WCE HOLDINGS BERHAD
200001031761 (534368-A)

# Realising GOALS

ANNUAL REPORT **2021**


# REALISING GOALS

A clear and focused cover that celebrates achievement, conveyed by the upraised arms of a runner reaching his destination on time to catch the perfect sunset. This represents steadfast progress, excellent pacing and celebrating the completion of targeted projects. A sense of optimism and confidence is reflected by the cover to capture the repute and distinction WCE has built to date.

http://wcehb.com.my/main/3155/index.asp?pageid=187615&t=annual-report-2021

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# INSIDE THIS REPORT

# 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 233 km highway from Banting in Selangor to Taiping in Perak. To-date, the percentage of the overall construction of the Project is 77% and the construction is still on-going. The commencement of the toll operations following the completion of Section 5 (New North Klang Straits Bypass – Bandar Bukit Raja Utara), Section 8 (Hutan Melintang – Teluk Intan), Section 9 (Kampung Lekir – Changkat Cermin) and Section 10 (Changkat Cermin – Beruas) has contributed positively towards the operating cash flows of the Group.

In the property sector, the Group has also enjoyed success in the launches of its 1,879 acres Bandar Rimbayu 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.

*SAE Interchange in Selangor connecting to KESAS Highway*

*Rimbayu football field*

*KM237 (NB) near Kg. Gelung Pepuyu, Perak*

# CORPORATE STRUCTURE

**WCE HOLDINGS BERHAD**
200001031761 (534368 – A)

- **80%** WEST COAST EXPRESSWAY SDN BHD
  199501010689 (339890-P)
- **30%** IJMC – KEB JOINT VENTURE
- **100%** KEