held during the financial year ended 31 March 2020.

PROFILE OF CHIEF EXECUTIVE OFFICER

DATO' NEOH SOON HIONG

Chief Executive Officer



64



Dato' Neoh Soon Hiong, a Malaysian, male, aged 64, was appointed as the Chief Executive Officer of the Company and Managing Director of West Coast Expressway Sdn Bhd, an 80%-owned subsidiary of the Company on 17 February 2014. On 27 June 2019, he was appointed as an Advisor to the newly established "Committee for Economic Growth Along The West Coast Expressway" by the Perak State Government.

Dato' Neoh graduated from the Paris Graduate School of Management, France with a European Masters Degree in Business Administration.

He was with the Public Works Department ("JKR") for more than 10 years before he joined PLUS Expressways Berhad as an engineer of its Maintenance Management Department in 1990. In 1995, he was transferred to Metramac Corporation Sdn Bhd and served as an engineer until he joined Besraya (M) Sdn Bhd ("BSB") as a Project Manager in 1997. His subsequent appointments included Head of Operations of BSB (1999-2000), General Manager of BSB and New Pantai Expressway Sdn Bhd ("NPE") (2001-2004), Executive Director of BSB and NPE (2004-2006), Managing Director of BSB and NPE (2006-2011) and Chief Executive Officer of Lebuhraya Kajang-Seremban Sdn Bhd (2007-2011). BSB and NPE are wholly-owned subsidiaries of Road Builder (M) Holdings Berhad, which in turn is a wholly-owned subsidiary of IJM Corporation Berhad ("IJM"). He was appointed as the Chief Executive Officer of West Coast Expressway Sdn Bhd after he retired as the Head of IJM Toll Division in 2011. He has more than 30 years' experience in highway construction, concession and operations.

His interest in the securities of the Company is stated on page 149 of this Annual Report (Statement on Directors' and Chief Executive Officer's Interests).

Dato' Neoh has no family relationship with any other directors and/or major shareholders of the Company. There is no conflict of interest with the Company. He has no conviction for offences within the past five (5) years. There were no public sanction or penalty imposed by any regulatory bodies on him during the financial year.



PROFILE OF KEY SENIOR MANAGEMENT

LYNDON ALFRED FELIX

Chief Financial Officer



46



Mr. Lyndon, Malaysian, male, aged 46, was appointed as the Chief Financial Officer of the Company on 17 February 2014 and joined the Board of West Coast Expressway Sdn Bhd, an 80%-owned subsidiary of the Company on 2 April 2014.

He graduated with a Bachelor of Arts (Hons) in Accounting & Finance from Middlesex University, United Kingdom in 1996 and completed the Association of Chartered Certified Accountants professional examinations and appointed as member in 2001. He started his career with PricewaterhouseCoopers where he was attached to the audit/assurance division from 1997 to 2002. He then joined IJM Corporation Berhad ("IJM") and was the Head of Internal Audit before he joined the Company. During his eleven (11) years in the IJM Group, he gained extensive experience in the audit, finance and accounting functions in various businesses such as construction, properties, infrastructure, manufacturing and plantations.

He has no directorship in any public companies or listed public companies. He has no family relationship with any other directors and/or major shareholders of the Company. There is no conflict of interest with the Company. He has no convictions for offences within the past five (5) years. There were no public sanction or penalty imposed by any regulatory bodies on him during the financial year.

RAW KOON BENG

Company Secretary



55



Mr. Raw, Malaysian, male, aged 55, was appointed Company Secretary of WCE Holdings Behad on 11 August 2010. He is a member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants since 1993 and 1994 respectively. He has 12 years of working experience in public auditing/accounting firms, six years each in KPMG Peat Marwick and Ernst & Young respectively. Thereafter, 15 years of working experience in public listed companies. Prior to his appointment as Company Secretary in the Company, he was at IJM Corporation Berhad as a senior manager in the Accounts and Finance Department.

He has no directorship in any public companies or listed public companies. He has no family relationship with any other directors and/or major shareholders of the Company. There is no conflict of interest with the Company. He has no conviction for offences within the past five (5) years. There were no public sanction or penalty imposed by any regulatory bodies on him during the financial year.

LIM SHEE SHEE

Senior Finance Manager



34



Ms Lim Shee Shee, Malaysian, female, aged 34, joined the Company on 6 November 2017 as Senior Manager - Finance and Accounts. She graduated from Tunku Abdul Rahman University College with an Advanced Diploma in Accounting (Financial Accounting) in 2008. She is a Chartered Accountant of the Malaysian Institute of Accountants and a Fellow Member of Association of Chartered Certified Accountants.

She has 9 years of working experience in a public accounting firm. Prior to her appointment with the Company, she was employed in Baker Tilly Monteiro Heng as Associate Director in audit and assurance department.

She has no directorship in any public companies or listed public companies. She has no family relationship with any other directors and/or major shareholders of the Company. There is no conflict of interest with the Company. She has no conviction for offences within the past five (5) years. There were no public sanction or penalty imposed by any regulatory bodies on her during the financial year.

MEJ (B) IR. GNANASEKARAN A/L MARIASOOSAY

General Manager



59



Ir. Gnanasekaran, Malaysian, male, aged 59, joined West Coast Expressway Sdn Bhd ("WCE"), an 80%-owned subsidiary of the Company as General Manager on 1 March 2014.

He holds a Bachelor's Degree in Engineering from the University of New South Wales, Sydney, Australia. He started his career in the Malaysian Armed Forces in 1985 and left upon completion of his contract in 1995 with the rank of Major.

Prior to joining WCE, he has been involved in various construction projects, including the Petronas Gas Processing Plant 5 & 6 in Paka, Terengganu, the Kuala Lumpur Middle Ring Road Package 3 (Seri Gombak Interchange) and the Seremban - Gemas Electrified Double Track Project. He is a member of the Institution of Engineers Malaysia and a Professional Engineer registered with the Board of Engineers Malaysia since 1996.

He has no directorship in any public companies or listed public companies. He has no family relationship with any other directors and/or major shareholders of the Company. There is no conflict of interest with the Company. He has no conviction for offences within the past five (5) years. There were no public sanction or penalty imposed by any regulatory bodies on him during the financial year.

NG BAK SONG

Assistant General Manager

- Technical



48



Mr Ng, Malaysian, male, aged 48, joined WCE Holdings Berhad on 2 January 2017 as an Assistant General Manager, Technical Department. He holds a Bachelor of Engineering Degree with Honours in Civil Engineering from University Putra Malaysia and is a member of Project Management Institute. He embarked in construction industry since 1993, supervising construction works of the National Sports Complex at Bukit Jalil, Selangor for the 1998 Commonwealth Games. In 2000, he further enhanced his construction career with another reputable construction organisation for seventeen (17) years, holding various positions for projects in Malaysia and the Middle East, and had positioned him as a hands-on technical professional specialising in highways, bridgeworks and geo-technical treatment for adverse ground conditions. He played pivotal roles in the design, construction and completion of several key projects including the Sultan Abdul Halim Muadzam Shah Bridge (formerly known as Second Penang Bridge), the Bayan Lepas Expressway, widening of the first Penang Bridge to a dual three carriageway and the construction of the Ribbon Wrap Structure of the College of Technology in Doha, Qatar.

He has no directorship in any public companies or listed public companies. He has no family relationship with any other directors and/or major shareholders of the Company. There is no conflict of interest with the Company. He has no conviction for offences within the past five (5) years. There were no public sanction or penalty imposed by any regulatory bodies on him during the financial year.

CHAN KIM HONG

Assistant General Manager

Human Resources and Administration



60



Ms Chan, Malaysian, female, aged 60, joined West Coast Expressway Sdn Bhd ("WCE") on 1 December 2011. She graduated from Taiwan Normal University in 1984 with a Bachelor Degree in Social Education.

She was a Sub-Editor in Shin Min Daily News, an Executive in the Taiwan Representative Office in Malaysia, before she joined Road Builder (M) Holdings Bhd ("RBH Group") as Secretary to an executive director in 1994. She was promoted to Property Executive in 1999 and Assistant Administration Manager in 2002. She continued her service with IJM Group after the acquisition of RBH Group by IJM Corporation Berhad ("IJM") in 2007. She was transferred to Besraya (M) Sdn Bhd (BSB), a wholly-

owned subsidiary of RBH Group which in turn is a wholly-owned subsidiary of IJM as Assistant Manager to the Human Resources and Administration Department in 2010 and was promoted as Manager to the department in the following year. She left BSB in December 2011.

She has no directorship in any public companies or listed public companies. She has no family relationship with any other directors and/or major shareholders of the Company. There is no conflict of interest with the Company. She has no conviction for offences within the past five (5) years. There were no public sanction or penalty imposed by any regulatory bodies on her during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT

IR MAZLI BIN AB. RAHMAN

Senior Manager
– Technical



53



Ir. Mazli, Malaysian, male, aged 53, joined West Coast Expressway Sdn Bhd (“WCE”), an 80%-owned subsidiary of the Company on 1 November 2013 as Senior Technical Manager.

He holds a Bachelor degree in Civil Engineering from Marquette University, United States of America. He is a member of the Board of Engineers Malaysia and the Institution of Engineers Malaysia.

He worked for various engineering consultants undertaking design works for civil and infrastructure since 1989, after gaining more than 15 years of work experience, he worked as Assistant Resident Engineer for 3 years and thereafter, Resident Engineer until 2013, supervising the construction of the roads, highways and the Mass Rapid Transit.

He has no directorship in any public companies or listed public companies. He has no family relationship with any other directors and/or major shareholders of the Company. There is no conflict of interest with the Company. He has no conviction for offences within the past five (5) years. There were no public sanction or penalty imposed by any regulatory bodies on him during the financial year.

HWA TEE HAI

Senior Manager
– Management Information System



46



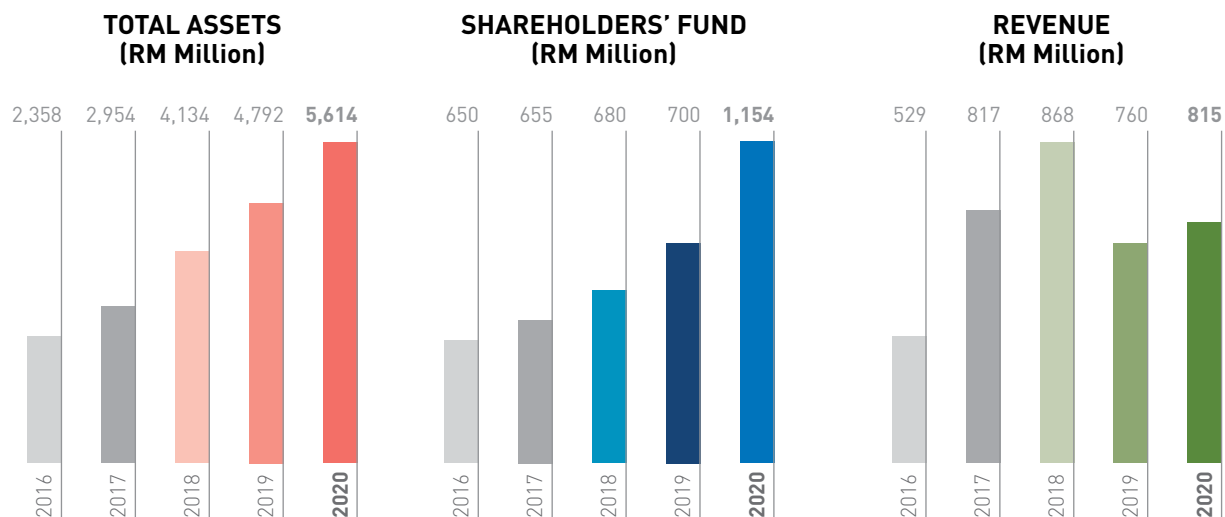
Mr Hwa, Malaysian, male, aged 46, joined West Coast Expressway Sdn Bhd (“WCE”), an 80%-owned subsidiary of the Company on 1 November 2013 as Senior Manager of the Management Information System (MIS) Department.

He graduated from University Putra Malaysia (“UPM”) in 1988 with a Bachelor Degree in Computer Science. He completed his Master Degree in Business Administration from Putra Business School of UPM in year 2014.

He started his career as a System Administrator (1998-2002) in Besraya (M) Sdn Bhd and New Pantai Expressway Sdn Bhd, wholly-owned subsidiaries of RBH Group. Subsequently, he was promoted to Assistant Manager (2003-2005), Manager (2006-2008) and Senior Manager (2009-2013) in the Toll Operations and the MIS Department of the IJM Corporation Berhad Malaysia Toll Division. He was responsible for toll operations and management information system for highways in Malaysia. He was seconded to WCE in 2013.

He has no directorship in any public companies or listed public companies. He has no family relationship with any other directors and/or major shareholders of the Company. There is no conflict of interest with the Company. He has no conviction for offences within the past five (5) years. There were no public sanction or penalty imposed by any regulatory bodies on him during the financial year.

FINANCIAL HIGHLIGHTS



	RM Million				
GROUP	2020	2019	2018	2017	2016
Total assets	5,614	4,792	4,134	2,954	2,358
Shareholders' fund	1,154	700	680	655	650
Net current asset	517	512	923	926	1,143
Revenue	815	760	868	817	529
(Loss)/Profit before tax	(56)	23	29	43	30
(Loss)/Earnings per share (sen)	(3.25)	2.04	2.50	3.51	2.67
Net asset per share (RM)	0.89	0.70	0.68	0.65	0.65
Return on total assets	(0.9%)	0.5%	0.6%	1.2%	1.2%
Return on equity	(4.4%)	2.9%	3.7%	5.1%	4.0%
Gearing ratio	2.71	4.10	3.37	2.47	1.72
COMPANY					
Total assets	1,269	948	718	714	721
Shareholders' fund	1,063	586	566	569	584
Net current asset/(liabilities)	49	(151)	306	342	420
Profit/(loss) before tax	1	24	(2)	19	3
Return on total assets	(0.9%)	2.0%	(0.4%)	2.3%	0.5%
Return on equity	(1.1%)	3.3%	(0.5%)	2.9%	0.6%
Gearing ratio	0.00	0.26	0.00	0.00	0.00

MANAGEMENT DISCUSSION AND ANALYSIS

The Group recorded revenue of RM814.7 million compared to RM759.6 million in the previous financial year. The Group's revenue is mainly derived from the toll concession activities of the West Coast Expressway (the Project). Higher construction revenue was recognised pursuant to IC Interpretation 12 - Service Concession Arrangements as construction activities continued at a higher rate this financial year. In addition, the financial year ended 31 March 2020 had marked a significant milestone for the Group upon the commencement of the toll operations following the completion of Section 5 (Bandar Bukit Raja Selatan – Bandar Bukit Raja Utara), Section 8 (Hutan Melintang – Teluk Intan), Section 9 (Kampung Lekir – Changkat Cermin) and Section 10 (Changkat Cermin – Beruas). The opening of these sections provide a safer, smoother and more efficient road for road users travelling between the different localities served by the various interchanges. The actual traffic volume recorded in these opened sections have been encouraging.

The following is the summary of the financial performance of the Group for the financial year ended 31 March 2020 as compared to the previous financial year.

Financial Results	2020 (in RM'000)	2019 (in RM'000)
Revenue	814,745	759,644
Profit/(Loss) from operations	7,680	(12,314)
(Loss)/Profit before tax	(55,827)	22,996
(Loss)/Profit after tax	(52,232)	21,735

The Group recorded a profit from operations of RM7.7 million as compared to a loss of RM12.3 million in the previous financial year. The loss in the previous financial year was primarily due to a net loss of RM14.9 million arising from the finalisation of a Global Settlement Agreement which served to resolve several long outstanding issues with a former associate. The profit from operations are mainly contributed by the toll concession segment from the construction activities as well as the commencement of toll collection during the last quarter of the current financial year.

Although toll operations have commenced, the Group has recorded a loss before tax of RM55.8 million during the financial year as compared to profit before tax of RM23.0 million in the previous financial year. The toll concession segment has reported a loss before tax in the current year mainly due to the interest expense in relation to the project financing for completed sections of the Project. In accordance with MFRS 123 Borrowing Costs, an entity shall cease capitalising borrowing costs when all the activities necessary to prepare the qualifying asset for its intended use is substantially completed. The interest expense was capitalised as part of the infrastructure development expenditure prior to the completion of the construction works. Upon the completion of sectional construction, the interest expense for these sections will be charged to the profit or loss. During the financial year, the Group recognised interest expenses of RM93.9 million mainly in respect of the interest charges for completed sections.

Going forward, the Group is expected to incur losses in the early years of toll operations due to the cessation of capitalisation of interest expenses for completed sections and the non-cash expenditure in respect of the amortisation of infrastructure development expenditure. Nevertheless, the commencement of toll operations of the West Coast Expressway is

 **REVENUE**

+7.3%

RM **814.7**
Million
2020

The Group's revenue is mainly derived from the toll concession activities of the West Coast Expressway (the Project). Higher construction revenue was recognised pursuant to IC Interpretation 12 - Service Concession Arrangements as construction activities continued at a higher rate this financial year.

Jalan Meru - Kapar section in Selangor opened on 10 December 2020



expected to improve the future financial performance of the Group in terms of cash flows and is expected to provide the Group a stable recurrent income over the concession period.

WEST COAST EXPRESSWAY PROJECT

Project Financing

The Group's 80%-owned subsidiary West Coast Expressway Sdn Bhd ("WCESB") is the concessionaire for the Project, a 233 km highway that runs from Banting in Selangor to Taiping in Perak.

The Project is part financed via borrowings, including a Government Support Loan ("GSL") of RM2,240.0 million, syndicated term loans from licensed financial institutions of RM1,500.0 million and the issuance of debt securities, Sukuk Murabahah Bond of RM1,000.0 million. As at 31 March 2020, WCESB has drawn down RM1,729.0 million and RM1,039.9 million from the GSL and Term Loans facilities respectively. The Sukuk Bonds were issued en bloc in August 2015.

In addition, the Project is also funded by WCESB's equity contribution by its shareholders, via the issuance of share capital, subordinated advances and issuance of Redeemable Unsecured Murabahah Loan Stocks ("RUMS"). As at 31 March 2020, WCESB raised RM990.0 million from the issuance of RUMS.

The utilisation of the above facilities is required to be made in proportion to the amount financed. Any drawdown in excess of utilisation is placed in licensed Islamic financial institutions in Malaysia, earning profit/interest.

In Nov 2019, the Company has successfully raised a total of RM481.31 million from the Rights Issue of redeemable convertible preference shares ("RCPS") together with free detachable warrants for the purpose of injection into WCESB as equity to fund the Project.

Project Development

The Project is divided into the following eleven (11) sections:

Section 1	Banting - South Klang Valley Expressway (SKVE)
Section 2	SKVE - Shah Alam Expressway (KESAS)
Section 3	KESAS - Federal Highway Route 2
Section 4	Federal Highway Route 2 - Bandar Bukit Raja Selatan
Section 5	Bandar Bukit Raja Selatan - Bandar Bukit Raja Utara
Section 6	Kapar- Assam Jawa
Section 7	Assam Jawa - Tanjung Karang
Section 8	Hutan Melintang - Teluk Intan
Section 9	Kampung Lekir - Changkat Cermin
Section 10	Changkat Cermin - Beruas
Section 11	Beruas - Taiping South

During the financial year, the Group incurred additional RM985.2 million in Infrastructure Development Expenditure ("IDE") and cumulatively up to 31 March 2020, the Group had incurred a total IDE of RM4,547.7 million. To-date, the percentage of the overall completion of the construction of the Project is 66%



Construction of bridge over Sungai Klang in Selangor

MANAGEMENT DISCUSSION AND ANALYSIS

and the construction is still on-going. During the financial year, the construction of Section 5, 8, 9 and 10 have been completed and opened for toll operations. The Group experienced some delay in the construction works of the Project primarily due to land acquisition issues. Given the delay, the Group is targeting to open the remaining sections by the financial year 2022 except for a stretch measuring approximately 10km known as Section 7B which is expected to be completed by June 2024.

Following the COVID-19 pandemic, the Government of Malaysia implemented a nationwide Movement Control Order ("MCO") effective from 18 March 2020. This had a severe impact on most businesses including the WCE Project. Construction activities on the uncompleted sections were temporarily stopped and traffic volumes on the opened sections recorded a substantial decrease.

As at the date of this report, the construction works have resumed with stringent COVID Standard Operating Procedures and Protocols to be followed. Traffic volume in the opened sections have also returned to the pre-MCO levels and as such, we do not expect any long term implications on the business operations.

The Group is exposed to certain anticipated or known risks that may have material effect on our operations, performance, financial condition and liquidity. These risks and our strategies to mitigate them are stated in the Statement on Risk Management and Internal Control on page 35 of this Annual Report.

Quality Management System (ISO 9001) and Environmental Management System (ISO14001)

The Group continues to maintain the certification of the ISO 9001:2015 Quality Management System by Sirim QAS International. The high-level structure and integration of quality and risk in the ISO 9001:2015 allows the leadership team to make fast and better informed decisions to complement the overall company strategy.

The Group has continued to maintain the ISO14001:2015 accreditation certified since 27 February 2018. The system has greater focus on leadership and proactive initiatives to protect the environment from harm and degradation, such as sustainable resource use and

climate change mitigation. This will lead the Group to mitigate environmental impact and strive for continual improvement.

PROPERTY DEVELOPMENT – BANDAR RIMBAYU

The property market in Malaysia remained challenging as it continued to be weighed down by weak consumer sentiments due to economic uncertainties, volatility in the Malaysian Ringgit, rising cost of living and banks' stringent lending rules.

The Property development activities are carried out by the Group's 40%-owned associate, Radiant Pillar Sdn Bhd and its subsidiary ("RPSB Group"). The Group's share of results from RPSB Group has decreased by 31% from RM43.9 million in the previous financial year to RM30.4 million in current financial year, mainly due to delays in project launches as a result of product adjustment.

Moving forward, new launches in the pipeline include affordable terrace houses, targeting first time home buyers and young working adults. RPSB Group is expected to maintain its performance for the coming financial year on the back of the unbilled sales and satisfactory response from new launches.

DIVIDEND POLICY

The Board will deliberate a dividend policy after the completion of the Project and when future operating cash flows can be more clearly determined.

APPRECIATION

There are many parties who have helped the Group in its journey so far and we would like to extend our heartfelt appreciation and gratitude to our shareholders, lenders, contractors, business associates, management and staff for their continuous support and commitment to the Group. We also wish to extend our sincere gratitude to *Kementerian Kerja Raya, Lembaga Lebuhraya Malaysia, Kementerian Kewangan Malaysia, Securities Commission, Bursa Malaysia Securities Berhad* and all relevant authorities for their support.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of WCE Holdings Berhad (“WCEHB” or “the Company”) recognises the importance of good corporate governance and fully supports the principles and recommendations as set out in the Malaysian Code on Corporate Governance 2017 (“Code”). The Board is therefore, committed towards instilling a high standard of corporate governance throughout the Group as a fundamental part of discharging its responsibility to enhance shareholders’ value and the financial performance of the Group. The Board will continue to apply principles and best practices as set out in the Code and evaluate the status of the Group’s practices and procedures from time to time.

This statement provides an overview of the Group’s application of the principles of the Code pursuant to paragraph 15.25 of Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“Listing Requirements”).

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

(1) Board Responsibilities

The Board is fully responsible for the Group’s overall strategic plans on business performance, overseeing the proper conduct of business, succession planning, risk management, shareholders’ communication, internal control, management information systems and statutory matters, while the management is accountable for the execution of the expressed policies and attainment of the Group’s expressed corporate objectives.

The duties and responsibilities of the Board as outlined in the Board Charter include amongst others, the following:

- (a) promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behavior;
- (b) review and adopt the overall strategic plans and programmes for the Group ensuring that the strategic plan supports long term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- (c) oversee and evaluate the conduct of business of the Group which includes supervision and assessment of Management’s performance to determine whether the business is properly being managed;

- (d) understand the principal risks of the Group, set the risk appetite within which Management is expected to operate and ensure there is an appropriate risk management framework to identify, analyse, manage and monitor significant financial and non-financial risks;
- (e) ensure there is a sound framework for internal controls and risk management;
- (f) ensure the senior management has the necessary skills and expertise, and there are measure in place to provide for the orderly succession of the Board and senior management;
- (g) ensure the Company has in place procedures to enable effective communication with stakeholders; and
- (h) ensure the adequacy and the integrity of the financial and non-financial reporting of the Group.

In all Board meetings, major operating divisions report their respective progress, financial achievement, performance compared to approved budget, business outlook and challenges including proposed resolutions thereon.

As part of its effort to ensure the effective discharge of the Board’s duties, the Board has delegated certain functions to the following Committees with each operating with clearly defined terms of reference that provide independent oversight



Hutan Melintang Interchange in Perak

of the Management and to ensure that there are appropriate checks and balances:

- (a) Audit Committee
- (b) Nomination Committee
- (c) Remuneration Committee
- (d) Executive Committee

The Chairman of the respective Committees reports to the Board on the outcome of the Committee meeting and for action by the Board where appropriate.

(2) Board Charter

The Board is guided by the Board Charter which outlines the duties and responsibilities and matters reserved for the Board in discharging their duties. The Board Charter was updated on 22 February 2018 and is available on the Company's website at www.wcehb.com.my.

The Board Charter was established to ensure that all Board members are aware of their fiduciary duties and responsibilities, various legislations and regulations affecting their conduct, the need to safeguard the interests of the shareholders, customers and other stakeholders and that a high standard of corporate governance is applied in all their dealings on behalf of the Company. The Board Charter also serves as a source of reference and primary induction literature, providing insights

to prospective board members and senior management.

The Board Charter clearly sets out the division of responsibility and powers of duties between the Board and management, the different committees established by the Board and between the Chairman and the Chief Executive Officer.

(3) Board Composition

The Board currently has seven members comprising four Independent Non-Executive Directors and three Non-Independent Non-Executive Directors. The Senior Independent Non-Executive Director is Datuk Oh Chong Peng who will attend to any query or concern relating the Group where the Chairman and the Chief Executive Officer are conflicted.

Independent Non-Executive Directors provides the necessary balance of power and authority to the Board with a mix of industry-specific knowledge and broad business and commercial experience. They ensure that all proposals by management are fully deliberated and examined after taking into account the interest of shareholders and stakeholders. The Independent Non-Executive Directors play crucial roles in providing unbiased and independent views, advice and judgment to the Board to safeguard the interest of minority shareholders.

The role of the Independent Non-Executive Chairman and Chief Executive Officer is distinct and separated to ensure balance of power and authority.

The Independent Non-Executive Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board, while the Chief Executive Officer has overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions. The Chief Executive Officer is also responsible to ensure due execution of the strategic goals, effective operation within the Group, and to explain, clarify and inform the Board on matters pertaining to the Group.

The Senior Independent Non-Executive Director, Datuk Oh Chong Peng will achieve a tenure of more than twelve (12) years on 27 September 2020. In accordance with the Company's Board Charter, he will be re-designated as Non-Independent Non-Executive Director. However, in view of his professionalism, experience, objectivity, independent judgement and integrity, and at the recommendation of the Nomination Committee, the Board opines that his services as an effective Senior Independent Non-Executive Director is still required. The Board therefore, wishes to seek shareholders' approval at the forthcoming 19th Annual General Meeting of the Company that he be retained and continue to serve as a Senior Independent Non-Executive Director of the Company.

(4) Board Diversity

The Directors have a diverse set of skills, experience and knowledge necessary to govern the Group. The Directors are professionals in the field of engineering, finance, accounting, economic, legal, manufacturing and experienced senior public administrators. Together, they bring a wide range of competencies, capabilities, technical skills and relevant business experience to ensure that the Group continues to be a competitive leader with a strong reputation for technical and professional competence. In evaluating candidates for appointment to the Board, the Nomination Committee and the Board will always evaluate and match the criteria of the candidate based on experience, skill, competency, knowledge, potential contribution and boardroom diversity (including gender, ethnicity and age).

The Board consists of qualified individuals with diverse set of skills, experience and knowledge to govern the Group. The Non-Executive Directors are professionals in the field of engineering, finance, accounting, economics, legal, manufacturing and senior public administrators.

The profiles of the Directors are set out on pages 4 to 8 of this Annual Report. Such information is also available on the Company's website, www.wcehb.com.my.

The Board is mindful of achieving gender balance as recommended by the Code. In this regard, sourcing female candidates is always an integral part of the recruitment for new directors for the Company.

(5) Code of Conduct

The Board has made a commitment to create a corporate culture within the Group to operate the business in an ethical manner and to uphold a high standard of professionalism and exemplary corporate conduct. The Code of Ethics and Conduct which sets out the principles and standards of business ethics and conduct of the Group has been adopted and is applicable to all Directors and employees of the Group. It was reviewed on 22 February 2018 and is available on the Company's website at www.wcehb.com.my.

(6) Whistle Blowing Policy

The Company recognises that any genuine commitment of detecting and preventing actual or suspected unethical, unlawful, illegal, wrongful or other improper conduct must include a mechanism whereby employees can report his/her concerns freely without fear, reprisal or intimidation. Accordingly, the Company has adopted a Whistle Blowing Policy which has been disseminated to all employees.

The Code of Ethics and Conduct and Whistle Blowing Policy was updated on 22 February 2020 and is available on the Company's website, www.wcehb.com.my.

(7) Board Meetings and Supply of Information to the Board

Board meetings schedule are determined one year ahead to enable Directors to fit their schedule to the Board meeting dates. The Board conduct at least five regular scheduled meetings annually, with additional meetings convened as and when necessary, to consider all matters relating to the overall control, business performance and strategy of the Company.

In fostering the commitment of the Board that the Directors shall devote sufficient time to carry out their responsibilities, the Directors are required to notify the Chairman before accepting any new directorship and to indicate the time expected to be spent on the new appointment. The Chairman shall also notify the Board if he has any new directorship or significant commitments outside the Company. All the Directors hold not more than five directorships in public listed companies.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. During the financial year ended 31 March 2020, six Board meetings were held and the attendance record of the Directors were satisfactory as evidenced in the table set out below:

Directors	Number of Meetings Attended
Datuk Ir. Hamzah bin Hasan (Chairman)	6 out of 6
Datuk Oh Chong Peng	6 out of 6
Tang King Hua	6 out of 6
Lee Chun Fai	6 out of 6
Datuk Wira Hj. Hamza bin Taib	6 out of 6
Vuitton Pang Hee Cheah	6 out of 6
Tan Chor Teck	6 out of 6

All the Directors complied with the minimum requirements on the attendance at Board meetings as stipulated in the Listing Requirements of Bursa Securities. In the intervals between Board meetings, for any matters requiring Board's decisions, the Board's approvals are obtained through written resolutions. The resolutions passed by way of such written resolutions are then noted at the next Board meeting.

A full agenda of the meeting and all Board papers are distributed on a timely manner prior to Board Meetings to enable the Directors to review and consider the agenda items to be discussed at the meeting and where necessary, to obtain further explanations in order to be fully briefed before the meeting. The Board papers include reports relevant to the issues of the meeting, covering the areas of strategic, financial, operational and regulatory compliance matters.

In discharging their duties, the Directors have access to all information within the Company and to the advice and services of senior management staff and Company Secretary. If necessary, the Directors may seek independent professional advice and information in furtherance of their duties at the Company's expense, so as to ensure the Directors are able to make independent and informed decisions. Any such request is presented to the Board for approval.

Senior management staff, as well as advisers and professionals appointed on corporate proposals, may be invited to attend Board meetings to provide the Board with their views and explanations and to furnish clarification on issues that may be raised by the Directors.

The Directors are notified of any corporate announcements released to Bursa Securities. The minutes of previous Board meeting were circulated to all Directors at least five days for their perusal/comment or to seek clarification before being included in the Board papers.

The Board papers were then circulated to all Directors at least five business days before the Board meeting for confirmation at the commencement of the Board meeting as a correct record of proceedings of the previous Board meeting.

The Company Secretary plays an important advisory role and is a source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, regulations, board policies and procedures and compliance with the relevant regulatory requirements affecting the Company and Group. The Board is supported by a suitably qualified and competent Company Secretary who is a member of a professional body.

Every Board member has ready and unrestricted access to the advice and services of the Company Secretary who is capable of carrying out the duties and responsibilities, to which the post entails. The roles and responsibilities of the Company Secretary include the following:

- (a) advise the Board and management on governance issues;
- (b) ensure compliance of listing and related statutory obligations;
- (c) attend Board, Committees and general meetings, and ensure the proper recording of minutes;
- (d) ensure proper upkeep of statutory registers and records;
- (e) assist Chairman in the preparation for and conduct of meetings;
- (f) assist Chairman in determining the annual Board plan and the administration of other strategic issues;
- (g) assist the induction of new directors, and continuously update the Board on changes to listing rules, other related legislations and regulations; and
- (h) serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

The Company Secretaries ensures that deliberations at Board and Board Committee meetings are documented and subsequently communicated to the Management for appropriate actions. The Board is updated by the Company Secretaries on the follow-up of its decisions and recommendations by the Management.

(8) Nomination Committee

The Nomination Committee comprises two Independent Non-Executive Directors and one Non-Independent Non-Executive Director. During the financial year ended 31 March 2020, one meeting was held and attended by all the members. The details of the members are as follows:

Members	Designation
Datuk Wira Hj. Hamza bin Taib (Chairman)	Independent Non-Executive Director
Datuk Oh Chong Peng	Senior Independent Non-Executive Director
Tang King Hua	Non-Independent Non-Executive Director

The terms of reference of the Nomination Committee was reviewed on 22 February 2018 and is available on the Company's website, www.wcehb.com.my.

The Nomination Committee is responsible for making recommendations to the Board of suitable candidates for appointment as Director, after which the Secretary ensures that all appointments are properly made and all legal and regulatory compliance are met. In making these recommendations, the Nomination Committee evaluate and match the criteria of the candidate based on experience, skill, competency, knowledge, potential contribution and boardroom diversity (including gender, ethnicity and age). In the case of candidates proposed for appointment as Independent Non-Executive Directors, the proposed candidates will be required to confirm compliance to the criteria of an independent director as prescribed in the Listing Requirements prior to recommending to the Board for approval.

The re-appointment of an Independent Director who has served for a cumulative term of more than twelve years, in order to continue serving in the same capacity, will require the Board of Directors to justify, recommend and seek shareholders' approval for that individual to continue as such, on a yearly basis.

During the financial year, the Nomination Committee:

- (a) conducted an annual assessment of the Directors and the effectiveness of the Board as a whole, Board committees and the contribution of each individual Director and the Chief Executive Officer. Board evaluation comprises Self & Peer Assessment and Independence of Independent Director. The assessment criteria include contributions to interaction, roles and duties, knowledge and integrity, governance and risk management. The annual assessment also covers assessment of required mix of skills, experience and other qualities including core competencies which the Directors should bring to the Board and identified areas for improvement. All assessments and evaluations carried out by the Nomination Committee in discharging its functions have been properly documented, and
- (b) assessed and deliberated on the effectiveness of Datuk Oh Chong Peng, as a Senior Independent Non-Executive Director of the Board, Chairman of the Audit Committee, Chairman of Remuneration Committee and member of the Nomination Committee (wherein Datuk Oh Chong Peng abstained from the deliberation), with the view that he will achieve more than twelve (12) years tenure on 27 September 2020, thereafter, he will be re-designated as Non-Independent Non-Executive Director, in accordance to the Board Charter of the Company. The Committee acknowledge that his professionalism, experience, objectivity, independent judgement and integrity will continue to be a pillar of strength to the Board and Committees headed by him and has recommended to the Board that he be retained and to continue to act as a Senior Independent Non-Executive Director of the Company.

(9) Appointment to the Board/Re-election of Directors

Appointment of new director is a matter for consideration and decision of the Board upon the recommendation of the Nomination Committee. There is no new appointment of director during the financial year. The Board will consider using independent sources in identifying suitable candidates for appointment of directors in the future via directors' registry, open advertisement or through independent search firms.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

In accordance with the Constitution of the Company, all Directors who are newly appointed to the Board, are subject to re-election by shareholders subsequent to their appointment at the immediate Annual General Meeting. The Constitution also provide that one-third of the Directors shall retire from office and be eligible for re-election at every Annual General Meeting. All Directors shall submit themselves for re-election at least once every three years.

The re-election of each Director is voted on separately. To assist shareholders in their decision, sufficient information, such as personal profile, meetings' attendance and the shareholdings of each Director standing for re-election, are furnished in this Annual Report.

(10) Directors' Training and Continuing Education Programme

All the Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Securities. The Company is aware of the importance of continuous training for its Directors to enable them to effectively discharge their duties and sustain active participation in the Board deliberations and will continuously evaluate and determine the training needs of its Directors.

The Directors are also aware of their duty to continuously update their knowledge and enhance their skills through appropriate continuing education programmes. They are provided with the opportunity, and are encouraged, to attend training to keep themselves updated on relevant new legislation, financial reporting requirements, best practices and changing commercial and other risks.

All the Directors have attended at least one training session during the financial year ended 31 March 2020. Some of these training programmes, seminars or forum are as follows:

1. PNB Leadership Forum 2019,
2. Cyber Security in the Boardroom – Accelerating from Acceptance to Action,
3. CIMB Post Budget 2020 Forum,
4. Conversation with Audit Committee by Audit Oversight Board,
5. Workshop on Corporate Liability Provision (Section 17A) of the MACC Act 2009,
6. Blazing the Trail in the Open Source Era,
7. Building Security in an Unsecured World,

8. Corporate Liability Under COVID-19: Are we ready?,
9. Staying Resilient during an Economic Downturn,
10. CGS-CIMB 12th Annual Malaysia Corporate Day,
11. Business Foresight Forum, Economic Directions and Headwinds, and
12. Diversity Xperience.

The Company Secretary has circulated the relevant guidelines on statutory and regulatory requirements to the Board for reference. The external auditors have also briefed the Board members on the changes to the Malaysian Financial Reporting Standards that affect the Group's and the Company's financial statements during the year.

(11) Directors' and Senior Management Remuneration Policy and Procedure

The Board believes in a remuneration policy that fairly supports Directors' responsibilities and fiduciary duties in steering the Group to achieve its long term objectives and enhance shareholders' value.

The Board's objective, in this respect is to offer competitive remuneration packages in order to attract, develop and retain directors of such caliber to provide the necessary skills and experience to commensurate with the responsibilities of an effective Board.

Remuneration Committee is primarily responsible for recommending the policy and reward framework of directors' remuneration, terms and remuneration of chief executive officer and senior management, to the Board for approval in order to align with the business strategy and long term objectives of the Group and Company.

The remuneration of chief executive officer and senior management will be reviewed annually to ensure that the remuneration package remains sufficiently attractive to attract and retain relevant experience and expertise to govern the Group effectively.

The determination of the remuneration of non-executive directors are a matter for the Board as a whole following the relevant recommendation made by the Remuneration Committee, with the Director concerned abstaining from deliberation and voting on his own remuneration. The remuneration of non-executive directors comprises of director's fee and other emoluments

which are determined by the Board. The remuneration of the non-executive directors reflects the contribution and level of responsibilities undertaken by the particular non-executive director. Director's remuneration will be subject to the approval of shareholders at the Annual General Meeting.

The Remuneration Committee comprises three Independent Non-Executive Directors and one Non-Independent Non-Executive Director.

Members	Designation
Datuk Oh Chong Peng (Chairman)	Senior Independent Non-Executive Director
Datuk Ir Hamzah bin Hasan	Independent Non-Executive Director
Tan Chor Teck	Independent Non-Executive Director
Lee Chun Fai	Non-Independent Non-Executive Director

During the financial year ended 31 March 2020, two meetings were held and were attended by all the members.

The terms of reference of the Remuneration Committee was updated on 22 February 2018 and is available on the Company's website, www.wcehb.com.my.

The details of the Directors' remuneration in the Group and the Company for the financial year ended 31 March 2020 are as follows:

	Fees RM	Salary Bonus and Performance incentive RM	Benefits- in-kind RM	Meeting Allowance RM	Total RM
Directors of the Company:					
Datuk Ir Hamzah bin Hasan	183,200	-	-	9,600	192,800
Datuk Oh Chong Peng	179,900	-	-	9,600	189,500
Tang King Hua	136,400	-	-	9,600	146,000
Lee Chun Fai	111,100	-	-	9,600	120,700
Datuk Wira Hj. Hamza bin Taib	140,800	-	-	9,600	150,400
Vuitton Pang Hee Cheah	93,500	-	-	9,600	103,100
Tan Chor Teck	136,400	-	-	9,600	146,000
	981,300	-	-	67,200	1,048,500
Directors of subsidiary companies:					
Tang King Hua	-	-	-	2,400	2,400
Datuk Ir Hamzah bin Hasan	-	-	23,950	2,400	26,350
Dato' David Frederick Wilson	-	-	-	2,400	2,400
Dato' Neoh Soon Hiong	-	2,837,919	31,150	-	2,869,069
	981,300	2,837,919	55,100	74,400	3,948,719

Details of the remuneration of the top five senior management staff of the Company and Group (including salary, benefits-in-kind and other emoluments) during the financial year ended 31 March 2020 are disclosed on an aggregate basis and in each successive band of RM50,000 as follows:

Range of remuneration	Number of top 5 senior management staff
RM450,001 to RM500,000	1
RM400,001 to RM450,000	1
RM250,001 to RM300,000	1
RM200,001 to RM250,000	2

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(12) Executive Committee

The Executive Committee consists of the directors and senior management staff of the Group. The Executive Committee shall preferably meet on quarterly basis or whenever deemed necessary to review the performance of the Group's operating divisions.

During the financial year ended 31 March 2020, four meetings were held which were attended by the members of the Committee. The details of the members are as follows:

Members	Designation
Dato' Neoh Soon Hiong (Chairman)	Chief Executive Officer
Lyndon Alfred Felix	Chief Financial Officer
Tang King Hua	Non-Independent Non-Executive Director

The terms of reference of the Executive Committee was reviewed on 22 February 2018 and is available on the Company's website, www.wcehb.com.my.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

(1) Financial Reporting

The Board is responsible to ensure that the annual financial statements and quarterly announcements of results of the Group presents a fair, balanced and meaningful assessment of the Group's financial position, performance and prospects. The Board ensures that the Group's financial statements are drawn up in accordance with the provisions of the Companies Act 2016 ("Act") and the applicable approved accounting standards in Malaysia.

The Board is assisted by the Audit Committee to oversee the financial reporting processes and the quality of the financial reporting of the Group. The Audit Committee reviews and scrutinises the information of the Group's annual and quarterly financial statements in terms of the overall accuracy, adequacy and completeness of disclosure and ensuring the Group's financial statements comply with applicable financial reporting standards.

The Statement of Directors' Responsibilities for the Preparation of Financial Statements of the Group and the Company is set out on page 42 of this Annual Report.

(2) Audit Committee

The Group's financial reporting, audit, risk management and internal control system are reviewed by the Audit Committee which comprises four Independent Non-Executive Directors and one Non-Independent Non-Executive Director. The Audit Committee is chaired by Datuk Oh Chong Peng and other members of the Audit Committee are Datuk Ir. Hamzah bin Hasan, Datuk Wira Hj. Hamza bin Taib, Tan Chor Teck and Tang King Hua.

The composition, attendance of meeting and summary of the activities carried out by the Audit Committee during the financial year are disclosed in the Audit Committee Report on pages 38 to 41 of this Annual report. The activities of the Audit Committee are governed by the terms of reference that is approved by the Board.

The Audit Committee meets no fewer than five times a year. During the financial year ended 31 March 2020, a total of five Audit Committee meetings were held.

Audit Committee meetings is always held before the Board's meeting to ensure that all critical issues highlighted can be brought to the attention of the Board on a timely basis. The Chairman of the Audit Committee will report to the Board on the outcome of the Audit Committee meeting and for action by the Board where appropriate.

The Audit Committee meets with the Group's external auditors to review the scope and adequacy of the audit processes, the annual financial statements and their audit findings. In line with the good corporate governance practices, the Audit Committee also meets with the external auditors at least twice a year to discuss audit plans, audit findings and the financial statements of the Company. These meetings are held without the presence of the Chief Executive Officer and senior management. The Audit Committee also meets with the external auditors whenever it deems necessary.

The terms of reference of the Audit Committee was updated on 22 February 2018 and is available on the Company's website, www.wcehb.com.my.

(3) External Auditors

On an annual basis, the Audit Committee will review the suitability and independence of the external auditors. The Audit Committee would also review the provision of non-audit services by the external auditors and their associates and noted the following for the financial year ended 31 March 2020:

	Audit Fees RM'000	Non-Audit Fees RM'000	Total RM'000
By Company	157	10	167
By Subsidiaries	139	23	162
TOTAL	296	33	329

The Audit Committee has obtained written assurance from the external auditor that they were, and had been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The Audit Committee is satisfied with the competence and independence of the external auditors and had recommended the re-appointment of the external auditors to the shareholders at the Annual General Meeting. The external auditors are invited to attend the Annual General Meeting of the Company and are available to answer shareholders' questions on the matters with regard to the audit, its preparation and content of the audit report.

(4) Risk Management and Internal Control

The Board acknowledges its responsibilities for maintaining a reliable system of internal controls within the Group which covers the financial controls, the operational and compliance controls and risks management. The internal control system is designed to meet the Group's needs and to manage risks. This is a continuing process which included risk assessments, internal controls reviews and internal audit checks on all companies within the Group. This will ensure that the the Group's and the Company's assets are safeguarded to preserve shareholders' investment.

The Audit Committee is entrusted to provide advice and assistance to the Board in fulfilling its statutory and fiduciary responsibilities relating to the Group's and the Company's internal audit functions, risk management and compliance systems and practices, financial statements, accounting and control systems and matters that may significantly impact the financial condition or affairs of the business.

The Statement on Risk Management and Internal Control, which provides an overview of the state of risk management and internal control and processes within the Group, is set out on page 35 to 37 of this Annual Report.

(5) Internal Audit Function

The Board has an overall responsibility for maintaining a sound system of internal controls to safeguard shareholders' investment. As the system of internal controls are designed to mitigate rather than eliminate the likelihood of error or fraud, the system can only provide reasonable assurance against material misstatement or loss.

The Group's and the Company's internal audit service was outsourced to an independent professional service provider. The internal audit service performs regular reviews of business processes, appraisal on the effectiveness of governance, risk management and internal controls processes and reports regularly to the Audit Committee. The internal audit engagement is focused on areas of priority according to their risk assessment and in accordance with the annual audit plans approved by the Audit Committee. The Audit Committee reviews and approves the internal audit plan on an annual basis. Areas of improvement as highlighted by the internal audit service were implemented by management.

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

(1) Effective Communication with Stakeholders

The Board is aware of the need to establish corporate disclosure policies and procedures to enable a comprehensive, accurate and timely disclosures relating to the Company, to the regulators, shareholders and stakeholders. The Company has identified personnel authorised and responsible to approve and disclose material information to shareholders and stakeholders to ensure compliance with the Listing Requirements. The Board has delegated the authority to the Chief Executive Officer to approve all announcements for release to Bursa Malaysia Securities Berhad. The Chief Executive Officer works closely with the Board, senior management and the Company Secretary who are privy to the information to maintain strict confidentiality of the information.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Company continues to recognise the importance of transparency and accountability to its shareholders which are key element of good corporate governance. The Board ensures that shareholders are informed of the financial performance and major development in the Group. Such information is communicated to shareholders by timely release of quarterly financial results, circulars, annual reports, announcements and press releases.

Apart from the mandatory announcements through Bursa Securities, the information on the Company is available on the Company's website at www.wcehb.com.my.

The Group believes that by consistently maintaining a high level of disclosure and extensive communication with its shareholders, the shareholders and investors will be able to make informed investment decision. Shareholders who wish to reach the Group and the Company can do so through the "Contact Us" page in our website at www.wcehb.com.my.

The Annual General Meeting ("AGM") is another principal forum for communication and dialogue with shareholders. The notices of meeting and the annual reports are sent out to shareholders at least 28 days before the date of the meeting in accordance with the Code. During AGM, the Board presents the progress and performance of the business as contained in the Annual Report including the responses to questions by the Minority Shareholder Watchdog group in relation to strategy and financial performance of the Group and corporate governance matters which were submitted to the Company prior to the AGM. The Board also provides opportunities for shareholders to raise questions pertaining to the business activities of the Group and the Company. Members of the Board, Chairman of the Audit Committee, Nomination Committee, Remuneration Committee, Executive Committee and Risk Management Committee as well as the external

auditors of the Company are present to provide responses to questions from the shareholders during the meeting. Shareholders' suggestions received during the AGM are reviewed and considered for implementation whenever possible.

A press conference is normally held after each AGM and/or general meetings of the Company to provide the media an opportunity to receive an update from the Board on the proceedings of the meeting and to address any queries or areas of interest.

(2) Shareholders' Conduct and Participation at General Meetings

The Company provides information to the shareholders with regards to, amongst others, details of the AGM, their entitlements to attend the Annual General Meeting, the right to appoint proxy and also, the qualifications of a proxy via its Annual Report which contains the Notice of AGM which sets out the business to be transacted at the AGM and is also published in a major local newspaper. Items of special business included in the Notice of AGM will be accompanied by an explanation of the proposed resolutions.

General meetings are an important venue through which the shareholders can exercise their rights. The Board would ensure suitability of venue and timing of meeting to encourage shareholders' participation in the meetings.

Pursuant to Paragraph 8.29A of the Listing Requirement, all resolutions set out in the notice of any general meetings shall be voted by poll it more accurately and fairly reflects shareholders' view by ensuring that every vote is recognised, in accordance with the principal of "one share one vote".

This Statement is made in accordance with a resolution of the Board of Directors dated 29 June 2020.

SUSTAINABILITY STATEMENT

ABOUT THIS SUSTAINABILITY STATEMENT

The Board is pleased to present our Sustainability Statement for the Group in accordance with the enhanced reporting requirements incorporating the Sustainability Guide issued by Bursa Malaysia Berhad in the year 2015.

We are currently progressing towards the strategic integration of sustainability into our business operations. It covers our initiatives on identifying and measuring the economic, environmental and social related sustainability matters to shape a structured sustainability approach that delivers valuable solutions. As part of this drive, we have put into consideration key sustainability matters affecting direct and indirect stakeholders, which include employees, shareholders and investors, government authorities, the surrounding community and general public. We collected data for disclosures of key sustainability matters as defined by the GRI Standards applicable to WCE Group.

The scope of this statement covers the business operation of WCE Holdings Berhad and its subsidiaries (collectively referred to as "WCE Group") in Malaysia. This statement, however, excludes data from associate companies.

OUR JOURNEY AND COMMITMENT TOWARDS SUSTAINABILITY

Our journey began with the RM6 billion build-operate-transfer ("BOT") project award of the West Coast Expressway by the Government of Malaysia in 2013. The construction of this 233 kilometres long expressway, which spans from Banting in Selangor to Taiping in Perak, commenced back in late 2014 and is driven by a strong Senior Management team who have brought together a combination of related industry experience and construction execution expertise. During the financial year, the Group has completed the construction and commenced the toll operations for Section 5 (Bandar Bukit Raja Selantan – Bandar Bukit Raja Utara), Section 8 (Hutan Melintang – Teluk Intan), Section 9 (Kampung Lekir – Changkat Cermin) and Section 10 (Changkat Cermin – Beruas).

Here at WCE Holdings Berhad ("WCEHB"), we are also committed to uphold our corporate mission which is to build an expressway for the convenience of the nation without compromising the balance of nature and ecology.

WCEHB's Sustainability Committee and Sustainability Reporting Framework was established in January 2018 and chaired by our Chief Executive Officer ("CEO"). WCEHB's Sustainability Committee plays its role to oversee the sustainability reporting process of key sustainability matters, covering economic, environmental and social aspects.

In line with the GRI Standards that are applicable to WCEHB, significant efforts were also put through to capture information for disclosure of key sustainability matters. These efforts include establishing a centralised reporting database for sustainability and aligning our corporate activities in a manner that will enable us to capture sustainability information.



Changkat Chermin Interchange in Perak

SUSTAINABILITY STATEMENT

SUSTAINABILITY GOVERNANCE

Our sustainability strategy is determined by our Board who provides oversight of WCEHB's corporate sustainability performance. The Sustainability Committee, headed by our CEO, oversees the implementation of the organisation's sustainability approach and ensures that key targets are being met with support of the Chief Financial Officer ("CFO").

MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS

We have engaged the stakeholders, both internally and externally, to identify and prioritise the key sustainability matters. The facilitation of materiality assessment was driven by a desktop review on the Group's business operation and risk areas, input from Board of Director/ Management and engagement with key champions. Through our materiality assessment, we have identified the key sustainability matters as outlined in the table below.

Pillar	Key Sustainability Matters
Economic	<ul style="list-style-type: none"> • Sustainable Procurement • Market presence • Anti-bribery and Anti-corruption • Value creation from Project
Environmental	<ul style="list-style-type: none"> • Energy consumption • Water consumption • Biodiversity • Effluent and waste • Environmental compliance
Social	<ul style="list-style-type: none"> • Employment diversity and equal opportunity • Occupational health and safety • Training and education • Human rights (i.e. non-discrimination, child labour and forced labour) • Local communities • Socioeconomic compliance

FEEDBACK

This Sustainability Statement is available to all stakeholders in hard copy on request and can be downloaded from our corporate website (<http://www.wcehb.com.my>).

Economic

Malaysia's construction industry continues to be a leading segment to boost the country's economic and social development. WCE Group will continue to leverage on its strength as Malaysia's leading infrastructure developer to advance the industry and build the nation.

Value Creation from Project

The West Coast Expressway was planned and designed to enhance connectivity to the existing expressways (such as PLUS, SKVE, NKVE, NNNKSB, LATAR, KESAS and etc.) and provide road users with more route options while travelling. The entire expressway with 21 interchanges will enhance traffic flow in the West Coast region through a reduction in travel time and associated logistic costs. It is also a catalyst for economic growth through the enhancement of trade activities and the expected emergence of new township developments along the new growth corridor.

Sustainable Procurement

Project sub-contractors are selected via tender processes. WCEHB, through its subsidiary, has in place a formalised Standard Operating Procedures ("SOP") for tender processes. A Tender Committee was set up to govern the evaluation and selection of sub-contractors, incorporating a combination of technical, financial and pricing criteria. We are committed towards the selection of local sub-contractors as an initiative towards sustainable procurement.

Anti-Bribery and Anti-Corruption

WCE Group enforces a "No Gift" policy through its Code of Conduct. The Code of Conduct also defines the criteria for acceptance of gifts and its approval protocol for those exceeding RM1,000. Permissible gifts include normal business courtesies (meals or entertainment), token gifts which are occasional, gifts during festive or special occasions and gifts from social functions attended by the Directors or employees on behalf of WCE Group. WCE Group has a direct whistle blowing channel to the Audit Committee which serves as an avenue to report any potential fraud or mismanagement.



Opening ceremony of Section 5 and Regional Office on 10 December 2019 officiated by the Director General of Malaysian Highway Authority

Environmental

As part of our continuing efforts towards environmental sustainability, the Group ensures that there are sufficient measures at all construction sites and work places to prevent any adverse impact on the environment.

We are committed to carry out businesses in a community and environmentally friendly manner based on the following **CARE** principles: -

- Complying to all environmental and other relevant legal requirements;
- Applying a continual improvement concept while implementing our Environmental Management System ("EMS") and monitoring its performance;
- Reducing and preventing pollution by disposing wastes according to regulated means, conserving natural resources and adopting environmentally friendly approaches in all activities to minimise water, air and noise pollution; and
- Educating employees on the importance of sustainable development and pollution prevention.

WCE Group is committed towards raising awareness among our employees and business partners in managing our carbon footprint by reducing construction waste, lowering greenhouse gas emissions and optimising the usage of natural resources in our various operations sites. We are also in the midst of implementing a structured framework to measure the usage of natural resources and to monitor the level of carbon emissions so as to be able to measure consumption and production in line with the guidelines prescribed under the Sustainable Development Goals (SDGs) 12. Cognizant of the fact that Malaysia is also committed towards addressing climate change, we hope to drive initiatives that will be aligned in mitigating climate change concerns.

The highway concession project is being constructed based on compliance to the Environment Impact Assessment ("EIA") Approval Conditions resulting in minimal impact to the environment.

The nature of our business adversely affects the environment to some extent. Therefore, to minimise irreversible environmental damage, we strive to take measures in mitigating or preventing environmental pollution.

SUSTAINABILITY STATEMENT

Energy Management

The energy conservation measures in daily operations are monitored monthly under the WCE Group's Environmental Management System ("EMS") objectives. The approach to energy management includes managing energy supply and consumption efficiently and effectively. Further, we instil an energy conservation mindset into our culture through various notices and messages in the work space.

The energy consumption of WCE Group's office premises from 2017 to 2019 is shown below:

2017	2018	2019
1,363kW	1,416kW	15,924kW

Higher consumption of energy is due to the commencement of toll operations and the mass increase of headcounts and activities during the financial year. The total headcounts of Group has increased from 36 to 182 in 2019. In addition, the Group is currently occupying two regional offices (Perak Regional Office and Selangor Regional Office) with floor areas of approximately 9,000 sq. meter compared to earlier temporary offices with a floor area of only 600 sq. meter.

Environmental Monitoring

We have appointed external consultants to undertake periodic air, water quality, vibration and noise monitoring in line with the monitoring programs outlined by Preliminary Environmental Impact Assessment ("PEIA") to ensure readings do not exceed limits set in the standards by respective regulatory bodies.

Monitoring Components	Compliance with Standards	Reporting Requirement
Air Quality	Malaysian Air Quality Guidelines	Department of Environment ("DoE")
Ambient Air Quality	Malaysian Ambient Air Quality Standard ("MAAQS")	
Noise Quality	Planning Guides for Environmental Noise Limit and Control	
River Water Quality	National Water Quality Standards	DoE & Lembaga Urus Air Selangor
Silt Trap	EIA Condition of Approval	DoE
Vibration	Schedule of Recommended Vibration Limits	DoE

Environmental compliance

For the financial year ended 31 March 2020, there were no public sanctions or penalties imposed for non-compliance relating to environmental laws and regulations in the WCE Group.

Water Management

In line with WCE Group's Environmental Management System ("EMS") objectives, we also measure monthly water consumption at the office premises.

Average actual water consumption of WCE Group's office premises from 2017 to 2019 is shown below:

2017	2018	2019
10.02 m ³	11.09 m ³	629 m ³

Higher consumption of water is due to the commencement of toll operations and the mass increase of headcounts and activities during the financial year. The total headcounts of Group has increased from 36 to 182 in 2019. In addition, the Group is currently occupying two regional offices (Perak Regional Office and Selangor Regional Office) with floor areas of approximately 9,000 sq. meter compared to earlier temporary offices with a floor area of only 600 sq. meter.

Environmental Control Measures and Activities



Installation of Gabion Check Dams



Scheduled Waste & Chemical Storage



Installation of Silt Fence



Usage of Silt Fence and Sand Bags

WCE Group's environmental initiatives and efforts are governed by robust policies, procedures and certification, based on ISO 14001:2015 *Environmental Management Systems*. With this, there has been no event of non-compliance with relevant laws and regulations during the financial year ended 31 March 2020.

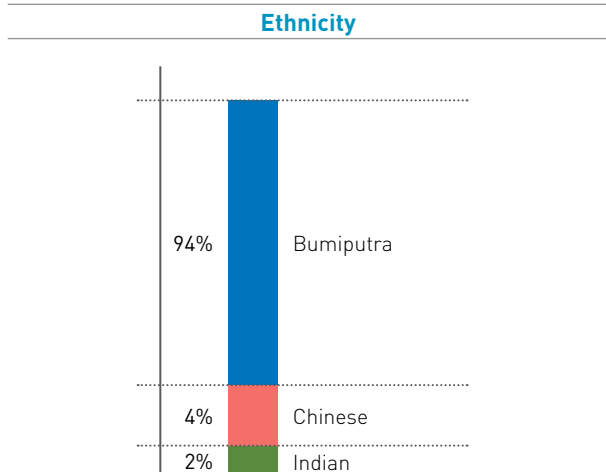
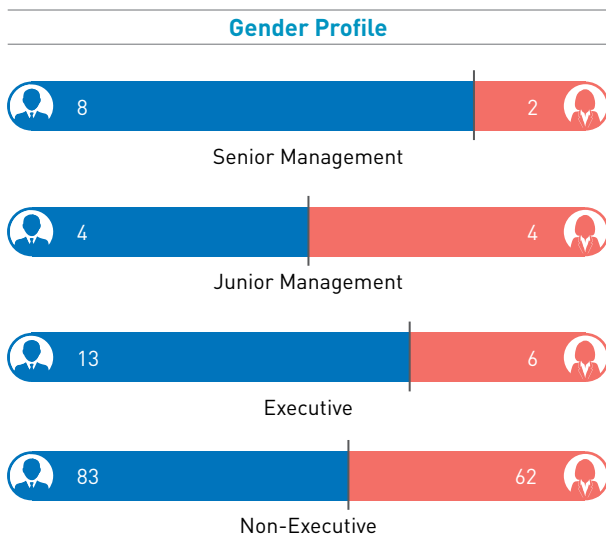
Social

Malaysia’s construction industry continues to boost the country’s economy and social development. As the construction industry continues to be a significant driver in economic and social enhancement, we will continue to leverage this as Malaysia’s leading infrastructure developer to advance the industry and build the nation.

Diversity and Equal Opportunity

We value our employees as they are key to competitive success in the marketplace which is vital for business sustainability.

As part of the WCE Group hiring practise, we do not discriminate against any race, gender or minority. The employees are also provided with adequate medical benefits as well as hospitalisation and personal accident insurance coverage. The statistics below indicate the gender profile and ethnicity of WCE Group.



Employee Benefits

WCE Group offers attractive benefits in addition to basic remuneration. These benefits cover Annual Physical Examination, Hospitalisation & Surgical Insurance as well as protection benefits whereby contributions are made in the Employees Provident Fund (“EPF”) to all employees (including contract staff), Group Personal Accident Benefits that covers total permanent disablement and/or death as a result of an accident, Group Term Assurance with Critical Illness Benefits and maternity/paternity leave.

The Group thrives to foster a work-life balance culture that caters to employees’ physical and emotional needs. This will boost employee morale, productivity and positively impact on the recruitment and retention of employees.

Occupational Health and Safety

WCE Group is continuously working towards cultivating a strong health and safety culture in the workplace. We take pride in our achievement towards maintaining high standards on occupational health and safety measures to ensure compliance with regulatory requirement. We maintain a strong belief that every stakeholder has the right to return from their respective workplaces unharmed and safe.

Policy statement on Health, Safety and Environment

The West Coast Expressway’s project management team shall continuously improve its Health, Safety and Environmental practices with the following objectives:

- Prevent Occupational Accident
- Prevent Occupational Illness
- Prevent Environmental Pollution

The project management team, contractors and all those involved in the project will be guided by the motto, **“Health, Safety and Environment is Everyone’s responsibility”** through ensuring the following:

- ▶ Compliance with all applicable legislation and related requirement
- ▶ Dissemination of relevant information to everyone involved
- ▶ Performance and objectives reviewed periodically
- ▶ Minimise safety and health risk through adoption of best practises
- ▶ Provide appropriate training to our employees and other related parties to improve awareness and knowledge of the requirements
- ▶ Committed to monitor health and safety performance to ensure that standards are being met and it is continuously improved indicating that management control is working

SUSTAINABILITY STATEMENT

Following the COVID-19 outbreak, the Government had imposed the Movement Control Order (“MCO”) on 18 March 2020. Nevertheless, the Group’s core business of toll operations and maintenance were classified as essential services and our employees continued to work throughout the MCO period.

As a responsible employer, we ensured that all our frontline staff were equipped with Personal Protection Equipment (“PPE”) such as mask, gloves and sanitisers. Strict procedures and protocols to curb the spread of the virus were also implemented in the various operational sites.

Training Programmes held in 2019

Training Programme	Date
Preparation and Presentation of Consolidated Financial Statements	17 December 2019
	16 December 2019
Seminar & Exhibition On Construction Management Moving Forward	16 October 2019
	15 October 2019
MHROADS(Malaysian Highway Road Accident Database & Analysis System)	14 October 2019
Awareness Programme On MS ISO 39001:2013 Road Traffic Safety Management System (RTSMS)	30 September 2019
CCTV Wall Panel Monitoring Training	19 September 2019
Bengkel Penyediaan Garis Panduan Keselamatan Sistem Rangkaian Maklumat Lebuhraya	30 April 2019
	29 April 2019

We have made basic safety training mandatory for all employees and subcontractors relevant to their job functions.

Other Health, Safety and Environment (“HSE”) programmes such as internal trainings and on-the-job trainings that are conducted at site are as follows:

Training Description	Frequency/ Date Held
Toolbox Talk	Daily
Induction for new workers	Once for every new worker
HSE Management Walkabout	Monthly
Training portable fire extinguisher	Yearly/18 February 2019

Our consistent and active initiatives on safety and health management has successfully led to no accidents/incidents cases reported in the financial year and that there were no lost workdays or lost time injury.

Training and Education

We are committed to the development of our employees. Training and development are fundamental to the continuous improvement of operational performance. Our aim is to help all employees to reach their potential by delivering a variety of training programmes.

Operational	Support
Taklimat Pencegahan Kebakaran	How Blockchain Technology is Transforming the Capital Market
Bengkel Penyediaan Garis Panduan Keselamatan Sistem Rangkaian Maklumat Lebuhraya	Comprehensive Analysis of MFRS 16 Leases
Operation & Maintenance Training PCS Reporting	Recent Developments in Listing Requirements & Chapter 10 Case Studies
Taklimat Penggunaan Bridge Maintenance Management System (BMMS)	Seminar & Exhibition on Construction Management Moving Forward

A total of 1,162 hours comprising various training programmes were conducted for our employees to achieve its objective of 60% of employee having 8 hours training per year.

Training	2019
Employee participation in training	217
Average hours per year per employee	5.35

WCE Group offers subsidies for approved self-development courses as well as study and examination leave to encourage employee learning and development.

Our Performance Management System

We adopt the Balanced Scorecard performance management tool focused on managing the implementation of business strategies and operational activities. This approach focuses on four elements being Financial, Customer, Internal and Learning & Growth.



Visit to Traffic Management Centre (TMC) at the new WCE Regional Office during the opening ceremony of WCE Section 5

The Internal and Customer perspective of the Balanced Scorecard is covered under the Performance Factor and Core Values, where assessment on spoken communication, job knowledge, integrity, efficiency, management of contractors are assessed. The Learning & Growth perspective is covered under the Leader Competencies whereby the assessment pertaining to self-growth and strategic thinking are assessed.

Corporate Social Responsibility

To-date, with the opening of Sections 8, 9 and 10 in Perak and Section 5 in Selangor, the Group has created more than 150 job opportunities for local candidates in both states. The open interview sessions conducted in Teluk Intan, Beruas and Manjung received overwhelming response whereby more than 5,000 applicants had turned up. As part of the Group’s corporate social responsibility initiative, WCE will continue to create job opportunities within the local communities in which we have a business presence.

The Group continues to promote and support the enhancement of sports in the country, particularly Rugby. During the year, the Group has made monetary contribution to both the Malaysia Rugby Union (“Kesatuan Ragbi Malaysia”) and Combined Old Boys Rugby Association (COBRA).

During the year, the Group also made a donation of 19,500 pieces of mask and 70 litres of hand sanitiser to various body corporates, police and health front liners in line with the Government’s initiative to address the COVID-19 pandemic.



Opening ceremony of Section 5 and Regional Office on 10 December 2020



Donation of face masks and hand sanitiser during MCO

ADDITIONAL COMPLIANCE INFORMATION

as at 31 March 2020

1.0 MATERIAL CONTRACTS

There were no material contracts entered by the Company and its subsidiaries involving its Directors', Chief Executive Officer's and Major Shareholders' interests, either still subsisting at the end of the financial year or entered into since the end of the previous financial year end.

2.0 MATERIAL CONTRACTS RELATING TO LOANS

There were no material contracts relating to loans entered by the Company and its subsidiaries involving its Directors', Chief Executive Officer's and Major Shareholders' interests, either still subsisting at the end of the financial year or entered into since the end of the previous financial year end.

3.0 STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

In November 2019, the Company undertook a rights issue of 2,005,471,176 of new Redeemable Convertible Preference Shares ("RCPS") at an issue price of RM0.24 per RCPS, together with 501,367,794 free detachable warrants ("warrants"), on the basis of two (2) RCPS for every one (1) existing ordinary share held and one (1) warrant for every four (4) RCPS subscribed. The Company successfully raised a total of RM481.31 million from the rights issue.

The status of utilisation of proceeds as at 31 March 2020 is set out below:

	Proposed utilisation RM'mil	Utilisation as at 31 Mar 2020 RM'mil	Balance as at 31 Mar 2020 RM'mil
- Injection as equity, convertible and/or subordinated advances into WCESB	320.00	(278.4)	41.6
- Repayment of the Bridging Loan			
- Principal amount	150.0	(150.0)	-
- Partial settlement of interest incurred	4.0	(4.0)	-
- General working capital	3.3	(3.3)	-
- Defray Rights Issue expenses	4.0	(4.0)	-
	481.3	(439.7)	41.6

4.0 RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Details of recurrent related party transactions made during the financial year ended 31 March 2020 pursuant to the shareholders' mandate obtained by the Company at the Annual General Meeting held on 29 August 2019 are as follows:

Nature of Transactions Undertaken by the Company and/or its subsidiaries	Transacting Company	Transacted Value (RM'000)	Interested Related Party
Transactions by IJM Corporation Berhad ("IJM") Group			
Project billings for construction work	IJMC-KEB Joint Venture (Note 1)	595,076	IJM (Note 2)
Interest	IJM Construction Sdn Bhd (wholly owned subsidiary of IJM Group)	77	IJM (Note 2)
Interest	IJMC-KEB Joint Venture (Note 1)	2,737	IJM (Note 2)

NOTES:

- IJMC-KEB Joint Venture is an unincorporated joint venture with the participating interest of the Company and IJM Construction Sdn Bhd of 30% and 70% respectively.
- IJM Corporation Berhad is a Major Shareholder of the Company by virtue of its 26.01% direct interest in the Company.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



WCE Section 9 in Ayer Tawar, on the left is WCE regional office in Perak

Set out below is the Board of Directors' ("the Board") Statement on Risk Management and Internal Control for WCE Holdings Berhad and its subsidiaries ("the Group"), made in compliance with Paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad which outlines the key elements of risk management and internal control system within the Group for the financial year ended 31 March 2020.

BOARD'S RESPONSIBILITIES

The Board recognises the importance of a sound system of risk management and internal control in order to achieve good corporate governance. The Board acknowledges that the Board is ultimately responsible for the Group's system of risk management and internal control, which includes the establishment of an appropriate risk management framework, as well as reviewing its adequacy, integrity and effectiveness. The system covers risk management and internal controls relating to financial, operational, achievement of strategic goals and compliance with applicable laws and regulations.

Generally, the Group's system of risk management and internal control is designed to manage the risks to which the Group is exposed to while pursuing its business objectives. The Group's system of risk management and internal control is designed to mitigate rather than eliminate the risks. Therefore, the system of risk management and internal control can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

RISK MANAGEMENT FRAMEWORK

A sound framework of risk management and internal control is fundamental to good corporate governance. The Risk Management System ("RMS") is used to manage key business risks and to provide assurance to the Board and stakeholders that the risks faced by the Group are adequately and effectively managed and the shareholders' investment and the Group's assets are safeguarded. The effectiveness of the Group's RMS is reviewed and improved, both at the management and the Board levels, as and when necessary.

The Risk Management Committee ("RMC") is chaired by the Chief Executive Officer and its members comprise senior management of the Group. The RMC ensures the Group has in place an ongoing process for the year under review and up to the date of approval of this statement for identifying, evaluating, assessing, monitoring and managing key business risks that may affect the achievement of the Group's business objectives and also ensure that the Group's corporate objectives are achieved within acceptable risk appetite. The review covers responses to significant risks identified including non-compliance with applicable laws, rules, regulations and guidelines and provides assurance to the Board that processes put in place continue to operate adequately and effectively. As the business risk profile changes, new areas are introduced in the risk management process.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Key business risks are documented in the risk profile that addresses risks to the achievement of strategic, financial and operational objectives. The risk profile lists all identified risks and thereafter assesses the likelihood of occurring and its quantitative and qualitative impact to the Group. It also lists controls and measures used to monitor and mitigate those risks.

Risks that are likely or almost certain to occur and have major or catastrophic impact ("Principal Risks") are specially assessed to ascertain measures taken to monitor and mitigate the risks are adequate and effective and are reported to the Audit Committee.

The main identified Principal Risks during the financial year are as follows:

(a) Financial Viability of the Project

The Government's decision to impose an 18% discount on toll rates for the North South Expressway (NSE) may adversely affect the traffic volume and potentially, the viability of the WCE Project.

To mitigate this risk, the Company has established good working relationship with all stakeholders in the industry i.e., Government agencies, local authorities and other concession companies; and is currently in active discussion to address this toll rate disparity and to work out a more sustainable solution to such policy change.

Moving forward, the Company will continue to engage with all stakeholders to address the impact of such policy changes

(b) Non-performing Contractors / Consultants

To date, the following sections have yet to be completed:

Section 1	(Banting – South Klang Valley Expressway (SKVE))
Section 2	(SKVE – Shah Alam Expressway (KESAS))
Section 3	(KESAS – Federal Highway Route 2)
Section 4	(Federal Highway Route 2 – New North Klang Straits Bypass)
Section 6	(Kapar – Assam Jawa)
Section 7	(Assam Jawa – Tanjung Karang), and
Section 11	(Beruas – Taiping South)

Poor performance and execution by the contractors and consultants involved in the construction contracts may result in project delays, cost overruns and quality issues. The following controls

are in place to ensure that the best contractors are selected and their performance duly monitored:

- Detailed tender policies and procedures for evaluating and awarding contracts,
- Half yearly performance evaluation of contractors and consultants, and
- Regular meetings, briefings and discussions between the WCE Project team and the contractors / consultants involved.

INTERNAL AUDIT'S RESPONSIBILITIES

The Group's internal audit service is outsourced to a professional firm that performs reviews of business processes to assess the effectiveness of internal controls and reports to the Audit Committee. The internal audit provides an assessment as to whether risk, which may hinder the Group from achieving its objectives, are being adequately evaluated, managed and controlled or mitigated. It also evaluates the system of internal control and effectiveness of governance in accordance with the approved annual internal audit plan.

OTHER KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL

- 1 Operational organisation structure with defined lines of responsibilities and delegation of authority which facilitates a process of reporting and provides for a documented and auditable trail of accountability.
- 2 Management reports, which are presented by the respective division heads to the Management Committee, provides financial information, including information of significant changes in accounting standards and reporting;
- 3 Executive Committee meetings convened to discuss the Group's operations and performance. The meetings enable the monitoring of results against budget, with significant variance explained and appropriate action taken;
- 4 Defined limits of authority for various transactions, including purchasing and payments;
- 5 Standing Instructions and Standard Operating Procedures are reviewed and updated as and when necessary to ensure effective management of the Group's operations; and
- 6 Review of quarterly financial results by the Audit Committee and the Board.



ASSOCIATES

The Statement on Risk Management and Internal Control does not deal with the associates as the Group does not have management control over their operations.

JOINT VENTURE

The Statement on Risk Management and Internal Control does not cover the joint venture as the joint venture is jointly controlled by the Group and another joint venture partner. In respect of the joint venture entered by the Group, the Management of the joint venture, which consists of representation from the Group and the other joint-venture partner, are responsible to oversee the administration, operation and performance of the joint venture. Financial and operational reports of this joint venture are provided monthly to the Management of the Group.

BOARD'S COMMITMENT

The Board recognises that the Group operates in a dynamic business environment in which the risk management and internal control system must be responsive in order to be able to support its business objectives. To this end, the Board remains committed towards maintaining a sound system of Risk Management and Internal Control and believe that a balanced achievement of its business objectives and operational efficiency can be attained.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control performed under a limited assurance engagement. Their limited assurance engagement was performed in accordance

with Audit and Assurance Practice Guide 3 ("AAPG 3") issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Based on the procedures performed, nothing had come to their attention that caused them to believe that the Statement on Risk Management and Internal Control set out above was not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor was it factually inaccurate.

CONCLUSION

The Board is pleased to report that it has received the assurance from the Chief Executive Officer and the Chief Financial Officer that the Group's Risk Management and Internal Control system is operating adequately and effectively in all material aspects.

The Board is of the view that the Risk Management and Internal Control system is adequate and effective and there were no material weakness in the system of internal control during the financial year that would have material adverse effect on the results of the Group for the period under review. The Board will continue to take measures to strengthen the internal control environment to safeguard shareholders' investment and the Group's asset.

This Statement is approved by the Board on 29 June 2020.

AUDIT COMMITTEE REPORT

COMPOSITION

Members of the Committee	Designation
Datuk Oh Chong Peng (Chairman)	Senior Independent Non-Executive Director
Datuk Ir. Hamzah bin Hasan	Independent Non-Executive Director
Datuk Wira Hj. Hamza bin Taib	Independent Non-Executive Director
Tan Chor Teck	Independent Non-Executive Director
Tang King Hua	Non-Independent Non-Executive Director

TERMS OF REFERENCE

The following are the terms of reference of the Audit Committee and is available on the Company's website, www.wcehb.com.my.

Constitution

The Audit Committee was established by the Board on 17 July 2003.

Membership

The Committee shall be appointed by the Board of Directors from amongst their numbers and shall consist of not less than 3 members, of whom a majority shall be Independent Directors. An Independent Director shall be one who fulfils the requirement as provided for in the Listing Requirements of Bursa Malaysia Securities Berhad.

At least one member of the Audit Committee must be a member of the Malaysian Institute of Accountants, or if he is not a member of the Malaysian Institute of Accountants, he must have:

- at least 3 years' working experience and passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967, or
- at least 3 years' working experience and is a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967, or
- a degree / masters / doctorate in Accounting or Finance and at least 3 years' post qualification experience in Accounting or Finance, or
- at least 7 years' experience being a Chief Financial Officer of a corporation, or having the function of being primarily responsible for the management of the financial affairs of a corporation.

The members of the Audit Committee shall elect a Chairman from amongst their number, who shall be an Independent Director. If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below 3, the Board of Directors shall, within 3 months of that event, appoint such number of new members as may be required to make up the minimum number of 3 members.

No alternate director can be appointed as a member of the Audit Committee.

Former key audit partner is required to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Authority

The Audit Committee is granted the authority to investigate any activity of the Company and its subsidiaries within its terms of reference. In particular, the Audit Committee has the authority to:

- have resources, which are required to perform its duties,
- have full and unrestricted access to any information, including any information it requires from any employee, and all employees are directed to co-operate with any request made by the Audit Committee,
- be able to obtain independent professional or other advice, and
- have direct communication channels with the external and internal auditors.

Meetings and Reporting Procedures

The Audit Committee will meet at least four times a year. A quorum for a meeting shall be two members, both being Independent Directors. At least twice a year, the Audit Committee shall meet with the External Auditors without any Executive Directors/Chief Executive Officer being present. The External Auditors may request for a meeting, if they consider necessary.

The Directors and employees will attend any particular Audit Committee Meeting only at the Audit Committee's invitation, specific to the relevant meeting.

The Company Secretary shall be the secretary of the Audit Committee. Minutes of the meeting shall be duly entered in the books provided therefrom. The minutes will be circulated to all members of the Board of Directors and shall be presented at the Board of Directors' meeting.

Duties and Functions

The duties and functions of the Audit Committee shall be:

- (i) To consider appointment of external auditors, audit fee, and any questions of resignation or dismissal of external auditors before making recommendation to the Board of Directors;
- (ii) To discuss with external auditors before the audit commences, audit plan, nature and scope of the audit and to ensure coordination where more than one audit firms are involved;
- (iii) To review the quarterly results and year-end financial statements prior to the approval by the Board of Directors, focusing particularly on:
 - any changes in accounting policies and practices,
 - significant and unusual events,
 - the going concern assumption, and
 - compliance with accounting standards, stock exchange and legal requirements.
- (iv) To review any related party transaction and conflict of interest situation that may arise in the Company including any transaction, procedure or course of conduct that raises questions of management integrity;
- (v) To discuss problems and reservations arising from the interim and final audits, and matters the auditors may wish to discuss (in the absence of management where necessary);
- (vi) In relation to Internal Audit function/service:
 - to review the adequacy of the scope, functions, competency and resources of the internal audit function/service that it has the necessary authority to carry out its work;
 - to review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function/service;
 - to review any appraisal or assessment of the performance of members of the internal audit function/service;
 - to approve any appointment or termination of senior staff members of the internal audit function/service; and
- to take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reason for resigning.
- (vii) To keep under review the effectiveness of Internal Control system and in particular review External Auditors' management letter and management's response;
- (viii) To review the audit reports;
- (ix) To review the reports of the Risk Management Committee;
- (x) To make periodic report to the Board of Directors summarizing the work performed in fulfilling the Audit Committee's primary responsibilities; and
- (xi) To consider other topics, as defined by the Board of Directors.

ATTENDANCE AT AUDIT COMMITTEE MEETINGS

During the financial year ended 31 March 2020, there were five (5) Audit Committee Meetings held and the number of meetings attended by each Audit Committee member are as follows:

Audit Committee Members	Number of Meetings Attended
Datuk Oh Chong Peng (Chairman)	5 out of 5
Tang King Hua	5 out of 5
Datuk Ir. Hamzah bin Hasan	5 out of 5
Datuk Wira Hj. Hamza bin Taib	5 out of 5
Tan Chor Teck	5 out of 5

REVIEW OF THE AUDIT COMMITTEE

An annual assessment and evaluation on the performance and effectiveness of the Audit Committee was undertaken by the Board of Directors for the financial year ended 31 March 2020. The Audit Committee was assessed based on four (4) key areas, namely effectiveness and quality, internal and external audit, risk management and internal control and financial reporting, to determine whether the Audit Committee had carried out its duties in accordance with its terms of reference.

AUDIT COMMITTEE REPORT

SUMMARY OF AUDIT COMMITTEE ACTIVITIES

During the financial year ended 31 March 2020, the Audit Committee carried out its duties, amongst others, in accordance with its terms of reference, as follows:

- (i) Reviewed the quarterly financial results prior to recommending them for consideration and approval by the Board of Directors;
- (ii) Reviewed and discussed with the External Auditors the audit planning memorandum before commencement of the year end audit;
- (iii) Reviewed and discussed with External Auditors' findings during the course of their audit and Management's response;
- (iv) Reviewed the Annual Audited Financial Statements and recommend for approval by the Board of Directors;
- (v) Reviewed and deliberated the Recurrent Related Party Transactions;
- (vi) Reviewed and approved the appointment of outsourced professional firm engaged to assist the Risk Management Committee to perform Enterprise Risk Managements review and Internal Audit Services;
- (vii) Reviewed and deliberated the Internal Audit reports; and
- (viii) Reviewed Risk Management report by the Risk Management Committee.

Financial Reporting

In overseeing the Company's financial reporting, the AC reviewed the quarterly financial statements and the annual audited financial statements. The quarterly financial statements for the first, second, third and fourth quarters ended 31 March 2020 were prepared in compliance with the Malaysian Financial Reporting Standards (MFRSs) 134 Interim Financial Reporting, International Accounting Standards 34 Interim Financial Reporting and paragraph 9.22, including Appendix 9B of the Main Market Listing Requirement (MMLR), were reviewed at the AC meetings on 19 August 2019, 18 November 2019, 26 February 2020 and 26 June 2020 respectively.

On 26 June 2020, the AC also reviewed the annual audited financial statements for financial year ended 31 March 2020.

In all of the deliberations, the Chief Financial Officer had given the following assurances to the AC:

- (a) Appropriate accounting policies had been adopted and applied consistently;
- (b) The going concern basis applied in the Interim Financial Statements and Annual Financial Statements was appropriate;
- (c) Prudent judgement and reasonable estimates had been made in accordance with the requirement set out in the MFRSs;
- (d) Adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the MFRSs and MMLR; and
- (e) The Interim Financial Statements and Annual Financial Statements did not contain material misstatements and gave a true and fair view of the financial position of the Company and of the Group.

External Audit (EA)

On 26 February 2020, the AC reviewed the EAs' Audit Planning Memorandum (APM) for the audit for the financial year ending 31 March 2020 outlining the scope of their audit work including other related services such as Review of Statement on Risk Management and Internal Controls and the Reading and Considering the Other Information. The APM also provided an explicit assurance to the AC that the EA have complied with the requirements for independence in accordance with the terms of all relevant professional and regulatory requirements. In addition to the above, the APM also contain information on the Malaysian Accounting Standards Board's Approved Accounting Standards that have been issued but yet to be effective.

On 26 June 2020, the AC reviewed the Audited Financial Statement (AFS) for the financial year ended 31 March 2020. The AC discussed the EAs' Audit Review Memorandum (ARM) for the financial year ended 31 March 2020 that detailed the status, findings and outstanding matters of the annual audit. The ARM also provided an explicit assurance to the AC that the EA have complied with the requirements for independence in accordance with the terms of all relevant professional and regulatory requirements.

The EA briefed the AC of the salient points of the AFS and the key audit matters (KAM) stated in the Independent Auditors' Report to the Members of the Company. The AC deliberated on the KAMs and are satisfied the audit procedures carried out by the EA is sufficient. In

In addition, the AC opines that significant judgments and estimates provided by senior management to the Board of Directors and the EA were sound and reasonable. Therefore, the AC recommended the AFS to the Board for approval.

For the financial year ended 31 March 2020, due to the Movement Control Order (MCO) to stem the rise of the infectious coronavirus pandemic, private meeting by the AC with the EA without the presence of chief executive officer, senior management and company secretaries will be held at a later date.

INTERNAL AUDIT SERVICE

The Audit Committee is supported by the Internal Audit service provided by an independent professional service provider. The Committee is aware of the fact that the Internal Audit Service is essential to assist in obtaining assurance regarding the effectiveness of the system of Internal Control in the Group.

The primary objective of the Internal Audit service is to review the effectiveness of the system of internal control and this is performed with impartiality, proficiency and with due professional care. The Internal Audit Service enables the Audit Committee to discharge its duties by undertaking independent regular and systematic reviews of the system of internal control, so as to provide reasonable assurance that such system continue to operate satisfactorily and effectively.

The internal audit approach was risk based and in compliance with the IIA Standard. During the financial year, the internal audit service carried out one internal audit assessment on the Company's 80%-owned subsidiary, West Coast Expressway Sdn Bhd.

The Internal Audit Service Provider had an approved plan to conduct two internal audit reviews for this financial year. However, due to the MCO, the second internal audit review was delayed and will be completed in the following financial year.

The internal audit service assessed key internal controls for processes and key associated risks in the following areas:

- (a) Project Management – Health and safety practices at construction site.
- (b) Safety and Maintenance – Patrolling activities by security officers.

Improvement recommendations were as follow:

Project management

- To establish adequate workers' rest area.

Safety and maintenance

- Ensure Daily Patrol Sheet are verified by authorised personnel on timely basis.

The internal audit reports were deliberated at the AC and remedial actions have been taken by management on the identified risks.

Total cost incurred in respect of internal audit services during the financial year ended 31 March 2020 was RM27,000.

WCE Regional Office in Bandar Bukit Raja, Klang



STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE PREPARATION OF FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 ("the Act") to prepare financial statements for each financial year in accordance with the provisions of the Act and applicable approved accounting standards to give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of their results and cash flows for the financial year then ended. Where there are new accounting standards or policies that become effective during the year, the impact of these new treatments would be stated in the notes to the financial statements accordingly.

In preparing the financial statements for the financial year ended 31 March 2020, the Directors have:

- (1) adopted appropriate accounting policies which were consistently applied;
- (2) made judgments and estimates that are reasonable and prudent;
- (3) ensured that all applicable approved accounting standards have been followed; and
- (4) prepared financial statements on going concern basis.

The Directors are responsible for ensuring that the Company keeps accounting records, which discloses with reasonable accuracy the financial position of the Group and the Company and comply with the provisions of the Act. The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and Company and to prevent and detect material fraud and other irregularities.

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

44	Directors' Report
49	Statements of Financial Position
50	Statements of Comprehensive Income
51	Statements of Changes in Equity
53	Statements of Cash Flows
57	Notes to The Financial Statements
141	Statement by Directors
142	Statutory Declaration
143	Independent Auditors' Report



DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries and associates are disclosed in Note 8 and Note 9 to the financial statements.

There have been no significant changes in the nature of this activity during the financial year.

RESULTS

	Group RM'000	Company RM'000
Loss for the financial year, net of tax	(52,232)	(11,678)
Attributable to:		
Owners of the Company	(34,922)	(11,678)
Non-controlling interests	(17,310)	-
	(52,232)	(11,678)

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 March 2020.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, 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 doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, 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 values as shown in the accounting records of the Group and of the Company had 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 of the Group and of the Company 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 method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
- (ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or 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 will or may affect the ability of the Group or of the Company to meet their obligations as and 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 MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its:

- (i) Redeemable Convertible Preference Shares ("RCPS") to RM481,313,082 by way of right issue of 2,005,471,176 of new RCPS at an issue price of RM0.24 per RCPS, together with 501,367,794 free detachable warrants ("warrants"), on the basis of two (2) RCPS for every one (1) existing ordinary share held and one (1) warrant for every four (4) RCPS subscribed; and
- (ii) Share capital from RM1,045,081,138 to RM1,113,582,629 by way of shareholders' conversion of 293,990,932 RCPS together with cash payment of RM0.04 each RCPS into 296,990,932 new shares.

During the financial year, no debentures were issued by the Company.

DIRECTORS' REPORT

(continued)

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Datuk Ir. Hamzah bin Hasan*
 Datuk Oh Chong Peng
 Lee Chun Fai
 Tang King Hua*
 Datuk Wira Hj. Hamza bin Taib
 Vuitton Pang Hee Cheah
 Tan Chor Teck

* *Directors of the Company and certain subsidiaries*

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Dato' Neoh Soon Hiong
 Dato' David Frederick Wilson
 Lyndon Alfred Felix

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			At 31 March 2020
	At 1 April 2019	Bought	Sold	
<i>Direct interests:</i>				
Tang King Hua	350,000	–	–	350,000
Tan Chor Teck	72,000	–	–	72,000
<i>Indirect interests:</i>				
Tan Chor Teck	240,000	–	–	240,000 [#]
<hr/>				
	Number of redeemable convertible preference shares			At 31 March 2020
	At 1 April 2019	Bought	Sold	
<i>Direct interests:</i>				
Tang King Hua	–	700,000	–	700,000
Tan Chor Teck	–	144,000	–	144,000
<i>Indirect interests:</i>				
Tan Chor Teck	–	480,000	–	480,000 [#]

	At 1 April 2019	Number of warrants		At 31 March 2020
		Bought	Sold	
<i>Direct interests:</i>				
Tang King Hua	-	175,000	-	175,000
Tan Chor Teck	-	36,000	-	36,000
<i>Indirect interests:</i>				
Tan Chor Teck	-	120,000	-	120,000[#]

[#] Deemed interested in the shares held by Simansu Sdn. Bhd. by virtue of Section 8(4) of the Companies Act 2016 in Malaysia.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares or debentures of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 23 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the 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.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and officers of the Group were RM30,000,000 and RM32,000 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

The available auditors' report on the accounts of the subsidiaries did not contain any qualification.

SIGNIFICANT EVENT DURING AND SUBSEQUENT TO THE FINANCIAL YEAR

Details of significant event during and subsequent to the financial year are disclosed in Note 32 to the financial statements.

AUDITORS' REMUNERATION

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

DIRECTORS' REPORT

(continued)

INDEMNITY TO AUDITORS

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

AUDITORS

The auditors, Messrs. Baker Tilly Monteiro Heng PLT have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

DATUK IR. HAMZAH BIN HASAN

Director

DATUK OH CHONG PENG

Director

Kuala Lumpur

Date: 29 June 2020

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	3,260	2,387	311	433
Goodwill on consolidation	6	5,369	5,369	-	-
Infrastructure development expenditure	7	4,547,715	3,562,511	-	-
Investment in subsidiaries	8	-	-	160,746	160,746
Investment in associates	9	201,210	170,850	-	-
Other investment	10	-	-	792,000	548,540
Trade and other receivables	11	-	-	79,669	33,433
Deferred tax asset	12	20,310	-	-	-
Total non-current assets		4,777,864	3,741,117	1,032,726	743,152
Current assets					
Trade and other receivables	11	33,319	105,217	137,524	177,224
Current tax assets		604	1,082	460	940
Other investments	10	53,218	23,271	43,501	23,015
Cash and short-term deposits	13	748,698	921,134	54,744	3,907
Total current assets		835,839	1,050,704	236,229	205,086
TOTAL ASSETS		5,613,703	4,791,821	1,268,955	948,238
EQUITY AND LIABILITIES					
Equity attributable to the owners of the Company					
Share capital	14	1,443,908	1,045,081	1,443,908	1,045,081
Warrant reserve	15	90,246	-	90,246	-
Accumulated losses		(379,746)	(344,824)	(470,991)	(459,313)
		1,154,408	700,257	1,063,163	585,768
Non-controlling interests		24,636	41,946	-	-
TOTAL EQUITY		1,179,044	742,203	1,063,163	585,768
Non-current liabilities					
Loans and borrowings	16	3,128,508	2,720,207	16	-
Deferred income	17	748,635	652,382	-	-
Deferred tax liabilities	12	24,296	7,594	18,260	6,064
Other payables	18	214,193	131,000	-	-
Total non-current liabilities		4,115,632	3,511,183	18,276	6,064
Current liabilities					
Loans and borrowings	16	32	150,000	32	150,000
Current tax liabilities		33	33	-	-
Trade and other payables	18	318,962	388,402	141,897	131,502
Contract liabilities	19	-	-	45,587	74,904
Total current liabilities		319,027	538,435	187,516	356,406
TOTAL LIABILITIES		4,434,659	4,049,618	205,792	362,470
TOTAL EQUITY AND LIABILITIES		5,613,703	4,791,821	1,268,955	948,238

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	20	814,745	759,644	162,152	194,166
Cost of sales	21	(801,419)	(755,232)	(155,985)	(202,021)
Gross profit/(loss)		13,326	4,412	6,167	(7,855)
Other income		2,682	20,749	49,525	46,708
Administrative expenses		(5,628)	(6,044)	(4,222)	(5,737)
Other expenses		(2,700)	(31,431)	(40,528)	(468)
Operating profit/(loss)		7,680	(12,314)	10,942	32,648
Finance costs	22	(93,867)	(8,579)	(10,424)	(8,737)
Share of results of associates, net of tax		30,360	43,889	-	-
(Loss)/Profit before tax	23	(55,827)	22,996	518	23,911
Income tax credit/(expense)	24	3,595	(1,261)	(12,196)	(4,385)
(Loss)/Profit for the financial year		(52,232)	21,735	(11,678)	19,526
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive (loss)/income for the financial year		(52,232)	21,735	(11,678)	19,526
(Loss)/Profit attributable to:					
Owners of the Company		(34,922)	20,467	(11,678)	19,526
Non-controlling interests		(17,310)	1,268	-	-
		(52,232)	21,735	(11,678)	19,526
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(34,922)	20,467	(11,678)	19,526
Non-controlling interests		(17,310)	1,268	-	-
		(52,232)	21,735	(11,678)	19,526
(Loss)/earnings per ordinary share (sen)					
Basic (loss)/earnings per ordinary share	25	(3.25)	2.04		
Diluted (loss)/earnings per ordinary share	25	(3.25)	2.04		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

Group	Note	Share capital RM'000	Redeemable convertible preference shares ("RCPS") RM'000	Warrant reserve RM'000	Accumulated losses RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 April 2018		1,045,081	-	-	(365,291)	679,790	40,678	720,468
Total comprehensive income for the financial year								
Profit for the financial year		-	-	-	20,467	20,467	1,268	21,735
Total comprehensive income		-	-	-	20,467	20,467	1,268	21,735
At 31 March 2019		1,045,081	-	-	(344,824)	700,257	41,946	742,203
Total comprehensive loss for the financial year								
Loss for the financial year		-	-	-	(34,922)	(34,922)	(17,310)	(52,232)
Total comprehensive loss		-	-	-	(34,922)	(34,922)	(17,310)	(52,232)
Transaction with owners								
Rights issue of RCPS with warrants	14	-	391,067	90,246	-	481,313	-	481,313
Transaction costs of RCPS issuance	14	-	(4,000)	-	-	(4,000)	-	(4,000)
Conversion of RCPS	14	68,502	(56,742)	-	-	11,760	-	11,760
		68,502	330,325	90,246	-	489,073	-	489,073
At 31 March 2020		1,113,583	330,325	90,246	(379,746)	1,154,408	24,636	1,179,044

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

Company	Note	Share capital RM'000	Redeemable convertible preference shares ("RCPS") RM'000	Warrant reserve RM'000	Accumulated losses RM'000	Total equity RM'000
At 1 April 2019		1,045,081	-	-	(478,839)	566,242
Total comprehensive income for the financial year						
Profit for the financial year		-	-	-	19,526	19,526
Total comprehensive income		-	-	-	19,526	19,526
At 31 March 2019		1,045,081	-	-	(459,313)	585,768
Total comprehensive loss for the financial year						
Loss for the financial year		-	-	-	(11,678)	(11,678)
Total comprehensive loss		-	-	-	(11,678)	(11,678)
Transaction with owners						
Rights issue of RCPS with warrants	14	-	391,067	90,246	-	481,313
Transaction costs of RCPS issuance	14	-	(4,000)	-	-	(4,000)
Conversion of RCPS	14	68,502	(56,742)	-	-	11,760
		68,502	330,325	90,246	-	489,073
At 31 March 2020		1,113,583	330,325	90,246	(470,991)	1,063,163

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash flows from operating activities					
(Loss)/Profit before tax		(55,827)	22,996	518	23,911
Adjustments for:					
Amortisation of deferred income		(75)	-	-	-
Amortisation of infrastructure development expenditure		441	-	-	-
Bad debt written off		-	77	-	71
Compensation of loss payable to a former associate		-	31,240	-	-
Depreciation of property, plant and equipment		315	114	117	92
Distribution income from other investments		(990)	(439)	(900)	(426)
Fair value loss/(gain) on other investments		2,368	(959)	2,340	(954)
Gain on disposal of property, plant and equipment		(176)	-	-	-
Impairment loss on receivables					
- trade and other receivables		36	2	36	-
- subsidiaries		-	-	38,054	305
Impairment loss on receivables no longer required		-	(16,334)	-	(14,606)
Interest income:					
- deposits with licensed banks		(1,217)	(1,848)	(1,245)	(1,839)
- murabahah loan stocks		-	-	(46,236)	(27,686)
- others		-	(1,198)	(1,135)	(1,198)
Interest expenses		93,867	8,579	10,424	8,737
Profit arising from IC Interpretation 12					
service concession arrangements		(8,727)	(7,882)	-	-
Property, plant and equipment written off		74	-	73	-
Share of results of associates		(30,360)	(43,889)	-	-
Operating (loss)/profit before changes in working capital		(271)	(9,541)	2,046	(13,593)
Changes in working capital:					
Trade and other receivables		64,660	(13,645)	119,480	(2,133)
Trade and other payables		(64,648)	(56,987)	5,668	(5,417)
Contract liabilities		-	-	(29,317)	7,017
Cash flows used/(from) in operations		(259)	(80,173)	97,877	(14,126)
Income tax refund/(paid)		465	(353)	480	(340)
Net cash from/(used in) operating activities		206	(80,526)	98,357	(14,466)
Cash flows from investing activities					
Additions to property, plant and equipment		(1,882)	(587)	(1)	(387)
Additions to infrastructure development					
expenditure	7	(994,320)	(886,998)	-	-
Interest received		1,217	1,848	47,481	29,525
Subscription of murabahah loan stocks					
of a subsidiary		-	-	(243,460)	(453,540)
Net change in amount owing by subsidiaries		-	-	(162,937)	253,514
Net change in amount owing by associates		(38)	(327)	(34)	-
Placement of other investments		(31,325)	(13,411)	(21,926)	(13,600)
Proceeds from disposal of property, plant and equipment		592	128	-	-
(Placement)/Upliftment of fixed deposits		(56,898)	186,387	-	-
Net cash used investing activities		(1,082,654)	(712,960)	(380,877)	(184,488)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash flows from financing activities	(a)				
Drawdown of government support loan		219,000	150,000	-	-
Drawdown/(Repayment) of term loans		74,399	403,207	(150,000)	150,000
Proceed from issuance of redeemable convertible preference share ("RCPS")		481,313	-	481,313	-
Proceed from conversion of RCPS		11,760	-	11,760	-
Transaction costs from right issuance of RCPS		(4,000)	-	(4,000)	-
Issuance of murabahah loan stocks		7,009	24,870	-	-
Interest paid		(9,251)	(8,579)	(10,424)	(8,737)
Advances from/(Repayment to) subsidiaries of a major shareholder		72,903	35,291	-	(10,500)
Net change in amount owing to subsidiaries		-	-	4,727	65,416
Lease liabilities		(19)	-	(19)	-
Net cash from financing activities		853,114	604,789	333,357	196,179
Net (decrease)/increase in cash and cash equivalents		(229,334)	(188,697)	50,837	(2,775)
Cash and cash equivalents at the beginning of the financial year		745,575	934,272	3,907	6,682
Cash and cash equivalents at the end of the financial year	13	516,241	745,575	54,744	3,907

(a) Reconciliation of liabilities arising from financing activities:

	1 April 2019 RM'000	Cash flows RM'000	← Non-cash →		31 March 2020 RM'000
			Fair value adjustments RM'000	Other changes RM'000	
Group					
Bond - Sukuk Murabahah ("Sukuk")	930,055	-	-	3,529	933,584
Government support loan	849,856	219,000	(96,328)	(1,108)	971,420
Term loans	953,445	74,399	-	(2,356)	1,025,488
Murabahah loan stocks	136,851	7,009	-	54,140*	198,000
Lease liabilities	-	(19)	-	67	48
Amount owing to subsidiaries of a major shareholder of the Group	52,142	72,903	-	(54,556)	70,489
	2,922,349	373,292	(96,328)	(284)	3,199,029
	1 April 2018 RM'000	Cash flows RM'000	← Non-cash →		31 March 2019 RM'000
			Fair value adjustments RM'000	Other changes RM'000	
Group					
Bond - Sukuk Murabahah ("Sukuk")	926,667	-	-	3,388	930,055
Government support loan	766,365	150,000	(65,745)	(764)	849,856
Term loans	557,178	403,207	-	(6,940)	953,445
Murabahah loan stocks	42,639	24,870	-	69,342*	136,851
Amount owing to subsidiaries of a major shareholder of the Group	79,486	35,291	-	(62,635)	52,142
	2,372,335	613,368	(65,745)	(2,391)	2,922,349

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

(a) Reconciliation of liabilities arising from financing activities (Continued):

	1 April 2019 RM'000	Cash flows RM'000	Non-cash		31 March 2020 RM'000
			Fair value adjustments RM'000	Other changes RM'000	
Company					
Term loans	150,000	(150,000)	-	-	-
Lease liabilities	-	(19)	-	67	48
Amount owing to subsidiaries	65,416	4,727	-	-	70,143
	215,416	(145,292)	-	67	70,191
	1 April 2018 RM'000	Cash flows RM'000	Non-cash		31 March 2019 RM'000
			Fair value adjustments RM'000	Other changes RM'000	
Company					
Term loans	-	150,000	-	-	150,000
Amount owing to subsidiaries of a major shareholder of the Company	10,500	(10,500)	-	-	-
Amount owing to subsidiaries	-	65,416	-	-	65,416
	10,500	204,916	-	-	215,416

* During the financial year, the Group issued additional Murabahah loan stocks to a corporate shareholder of West Coast Expressway Sdn. Bhd. by conversion of amount owing to the corporate shareholders.

(b) Total cash outflows for leases

During the financial year, the Group and the Company had total cash outflows for leases of RM107,000 and RM47,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

WCE Holdings Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

The principal place of business of the Company is located at Jalan Meru/KU5, Bandar Bukit Raja, Klang, 41050, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries and associates are disclosed in Note 8 and Note 9 to the financial statements.

There have been no significant changes in the nature of this activity during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 June 2020.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRSs”), the International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation (“IC Int”)

The Group and the Company have adopted the following new MFRS, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:

New MFRS

MFRS 16	Leases
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Amendments/Improvements to MFRSs

MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 11	Joint Arrangements
MFRS 112	Income Taxes
MFRS 119	Employee Benefits
MFRS 123	Borrowing Costs
MFRS 128	Investments in Associates and Joint Ventures

New IC Int

IC Int 23	Uncertainty over Income Tax Treatments
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The adoption of the above new MFRS, amendments/improvements to MFRSs and new IC Int did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group’s and the Company’s existing accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

MFRS 16 Leases

Effective 1 January 2019, MFRS 16 has replaced MFRS 117 *Leases* and IC Int 4 *Determining whether an Arrangement contains a Lease*.

Under MFRS 117, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from finance leases. For operating leases, lease payments are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. Instead, all leases are brought onto the statements of financial position except for short-term and low value asset leases.

The Group and the Company have applied MFRS 16 using the modified retrospective approach with any cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings at the date of initial application (i.e. 1 April 2019). As such, the comparative information was not restated and continues to be reported under MFRS 117 and IC Int 4.

Definition of a lease

MFRS 16 changes the definition of a lease mainly to the concept of control. MFRS 16 defines that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group and the Company have elected the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, the definition of a lease under MFRS 16 was applied only to contracts entered or changed on or after 1 April 2019. Existing lease contracts that are still effective on 1 April 2019 will be accounted for as lease contracts under MFRS 16.

Impact of the adoption of MFRS 16

The application of MFRS 16 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements as at the date of initial application. Other than the enhanced new disclosures relating to leases, which the Group and the Company have complied with in the current financial year, the application of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed below.

(i) Classification and measurement

As a lessee, the Group and the Company previously classified leases as operating or finance leases based on their assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Group and to the Company.

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

Impact of the adoption of MFRS 16 (Continued)

(i) Classification and measurement (Continued)

On adoption of MFRS 16, for all their leases other than short-term and low value asset leases, the Group and the Company:

- recognised the right-of-use assets and lease liabilities in the statements of financial position as at the date of initial application;
- recognised depreciation of right-of-use assets and interest on lease liabilities in profit or loss for the current financial year; and
- separated the total amount of cash paid for leases into principal and interest portions (presented within financing activities) in the statements of cash flows for the current financial year.

For leases that were classified as operating lease under MFRS 117

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's and the Company's incremental borrowing rate at the date of initial application.

The right-of-use assets were measured at an amount equal to the lease liability.

The Group and the Company also applied the practical expedient wherein they:

- (a) applied a single discount rate to a portfolio of leases with similar characteristics; and
- (b) use hindsight when determining the lease term if the contract contain options to extend or terminate the lease.

The Group and the Company also applied the practical expedient wherein they applied the exemption not to recognise right-to-use assets and liabilities for leases which the lease term ends within 12 months of the date of initial application.

The Group and the Company recognised the carrying amount of the lease assets and finance lease liabilities under MFRS 117 immediately before transition as the carrying amount of the right-of-use assets and the lease liabilities at the date of initial application. The measurement requirements of MFRS 16 are applied after that date.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

Impact of the adoption of MFRS 16 (Continued)

(ii) Short-term lease and low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets based on the value of the underlying asset when new. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The effect of adoption MFRS 16 as at 1 April 2019 are as follows:

	Adjustments	Group Increase/ (Decrease) RM'000	Company Increase/ (Decrease) RM'000
Assets			
Non-current assets			
Property, plant and equipment	(i)	67	67
Total non-current assets		67	67
Total assets		67	67
Non-current liabilities			
Loans and borrowings	(i)	18	18
Total non-current liabilities		18	18
Current liabilities			
Loans and borrowings	(i)	49	49
Total current liabilities		49	49
Total equity and liabilities		67	67

The weighted average incremental borrowing rate applied to lease liabilities recognised in the statements of financial position on 1 April 2019 is 5%.

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments disclosed applying MFRS 117 as of 31 March 2019, as follows:

	Group RM'000	Company RM'000
Assets		
Operating lease commitments as at 31 March 2019	161	101
Weighted average incremental borrowing rate as at 1 April 2020	5%	5%
	155	95
Less:		
Commitments relating to short-term leases	(88)	(28)
Lease liabilities as at 1 April 2019	67	67

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

Amendments to MFRS 3 Business Combinations and MFRS 11 Joint Arrangements

Amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. Amendments to MFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

Amendments to MFRS 9 Financial Instruments

Amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The amendments also clarify that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that companies shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint to which the equity method is not applied.

IC Int 23 Uncertainty over Income Tax Treatments

IC Int 23 clarifies that where there is uncertainty over income tax treatments, an entity shall:

- (i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.
- (ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRS, amendments/improvements to MFRSs that have been issued, but yet to be effective:

	Effective for financial periods beginning on or after
<u>New MFRS</u>	
MFRS 17 Insurance Contracts	1 January 2021
<u>Amendments/Improvements to MFRSs</u>	
MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards	1 January 2021 [#] / 1 January 2022 [^]
MFRS 3 Business Combinations	1 January 2020/ 1 January 2021 [#] / 1 January 2022
MFRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 January 2021 [#]
MFRS 7 Financial Instruments: Disclosures	1 January 2020/ 1 January 2021 [#]
MFRS 9 Financial Instruments	1 January 2020/ 1 January 2021 [#] / 1 January 2022 [^]
MFRS 10 Consolidated Financial Statements	Deferred
MFRS 15 Revenue from Contracts with Customers	1 January 2021 [#]
MFRS 16 Leases	1 June 2020 [*] / 1 January 2022 [^]
MFRS 101 Presentation of Financial Statements	1 January 2020/ 1 January 2021 [#] / 1 January 2022
MFRS 107 Statements of Cash Flows	1 January 2021 [#]
MFRS 108 Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020
MFRS 116 Property, Plant and Equipment	1 January 2021 [#] / 1 January 2022
MFRS 119 Employee Benefits	1 January 2021 [#]
MFRS 128 Investments in Associates and Joint Ventures	Deferred/ 1 January 2021 [#]
MFRS 132 Financial instruments: Presentation	1 January 2021 [#]
MFRS 136 Impairment of Assets	1 January 2021 [#]
MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2021 [#] / 1 January 2022
MFRS 138 Intangible Assets	1 January 2021 [#]
MFRS 139 Financial Instruments: Recognition and Measurement	1 January 2020
MFRS 140 Investment Property	1 January 2021 [#]
MFRS 141 Agriculture	1 January 2022 [^]

[^] The Annual Improvements to MFRS Standards 2018-2020

^{*} Earlier application is permitted, including in financial statements not authorised for issue at 28 May 2020

[#] Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued)

2.3.1 The Group and the Company plan to adopt the above applicable new MFRS, and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS, and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below.

Annual Improvements to MFRS Standards 2018–2020

Annual Improvements to MFRS Standards 2018–2020 covers amendments to:

- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* – simplifies the application of MFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.
- MFRS 9 *Financial Instruments* – clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- Illustrative Examples accompanying MFRS 16 *Leases* – deletes from Illustrative Example 13 the reimbursement relating to leasehold improvements in order to remove any potential confusion regarding the treatment of lease incentives.
- MFRS 141 *Agriculture* – removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in MFRS 141 with those in other MFRS Standards.

Amendments to MFRS 3 Business Combinations

The amendments clarify the definition of a business with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The distinction is important because an acquirer does not recognise goodwill in an asset acquisition.

The amendments, amongst others, clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments also add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments also update by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version which was issued by MASB in April 2018.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued)

- 2.3.1 The Group and the Company plan to adopt the above applicable new MFRS, and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS, and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below. (Continued)

Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, and MFRS 7 Financial Instruments: Disclosures

The Malaysian Accounting Standards Board has issued Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7).

The *Interest Rate Benchmark Reform* amends some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the interbank offered rates reform. In applying the amendments, companies would continue to apply those hedge accounting requirements assuming that the interest rate benchmark associated with the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

Applying the amendments, entities are not required to apply the MFRS 139 retrospective assessment but continue to apply hedge accounting to a hedging relationship for which effectiveness is outside of the 80%–125% range during the period of uncertainty arising from the reform.

Amendment to MFRS 16 Leases

The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before 30 June 2021.

Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Error

The amendments refine the definition by including 'obscuring information' in the definition of material to respond to concerns that the effect of including immaterial information should not reduce the understandability of a company's financial statements. The prior definition focuses only on information that cannot be omitted (material information) and does not also consider the effect of including immaterial information.

Other refinements to the definition include incorporating some existing wording in MFRS 101 and the Conceptual Framework for Financial Reporting. Consequently, the amendments align the definition of material across MFRS Standards and other publications.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued)

2.3.1 The Group and the Company plan to adopt the above applicable new MFRS, and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS, and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below. (Continued)

Amendments to MFRS 116 Property, Plant and Equipment

The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity shall recognise such sales proceeds and related cost in profit or loss.

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

2.4 IFRS Interpretations Committee (“IFRIC”)’s Agenda Decision on IAS 23 *Borrowing Costs* (“Agenda Decision”)

In March 2019, the IFRIC has concluded that receivable, contract asset and inventory (work-in-progress) for unsold units under construction are not qualifying assets.

The Malaysian Accounting Standards Board (“MASB”) announced that non-private entities in the real estate industry might need to change their accounting policy as a result of the IFRIC Agenda Decision. In ensuring consistent application of the MFRS, which are word-for-word the IFRS Standards, the MASB decided that an entity shall apply the change in accounting policy as a result of the Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020 (“Mandatory Date”).

The Group plans to adopt the change in accounting policy on borrowing costs once the impact is quantified. The Group is still assessing the impact of the application.

2.5 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate (“the functional currency”). The consolidated financial statements are presented in Ringgit Malaysia (“RM”), which is also the Company’s functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

2.6 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3 to the financial statements.

2.7 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group’s and the Company’s accounting policies. Although these estimates and judgement are based on the directors’ best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group’s and the Company’s financial statements are disclosed in Note 4 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries, associates and joint ventures used in the preparation of the consolidated financial statements are prepared for the same reporting period as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(i) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.6 to the financial statements.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(i) Subsidiaries and business combination (Continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(ii) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(iii) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(iii) Associates (Continued)

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of an available-for-sale financial asset or a held for trading financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decrease but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

(iv) Joint arrangements

Joint arrangements arise when the Group and another party or parties are bound by a contractual arrangement, and the contractual arrangement gives the Group and the other party or parties, joint control of the arrangement. Joint control exists when there is contractually agreed sharing of control of an arrangement whereby decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as a "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to the arrangement. The Group accounts for its share of the assets (including its share of any assets held jointly), the liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).
- A joint arrangement is classified as "joint venture" when the Group has rights to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method in accordance with MFRS 128 *Investments in Associates and Joint Ventures*.

The Group has assessed the nature of its joint arrangement and determined them to be a joint venture and accounted for its interest in the joint venture using the equity method.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the functional currency which is the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

(i) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(a) Financial assets

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

The Group and the Company reclassify financial assets when and only when its business model for managing those assets changes.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

(i) Subsequent measurement (Continued)

The Group and the Company categorise the financial instruments as follows: (Continued)

(a) Financial assets (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

- **Amortised cost**

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9 to the financial statements. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **Fair value through other comprehensive income (FVOCI)**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9 to the financial statements. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

- **Fair value through profit or loss (FVPL)**

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

(i) Subsequent measurement (Continued)

The Group and the Company categorise the financial instruments as follows: (Continued)

(a) Financial assets (Continued)

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

(b) Financial liabilities

The Group and the Company classify their financial liabilities in the following measurement categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

(ii) 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 specified 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 a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to purchase or sell an asset).

Trade date accounting refers to:

- (i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(iv) Derecognition

A financial asset or a part of it is derecognised when, and only when:

- (i) the contractual rights to receive the cash flows from the financial asset expire, or
- (ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risk and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

(iv) Derecognition (Continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

(v) Offsetting of financial statements

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

3.4 Property, plant and equipment and depreciation

(i) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9 to the financial statements.

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.15 to the financial statements.

Purchase software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property, plant and equipment and depreciation (Continued)

(ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(iii) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives at the following rates:

Leasehold land	Remaining 78 - 94 years
Buildings	2%
Renovation	10 - 20%
Plant and machinery	10 - 20%
Furniture, fixtures and fittings	10 - 20%
Office equipment	10 - 50%
Motor vehicles	20%

The residual value, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

(iv) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

3.5 Leases

(a) Definition of lease

Accounting policies applied from 1 April 2019

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset;
- the Group and the Company have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Leases (Continued)

(a) Definition of lease (Continued)

Accounting policies applied until 31 March 2019

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

(b) Lessee accounting

Accounting policies applied from 1 April 2019

At the lease commencement date, the Group and the Company recognise a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group and the Company present right-of-use assets and lease liabilities as separate lines in the statements of financial position.

Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group and the Company expect to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9 to the financial statements.

Lease liability

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 and the Company use their incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Leases (Continued)

(b) Lessee accounting (Continued)

Accounting policies applied from 1 April 2019 (Continued)

Lease liability (Continued)

Lease payments included in the measurement of the lease liability comprise: (Continued)

- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statements of comprehensive income.

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Leases (Continued)

(b) Lessee accounting (Continued)

Accounting policies applied until 31 March 2019

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, 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 assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Any upfront lease payments are classified as land use rights within intangible assets.

(c) Lessor accounting

Accounting policies applied from 1 April 2019

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

When the Group and the Company are intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.5(b), then it classifies the sub-lease as an operating lease.

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 to allocate the consideration under the contract to each component.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Leases (Continued)

(c) Lessor accounting (Continued)

Accounting policies applied until 31 March 2019

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

3.6 Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9 to the financial statements.

In respect of equity-accounted associates and joint ventures, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

3.7 Other intangible asset

The Group recognises infrastructure development expenditure as an intangible asset. This arises from a service concession arrangement where it has a right to charge users for usage of the concession infrastructure under the intangible asset model, as defined in IC Interpretation 12 Service Concession Arrangements ("IC Int 12"). Intangible asset received as consideration for providing construction work in a service concession arrangement is measured at fair value upon initial recognition. Subsequent to initial recognition, intangible asset is measured at cost less accumulated amortisation and any accumulated impairment loss.

The intangible asset model, as defined in IC Int 12, applies to service concession arrangements where the grantor has not provided a contractual guarantee in respect of the amount receivable for constructing and operating the assets. Under this model, during construction phase, the Group records an intangible asset representing the right to charge users of the public service and recognise profits from the construction of the public service infrastructure. Income and expenses associated with construction contracts are recognised in accordance with MFRS 15 Revenue from Contracts with Customers.

Upon completion of construction works and commencement of road tolling operations, the intangible asset is to be amortised. Amortisation is calculated to write off the cost of intangible assets arising from a service concession arrangement on systematic basis over the estimated useful life. Both the period and method of amortisation are reviewed annually. The intangible assets are amortised over the concession periods based on the following formula:

$$\frac{\text{Cumulative traffic volume to-date}}{\text{Projected total traffic volume for the entire concession period}} \times \text{Infrastructure Development Expenditure}$$

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Other intangible asset (Continued)

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is recognised in the profit or loss as incurred.

At the end of each of the reporting period, the Group assesses whether there is any indication of impairment. If such indication exists, the carrying amount is assessed and written down immediately to its recoverable amount.

Contract asset is the right to consideration for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance).

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9 to the financial statements.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer.

3.8 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

3.9 Impairment of assets

(i) Impairment of financial assets and contract assets

Financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income (FVOCI), lease receivables, contract assets or a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, contract assets and lease receivables, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Impairment of assets (Continued)

(i) Impairment of financial assets and contract assets (Continued)

The Group and the Company consider a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to the Group and the Company in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The Group and the Company consider a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Impairment of assets (Continued)

(i) Impairment of financial assets and contract assets (Continued)

The amount of expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statements of financial position.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

(ii) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, contract assets, deferred tax assets and investment properties measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Impairment of assets (Continued)

(ii) Impairment of non-financial assets (Continued)

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.10 Share capital

(i) Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(ii) Preference shares

Preference shares are classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividend payments are discretionary. Dividends thereon are recognised as distributions within equity.

Preference shares are classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expenses in profit or loss as accrued.

(ii) Warrants

Warrants are classified as equity. The issue of ordinary shares upon exercise of the warrants are treated as new subscription of ordinary shares for the consideration equivalent to the warrants exercise price.

Upon exercise of warrants, the proceeds are credited to share capital. The warrants reserve in relation to the unexercised warrants at the expiry of the warrants will be reversed.

3.11 Employee benefits

(i) Short term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group.

(ii) Defined benefit plan

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Revenue and other income

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group and the Company applied revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics in the property development business if the Group reasonably expects that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as goods and service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group and the Company estimate it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group and the Company have assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

Financing components

The Group and the Company have applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Group and the Company expect that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

(i) Construction contracts

The Group's and the Company's construction service is under long-term contracts with customers. Construction service contracts comprise multiple deliverables and therefore revenue is recognised by reference to each distinct performance obligation promised in the context with customer.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Revenue and other income (Continued)

Financing components (Continued)

(i) Construction contracts (Continued)

Under the terms of the contracts, control is transferred over time as the Group and the Company are contractually restricted from redirecting the assets to another customer and have an enforceable right to payment for work performed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date bear to the estimated total construction costs (an input method).

Sales are made with a credit term of 30 to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present. The Group and the Company become entitled to invoice customers for construction based on achieving a series of performance-related milestones.

The Group and the Company recognised a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone payment exceeds the revenue recognised to date and any deposit or advances received from customers then the Group and the Company recognise a contract liability for the difference.

(ii) Concession revenue

Concession revenue from the operation of toll roads is recognised at a point in time for the usage of the expressways.

Pursuant to the relevant Concession Agreements, the Government of Malaysia reserves the right to restructure or to restrict the imposition of unit toll rate increases, and in such event, the Government shall compensate for any reduction in toll revenue, subject to negotiation and other considerations that the Government may deem fit. Toll compensation is recognised in profit or loss over the period in which the compensation relates to base on the arrangements.

(iii) Interest income

Interest income is recognised using the effective interest method.

(iv) Management fee

Management fees are recognised over time as services are rendered using an output method based on time elapsed to measure progress towards complete satisfaction of the service because the customer simultaneously receives and consumes the benefits provided by the Group.

(v) Rental income

Rental income is recognised on a straight-line basis over the term of the lease. Lease incentive granted is recognised as an integral part of the total rental income, over the term of the lease.

(vi) Distribution income from unit trusts

Distribution income from unit trusts is recognised when the right to receive the payment is established.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to owners of the Company by weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to owners of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.14 Government grants

Grants from the government are recognised at their fair values where there is a reasonable assurance that the grant will be received and the Group and the Company will comply with all attached conditions.

Where the grant relates to an asset, it is recognised as deferred income in the statements of financial position and transferred to profit or loss over the expected useful life of the related asset. Where the grant relates to an expense item, it is recognised in profit or loss, under the heading of "other income", on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

The benefit derived from a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates which will be credited to the statement of comprehensive income over the expected life of the related assets on bases consistent with the depreciation of the related assets for which the loan was granted to the Group and the Company.

3.15 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

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.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

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

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(i) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(ii) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, associates and interests in a joint venture, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is 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 tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Income tax (Continued)

(iii) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of GST except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated inclusive of GST.

GST in Malaysia was abolished and replaced by sales and service tax effective on 1 September 2018.

(iv) Sales and services tax ("SST")

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax are recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3.17 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, which is the Group Executive Committee, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.18 Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as 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. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a 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.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for the identical assets or liabilities that the Group and the Company can access at the measurement date.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Fair value measurements (Continued)

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows: (Continued)

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

Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3.19 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

- (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

4. SIGNIFICANT ACCOUNTING JUDGEMENT, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year included the following:

(i) Infrastructure development expenditure

The Group tests infrastructure development expenditure for impairment in accordance with its accounting policy. The Group makes an estimate of the infrastructure development expenditure's recoverable amount based on the value-in-use calculation using the cash flow projections from financial budgets approved by the directors covering the remaining period of the concession agreement.

Significant judgement is required in the estimation of the present value of future cash flows generated from the infrastructure development expenditure, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rate. The Group also considered the effect of movement restrictions to the traffic volume over the Movement Control Order imposed by the Government because of Covid-19 pandemic, when assessing the estimated future cash flows. Changes in assumptions could significantly affect the results of the Group's tests for impairment of infrastructure development expenditure.

The carrying amount of the infrastructure development expenditure is disclosed in Note 7 to the financial statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENT, ESTIMATES AND ASSUMPTIONS (CONTINUED)

(ii) Construction revenue and cost

In accordance with IC Int 12 Service Concession Arrangements, revenue associated with construction works under the Concession Agreement shall be recognised and measured in accordance with MFRS 15 Revenue from Contracts with Customers ("MFRS 15"). The consideration received or receivable from construction work rendered by the Group is measured in accordance with MFRS 15, i.e. based on the allocated transaction price. The estimated revenue is affected by a variety of uncertainties that depend on the outcome of future event.

In order to determine the construction revenue to be recognised, the directors have estimated and recognised a construction margin in the construction of the infrastructure asset. The estimated margin is based on relative comparison with general industry trend although actual margins may differ.

The Group recognised construction cost in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs. When it is probable that the estimated contract cost will exceed the estimated contract revenue, the expected loss on the contract is recognised as an expense immediately.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred, the estimated total construction revenue and cost, as well as the recoverability of the construction projects. In making the judgement, the directors evaluate based on past experience. The directors also estimated its total construction revenue after considering expected liquidated and ascertained damages to be paid to its customers, if any.

The carrying amounts of contract liabilities are disclosed in Note 19 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

5. PROPERTY, PLANT AND EQUIPMENT

Group 2020	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Renovation RM'000	Furniture, fixtures and fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Right-of- use assets RM'000	Total RM'000
Cost										
At 31 March 2019										
- As previously reported	117	13,234	11,625	318	70	639	1,399	-	-	27,402
- Effect of adoption of MFRS 16	-	(13,234)	(11,625)	-	-	-	-	-	24,926	67
Adjusted balance at 1 April 2019	117	-	-	318	70	639	1,399	-	24,926	27,469
Additions	-	-	-	201	13	65	1,546	57	-	1,882
Disposal	-	-	-	-	-	(47)	-	-	(515)	(562)
Written off	-	-	-	(263)	-	-	-	-	-	(263)
At 31 March 2020	117	-	-	256	83	657	2,945	57	24,411	28,526
Accumulated depreciation and impairment loss										
At 31 March 2019										
- As previously reported	16	12,800	10,710	210	56	549	674	-	-	25,015
- Effect of adoption of MFRS 16	-	(12,800)	(10,710)	-	-	-	-	-	23,510	-
Adjusted balance at 1 April 2019	16	-	-	210	56	549	674	-	23,510	25,015
Depreciation for the financial year	-	-	-	29	6	36	460	8	38	577
Disposals	-	-	-	-	-	(35)	-	-	(111)	(146)
Written off	-	-	-	(180)	-	-	-	-	-	(180)
At 31 March 2020	16	-	-	59	62	550	1,134	8	23,437	25,266
Carrying amount										
At 1 April 2019 (Adjusted)										
	101	-	-	108	14	90	725	-	1,416	2,454
At 31 March 2020										
	101	-	-	197	21	107	1,811	49	974	3,260

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group 2019	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Renovation RM'000	Furniture, fixtures and fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost								
At 1 April 2018	117	13,234	11,625	318	70	639	1,267	27,270
Additions	-	-	-	-	-	3	584	587
Disposal	-	-	-	-	-	(3)	(452)	(455)
At 31 March 2019	117	13,234	11,625	318	70	639	1,399	27,402
Accumulated depreciation and impairment loss								
At 1 April 2018	16	12,795	10,694	184	50	511	898	25,148
Depreciation for the financial year	-	5	16	26	6	40	228	321
Disposal	-	-	-	-	-	(2)	(452)	(454)
At 31 March 2019	16	12,800	10,710	210	56	549	674	25,015
Carrying amount								
At 1 April 2018	101	439	931	134	20	128	369	2,122
At 31 March 2019	101	434	915	108	14	90	725	2,387

NOTES TO THE FINANCIAL STATEMENTS

(continued)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Renovation RM'000	Office equipment RM'000	Motor vehicles RM'000	Right-of- use asset RM'000	Total RM'000
2020					
Cost					
At 31 March 2019					
- As previously reported	215	51	387	-	653
- Effect of adoption of MFRS 16	-	-	-	67	67
At 1 April 2019 (Adjusted)	215	51	387	67	720
Additions	-	1	-	-	1
Written off	(215)	-	-	-	(215)
At 31 March 2020	-	52	387	67	506
Accumulated depreciation					
At 31 March 2019					
- As previously reported	126	29	65	-	220
- Effect of adoption of MFRS 16	-	-	-	-	-
At 1 April 2019 (Adjusted)	126	29	65	-	220
Depreciation for the financial year	16	5	77	19	117
Written off	(142)	-	-	-	(142)
At 31 March 2020	-	34	142	19	195
Carrying amount					
At 1 April 2019 (Adjusted)	89	22	322	67	500
Carrying amount					
At 31 March 2020	-	18	245	48	311
2019					
Cost					
At 1 April 2018	215	51	-	-	266
Additions	-	-	387	-	387
At 31 March 2019	215	51	387	-	653
Accumulated depreciation					
At 1 April 2018	105	23	-	-	128
Depreciation for the financial year	21	6	65	-	92
At 31 March 2019	126	29	65	-	220
Carrying amount					
At 1 April 2018	110	28	-	-	138
Carrying amount					
At 31 March 2019	89	22	322	-	433

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Impairment loss

The estimated recoverable amount of RM100,000 (2019: RM100,000) on freehold land is determined by the directors of the Company by reference to similar properties in the locality and adjusting for size, present market trend and other differences. The fair value is within Level 3 of the fair value hierarchy. The key assumptions used in estimating the fair value are the price per square foot and the adjustments on the differences in location, size and shapes, accessibility, infrastructure available and other value considerations.

(b) Land titles

As at the reporting date, the titles to the freehold and leasehold land and buildings of the Group with net carrying amount of RM1,029,000 (2019: RM1,041,000) are not registered in the name of the Group.

(c) Right-of-use assets

Information about leases for which the Group and the Company are lessees are presented below:

Group	Leasehold land RM'000	Buildings RM'000	Total RM'000
Cost			
As at 31 March 2019	-	-	-
Effect of adoption of MFRS 16	13,234	11,692	24,926
Adjusted balance at 1 April 2019	13,234	11,692	24,926
Disposal	-	(515)	(515)
As at 31 March 2020	13,234	11,177	24,411
Accumulated depreciation and impairment loss			
As at 31 March 2019	-	-	-
Effect of adoption of MFRS 16	12,800	10,710	23,510
Adjusted balance at 1 April 2019	12,800	10,710	23,510
Depreciation	5	33	38
Disposal	-	(111)	(111)
As at 31 March 2020	12,805	10,632	23,437
Carrying amount			
At 31 March 2020	429	545	974

NOTES TO THE FINANCIAL STATEMENTS

(continued)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) Right-of-use assets (Continued)

Information about leases for which the Group and the Company are lessees is presented below (Continued):

Company	Building RM'000
Cost	
As at 31 March 2019	–
Effect of adoption of MFRS 16	67
Adjusted balance at 1 April 2019/31 March 2020	67
Accumulated depreciation	
Adjusted balance at 1 April 2019	–
Depreciation	19
As at 31 March 2020	19
Carrying amount	
At 31 March 2020	48

Included in the right-of-use assets are:

- (i) The leasehold land and buildings of the Group with net carrying amount of RM926,000 is for their office space and operation. The Group's leasehold land and buildings having lease term at a range of 78 to 94 year; and.
- (ii) The Group and the Company lease building with net carrying amount of RM48,000 for their office space.

6. GOODWILL ON CONSOLIDATION

Goodwill on consolidation has been allocated to the Group's cash generating units ("CGU") identified according to business segments as follows:

	Group	
	2020 RM'000	2019 RM'000
Toll concession	5,369	5,369

The recoverable amount of the goodwill on consolidation is determined based on a value-in-use calculation using cash flow projections from financial budgets approved by the directors as follows:

- Cash flows covering a 45-year (2019: 46-year) period which is the remaining period of the concession;
- West Coast Expressway Sdn. Bhd.'s revenue will mainly be derived from toll collection based on projected traffic-volume and where toll rates are expected to increase at regular intervals;
- Operational expenses were projected by the directors based on past experience; and
- The pre-tax discount rate of 6.08% (2019: 6.39%) was used in determining the value-in-use of the goodwill on consolidation. The discount rate was estimated based on the weighted average cost of capital derived from industry average.

6. GOODWILL ON CONSOLIDATION (CONTINUED)

The Group also considered the following factors in the above assessment:

- Effect of the 20-years extension of tolling on North South Expressway (“NSE”) from year 2038 to 2058 and the reduction on the toll rates for NSE; and
- Impact on traffic volume over the Movement Control Order period.

The value assigned to the key assumptions represents the directors’ assessment on the future trends of the expressway operation services industry and are based on both external and internal sources. The directors are of the opinion that the key bases and assumption used are reasonable and there is no impairment to the carrying amount of goodwill.

Sensitivity to changes in assumption

The value-in-use calculation is most sensitive to the key assumptions of discount rate.

Discount rate was estimated based on the industry weighted average cost of capital. The discount rate applied to the cash flow projections is pre-tax and reflects directors’ estimate of the risk specific to the value-in-use at the date of assessment.

7. INFRASTRUCTURE DEVELOPMENT EXPENDITURE

	Group	
	2020	2019
	RM’000	RM’000
At cost		
At the beginning of the financial year	3,562,511	2,612,584
Additions	985,645	949,927
At the end of the financial year	4,548,156	3,562,511
Accumulated amortisation		
At the beginning of the financial year	-	-
Amortisation for the financial year	441	-
At the end of the financial year	441	-
Carrying amount	4,547,715	3,562,511

The recoverable amount of the infrastructure development expenditure on consolidation is determined based on a value-in-use calculation using cash flow projections from financial budgets approved by the directors and the value assigned to the key assumptions are disclosed in Note 6 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

7. INFRASTRUCTURE DEVELOPMENT EXPENDITURE (CONTINUED)

Included in the additions of infrastructure development expenditure during the financial year are as follows:

	Group	
	2020	2019
	RM'000	RM'000
Borrowing cost capitalised (Note 22)	174,933	216,742

During the financial year, the Group made the following cash payments for infrastructure development expenditure:

	Group	
	2020	2019
	RM'000	RM'000
Additions during the financial year	985,645	949,927
Movement in payables and accruals	17,673	(54,967)
Depreciation related to infrastructure development expenditure	(262)	(207)
Gain on disposal of property, plant and equipment	-	127
Property, plant and equipment written off	(9)	-
Profit arising from IC Int 12 Service Concession Arrangement	(8,727)	(7,882)
Cash payments	994,320	886,998

On 2 January 2013, West Coast Expressway Sdn. Bhd. ("WCESB"), an 80%-owned subsidiary of the Company signed the Concession Agreement ("CA") with the Government of Malaysia in relation to the West Coast Expressway Project ("WCE Project"). The WCE Project involves the development of the West Coast Expressway from Banting in Selangor to Taiping in Perak with 233km of tolled highway. The initial project cost was estimated to be in the region of RM6 billion with a construction period of 5 years. The completion of the project is revised from financial year 2020 to 2025.

On 19 May 2014, the Government of Malaysia approved the appointment of a consortium comprising IJM Construction Sdn. Bhd. and the Company (known as the "IJMC-KEB Joint Venture") as the Turnkey/Engineering and Procurement Contractor for the construction of the WCE Project.

On 25 August 2014, WCESB received a letter from Lembaga Lebuhraya Malaysia ("LLM") to confirm the date of commencement of construction.

Certain sections were completed and toll collection commenced during the financial year.

During the financial year, WCESB has been granted a revised construction work programme by LLM and thereafter, submitted another application for Extension of Time ("EOT") in view of the latest construction progress. The directors are of the opinion that it is highly probable that the EOT application will be approved and thus, no variable consideration is necessary to be included in the estimated construction revenue.

8. INVESTMENT IN SUBSIDIARIES

	Company	
	2020 RM'000	2019 RM'000
Unquoted shares, at cost		
At the beginning of the financial year	177,396	177,396
Less: Accumulated impairment loss	(16,650)	(16,650)
At the end of the financial year	160,746	160,746

The following information relates to the subsidiaries all of which have their principal place of business and are incorporated in Malaysia:

Name of company	Effective ownership Interest/Voting rights		Principal activities
	2020 %	2019 %	
Direct subsidiaries			
Angsana Mestika Sdn. Bhd.	100	100	Inactive.
KEB Management Sdn. Bhd.	100	100	Inactive.
KEB Plantations Holdings Sdn. Bhd.	100	100	Inactive.
Keuro Leasing Sdn. Bhd.	100	100	Inactive.
WCE Trading Sdn. Bhd. (Formerly known as Keuro Trading Sdn. Bhd.)	100	100	Inactive.
WCE Highway Services Sdn. Bhd.	100	100	Provision of toll operation, maintenance and ancillary services.
West Coast Expressway Sdn. Bhd.	80	80	Design, construction and development of the West Coast Expressway Project and managing its toll operations.
Indirect subsidiaries			
Held through KEB Plantations Holdings Sdn. Bhd.			
KEB Builders Sdn. Bhd.	100	100	Project management services.
Tiasa Ria Sdn. Bhd.	63	63	Inactive.
Held through KEB Management Sdn. Bhd.			
Tiasa Ria Sdn. Bhd.	7	7	Inactive.
Held through WCE Highway Services Sdn. Bhd.			
Ratus Prestij Sdn. Bhd.	100	100	Dormant.
Held through Keuro Trading Sdn. Bhd.			
Maximix Sdn. Bhd.	100	100	Inactive.
Held through Maximix Sdn. Bhd.			
Perkasa Jati Holdings Sdn. Bhd.	100	100	Inactive.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Non-controlling interests in subsidiaries

The financial information of the Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	West Coast Expressway Sdn. Bhd. RM'000	2020 Other individually immaterial subsidiaries RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	20%		
Carrying amount of NCI	24,647	(11)	24,636
Loss allocated to NCI in current financial year	(17,308)	(2)	(17,310)

	West Coast Expressway Sdn. Bhd. RM'000	Other individually immaterial subsidiaries RM'000
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Summarised financial information before intra-group elimination

Summarised statements of financial position

As at 31 March 2020

Non-current assets	4,674,038	-
Current assets	722,085	-
Non-current liabilities	(4,969,026)	-
Current liabilities	(303,858)	(285)
Net assets/(liabilities)	123,239	(285)

Financial year ended 31 March 2020

Summarised statements of comprehensive income

Revenue	860,332	-
Loss for the financial year	(86,538)	(7)
Total comprehensive loss	(86,538)	(7)

Summarised statements of cash flows financial year ended 31 March 2020

Cash flows from/(used in):		
- operating activities	(14,676)	(6,928)
- investing activities	(1,109,309)	-
- financing activities	845,475	6,928
Net decrease in cash and cash equivalents	(278,510)	-
Dividend paid to non-controlling interest	-	-

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Non-controlling interests in subsidiaries (Continued)

The financial information of the Group's subsidiaries that have material non-controlling interests ("NCI") are as follows (Continued):

	West Coast Expressway Sdn. Bhd. RM'000	2019 Other individually immaterial subsidiaries RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	20%		
Carrying amount of NCI	41,955	(9)	41,946
Profit/(Loss) allocated to NCI in current financial year	1,270	(2)	1,268

	West Coast Expressway Sdn. Bhd. RM'000	Other individually immaterial subsidiaries RM'000
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Summarised financial information before intra-group elimination

Summarised statements of financial position

As at 31 March 2019

Non-current assets	3,671,350	-
Current assets	947,923	300
Non-current liabilities	(4,092,322)	-
Current liabilities	(317,175)	(300)
Net assets	209,776	-

Financial year ended 31 March 2019

Summarised statements of comprehensive income

Revenue	829,537	-
Profit/(Loss) for the financial year	6,349	(5,500)
Total comprehensive income/(loss)	6,349	(5,500)

Summarised statements of cash flows financial year ended 31 March 2019

Cash flows from/(used in):		
- operating activities	(403)	(6,175)
- investing activities	(784,261)	-
- financing activities	601,945	6,175
Net decrease in cash and cash equivalents	(182,719)	-
Dividend paid to non-controlling interest	-	-

NOTES TO THE FINANCIAL STATEMENTS

(continued)

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

- (b) There are no significant restrictions on the Group's ability to access or use the assets of the subsidiaries and settle the liabilities of the Group except for West Coast Expressway Sdn. Bhd. ("WCESB") which is restricted to make any distribution of profits and create any contract or obligation to pay money or money's worth to the Group unless prior approval is obtained from the non-controlling interests' shareholder and upon fulfilment of certain financial covenants underlying the borrowings of WCESB. The assets to which such restrictions apply are the cash and cash equivalents and other investments included in the consolidated financial statements totalling RM693,336,000 (2019: RM915,228,000).

9. INVESTMENT IN ASSOCIATES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At Cost				
Unquoted shares	400	400	-	-
Share of post-acquisition reserves, net of dividends received	200,810	170,450	-	-
	201,210	170,850	-	-

Investment in associates is accounted for in the consolidated financial statements using the equity method.

The following information relates to the associates which have principal place of business and are all incorporated in Malaysia:

Name of companies	Effective ownership interest/Voting rights		Nature of the relationship
	2020 %	2019 %	
Held through direct subsidiary			
Held through KEB Management Sdn. Bhd.			
Radiant Pillar Sdn. Bhd. +	10	10	Investment holding and property development.
Held through indirect subsidiary			
Held through KEB Builders Sdn. Bhd.			
Radiant Pillar Sdn. Bhd. +	30	30	Investment holding and property development.
Ambang Usaha Sdn. Bhd.	50	50	Dormant.

+ This company was audited by another firm of chartered accountants other than Messrs. Baker Tilly Monteiro Heng PLT.

9. INVESTMENT IN ASSOCIATES (CONTINUED)

Summarised financial information of material associates

The following table illustrates the summarised financial information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate:

Group	Radiant Pillar Sdn. Bhd. and its subsidiaries RM'000	Other individually immaterial associate RM'000	
Summarised financial information			
As at 31 March 2020			
Non-current assets	196,435	-	
Current assets	1,110,449	-	
Non-current liabilities	(13,458)	-	
Current liabilities	(789,334)	(66,196)	
Net assets/(liabilities)	504,092	(66,196)	
Financial year ended 31 March 2020			
Profit/(Loss) for the financial year	75,898	(5,156)	
Other comprehensive income	-	-	
Total comprehensive income/(loss)	75,898	(5,156)	
<i>Included in the total comprehensive income is:</i>			
Revenue	220,076	-	
Group's share of results			
As at 31 March 2020			
Group's share of net assets	201,212	(2)	201,210
Financial year ended 31 March 2020			
Group's share of profit	30,360	-	30,360
Group's share of other comprehensive income	-	-	-
Group's share of total comprehensive income	30,360	-	30,360

NOTES TO THE FINANCIAL STATEMENTS

(continued)

9. INVESTMENT IN ASSOCIATES (CONTINUED)

The following table illustrates the summarised financial information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate (Continued):

Group	Radiant Pillar Sdn. Bhd. and its subsidiaries RM'000	Other individually immaterial associate RM'000
Summarised financial information		
As at 31 March 2019		
Non-current assets	207,110	-
Current assets	1,108,398	-
Non-current liabilities	(21,207)	-
Current liabilities	(867,172)	(61,040)
Net assets/(liabilities)	427,129	(61,040)
Financial year ended 31 March 2019		
Profit/(Loss) for the financial year	109,724	(2,854)
Other comprehensive income	-	-
Total comprehensive income/(loss)	109,724	(2,854)
<i>Included in the total comprehensive income is:</i>		
Revenue	388,798	-

Group	Radiant Pillar Sdn. Bhd. and its subsidiaries RM'000	Other individually immaterial associate RM'000	Total RM'000
As at 31 March 2019			
Group's share of net assets	170,852	(2)	170,850
Group's share of results			
Financial year ended 31 March 2019			
Group's share of profit/(loss)	43,890	(1)	43,889
Group's share of other comprehensive income	-	-	-
Group's share of total comprehensive income/(loss)	43,890	(1)	43,889

The Group has not recognised its share of losses of Ambang Usaha Sdn. Bhd. amounting to RM2,578 (2019: RM1,427) because the Group's cumulative share of losses has exceeded its interest in that associate and the Group has no obligation in respect of these losses. The Group's cumulative accumulated losses not recognised were RM 33,098 (2019: RM30,520).

10. OTHER INVESTMENTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current				
Private debt securities				
- Amortised cost	-	-	792,000	548,540
	-	-	792,000	548,540
Current				
Unquoted unit trusts in Malaysia				
- Fair value through profit or loss	51,361	19,093	41,644	18,837
Quoted equity securities in Malaysia				
- Fair value through profit or loss	1,857	4,178	1,857	4,178
	53,218	23,271	43,501	23,015
Market value				
- Quoted equity securities	1,857	4,178	1,857	4,178

Private debt securities are investment in the Murabahah loan stocks issued by a subsidiary of the Company. The profit rate and effective rate of the Murabahah loan stocks is at 10% and 6.68% - 7.37% (2019: 10% and 6.68% - 7.23%) respectively per annum, cumulative and non-compounding. The maturity date of the Murabahah loan stocks is on 12 July 2056. The profit payment and principal redemption will be subject to the issuer's financing covenants.

Unit trusts are funds invested mainly in money market and fixed income instruments and are managed by investment management companies.

11. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current					
Other receivables					
Amount owing by subsidiary	(b)	-	-	79,669	33,433
Current					
Trade receivables					
External parties	(a)	12,795	12,845	-	-
Amount owing by subsidiary	(b)	-	-	34,525	89,699
Amount owing by subsidiaries of a former associate		-	696	-	-
		12,795	13,541	34,525	89,699
Less:					
Accumulated impairment loss					
External parties		(11,921)	(11,971)	-	-
Trade receivables, net		874	1,570	34,525	89,699

NOTES TO THE FINANCIAL STATEMENTS

(continued)

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Other receivables					
External parties	(d)	93,720	137,744	62,293	99,927
GST refundable		962	5,141	962	5,141
Amount owing by subsidiaries	(b)	-	-	186,611	69,910
Amount owing by associates	(c)	62	24	47	13
Amount owing by a former associate and its subsidiaries		-	23,800	-	20,631
Refundable deposits		60	82	-	8
		94,804	166,791	249,913	195,630
Less:					
Accumulated impairment loss					
External parties		(85,483)	(85,483)	(39,851)	(39,851)
Amount owing by subsidiaries		-	-	(107,016)	(68,962)
Amount owing by associates		(47)	(11)	(47)	(11)
		(85,530)	(85,494)	(146,914)	(108,824)
Other receivables, net		9,274	81,297	102,999	86,806
Prepayments	(e)	23,171	22,350	-	719
Total trade and other receivables (current)		33,319	105,217	137,524	177,224
Total trade and other receivables (non-current and current)		33,319	105,217	217,193	210,657

(a) Trade and other receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group ranging from 30 to 90 (2019: 30 to 90) days from the date of invoice. Other credit terms are assessed and approved on a case-by-case basis.

Receivables that are impaired

The Group's and the Company's trade and other receivables that are impaired at the reporting date are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Individually impaired				
Trade and other receivables - nominal amounts	97,466	97,482	146,929	108,897
Less: Accumulated impairment loss	(97,451)	(97,465)	(146,914)	(108,824)
	15	17	15	73

11. TRADE AND OTHER RECEIVABLES (CONTINUED)**(a) Trade and other receivables (Continued)**Receivables that are impaired (Continued)

Movements in accumulated impairment loss:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>Trade receivables</u>				
At the beginning of the financial year	11,971	12,659	-	-
Charge for the financial year	-	(688)	-	-
Written off	(50)	-	-	-
At the end of the financial year	11,921	11,971	-	-
<u>Other receivables</u>				
At the beginning of the financial year	85,494	105,192	108,824	127,178
Charge for the financial year	36	2	38,090	-
Reversal of impairment loss	-	(19,700)	-	(18,354)
At the end of the financial year	85,530	85,494	146,914	108,824
Total impairment loss	97,451	97,465	146,914	108,824

(b) Amount owing by subsidiaries (non-trade)

The amount owing by subsidiaries is non-trade in nature, unsecured, non-interest bearing, repayable on demand and expected to be settled in cash or equity. Included in non-current amount owing by subsidiary is an amount of RM79,699,000 (2019: RM33,433,000) representing interest receivable from the Murabahah loan stocks issued by West Coast Expressway Sdn. Bhd. ("WCESB"). The profit repayment will be subject to the fulfilment of the WCESB's financing covenants.

During the financial year, the Company has subscribed additional Murabahah loan stocks of RM243,460,000 (2019: RM35,440,000) from West Coast Expressway Sdn. Bhd. by conversion of amount owing by subsidiary.

(c) Amount owing by associates (non-trade)

The amount owing by associates of the Group and of the Company are non-trade in nature, unsecured, non-interest bearing, repayable on demand and expected to be settled in cash.

(d) Other receivables

Included in other receivables of the Group and of the Company are:

- (i) an amount of RM2,384,110 (2019: RM40,384,000) representing amount receivable from the disposal of second tranche of 400,000,000 ordinary shares held in Talam Transform Berhad, a former associate of the Company; and
- (ii) an amount of RM287,155 (2019: RM57,657) representing amount owing by IJM Group, a major shareholder of the Company which are unsecured, interest free and repayable on demand in cash.

The information about the credit exposure are disclosed in Note 27(b)(i) to the financial statements.

(e) Prepayments

Included in prepayments of the Group is an amount of RM10,391,000 (2019: RM17,630,000) which represent transaction costs in relation to the undrawn loan facilities of the Group.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

12. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deferred tax assets	20,310	-	-	-
Deferred tax liabilities	(24,296)	(7,594)	(18,260)	(6,064)
	(3,986)	(7,594)	(18,260)	(6,064)

Deferred tax relates to the following:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At the beginning of the financial year	(7,594)	(6,347)	(6,064)	(1,679)
Charge to profit or loss (Note 24)	3,608	(1,247)	(12,196)	(4,385)
At the end of the financial year	(3,986)	(7,594)	(18,260)	(6,064)

Presented after appropriate offsetting as follows:

Deferred tax assets	73,878	30,829	861	2,064
Deferred tax liabilities	(77,864)	(38,423)	(19,121)	(8,128)
	(3,986)	(7,594)	(18,260)	(6,064)

Representing the tax effects of:

Deferred tax assets:

Unabsorbed capital allowance	620	2,311	5	93
Unutilised tax losses	54,998	28,518	856	1,971
Deductible temporary difference in respect of expenses	18,260	-	-	-
	73,878	30,829	861	2,064

Deferred tax liabilities:

Infrastructure development expenditure	(59,564)	(36,317)	-	-
Taxable temporary difference in respect of income	(18,260)	(1,960)	(19,121)	(8,024)
Property, plant and equipment	(40)	(146)	-	(104)
	(77,864)	(38,423)	(19,121)	(8,128)

12. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

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

The unutilised tax losses are available for offset against future taxable profits of the Group which will expire in the following financial years:

	2020	
	Group RM'000	Company RM'000
Year of assessments		
2025	184,606	3,567
2026	98,820	-
	283,426	3,567

13. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and bank balances	30,752	2,346	4,194	607
Short-term deposits	717,946	918,788	50,550	3,300
	748,698	921,134	54,744	3,907

For the purpose of the statements of cash flows, cash and cash equivalents comprise of the following:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Short-term deposits	717,946	918,788	50,550	3,300
Less: Deposits with maturity period of more than 3 months	(232,457)	(175,559)	-	-
	485,489	743,229	50,550	3,300
Cash and bank balances	30,752	2,346	4,194	607
	516,241	745,575	54,744	3,907

The effective interest rates as at the reporting date of the deposits placed with licensed banks range from 2.30% to 4.40% (2019: 1.90% to 4.50%) per annum. The deposits placed with licensed banks have maturity periods ranging from 1 day to 12 months (2019: 1 day to 12 months)

Included in the short-term deposits of the Group is an amount of RM667,396,000 (2019: RM913,281,000) representing the excess funds from the drawdown of financing facilities for the purpose of financing WCE Project and therefore is restricted from use in other operations.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

14. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2020 '000 Units	2019 '000 Units	2020 RM'000	2019 RM'000
Ordinary shares				
Issued and fully paid up:				
At the beginning of the financial year	1,002,736	1,002,736	1,045,081	1,045,081
Conversion of redeemable convertible preference shares	293,991	-	68,502	-
At the end of the financial year	1,296,727	1,002,736	1,113,583	1,045,081
Redeemable convertible preference shares ("RCPS")				
Issued and fully paid up:				
At the beginning of the financial year	-	-	-	-
Issued during the financial year	2,005,471	-	391,067	-
Transaction costs of RCPS issuance	-	-	(4,000)	-
Conversion of RCPS	(293,991)	-	(56,742)	-
At the end of the financial year	1,711,480	-	330,325	-
Total	3,008,207	1,002,736	1,443,908	1,045,081

Ordinary shares

During the financial year, the Company increased its share capital from RM1,045,081,138 to RM1,113,582,629 by way of shareholders' conversion of 293,990,932 RCPS together with cash payment of RM0.04 each RCPS into 296,990,932 new shares.

Effect from 31 January 2017, the Companies Act 2016 abolished the concept of authorised share capital and par value of share capital.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Redeemable Convertible Preference Shares ("RCPS")

During the financial year, the Company issued 2,005,471 units new redeemable preference shares at RM0.24 per share. The salient terms of the Redeemable Convertible Preference Share are set out as below:

- (a) The RCPS shall be convertible, at the option of the RCPS holders, at any time with a period of 2 years commencing from the issue date until the maturity date, into such number of new WCE Holdings Berhad Shares.
- (b) Subject to the provisions of the Act and any other legislation, the Company may at any time on or after the issue date, at its discretion redeem in whole or in part (but always in the same proportion in relation to each RCPS holder) the outstanding RCPS in cash at 100% of the issue price of the RCPS, by giving not less than 30 days' notice in writing to the RCPS holders of its intention to do so. The Redemption date and books closure date to be used to determine the RCPS holders who are entitled to receive the redemption payment shall be stated in the notice.

14. SHARE CAPITAL (CONTINUED)

Redeemable Convertible Preference Shares ("RCPS") (Continued)

- (c) The RCPS are unsecured and shall upon issuance and allotment, rank equally among themselves and will rank in priority to the WCEHB Shares and all other classes of shares (if any) in the Company, except that:
- (i) they will not be entitled to any dividend, right, allotment and/or other distribution that may be declared by the Company; and
 - (ii) they carry no right to vote at any general meeting of the Company save for the voting rights as set out in Note 14(e) to the financial statements.

In the event of liquidation or winding-up of the Company:

- (i) the assets of the Company shall be distributed first to the holders of the RCPS in full of the amount which is equal to the issue price for each RCPS, provided that there shall be no further right to participate in any surplus profits of the Company; and
 - (ii) in the event that the Company has insufficient assets to permit payment of the full issue price to the holders of the RCPS, the assets of the Company shall be distributed pro rata on an equal priority to the holders of the RCPS in proportion to the amount that each RCPS holder would otherwise be entitled to receive.
- (d) The new WCEHB Shares to be issued pursuant to the conversion of the RCPS shall upon issuance and allotment, rank equally in all respects with the then existing WCEHB Shares, save and except that they will not be entitled to any dividend, right, allotment and/or other distribution that may be declared, made or paid to shareholders, of which the entitlement date is prior to the date of allotment of the new WCEHB Shares to be issued pursuant to the conversion of the RCPS.
- (e) The RCPS holders shall be entitled to the same rights as the Company's ordinary shareholders as regards to the receipt of notices (including that of general meetings), reports and audited financial statements, to attend meetings and to receive shareholders' resolutions in writing, but shall not be entitled to vote or approve any shareholders' resolutions or vote at any general meeting of the Company, save and except in respect of any resolution made:
- (i) on a proposal to reduce the Company's share capital;
 - (ii) on a proposal for the disposal of substantially the whole of the Company's property, business and undertaking;
 - (iii) on a proposal to wind-up the Company;
 - (iv) during the winding-up of the Company; or
 - (v) on any proposal that affects the rights and privileges attached to the RCPS, including the amendments to the Constitution.

In the aforesaid circumstances, each RCPS holder shall be entitled to vote at all general meetings of the members of its class, and on a poll at any such general meetings to one (1) vote for each RCPS held.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

15. WARRANT RESERVE

	Group and Company	
	2020	2019
	RM'000	RM'000
Warrant reserve	90,246	–

The Warrant Reserve arose from the 501,367,794 free Warrants issued pursuant to the renounceable Right Issue on 25 November 2019, on the basis of 1 free warrant for every 4 RCPS subscribed. The Warrants Reserve was arrived at the based on the theoretical fair value of RM0.18 per warrant determined.

The salient terms of warrant reserve set out are as follows:

- (a) The registered Warrant holder is required to lodge an exercise form with the Company's registrar, duly completed, signed and stamped together with payment of the exercise price by way of bankers' draft or cashier's order drawn on a bank operating in Malaysia or money order or postal order issued by a post office in Malaysia.
- (b) The new WCEHB Shares to be issued pursuant to the exercise of the Warrants shall upon issuance and allotment, rank equally in all respects with the then existing WCEHB Shares, save and except that they will not be entitled to any dividend, right, allotment and/or other distribution that may be declared, made or paid to shareholders, of which the entitlement date is prior to the date of allotment of the new WCEHB Shares to be issued pursuant to the exercise of the Warrants.
- (c) The registered Warrants holders are not entitled to any voting right or to participate in any distribution and/or offer of further securities in the Company until and unless the registered Warrants holders becomes a shareholder of the Company by exercising their Warrants into new WCEHB Shares.
- (d) Where a resolution has been passed for a members' voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one (1) or more companies then:
 - (i) if such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) has been approved by a special resolution of the registered Warrants holders, or some person designated by them for such purpose by special resolution, the terms of such winding-up, compromise or arrangement shall be binding on all the Warrants holders; and
 - (ii) in any other case, every registered Warrants holder shall be entitled (subject to provisions of the Deed Poll) at any time within six (6) weeks after passing of such resolution for a members' voluntary winding up of the Company or six (6) weeks after the granting of the court order approving the compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation), by the irrevocable surrender of his Warrants to the Company, by the exercise notice(s) duly completed, together with payment of the relevant exercise price, to elect to be treated as if he had immediately prior to the commencement of such winding up, compromise or arrangement, exercised the exercise rights represented by his Warrants to the extent specified in the exercise notice(s) and had on such date been the holder of the WCEHB Shares to which he would have become entitled pursuant to such exercise.

Subject to the above, if the Company is wound up, all exercise rights which have not been exercised within six (6) weeks of the passing of such resolution shall lapse and the Warrants will cease to be valid for any purpose.

16. LOANS AND BORROWINGS

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current (secured)					
Bond - Sukuk Murabahah ("Sukuk")	(a)	933,584	930,055	-	-
Government support loan	(b)	971,420	849,856	-	-
Term loans	(c)	1,025,488	803,445	-	-
Lease liabilities	(d)	16	-	16	-
		2,930,508	2,583,356	16	-
Non-current (unsecured)					
Murabahah loan stocks	(e)	198,000	136,851	-	-
Total (non-current)		3,128,508	2,720,207	16	-
Current (secured)					
Term loans	(c)	-	150,000	-	150,000
Lease liabilities	(d)	32	-	32	-
Total (current)		32	150,000	32	150,000
Total loans and borrowings (current and non-current)		3,128,540	2,870,207	48	150,000

(a) Bond - Sukuk Murabahah ("Sukuk")

	Group	
	2020 RM'000	2019 RM'000
Proceeds from issuance of bond	1,000,000	1,000,000
Transaction costs	(66,416)	(69,945)
	933,584	930,055

On 28 August 2015, West Coast Expressway Sdn. Bhd. ("WCESB"), an 80%-owned subsidiary of the Company, issued RM1,000,000,000 secured Sukuk under an Islamic Securities Programme.

The Sukuk was issued at its nominal value with profit rates ranging from 4.95% to 5.38% per annum. It is repayable in 10 annual instalments, commencing on the 12th year after the issue date.

As at 31 March 2020, the effective profit rate of the Sukuk range from 5.84% to 6.06% (2019: 5.84% to 6.06%) per annum.

The Sukuk is guaranteed by financial guarantors and contains covenants which required WCESB to maintain a financial service cover ratio of at least 1.25 times upon the commencement of toll operations and a debt equity ratio of not greater than 80:20 throughout the tenure upon the completion of the project. The D:E ratio requirement shall be waived during the construction period of the project.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

16. LOANS AND BORROWINGS (CONTINUED)

(b) Government support loan

On 30 June 2015, WCESB entered into a Government Support Loan Facility Agreement with the Government of Malaysia for a term loan facility of RM2.24 billion at interest rate of 4% per annum.

The Group received total drawdown of RM1,729,000,000 (2019: RM1,510,000,000) from the Government Support Loan Facility. It is repayable by 108 quarterly instalments, commencing on the 6th year from first draw down. The fair value of the loan is estimated using the prevailing market interest rate of 6.03% - 6.49% (2019: 6.03% - 6.49%) per annum for an equivalent loan. The difference between the gross proceeds and the fair value of the loan is recognised as deferred income as disclosed in Note 17 to the financial statements.

The Government support loan contains covenant which required WCESB to maintain a financial service cover ratio at least 1.25 times upon the commencement of toll operations.

(c) Term loans

The effective interest rate of the term loans I of the Group as at the reporting date ranges from 5.62% to 6.20% (2019: 6.67% to 6.69%) per annum. It is repayable within 12 years from the first drawdown date.

The effective interest rate of the term loans II of the Group and of the Company as at 31 March 2019 is 6.27%. It is repayable within the next 12 months for the financial year ended 31 March 2019.

The term loans I contain covenants which required WCESB to maintain a financial service cover ratio at least 1.25 times upon the commencement of toll operations and a debt equity ratio of not greater than 80:20 throughout the tenure upon the completion of the project. The D:E ratio requirement shall be waived during the construction period of the project.

(d) Lease liabilities

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	Group and Company	
	2020	2019
	RM'000	RM'000
Minimum lease payments:		
Not later than one year	34	-
Later than one year and not later than 5 years	19	-
	53	-
Less: Future finance charges	5	-
Present value of minimum lease payments	48	-
Present value of minimum lease payments:		
Not later than one year	32	-
Later than one year and not later than 5 years	16	-
	48	-
Less: Amount due within 12 months	(32)	-
Amount due after 12 months	16	-

16. LOANS AND BORROWINGS (CONTINUED)

(e) Murabahah loan stocks

WCESB issued Islamic loan stocks based on the Shariah principle of Murabahah via Tawarruq arrangement under redeemable unsecured Murabahah stocks. The profit rate and effective rate of the Murabahah loan stocks is at 10% and 6.77% - 7.37% (2019: 10% and 6.68% - 7.23%) respectively per annum, cumulative and non-compounding. The maturity date of Murabahah loan stocks is on 12 July 2056. The profit payment and the principal redemption will be subject to the fulfilment of the WCESB's financing covenants.

During the financial year, the Group has issued additional Murabahah loan stocks of RM60,940,000 (2019: RM93,760,000) to the minority shareholder of WCESB.

(f) Security

The bond, government support loan and term loans of the Group are secured as follows:

- (i) Commercial Financier's Debenture;
- (ii) Assignment and Charge I
 - an assignment of all WCESB's present and future rights, title, interest and benefits in, to and under the WCE Project Document including any and all monies which may now or hereafter or from time to time be due, paid or payable to WCESB under or arising from or in connection with any of the WCE Project Document; and
 - all property as may be added thereto from time to time by way of retention investment and/or reinvestment of income.
- (iii) Assignment and Charge II
 - Proceeds of all toll collection, income and other revenue of WCESB arising from or in connection with the Concession Agreement ("CA");
 - any compensation payable to WCESB for any reduction in toll rate under the CA;
 - WCESB's present and future rights, interest, title and benefits in relation to the Money Insurance;
 - the credit balance and all of WCESB's present and future rights, title, interest and benefit in and to the Credit Balance and each of the Designated Accounts and all other accounts as may be required to be opened in relation to the financing of the WCE Project;
 - all Permitted Investment made or held by or on behalf of WCESB or standing to the credit of or payable to WCESB, the proceeds and all income and/or profit earned or derived from the Permitted Investment and all of WCESB's present and future rights, title, interest and benefit therein and thereto; and
 - the Shareholder Agreement and all of the WCESB's present and future rights, title interest and benefits therein and thereto.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

16. LOANS AND BORROWINGS (CONTINUED)

(f) Security (Continued)

(iv) Assignment and Charge III

- the credit balance and all of the WCESB's present and future rights, title, interest and benefit in and to the Credit Balance and each of the Disbursement Account; and
- all Permitted Investment in relation to the Disbursement Account made or held by or on behalf of WCESB or standing to the credit of or payable to WCESB, the proceeds and all income and/or profit earned or derived from the Permitted Investment and all of WCESB's present and future rights, title, interest and benefit therein and thereto.

The term loans of the Company are secured as follows:

- An all monies' 1st ranking absolute legal assignment of up to RM150 million (plus any other amount due under the Banking Facility) from the proceeds of the Proposed Rights Issue;
- Negative pledge on all present and future assets of the Company; and
- A Subscription Undertaking to the Borrower from the Shareholders of the Company, to provide their irrevocable and unconditional undertaking(s) and evidence(s) acceptable to the Lender to subscribe in full to their respective entitlements under the Proposed Rights Issue for a collective and subscription amount of at least RM250 million.

17. DEFERRED INCOME

	Group	
	2020	2019
	RM'000	RM'000
Non-current		
Government grant:		
At the beginning of the financial year	652,382	586,637
Received during the financial year	96,328	65,745
Recognised to profit or loss	(75)	-
At the end of the financial year	748,635	652,382

West Coast Expressway Sdn. Bhd. ("WCESB"), an 80%-owned subsidiary of the Company, had entered into Government Support Loan Facility Agreement with the Government of Malaysia for a term loan facility of RM2.24 billion at interest rate of 4% per annum to finance the construction and operation of West Coast Expressway Project ("WCE Project").

As at 31 March 2020, the Group received total drawdown of RM1,729,000,000 (2019: RM1,510,000,000) from the Government Support Loan Facility. The repayment of the loan commences on the 6th year from first draw down. The fair value of the loan is estimated using the prevailing market interest rate of 6.03% - 6.49% (2019: 6.03% - 6.49%) per annum for an equivalent loan. The difference of gross proceeds and the fair value of the loan is recognised as deferred income.

18. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current:					
Non-trade					
Accruals	(c)	214,193	131,000	-	-
Current:					
Trade					
Trade payables	(a)	43,910	146,575	37,004	57,319
Accruals		143,834	118,455	-	-
		187,744	265,030	37,004	57,319
Non-trade					
Other payables	(b)	106,279	57,690	33,489	3,942
Deposits		133	133	-	-
Accruals	(c)	24,806	21,782	1,261	1,977
Amount owing to subsidiaries	(d)	-	-	70,143	65,416
Amount owing to subsidiaries of a former associate	(e)	-	43,767	-	2,848
Total trade and other payables (current)		318,962	388,402	141,897	131,502
Total trade and other payables (non-current and current)		533,155	519,402	141,897	131,502

(a) Trade payables

The Group's normal trade credit term ranges from 14 to 90 (2019: 14 to 90) days.

Included in trade payables of the Group is retention sum payable of RM952,000 (2019: RM925,000).

Included in trade payables of the Group and of the Company is an amount of RM37,004,000 and RM37,004,000 (2019: RM139,657,000 and RM57,319,000) respectively owing to IJM Group, a major shareholder of the Company.

(b) Other payables

Included in other payables of the Group and of the Company are amounts of RM70,489,000 and RM812,530 (2019: RM52,142,000 and RM1,090,000) respectively owing to IJM Group, a major shareholder of the Group and of the Company. The amounts owing is unsecured, interest free and repayable on demand in cash except for the amounts of RM812,530 (2019: RM1,090,000) which bear interest rates ranging from 7.40% to 7.90% (2019: 7.90%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

18. TRADE AND OTHER PAYABLES (CONTINUED)

(c) Accruals

Trade

Included in the current accruals of the Group represent the accruals in relation to IJM Group, a major shareholder of the Company.

Non-trade

Included in non-current and current accruals of the Group are amounts of RM236,844,000 (2019: RM150,449,000) which represent interest charges in relation to the borrowings of the Group.

(d) Amount owing to subsidiaries

Amount owing to subsidiaries are unsecured, non-interest bearing, repayable upon demand and is expected to be settled in cash.

(e) Amount owing to subsidiaries of a former associate

A subsidiary of the Company was indebted to a bank which had on 7 September 2010 auctioned and disposed of a piece of land belonging to a subsidiary of Talam Transform Berhad ("Talam"), a former associate, which secured the borrowings of this subsidiary. Talam had taken legal action against the bank for foreclosing and auctioning the pledged land. The difference between the auction price and the market value of the land amounts to RM33.7 million. In the previous financial year, the High Court has dismissed Talam's claim against the Bank and subsequently, Talam had filed an appeal to the Court of Appeal. On 22 August 2016, the Court of Appeal dismissed this appeal. On 19 September 2016, Talam further filed a Notice of Motion for leave to appeal to the Federal Court which was dismissed on 2 March 2017. Based on correspondences with Talam, Talam indicated its intention to claim against the Company for compensation of RM38.78 million (which includes legal fees, court charges incurred on civil suit against the bank and interest charges).

On 27 March 2019, the Company has entered into a Global Settlement Agreement with Talam for an amicable settlement of the above claim by Talam of RM38,346,643 as compensation to Talam for the losses arising from the bank auction. The settlement was completed during the financial year.

19. CONTRACT LIABILITIES

	Company	
	2020 RM'000	2019 RM'000
Contract liabilities relating to construction service contracts	45,587	74,904
Total contract liabilities	45,587	74,904

Significant changes in contract balances

	Company	
	2020 RM'000	2019 RM'000
At the beginning of the financial year	(42,952)	(67,888)
Revenue recognised during the financial year	162,152	194,166
Progress billings issued during the financial year	(164,787)	(201,182)
At the end of the financial year	(45,587)	(74,904)

20. REVENUE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Construction contracts	811,235	754,633	162,152	194,166
Toll concession revenue	3,510	-	-	-
Project management services	-	5,011	-	-
	814,745	759,644	162,152	194,166

The revenue from construction contracts of the Group represents construction revenue recognised pursuant to IC Interpretation 12 Service Concession Arrangements from the construction of a public service infrastructure as disclosed in Note 7 to the financial statements.

(a) Disaggregation of revenue

The Group reports the following major segments: toll concession and project management services. For the purpose of disclosure for disaggregation of revenue, it disaggregates revenue into major goods or services, timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time).

	Construction contracts RM'000	Toll concession revenue RM'000	Project management services RM'000	Total RM'000
Timing of revenue recognition				
Group				
2020				
Over time	811,235	-	-	811,235
At a point in time	-	3,510	-	3,510
	811,235	3,510	-	814,745
2019				
Over time	754,633	-	5,011	759,644
	754,633	-	5,011	759,644
Company				
2020				
Over time	162,152	-	-	162,152
	162,152	-	-	162,152
2019				
Over time	194,166	-	-	194,166
	194,166	-	-	194,166

(b) Transaction price allocated to the remaining performance obligations

As at 31 March 2020, the aggregate amount of the transaction price allocated to the remaining performance obligation of the Group and of the Company are RM1,938 million and RM572 million (2019: RM2,497 million and RM812 million) respectively and the Group and the Company will recognise this revenue as the construction are completed, which is expected to occur over the next one (1) to five (5) years.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

21. COST OF SALES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Construction contracts	796,341	754,605	155,985	202,021
Toll operation costs	4,683	-	-	-
Project management services	395	627	-	-
	801,419	755,232	155,985	202,021

The cost of sales from construction contracts of the Group represents construction cost recognised pursuant to IC Interpretation 12 Service Concession Arrangements from the construction of a public service infrastructure.

22. FINANCE COSTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest expenses arising from:				
Government support loan	71,672	60,363	-	-
Bond - Sukuk Murabahah ("Sukuk")	55,718	55,435	-	-
Murabahah loan stocks	60,326	37,307	-	-
Term loan	65,424	49,150	6,434	7,579
Lease liabilities	3	-	3	-
Others				
- Amount owing to subsidiary	-	-	3,911	528
- Other payables	2,814	1,000	76	630
- Others	12,843	22,066	-	-
	268,800	225,321	10,424	8,737
Less: interest capitalised into:				
Infrastructure development expenditure (Note 7)	(174,933)	(216,742)	-	-
	93,867	8,579	10,424	8,737

23. (LOSS)/PROFIT BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at (loss)/profit before tax:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Auditor's remuneration				
- statutory audit				
- current year	296	282	157	140
- non-statutory audit	7	7	7	7
Amortisation of infrastructure development expenditure	441	-	-	-
Bad debt written off	-	77	-	71
Compensation of loss payable to a former associate	-	31,240	-	-
Depreciation of property, plant and equipment	577	321	117	92
Director fees	981	981	981	981
Fair value loss/(gain) on other investment	2,368	(959)	2,340	(954)
Impairment loss on:				
- trade and other receivables	36	2	36	-
- subsidiaries	-	-	38,054	305
Rental of premises	-	116	-	39
Short-term lease expense	88	-	28	-
Staff costs				
- salaries, wages and allowances	9,008	5,511	1,530	983
- Employees Provident Fund	1,114	718	190	138
- other staff related expenses	488	246	39	53
Property, plant and equipment written off	83	-	73	-
Amortisation of deferred income	(75)	-	-	-
Distribution income from other investment	(990)	(439)	(900)	(426)
Gain on disposal of property, plant and equipment	(176)	(127)	-	-
Impairment loss no longer required				
- other receivables	-	(16,334)	-	(12,946)
- subsidiaries	-	-	-	(1,660)
Interest income				
- deposits with licensed banks	(1,217)	(1,848)	(1,245)	(1,839)
- murabahah loan stocks	-	-	(46,236)	(27,686)
- other receivables	-	(1,198)	(1,135)	(1,198)
Rental income	36	(34)	-	-

Included in staff costs are director's remuneration amounting to RM2,732,000 (2019: RM2,324,000) and an estimated monetary value of benefits-in-kind received and receivable by director from the Group amounting to RM55,000 (2019: RM27,000).

NOTES TO THE FINANCIAL STATEMENTS

(continued)

24. INCOME TAX CREDIT/(EXPENSE)

The major components of income tax credit/(expense) for the financial years ended 31 March 2020 and 2019 are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current income tax:				
- current year	(13)	(7)	-	-
- under accrual in prior year	-	(7)	-	-
	(13)	(14)	-	-
Deferred tax (Note 12):				
- current year	3,158	(1,766)	(11,094)	(4,903)
- over/(under) accrual in prior year	450	519	(1,102)	518
	3,608	(1,247)	(12,196)	(4,385)
Tax credit/(expense) for the financial year	3,595	(1,261)	(12,196)	(4,385)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2019: 24%) of the estimated assessable profit for the financial year.

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax credit/(expense) are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(Loss)/Profit before tax	(55,827)	22,996	518	23,911
Tax at statutory tax rate of 24%	13,398	(5,519)	(124)	(5,739)
Tax effects of:				
- non-deductible expenses	(21,981)	(13,858)	(11,027)	(3,862)
- utilisation of deferred tax assets not recognised	4,366	1,053	-	-
- tax effect on share of results of associates	7,286	10,533	-	-
- non-taxable income	76	6,011	57	4,698
- over/(under) accrual in prior year	450	519	(1,102)	518
Tax credit/(expense) for the financial year	3,595	(1,261)	(12,196)	(4,385)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2020 RM'000	2019 RM'000
Unutilised tax losses	54,268	72,462
Unabsorbed capital allowances	767	767
Other taxable differences	1	1
	55,036	73,230
Potential deferred tax assets not recognised at 24%	13,209	17,575

25. (LOSS)/EARNINGS PER ORDINARY SHARE**(a) Basic (loss)/earnings per ordinary share**

Basic (loss)/earnings per share are based on the (loss)/profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	2020	2019
	RM'000	RM'000
Loss/(Profit) for the financial year attributable to owners of the Company	(34,922)	20,467
Weighted average number of ordinary shares for basic earnings per share ('000 unit)	1,073,792	1,002,736
Basic (loss)/earnings per ordinary share (sen)	(3.25)	2.04

(b) Diluted earnings per ordinary share

	Group	
	2020	2019
	RM'000	RM'000
(Loss)/Profit for the financial year attributable to owners of the Company	(34,922)	20,467
Weighted average number of ordinary shares for basic (loss)/earnings per share	1,073,792	1,002,736
Effect of dilution from potential exercise of Warrants	-	-
Weighted average number of ordinary shares for diluted (loss)/earnings per share	1,073,792	1,002,736
Diluted (loss)/earnings per ordinary share (sen)	(3.25)	2.04

The diluted loss per ordinary share of the Group for the financial year 2020 are equivalent to the basic loss per ordinary share of the Group as the Company has no dilutive potential ordinary shares and the effect is anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

26. INTEREST IN JOINT OPERATION

Details of the joint operation are as follows:

Participated by the Company

Name of joint operation	Participation interest		Economic activity
	2020 %	2019 %	
Unincorporated in Malaysia			
IJM Construction Sdn. Bhd. - Kumpulan Europlus Berhad Joint Venture ("IJMC - KEB JV")*	30	30	Undertake engineering, procurement and construction of West Coast Expressway Project

* audited by another firm of chartered accountants other than Baker Tilly Monteiro Heng PLT.

Pursuant to MFRS 11 Joint Arrangements, IJMC - KEB JV is deemed to be a joint operation of the Company as the parties involved that have joint control have rights to the assets and obligations for the liabilities relating to the arrangement.

27. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the class of financial instruments to which they are assigned:

- (i) Fair value through profit or loss ("FVPL")
- (ii) Amortised cost ("AC")

	FVPL RM'000	AC RM'000	Total RM'000
2020			
Financial assets			
Group			
Other investments	53,218	-	53,218
Trade and other receivables *	-	9,186	9,186
Cash and short-term deposits	-	748,698	748,698
	53,218	757,884	811,102
Company			
Other investments	43,501	792,000	835,501
Trade and other receivables *	-	216,231	216,231
Cash and short-term deposits	-	54,744	54,744
	43,501	1,062,975	1,106,476

27. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (Continued)

	FVPL RM'000	AC RM'000	Total RM'000
2020			
Financial liabilities			
Group			
Loans and borrowings	-	(3,128,540)	(3,128,540)
Trade and other payables	-	(533,155)	(533,155)
	-	(3,661,695)	(3,661,695)
Company			
Loans and borrowings	-	(48)	(48)
Trade and other payables	-	(141,897)	(141,897)
	-	(141,945)	(141,945)
2019			
Financial assets			
Group			
Other investments	23,271	-	23,271
Trade and other receivables *	-	77,726	77,726
Cash and short-term deposits	-	921,134	921,134
	23,271	998,860	1,022,131
Company			
Other investments	23,015	548,540	571,555
Trade and other receivables *	-	204,797	204,797
Cash and short-term deposits	-	3,907	3,907
	23,015	757,244	780,259
2019			
Financial liabilities			
Group			
Loans and borrowings	-	(2,870,207)	(2,870,207)
Trade and other payables	-	(519,402)	(519,402)
	-	(3,389,609)	(3,389,609)
Company			
Loans and borrowings	-	(150,000)	(150,000)
Trade and other payables	-	(131,502)	(131,502)
	-	(281,502)	(281,502)

* Exclude GST refundable and prepayments.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

27. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management

The Group's and the Company's activities are subject to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk. The Group and the Company have formulated a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

The Board of Directors reviews and agrees to policies and procedures for the management for these risks, which are executed by the Group's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk primarily arises from its trade receivables and contract assets while the Company's exposure to credit risk primarily arises from amount owing by a subsidiary. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limit and monitoring procedures. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

Trade receivables and contract assets

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Credit risk concentration profile

As at the reporting date, there were no significant concentration of credit risk in the Group. The maximum exposure to credit risk for the Group is represented by the carrying amount of each financial instrument. The Company also has credit risk exposure arising from financial guarantees given to banks in respect of loans granted to a subsidiary.

The Group and the Company apply the simplified approach to providing for expected credit losses prescribed by MFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

27. FINANCIAL INSTRUMENTS (CONTINUED)**(b) Financial risk management (Continued)****(i) Credit risk (Continued)**Credit risk concentration profile

The Group and the Company also individually assessed ECL of individual customers based on indicators such as changes in financial capability of the receivables, payment trends of the receivable and default or significant delay in payments. The determination of impairment losses also incorporates economic conditions during the period of historical data, current conditions and forward-looking information on the economic conditions over the expected settlement period of the receivables. The Group and the Company believe that changes in economic conditions over these periods would not materially impact the impairment calculation of the receivables.

The information about credit risk exposure on the Group and the Company trade receivables are as follows:

	Current RM'000	Trade receivables			Total RM'000
		more than 30 days past due RM'000	more than 60 days past due RM'000	more than 90 days past due RM'000	
Group					
At 31 March 2020					
Gross carrying amount					
at default	-	-	-	12,795	12,795
Impairment losses	-	-	-	(11,921)	(11,921)
At 31 March 2019					
Gross carrying amount					
at default	874	-	-	12,667	13,541
Impairment losses	-	-	-	(11,971)	(11,971)
Company					
At 31 March 2020					
Gross carrying amount					
at default	34,525	-	-	-	34,525
Impairment losses	-	-	-	-	-
At 31 March 2019					
Gross carrying amount					
at default	37,028	-	-	52,671	89,699
Impairment losses	-	-	-	-	-

The significant changes in gross carrying amount of trade receivables do not contribute to changes in impairment losses during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

27. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Other receivables and other financial assets

For other receivables and other financial assets (including investment securities, cash and cash equivalents and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

The Company provides advances to subsidiaries. The maximum exposure to credit risk is represented by its carrying amounts as disclosed in Note 11 to the financial statements as at the end of the financial year.

As at the end of the reporting period, there was no loss allowance for expected credit losses as determined by the Company for the advances to subsidiaries. The Company monitors the results of the subsidiaries in determining the recoverability of intercompany balances. Refer to Note 3.9 to the financial statements for the Group's and Company's other accounting policies for impairment of financial assets.

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises principally from their various payables, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

27. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(ii) Liquidity risk (Continued)

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

	← Contractual cash flows →				Total RM'000
	Carrying amount RM'000	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	
Group					
2020					
Trade and other payables	533,155	318,962	-	214,193	533,155
Loans and borrowings (including interest accruals):					
- Bond	933,584	51,644	206,797	1,406,196	1,664,637
- Government support loan	971,420	69	2,005	4,845,744	4,847,818
- Term loans	1,025,488	63,673	344,455	1,057,236	1,465,364
- Murabahah loan stocks	198,000	-	-	945,360	945,360
- Lease liabilities	48	19	34	-	53
	3,661,695	434,367	553,291	8,468,729	9,456,387
Company					
Lease liabilities	48	19	34	-	53
Trade and other payables	141,897	141,897	-	-	141,897
	141,945	141,916	34	-	141,950
Group					
2019					
Trade and other payables	519,402	388,402	-	131,000	519,402
Loans and borrowings (including interest accruals):					
- Bond	930,055	51,806	206,797	1,457,860	1,716,463
- Government support loan	849,856	-	669	4,283,269	4,283,938
- Term loans	953,445	253,304	197,859	968,133	1,419,296
- Murabahah loan stocks	136,851	-	-	661,446	661,446
	3,389,609	693,512	405,325	7,501,708	8,600,545
Company					
Trade and other payables	131,502	131,502	-	-	131,502
Term loans	150,000	157,840	-	-	157,840
	281,502	289,342	-	-	289,342

NOTES TO THE FINANCIAL STATEMENTS

(continued)

27. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(iii) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and of the Company's financial instruments as a result of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings.

The Group and the Company manage the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. Management does not enter into interest rate hedging transactions since it considers that the cost of such instruments outweighs the potential risk of interest rate fluctuation.

The fixed deposit placed with licensed bank at fixed rate exposes the Group to fair value interest rate risk. The term loans totalling RM1,025,488,000 (2019: RM953,445,000) at floating rate expose the Group to cash flow interest rate whilst the bond, murabahah loan stocks and government support loan of RM2,103,052 (2019: RM1,916,762,000) expose the Group to fair value interest rate risk.

The information on maturity dates and effective interest rate of financial assets and liabilities are disclosed in their respective notes.

Sensitivity analysis for interest rate risk

Fair value sensitivity analysis for fixed rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant on the Group's total profit for the financial year.

	Change in basis points	Effect on profit for the financial year RM'000
Group:		
31 March 2020	+ 50	3,897
	- 50	(3,897)

(c) Fair value measurement

(i) Fair value of financial instruments that are carried at fair value

The fair value hierarchy used to measure the fair value of financial asset carried at fair value are as follows:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (observable inputs).

As at 31 March 2020, the fair value of other investments as disclosed in Note 10 to the financial statements is measured under Level 1, of which is determined directly by reference to prices provided either by investment management companies or based on bid price of the quoted equity securities.

During the financial year ended 31 March 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

27. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement (Continued)

(ii) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value at the reporting date:

	Note
Trade and other receivables	11
Cash and short-term deposits	13
Loans and borrowings (current)	16
Trade and other payables	18

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

(iii) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

		2020		2019	
	Note	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Company					
Financial asset					
Other investments					
- Private debt securities	10	792,000	792,000	548,540	548,540
Group					
Financial liabilities					
Loans and borrowings:					
- Bond	16	933,584	912,036	930,055	915,565
- Government support loan	16	971,420	980,290	849,856	857,618
- Murabahah loan stocks	16	198,000	198,000	136,851	136,851
- Lease liabilities	16	48	48	-	-
		2,103,052	2,090,374	1,916,762	1,910,034

NOTES TO THE FINANCIAL STATEMENTS

(continued)

27. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement (Continued)

(iii) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value (Continued)

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:

	Note	Fair value RM'000	Fair value of financial instruments not carried at fair value			Total RM'000
			Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
2020						
Company						
Financial assets						
Other investment						
- Private debt securities	10	792,000	-	792,000	-	792,000
2020						
Group						
Financial liabilities						
Loans and borrowings:						
- Bond	16	912,036	-	912,036	-	912,036
- Government support loan	16	980,290	-	980,290	-	980,290
- Murabahah loan stocks	16	198,000	-	198,000	-	198,000
- Lease liabilities	16	48	-	48	-	48
		2,090,374	-	2,090,374	-	2,090,374

27. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair values measurement (Continued)

(iii) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value (Continued)

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments (Continued):

	Note	Fair value RM'000	Fair value of financial instruments not carried at fair value			Total RM'000
			Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
2019						
Company						
Financial assets						
Other investment						
- Murabahah loan stocks	10	548,540	-	548,540	-	548,540
Group						
Financial liabilities						
Loans and borrowings:						
- Bond	16	915,565	-	915,565	-	915,565
- Government support loan	16	857,618	-	857,618	-	857,618
- Murabahah loan stocks	16	136,851	-	136,851	-	136,851
		1,910,034	-	1,910,034	-	1,910,034

Fair value of financial instruments not carried at fair value

The fair value of the bond, government support loan and murabahah loan stocks are calculated based on the present value of future principal and interest cash flows, discounted at the market interest rates of similar liabilities and issuer's borrowing rate.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

28. CAPITAL COMMITMENT

The Group has made commitment in respect of infrastructure development expenditure as follows:

	2020 RM'000	Group 2019 RM'000
Infrastructure development expenditure		
- Contracted but not provided for	2,228,434	3,061,450

29. RELATED PARTIES DISCLOSURE

(a) Identity of related parties

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

Related parties of the Group include:

- (i) Entities having significant influence over the Group;
- (ii) Subsidiaries;
- (iii) Associates;
- (iv) Joint ventures;
- (v) Entities in which directors have substantial financial interests; and
- (vi) Key management personnel of the Group's and the Company's holding company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

Other than as disclosed elsewhere in the financial statements, the related parties and their relationship with the Company and its subsidiaries are as follows:

Radiant Group	Radiant Pillar Sdn. Bhd. ("Radiant"), an associate of the Group, and its subsidiary. IJM Group has substantial direct and indirect equity interests in Radiant Group. Radiant Group became subsidiaries of IJM Group with effect from 24 January 2014.
IJM Group	IJM Corporation Berhad ("IJM") and its subsidiaries. IJM is a major shareholder of the Company.

29. RELATED PARTIES DISCLOSURE (CONTINUED)**(a) Identity of related parties (Continued)**

Other than as disclosed elsewhere in the financial statements, the related parties and their relationship with the Company and its subsidiaries are as follows (Continued):

Ambang Usaha Sdn. Bhd.	Ambang Usaha Sdn. Bhd. is an associate of the Group. IJM Group is the shareholder of its remaining equity interest
MWE Group	MWE Holdings Berhad ("MWE") and its subsidiaries. MWE is a major shareholder of the Company.
IJMC - KEB Joint Venture	A joint operation between the Company and IJM Construction Sdn. Bhd.

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
IJM Group:				
- Interest expenses	(2,814)	(1,000)	(76)	(630)
- Construction works	(595,076)	(519,201)	(155,985)	(202,021)
- Murabahah loan stocks profit	(11,539)	(671)	-	-
MWE Group:				
- Share registration fees	(219)	(110)	(219)	(110)
West Coast Expressway Sdn. Bhd.				
- Construction works	-	-	162,151	194,166
- Murabahah loan stocks profit	-	-	46,236	27,686
KEB Builders Sdn. Bhd.				
- Interest expenses	-	-	(3,911)	(528)

Significant outstanding balances with related parties at the end of the reporting date are disclosed in Note 11 and Note 18 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

29. RELATED PARTIES DISCLOSURE (CONTINUED)

(b) Compensation of key management personnel

The remuneration of key management personnel and directors' remuneration (including directors who retired or resigned during the financial year), are disclosed as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors				
Non-executive directors of the Company:				
- Fees	981	981	981	981
- Other emoluments	72	60	67	55
- Estimated monetary value of benefits-in-kind	24	14	-	-
	1,077	1,055	1,048	1,036
Executive directors of subsidiary:				
- Salaries, allowance, bonus and incentive	2,383	2,024	303	309
- Estimated monetary value of benefits-in-kind	31	13	21	21
- Employees Provident Fund	277	240	27	37
	2,691	2,277	351	367
	3,768	3,332	1,399	1,403
Other key management personnel				
- Salaries, allowance, bonus and incentive	1,555	1,547	463	677
- Estimated monetary value of benefits-in-kind	16	15	-	-
- Other emoluments	54	83	54	83
- Employees Provident Fund	225	222	74	101
	1,850	1,867	591	861
	5,618	5,199	1,990	2,264

30. SEGMENTS INFORMATION

Measurement of reportable segments

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group assesses the performance of the operating segments based on operating profit or loss which is measured differently from those disclosed in the consolidated financial statements.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly former associate classified as non-current asset held for sale, investment in associates, other investments, tax refundable, tax payable and deferred tax liabilities.

Business segments

The Group's operating businesses are classified according to the nature of activities as follows:

Toll concession segment	:	Involved in the business of construction, management and tolling of highway operation;
Others	:	Involved in the business of construction contracting, leasing, management services, and investment holding.

2020 Group	Toll concession RM'000	Others RM'000	Adjustment and Elimination RM'000	Consolidated RM'000
Revenue				
External sales	860,332 [^]	-	(45,587)	814,745
Inter-segment sales	14,252	162,151	(176,403)	-
Total revenue	874,584	162,151	(221,990)	814,745
Results				
Segment results	6,820	7,966	(8,323) ^A	6,463
Finance costs	(84,616)	(14,335)	5,084	(93,867)
Share of results of associates	-	30,360	-	30,360
Interest income	-	52,537	(51,320)	1,217
(Loss)/Profit before tax	(77,796)	76,528	(54,559)	(55,827)
Taxation	3,608	(12,209)	12,196	3,595
(Loss)/Profit for the financial year	(74,188)	64,319	(42,363)	(52,232)

NOTES TO THE FINANCIAL STATEMENTS

(continued)

30. SEGMENTS INFORMATION (CONTINUED)

Business segments (Continued)

2020 Group	Toll concession RM'000	Others RM'000	Adjustment and Elimination RM'000	Consolidated RM'000
Consolidated statement of financial position				
Assets				
Segment assets	5,396,968	511,154	(569,761) ^B	5,338,361
Investment in associates	–	201,210	–	201,210
Other investments	9,654	835,564	(792,000) ^B	53,218
Current tax assets	–	604	–	604
Deferred tax assets	2,050	–	18,260 ^B	20,310
Consolidated total assets	5,408,672	1,548,532	(1,343,501) ^B	5,613,703
Liabilities				
Segment liabilities	5,297,648	485,551	(1,372,869) ^C	4,410,330
Current tax liabilities	–	33	–	33
Deferred tax liabilities	6,036	18,260	–	24,296
Consolidated total liabilities	5,303,684	503,844	(1,372,869) ^C	4,434,659
Other information				
Amortisation of infrastructure development expenditure	441	–	–	441
Capital expenditure	987,525	2	–	987,527 ^D
Depreciation of property, plant and equipment	313	264	–	577
Non-cash expenses other than depreciation and amortisation	28	40,475	(38,099)	2,404 ^E
Other non-cash income	61	222	(186)	97 ^F

30. SEGMENTS INFORMATION (CONTINUED)Business segments (Continued)

2019 Group	Toll concession RM'000	Others RM'000	Adjustment and Elimination RM'000	Consolidated RM'000
Revenue				
External sales	829,537 [^]	5,011	(74,904)	759,644
Inter-segment sales	194,166	–	(194,166)	–
Total revenue	1,023,703	5,011	(269,070)	759,644
Results				
Segment results	7,896	5,762	(29,018) ^A	(15,360)
Interest expense	–	(9,266)	687	(8,579)
Share of results of associates	–	43,889	–	43,889
Interest income	–	49,282	(46,236)	3,046
Profit before tax	7,896	89,667	(74,567)	22,996
Taxation	(1,547)	(4,398)	4,684	(1,261)
Profit for the financial year	6,349	85,269	(69,883)	21,735
Consolidated statement of financial position				
Assets				
Segment assets	4,619,017	455,235	(477,634) ^B	4,596,618
Investment in associates	–	170,850	–	170,850
Other investments	256	571,555	(548,540) ^B	23,271
Current tax assets	–	1,082	–	1,082
Consolidated total assets	4,619,273	1,198,722	(1,026,174) ^B	4,791,821
Liabilities				
Segment liabilities	4,401,903	685,693	(1,045,605) ^C	4,041,991
Current tax liabilities	–	33	–	33
Deferred tax liabilities	7,594	–	–	7,594
Consolidated total liabilities	4,409,497	685,726	(1,045,605)	4,049,618
Other information				
Capital expenditure	949,927	387	–	950,314 ^D
Depreciation of property, plant and equipment	207	114	–	321
Non-cash expenses other than depreciation	–	31,317	–	31,317 ^E
Other non-cash income	5	17,288	–	17,293 ^F

[^] Represents construction revenue recognised pursuant to IC Interpretation 12 Service Concession Arrangements from the construction of a public service infrastructure.

Note: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

30. SEGMENTS INFORMATION (CONTINUED)

Business segments (Continued)

A The following items are deducted from/added in segment results to arrive at (loss)/profit before tax:

	2020 RM'000	2019 RM'000
Impairment loss on amount owing by subsidiaries	38,099	347
Impairment loss on amount owing by subsidiaries no longer required	(186)	(1,679)
Interest income on murabahah loan stocks from subsidiary	(46,236)	(27,686)
	(8,323)	(29,018)

B The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2020 RM'000	2019 RM'000
Investment in subsidiaries	(160,746)	(160,746)
Inter-segment assets	(1,182,755)	(865,428)
	(1,343,501)	(1,026,174)

C The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2020 RM'000	2019 RM'000
Inter-segment liabilities	(1,372,869)	(1,045,605)

D Additions of capital expenditure consist of:

	2020 RM'000	2019 RM'000
Property, plant and equipment	1,882	387
Infrastructure development expenditure	985,645	949,927
	987,527	950,314

E Other non-cash expenditure consists of:

	2020 RM'000	2019 RM'000
Impairment loss on:		
- trade and other receivables	36	-
Bad debt written off	-	77
Compensation loss payable to a former associate	-	31,240
Fair value loss on investment	2,368	-
	2,404	31,317

30. SEGMENTS INFORMATION (CONTINUED)Business segments (Continued)

F Other non-cash income consists of:

	2020 RM'000	2019 RM'000
Gain on disposal of property, plant and equipment	97	-
Fair value gain on other investment	-	959
Impairment loss on receivables no longer required	-	16,334
	97	17,293

Geographical segment

The activities of the Group are mainly carried out in Malaysia and as such, geographical segment reporting is not presented.

Information about major customers

Included in the Group revenue is an amount of RM811,235,000 (2019: RM754,633,000) from the toll concession segment, which accounted for more than 10% of the Group revenue and is derived from Government of Malaysia.

31. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The debt-to-equity ratio as at 31 March 2020 and 31 March 2019 were as follows:

	2020 RM'000	Group 2019 RM'000
Total borrowings	3,128,540	2,870,207
Equity attributable to owners of the Company	1,154,408	700,257
Debt-to-equity ratio (times)	2.71	4.10

There were no changes in the Group's approach to capital management during the financial year.

As part of its financing covenants, a subsidiary is required to maintain a financial service cover ratio of at least 1.25 times upon the commencement of toll operations and a debt equity ratio of not greater than 80:20 throughout the tenure upon the completion of the project.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

32. SIGNIFICANT EVENT DURING AND SUBSEQUENT TO THE FINANCIAL YEAR

Coronavirus outbreak

On 11 March 2020, the World Health Organisation declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group and the Company operate.

In developing the disclosures, the Group and the Company have performed a preliminary assessment of the overall impact of the situation on the Group's and the Company's operations, including the recoverability of the carrying amount of assets and measurements of assets and liabilities and concluded that there is no material adverse effects on the financial statements for the financial year ended 31 March 2020.

The Group and the Company unable to reasonably estimate the financial impact of these events on their financial position, results of operations or cash flows in the next financial period due to the uncertainty of the future outcome of the current events. It is however certain that the worldwide measures against the spread of the coronavirus will have direct and indirect effects on its operations. The Group and the Company will continuously monitor the impact of COVID-19 on its operations and financial performance and will be taking appropriate and timely measures to minimise the impact of the outbreak on the Group's and the Company's operations.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, DATUK IR. HAMZAH BIN HASAN and DATUK OH CHONG PENG, being two of the directors of WCE HOLDINGS BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements as set out on pages 49 to 140 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 Group and of the Company as at 31 March 2020 and of their financial performance and cash flows for the financial year then ended.

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

DATUK IR. HAMZAH BIN HASAN
Director

DATUK OH CHONG PENG
Director

Date: 29 June 2020

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, LYNDON ALFRED FELIX, being the officer primarily responsible for the financial management of WCE HOLDINGS BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements as set out on pages 49 to 140 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

LYNDON ALFRED FELIX

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 29 June 2020.

Before me,

TAN KIM CHOOI (W661)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF WCE HOLDINGS BERHAD

(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of WCE Holdings Berhad, which comprise the statements of financial position as at 31 March 2020 of the Group and of the Company, and the statements of 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 49 to 140.

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 March 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with the 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Group

Infrastructure development expenditure (Note 4(i) and Note 7 to the financial statements)

We focused on this area because the impairment assessment of the infrastructure development expenditure, which involves uncertainties, requires the application of significant judgements and estimates by the directors. Changes in assumptions could significantly affect the results of the Group's tests for impairment of infrastructure development expenditure.

Our response:

Our audit procedures included, among others:

- understanding the process over the updating of the assumptions used in the preparation of the cash flow projections;
- comparing the Group's assumptions with analysis of changes in key assumptions from previous year;
- reading the key assumptions used by the Group in the cash flow projections;
- testing the mathematical accuracy of the recoverable amount calculation; and
- performing a sensitivity analysis around the key assumptions that are expected to be most sensitive to the recoverable amount.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WCE HOLDINGS BERHAD

(Incorporated in Malaysia)

(continued)

KEY AUDIT MATTERS (CONTINUED)

Revenue and corresponding costs recognition for construction activities (Note 4(ii), Note 20 and Note 21 to the financial statements)

We focused on this area because significant directors' judgement is required, in particular with regards to determining the progress towards satisfaction of a performance obligation, the extent of the construction costs incurred, the estimated total construction contracts revenue and costs, as well as the recoverability of the construction contracts projects. The estimated total revenue and costs are affected by a variety of uncertainties that depend of the outcome of future events.

Our response:

Our audit procedures included, among others:

- understanding the Group's process in preparing project budget and the calculation of the progress towards anticipated satisfaction of a performance obligation;
- comparing directors' major assumptions to contractual terms, our understanding gathered from the analysis of changes in the assumptions from previous financial year and discussing with project manager;
- reading the computed progress towards anticipated satisfaction of a performance obligation against architect or consultant certificate;
- checking the mathematical computation of recognised revenue and corresponding costs for the projects during the financial year; and
- discussing and obtaining relevant correspondence in relation to the potential liquidated and ascertained damages.

Company

We have determined that there are no key audit matters to communicate in our report which arose from the audit of the financial statements of the Company.

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 the 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.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

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.

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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WCE HOLDINGS BERHAD

(Incorporated in Malaysia)

(continued)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

BAKER TILLY MONTEIRO HENG PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Kuala Lumpur

Date: 29 June 2020

DATO' LOCK PENG KUAN
No. 02819/10/2020 J
Chartered Accountant

LIST OF PROPERTIES

Owner	Location	Land/ Built-Up Area	Existing use/ Description	Date of Acquisition	Tenure	Expiry	Approximate Age of Building (Years)	Net Book Value as at 31.3.2020 RM'000
1. WCE Trading Sdn Bhd	1-1A, 1st Flr Jalan U/P 1/3 Taman Ukay Perdana 68000 Ampang Selangor	165 sq.m.	Rented (4 units of shop office at Ukay Perdana)	17.7.2001	Leasehold - 99 years	10.10.2100	17	498
	1-1B, 1st Flr Jalan U/P 1/3 Taman Ukay Perdana 68000 Ampang Selangor	173 sq.m.						
	3-1B, 1st Flr Jalan U/P 1/3 Taman Ukay Perdana 68000 Ampang Selangor	61 sq.m.						
	26-3B, 3rd Flr Jalan U/P 1/2 Taman Ukay Perdana 68000 Ampang Selangor	114 sq.m.						
2. WCE Trading Sdn Bhd	Mukim of Ampang District of Hulu Langat Selangor Darul Ehsan	546 sq.m.	Vacant (4 parcels of residential land at Pandan Perdana)	21.1.2005	Leasehold - 99 years	30.10.2100	-	147
3. WCE Trading Sdn Bhd	Mukim of Ampang District of Hulu Langat Selangor Darul Ehsan	248 sq.m.	Vacant (2 parcels of residential land at Pandan Perdana)	21.1.2005	Leasehold - 99 years (99 years)	11.1.2091	-	69
4. WCE Trading Sdn Bhd	Mukim of Ampang District of Hulu Langat Selangor Darul Ehsan	783 sq.m.	Vacant (9 parcels of residential land at Pandan Perdana)	21.1.2005	Leasehold - 99 years	10.12.2100	-	212

LIST OF
PROPERTIES

(continued)

Owner	Location	Land/ Built-Up Area	Existing use/ Description	Date of Acquisition	Tenure	Expiry	Approximate Age of Building (Years)	Net Book Value as at 31.3.2020 RM'000
5. WCE Trading Sdn Bhd	No. 11 Jalan Orkid 10 Seksyen BB1 Bandar Bukit Beruntung 48300 Rawang Selangor	601 sq.m.	Vacant (1 unit Bungalow lot)	1.7.2008	Freehold	-	-	101
6. WCE Trading Sdn Bhd	Metro Larkin District of Johor Bahru Johor Darul Ta'zim	58 sq.m.	Vacant (2 units of shop office and retail space)	20.06.2013	Leasehold - 99 years	21.4.2094	12	-
7. KEURO Leasing Sdn Bhd	Metro Larkin District of Johor Bahru Johor Darul Ta'zim	1,397 sq.m.	Vacant (21 units of shop office and retail space)	30.7.2005	Leasehold - 99 years	21.4.2094	12	-
8. KEURO Leasing Sdn Bhd	Metro Larkin District of Johor Bahru Johor Darul Ta'zim	321 sq.m.	Vacant (13 units of shop office and retail space)	20.6.2013	Leasehold - 99 years	21.4.2094	12	-
9. KEB Builders Sdn Bhd	Metro Larkin District of Johor Bahru Johor Darul Ta'zim	72 sq.m.	Vacant (1 unit of shop office and retail space)	20.6.2013	Leasehold - 99 years	21.4.2094	12	-

STATEMENT ON DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S INTEREST

AS AT 30 JUNE 2020

THE COMPANY

ORDINARY SHARES

	No. of Ordinary Shares			
	Direct Interest	%	Deemed Interest	%
Dato' Neoh Soon Hiong	770,000	0.06	624,200* ¹	0.05
Tan Chor Teck	72,000	0.01	240,000* ²	0.02
Tang King Hua	350,000	0.03	-	-

REDEEMABLE CONVERTIBLE PREFERENCE SHARES (RCPS)

	No. of RCPS			
	Direct Interest	%	Deemed Interest	%
Dato' Neoh Soon Hiong	990,000	0.06	764,400* ³	0.05
Tan Chor Teck	144,000	0.01	480,000* ²	0.03
Tang King Hua	700,000	0.04	-	-

WARRANTS

	No. of Warrants			
	Direct Interest	%	Deemed Interest	%
Dato' Neoh Soon Hiong	497,500	0.10	245,000* ⁴	0.05
Tan Chor Teck	36,000	0.01	120,000* ²	0.02
Tang King Hua	175,000	0.03	-	-

Notes:

*¹ Deemed interested through his spouse, Datin Tan Yoke Sum and his son, Mr Neoh Xiao Joon, holding 382,200 and 242,000 respectively.

*² Deemed interested by virtue of his interests in Simansu Sdn Bhd.

*³ Deemed interested through his spouse, Datin Tan Yoke Sum.

*⁴ Deemed interested through his spouse, Datin Tan Yoke Sum and his son, Mr Neoh Xiao Joon, holding 191,100 and 53,900 respectively.

Save as disclosed above, none of the other Directors of the Company have any interests in the securities of the Company and its related corporation.

ANALYSIS OF ORDINARY SHAREHOLDING

AS AT 30 JUNE 2020

DISTRIBUTION OF ORDINARY SHAREHOLDING

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shares held
1 – 99	783	7.38	30,227	0.00
100 – 1,000	1,812	17.07	1,375,493	0.10
1,001 – 10,000	4,693	44.21	21,809,371	1.65
10,001 – 100,000	2,595	24.44	96,227,056	7.29
100,001 – 65,971,764*	729	6.86	588,550,699	44.62
65,971,765 and above**	4	0.04	611,442,424	46.34
Total	10,616	100.00	1,319,435,270	100.00

The holder of ordinary share is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company.

* Less than 5% of issued shares

** 5% and above of issued shares

THIRTY LARGEST SHAREHOLDERS

	Name of Ordinary Shareholder	No. of Shares	%
1	IJM CORPORATION BERHAD	342,961,824	25.99
2	MALAYSIA NOMINEES (ASING) SENDIRIAN BERHAD Pledged Securities Account for UNITED FRONTIERS HOLDINGS LIMITED (01-00872-000)	93,415,100	7.08
3	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD Pledged Securities Account for MWE HOLDINGS SDN BHD (30-00098-000)	90,000,000	6.82
4	HLB NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for MWE HOLDINGS SDN BHD (PJCAC)	85,065,500	6.45
5	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for MWE HOLDINGS SDN BHD	56,500,000	4.28
6	CITIGROUP NOMINEES (ASING) SDN BHD Exempt An for UBS AG SINGAPORE (FOREIGN)	31,997,200	2.43
7	LIM KUAN GIN	29,498,800	2.24
8	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for MWE HOLDINGS SDN BHD (CBM-RC-I1&RC-I2)	25,000,000	1.89
9	HSBC NOMINEES (ASING) SDN BHD Exempt An for CREDIT SUISSE (SG BR-TST-ASING)	22,338,000	1.69
10	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for CHONG YIEW ON (6000006)	21,860,900	1.66
11	LIM BING CHAI	10,500,000	0.80
12	HSBC NOMINEES (ASING) SDN BHD Exempt An for CREDIT SUISSE (HK BR-TST-ASING)	10,042,000	0.76

THIRTY LARGEST SHAREHOLDERS (CONTINUED)

	Name of Ordinary Shareholder	No. of Shares	%
13	KEJORA POSITIF SDN BHD	10,000,000	0.76
14	AMSEC NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for QUEK SEE KUI	8,878,900	0.67
15	HLB NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for NG YOKE YEN	7,696,000	0.58
16	HSBC NOMINEES (ASING) SDN BHD Exempt An for BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)	7,176,400	0.54
17	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for TAN KIAN CHUAN (MY2204)	6,546,400	0.50
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD Exempt An for BANK OF SINGAPORE LIMITED (LOCAL)	6,513,825	0.49
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for YOONG KAH YIN	6,260,000	0.47
20	AZIZ BIN BAHAMAN	5,775,000	0.44
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for SEOW VOON PING	5,600,000	0.42
22	LEE SOON HIAN	4,656,000	0.35
23	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB for KUAH HUN LIANG (PB)	4,061,000	0.31
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD Pledged securities Account for TEE SEE KIM	3,810,000	0.29
25	GOH KHEE PAU	3,718,000	0.28
26	GENERAL TECHNOLOGY SDN BHD	3,547,099	0.27
27	LIM BOON LIAT	3,500,000	0.27
28	CHIN PEK SOO HOLDINGS SDN BHD	3,463,000	0.26
29	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for TAN KIAN CHUAN (8059299)	3,453,600	0.26
30	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD Pledged securities account for TAY HOCK SOON (MY1055)	3,357,700	0.25
		917,192,248	69.50

ANALYSIS OF ORDINARY SHAREHOLDING AS AT 30 JUNE 2020

(continued)

LIST OF SUBSTANTIAL SHAREHOLDERS

As shown in the Register of Substantial Shareholders

	Name of Substantial Shareholders	Number of Ordinary Shares			
		Direct Interest	%	Deemed Interest	%
1.	IJM CORPORATION BERHAD	343,145,574	26.01	-	-
2.	MWE HOLDINGS SDN BHD	256,565,500	19.45	-	-
3.	UNITED FRONTIERS HOLDINGS LIMITED	93,415,100	7.08	-	-
4.	PINJAYA SDN BHD	-	-	256,565,500 ⁽¹⁾	19.45
5.	TAN SRI DATO' SURIN UPATKOON	-	-	256,565,500 ⁽²⁾	19.45
6.	TAN SRI PANG TEE CHEW	35,000	0.003	93,415,100 ⁽³⁾	7.08
7.	DATUK WIRA PANG TEE NAM	-	-	93,415,100 ⁽³⁾	7.08

Notes:

⁽¹⁾ Deemed interested by virtue of its interest in MWE Holdings Sdn Bhd pursuant to Section 8 of the Companies Act, 2016 ("Act").

⁽²⁾ Deemed interested by virtue of his interest in Pinjaya Sdn Bhd pursuant to Section 8 of the Act.

⁽³⁾ Deemed interested by virtue of their interest in United Frontiers Holdings Limited pursuant to Section 8 of the Act.

ANALYSIS OF REDEEMABLE CONVERTIBLE PREFERENCE SHARES (RCPS) HOLDINGS

AS AT 30 JUNE 2020

DISTRIBUTION OF RCPS HOLDING

Size of Holdings	No. of RCPS holder	% of RCPS holder	No. of RCPS held	% of RCPS held
1 – 99	4	0.24	179	0.00
100 – 1,000	18	1.10	7,453	0.00
1,001 – 10,000	442	27.07	2,492,856	0.15
10,001 – 100,000	758	46.43	29,499,576	1.75
100,001 – 84,409,235*	408	24.98	503,630,502	29.83
84,409,236 and above**	3	0.18	1,152,554,128	68.27
Total	1,633	100.00	1,688,184,694	100.00

Each RCPS holder is entitled to vote at all general meetings of the members of its class, and on a poll at any such general meetings to one vote for each RCPS held.

* Less than 5% of outstanding RCPS

** 5% and above of outstanding RCPS

THIRTY LARGEST RCPS HOLDER

	Name of RCPS Holder	No. of RCPS	%
1	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD Pledged Securities Account for MWE HOLDINGS SDN BHD (30-00098-000)	513,131,117	30.39
2	IJM CORPORATION BERHAD	452,592,769	26.81
3	MALAYSIA NOMINEES (ASING) SENDIRIAN BERHAD Pledged Securities Account for UNITED FRONTIERS HOLDINGS LIMITED (01-00872-000)	186,830,242	11.07
4	HSBC NOMINEES (ASING) SDN BHD Exempt An for CREDIT SUISSE (SG BR-TST-ASING)	58,525,000	3.47
5	KEJORA POSITIF SDN BHD	40,000,000	2.37
6	AMSEC NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for QUEK SEE KUI	29,215,500	1.73
7	MAYBANK NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for SEOW VOON PING	26,200,000	1.55
8	CITIGROUP NOMINEES (ASING) SDN BHD Exempt An for UBS AG SINGAPORE (FOREIGN)	17,700,000	1.05
9	MAYBANK NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for THAM TOO KAM	16,000,000	0.95
10	HSBC NOMINEES (ASING) SDN BHD Exempt An for BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)	14,352,800	0.85
11	CITIGROUP NOMINEES (TEMPATAN) SDN BHD Exempt An for BANK OF SINGAPORE LIMITED (LOCAL)	13,027,650	0.77
12	SOW HUEY SHAN	11,550,000	0.69
13	LIM KUAN GIN	10,448,800	0.62

ANALYSIS OF REDEEMABLE CONVERTIBLE PREFERENCE SHARES (RCPS) HOLDINGS

AS AT 30 JUNE 2020

(continued)

THIRTY LARGEST RCPS HOLDER (CONTINUED)

	Name of RCPS Holder	No. of RCPS	%
14	OLIVE LIM SWEE LIAN	9,980,000	0.59
15	CHIN PEK SOO HOLDINGS SDN BHD	6,926,000	0.41
16	LOW CHU MOOI	6,490,000	0.38
17	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for CHONG YIEW ON (6000006)	6,430,000	0.38
18	ONG SIOK LIAN	5,913,600	0.35
19	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB for SEOW LUN HOO @ SEOW WAH CHONG (PB)	5,765,000	0.34
20	CHIN LEAN KEAT	5,320,000	0.32
21	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB for KUAH HUN LIANG (PB)	4,872,000	0.29
22	TEE SEE KIM	4,798,000	0.28
23	LEE SOON HIAN	4,512,000	0.27
24	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD for KOH HENG FAI	4,400,000	0.26
25	STANNUM HOLDINGS SDN BHD	4,400,000	0.26
26	M & A NOMINEE (TEMPATAN) SDN BHD Pledged securities account for SOH CHOH PIAU (M&A)	3,917,500	0.23
27	MIDVEST PROPERTIES SDN BHD	3,908,000	0.23
28	KHOO SU CHIN	3,700,000	0.22
29	HLIB NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for MARCO LOW PENG KIAT	3,500,000	0.20
30	RHB NOMINEES (TEMPATAN) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD for LIM CHONG CHEE	3,338,400	0.20
		1,477,744,378	87.53

ANALYSIS OF WARRANT HOLDINGS

AS AT 30 JUNE 2020

DISTRIBUTION OF WARRANT HOLDINGS

Size of Holdings	No. of Warrant holders	% of Warrant holders	No. of Warrant held	% of Warrant held
1 – 99	49	2.86	2,039	0.00
100 – 1,000	190	11.09	136,981	0.03
1,001 – 10,000	731	42.65	3,377,690	0.67
10,001 – 100,000	537	31.32	19,172,567	3.82
100,001 – 25,068,390*	204	11.90	171,095,736	34.13
25,068,391 and above**	3	0.18	307,582,781	61.35
Total	1,714	100.00	501,367,794	100.00

* Less than 5% of outstanding Warrant

** 5% and above of outstanding Warrant

THIRTY LARGEST WARRANT HOLDER

	Name of Warrant Holder	No. of Warrant	%
1	IJM CORPORATION BERHAD	132,592,442	26.45
2	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD Pledged Securities Account for MWE HOLDINGS SDN BHD (30-00098-000)	128,282,779	25.59
3	UNITED FRONTIERS HOLDINGS LIMITED	46,707,560	9.31
4	HSBC NOMINEES (ASING) SDN BHD Exempt An for CREDIT SUISSE (SG BR-TST-ASING)	14,551,250	2.90
5	KEJORA POSITIF SDN BHD	10,000,001	1.99
6	LIM KUAN GIN	7,750,000	1.55
7	OLIVE LIM SWEE LIAN	7,100,000	1.41
8	LIM BING CHAI	6,702,601	1.34
9	TANG BOON SIANG	6,500,000	1.30
10	AMSEC NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for QUEK SEE KUI	6,483,150	1.29
11	MAYBANK NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for SEOW VOON PING	6,193,900	1.24
12	CITIGROUP NOMINEES (ASING) SDN BHD Exempt An for UBS AG SINGAPORE (FOREIGN)	4,575,001	0.91
13	TEE SEE KIM	4,418,000	0.88
14	MAYBANK NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for THAM TOO KAM	4,000,001	0.80
15	LIEW KHEK KONG	3,600,000	0.72

ANALYSIS OF WARRANT HOLDINGS AS AT 30 JUNE 2020

(continued)

THIRTY LARGEST WARRANT HOLDER

	Name of Warrant Holder	No. of Warrant	%
16	HSBC NOMINEES (ASING) SDN BHD Exempt An for BANK JULIUS BAER & CO. (SINGAPORE BCH)	3,588,201	0.71
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD Exempt An for BANK OF SINGAPORE LIMITED (LOCAL)	3,256,912	0.65
18	OOI POH CHUAN	3,000,000	0.60
19	SOW HUEY SHAN	2,887,500	0.58
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for ANG PIANG KOK	2,021,700	0.40
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for TEE SEE KIM	1,900,001	0.38
22	MAYBANK NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for TAN CHOON PING	1,871,500	0.37
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD ONG TEONG SIANG	1,823,000	0.36
24	CHIN PEK SOO HOLDINGS SDN BHD	1,731,501	0.35
25	LOW CHU MOOI	1,622,501	0.32
26	HLB NOMINEES (TEMPATAN) SDN BHD Pledged securities account for NG YOKE YEN	1,500,000	0.30
27	TANG BOON SIANG	1,500,000	0.30
28	TAN YENG FATT	1,497,300	0.30
29	ONG SIOK LIAN	1,478,401	0.29
30	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB for SEOW LUN HOO @ SEOW WAH CHONG (PB)	1,441,250	0.29
		420,576,452	83.88

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 19th Annual General Meeting of WCE Holdings Berhad (“the Company”) will be held at Victorian Ballroom, Level 1, Holiday Villa Hotel & Conference Centre Subang, 9 Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Thursday, 27 August 2020 at 10.00 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 March 2020 and the Reports of the Directors and Auditors thereon. **(Please refer to the Explanatory Notes to the Agenda)**
2. To approve the payment of the Directors’ fees of RM981,300.00 for the financial year ended 31 March 2020. **(Ordinary Resolution 1)**
3. To approve the payment of Directors’ Benefits of up to RM120,000.00 for the period from the 19th Annual General Meeting until the 20th Annual General Meeting. **(Ordinary Resolution 2)**
4. To re-elect the following Directors who are retiring by rotation pursuant to Clause 76(3) of the Constitution of the Company:
 - 4.1 Vuitton Pang Hee Cheah **(Ordinary Resolution 3)**
 - 4.2 Datuk Wira Hj. Hamza Bin Taib **(Ordinary Resolution 4)**
5. To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 5)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions:

6. **PROPOSED CONTINUATION OF DATUK OH CHONG PENG IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR** **(Ordinary Resolution 6)**

“THAT approval be and is hereby given to Datuk Oh Chong Peng, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company.”
7. **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** **(Ordinary Resolution 7)**

“THAT, pursuant to Sections 75 and 76 of the Companies Act 2016 (“the Act”) and the Constitution of the Company and subject to the approvals from Bursa Malaysia Securities Berhad and other relevant government/regulatory authorities, where such approval is necessary, the Directors of the Company be and are hereby empowered pursuant to Sections 75 and 76 of the Act to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued during the preceding twelve (12) months does not exceed 10% of the total number of the issued shares (excluding treasury shares) of the Company for the time being AND THAT the Board of Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad.”

NOTICE OF ANNUAL GENERAL MEETING

(continued)

8. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE FOR RRPT") (Ordinary Resolution 8)

"THAT, subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, the Company and its subsidiary companies shall be mandated to enter into such recurrent transactions of a revenue or trading nature which are necessary for their day-to-day operations and with those related parties as specified in Section 2.4 of the Circular to Shareholders dated 29 July 2020 subject further to the following:

- (i) the transactions are in the ordinary course of business of the Company and its subsidiary companies on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company; and
- (ii) disclosure will be made in the Annual Report of the aggregate value of transactions of the Proposed Shareholders' Mandate for RRPT conducted during the financial year, including amongst others, the following information:
 - (a) the type of the recurrent transactions made; and
 - (b) the names of the related parties involved in each type of the recurrent related party transactions made and their relationship with the Company and/or its subsidiary companies.

AND THAT such mandate shall commence upon passing of this resolution and shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which such mandate was passed, at which time it will lapse unless by the resolution passed at a general meeting, the authority is renewed; or
- (ii) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier;

AND FURTHER THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate for RRPT."

BY ORDER OF THE BOARD

RAW KOON BENG (MIA 8521)
WONG WAI FOONG (MAICSA 7001358)
FONG SEAH LIH (MAICSA 7062297)
 Company Secretaries

Kuala Lumpur
 29 July 2020

NOTES:

1. For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 17 August 2020. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.
2. A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
3. A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.
4. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:
 - (i) In hard copy form
In the case of an appointment made in hard copy form, this proxy form must be deposited at the registered office of the Company situated at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
 - (ii) By electronic means via email
In the case of an appointment made via email transmission, this proxy form must be received via email at Kar.Mun.Thong@my.tricorglobal.com and/or Shirley.Fong@my.tricorglobal.com.
For option (ii), the Company may request any member to deposit original executed proxy form to its registered office before or on the day of meeting for verification purpose.
9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the registered office of the Company situated at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
10. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
11. Last date and time for lodging this proxy form is Tuesday, 25 August 2020 at 10.00 a.m.

NOTICE OF ANNUAL GENERAL MEETING

(continued)

12. Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:
- Identity card (NRIC) (Malaysian), or
 - Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
 - Passport (Foreigner).
13. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please deposit the **ORIGINAL** certificate of appointment of authorised representative at the registered office of the Company situated at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. Alternatively, please bring the ORIGINAL certificate of appointment executed in the manner as stated in this proxy form if this has not been lodged at the Company's registered office earlier.

The certificate of appointment of authorised representative should be executed in the following manner:

- If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - at least two (2) authorised officers, of whom one shall be a director; or
 - any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
14. **It is important that you read the Administrative Guide for the conduct of the 19th AGM.**
15. Shareholders are advised to check the Company's website at www.wcehb.com.my and announcements from time to time for any changes to the administration of the 19th AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

EXPLANATORY NOTES TO THE AGENDA

- (i) Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 March 2020

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act, does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

- (ii) Ordinary Resolution 1 – Directors' fees

The Directors' fees proposed for the financial year ended 31 March 2020 are calculated based on the current board size and the assessment on the performance of the Board of Directors ("Board") by the Nomination Committee.

- (iii) Ordinary Resolution 2 – Payment of Directors' Benefits

The details of the benefits payable to the Directors are as follows:

Description	Board Member	The Company/ its subsidiary
Meeting Allowance (RM1,000.00 per meeting) <ul style="list-style-type: none"> • Board Meeting • General Meeting 	Each Board member	The Company and its subsidiary companies
Benefits in kind		
(a) Directors and Officers Liability Insurance Package	(a) All Board members	(a) The Company and its subsidiary companies
(b) Car and fuel benefit	(b) Datuk Ir. Hamzah bin Hasan	(b) The Company and its subsidiary companies

(iv) Ordinary Resolutions 3 and 4 – Re-election of Directors

Vuitton Pang Hee Cheah and Datuk Wira Hj. Hamza Bin Taib are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 19th AGM.

The Board has through the Nomination Committee carried out the necessary assessment on the aforesaid Directors and concluded that they met the criteria as prescribed under Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”) on character, experience, integrity, competence and time to effectively discharge their roles as Directors.

(v) Ordinary Resolution 5 – Re-appointment of Auditors

The Board has through the Audit Committee, considered the re-appointment of Messrs Baker Tilly Monteiro Heng PLT as the Auditors of the Company. The factors considered by the Audit Committee in making the recommendation to the Board to table their re-appointment at the 19th AGM are disclosed in the Audit Committee Report of the 2020 Annual Report.

(vi) Ordinary Resolution 6 – Proposed Continuation of Datuk Oh Chong Peng in Office as Independent Non-Executive Director

The Board had via the Nomination Committee (“NC”) conducted an annual performance evaluation and assessment of Datuk Oh Chong Peng (“Datuk Oh”) and recommended him to continue to serve as Independent Non-Executive Director of the Company based on the following justifications:

- (a) He was appointed on 28 September 2007 and has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years. As such, he understands the Company’s business operations and is able to participate and contribute actively during deliberations or discussions at meetings of the Audit Committee (“AC”), NC, Remuneration Committee (“RC”) and the Board;
- (b) His vast experiences and exposure in the areas of auditing and accountancy work would enable him to contribute effectively to the Board;
- (c) He fulfills the criteria under the definition of independent director as set out in the MMLR, and therefore, is able to bring independent and objective judgment to the Board;

(d) He has exercised due care during his tenure as an Independent Non-Executive Director of the Company and carried out his duties professionally in the interest of the Company and shareholders; and

(e) He has contributed sufficient time and effort, attended all the meetings of the AC, NC, RC and the Board held during the financial year ended 31 March 2020 as well as met Management as and when required for informed and balanced decision making.

(vii) Ordinary Resolution 7 – Authority to issue shares pursuant to Sections 75 and 76 of the Act

The Proposed Ordinary Resolution 7 is a renewal of the general mandate pursuant to Sections 75 and 76 of the Act (“General Mandate”) obtained from the shareholders of the Company at the previous Annual General Meeting and, if passed, will empower the Directors of the Company to issue new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued share capital of the Company for the time being.

The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no new ordinary shares in the Company were issued pursuant to the general mandate which was approved at the 18th Annual General Meeting held on 29 August 2019 and which will lapse at the conclusion of the 19th Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding current and/or future investment project(s), working capital, acquisition and/or for issuance of shares as settlement of purchase consideration.

(viii) Ordinary Resolution 8 – Proposed Shareholders’ Mandate for RRPT

The detailed information on Resolution 8 pertaining to the Proposed Shareholders’ Mandate for RRPT is set out in the Circular to Shareholders dated 29 July 2020 which is enclosed together with the Company’s 2020 Annual Report.

ADMINISTRATIVE GUIDE FOR THE 19TH ANNUAL GENERAL MEETING (“19TH AGM”)

Date : 27 August 2020

Time : 10.00 a.m.

Venue : Victorian Ballroom, Level 1, Holiday Villa Hotel & Conference Centre Subang,
9 Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan

1. SAFETY MEASURES IN LIGHT OF THE COVID-19 OUTBREAK

- (a) Shareholders are strongly encouraged to appoint either the Chairman of the 19th AGM or any of the Independent Directors as proxy to vote in his stead.
- (b) Attendees are advised:-
 - (i) Not to attend the 19th AGM if they had been in **physical contact with a person infected** with COVID-19; or
 - (ii) To obtain **medical clearance** before attending the 19th AGM if the attendees had travelled to countries affected by COVID-19 or if they have symptoms, such as fever, cough, shortness of breath, running nose, sore throat or respiratory tract infection.
- (c) As a precautionary measure, we will be conducting temperature checks on all persons upon arrival at the 19th AGM venue. The Company reserves the right to refuse entry to any person who is found unfit, including, but not limited to, having a temperature of 37.5 degrees Celsius or higher, coughing, sneezing and/or such other symptoms of COVID-19.
- (d) All attendees shall:-
 - (i) Wear a face mask before entering the venue and throughout the 19th AGM;
 - (ii) Maintain a good personal hygiene and use hand sanitiser whenever required;
 - (iii) Cover your cough or sneeze with tissue, and wash your hands immediately after coughing or sneezing; and
 - (iv) Maintain social distancing of at least 1 metre apart.
- (e) Attendees are **PROHIBITED** from gathering outside of the meeting venue before and after the 19th AGM.
- (f) The Company will adhere to other applicable directives, safety and precautionary requirements as prescribed by the Government, the Ministry of Health, the Malaysian National Security Council and other relevant authorities as announced from time to time until the date of the 19th AGM.

2. ELIGIBILITY TO ATTEND BASED ON THE RECORD OF DEPOSITORS

Only a shareholder whose name appears on the Record of Depositor as at 17 August 2020 shall be entitled to attend or appoint proxy(ies) to attend and/or vote on his/her behalf.

3. DOOR GIFTS AND REFRESHMENTS

There will be no distribution of door gifts for the 19th AGM. Due to social distancing, packed food will be provided instead of buffet refreshment.

4. APPOINTMENT OF PROXY

A shareholder who is unable to attend the 19th AGM on 27 August 2020 may appoint proxy and indicate the voting instructions in the proxy form. Please deposit the proxy form at the Registered Office of the Company situated at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

The last date and time for lodging the proxy form is Tuesday, 25 August 2020 at 10.00 a.m.

Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:

- (a) Identity card (NRIC) (Malaysian);
 - (b) Police report (for loss of NRIC)/Temporary NRIC (Malaysian); or
 - (c) Passport (Foreigner).
5. Shareholders are reminded to monitor the Company's website at www.wcehb.com.my and announcements from time to time for any changes to the 19th AGM arrangements.

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PROXY FORM



WCE HOLDINGS BERHAD
200001031761 (534368 – A)

CDS ACCOUNT NO.	
NO. OF SHARES HELD	

I/We _____ Tel: _____
[Full name in block, NRIC/Passport/Company No.]

of _____
[Full address]

being member(s) of **WCE Holdings Berhad**, hereby appoint:

FULL NAME (IN BLOCK)	NRIC/PASSPORT NO.	PROPORTION OF SHAREHOLDINGS	
		NO. OF SHARES	%
ADDRESS			

and/or (delete as appropriate)

FULL NAME (IN BLOCK)	NRIC/PASSPORT NO.	PROPORTION OF SHAREHOLDINGS	
		NO. OF SHARES	%
ADDRESS			

or failing him, the Chairman of the meeting, as my/our proxy to vote for me/us and on my/our behalf at the 19th Annual General Meeting of the Company to be held at Victorian Ballroom, Level 1, Holiday Villa Hotel & Conference Centre Subang, 9 Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan on **27 August 2020, Thursday at 10.00 a.m.** or any adjournment thereof, and to vote as indicated below:

No.	Resolutions	For	Against
As Ordinary Business			
1	To approve the payment of the Directors' fees of RM981,300.00 for the financial year ended 31 March 2020.		
2	To approve the Payment of Directors' Benefits.		
3	To re-elect Vuitton Pang Hee Cheah who is retiring by rotation pursuant to Clause 76(3) of the Constitution of the Company.		
4	To re-elect Datuk Wira Hj. Hamza Bin Taib who is retiring by rotation pursuant to Clause 76(3) of the Constitution of the Company.		
5	To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
As Special Business			
6	Proposed Continuation of Datuk Oh Chong Peng in Office as Independent Non-Executive Director.		
7	Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
8	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this _____ day of _____ 2020

Signature*
Member

*** Manner of execution:**

- If you are an individual member, please sign where indicated.
- If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
 - at least two (2) authorised officers, of whom one shall be a director; or
 - any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

NOTES:

- For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 17 August 2020. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.
- A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
- A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.
- If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
- Where a member of the Company is an authorised nominee as defined in the Securities Industry [Central Depositories] Act 1991 ["Central Depositories Act"], it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
- Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:
 - In hard copy form
In the case of an appointment made in hard copy form, this proxy form must be deposited at the registered office of the Company situated at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
 - By electronic means via email
In the case of an appointment made via email transmission, this proxy form must be received via email at Kar.Mun.Thong@my.tricorglobal.com and/or Shirley.Fong@my.tricorglobal.com.
For option (ii), the Company may request any member to deposit original executed proxy form to its registered office before or on the day of meeting for verification purpose.

9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the registered office of the Company situated at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
10. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
11. Last date and time for lodging this proxy form is on 25 August 2020 (Tuesday) at 10.00 a.m.
12. Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:
 - a. Identity card (NRIC) (Malaysian), or
 - b. Police report (for loss of NRIC)/Temporary NRIC (Malaysian), or
 - c. Passport (Foreigner).
13. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please deposit the **ORIGINAL** certificate of appointment of authorised representative at the registered office of the Company situated at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. Alternatively, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in this proxy form if this has not been lodged at the Company's registered office earlier.

The certificate of appointment of authorised representative should be executed in the following manner:

 - a. If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - b. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - i. at least two (2) authorised officers, of whom one shall be a director; or
 - ii. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
14. **It is important that you read the Administrative Notes for the conduct of the 19th AGM.**
15. Shareholders are advised to check the Company's website at www.wcehb.com.my and announcements from time to time for any changes to the administration of the 19th AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

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AFFIX STAMP

WCE HOLDINGS BERHAD (200001031761) (534368-A)

Customer Services Centre at Unit G-3
Ground Floor, Vertical Podium, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur

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2nd fold here



WCE HOLDINGS BERHAD

200001031761 (534368 – A)

Corporate Office:

Pejabat Pengurusan Lebuhraya
Pesisiran Pantai Barat
Jalan Meru/KU5
Bandar Bukit Raja
41050 Klang

Tel : (60) 3 3082 1999
Fax : (60) 3 3082 1988
Website : www.wcehb.com.my

Registered Office:

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
8 Jalan Kerinchi
59200 Kuala Lumpur

Tel : (60) 3 2783 9191
Fax : (60) 3 2783 9111



www.wcehb.com.my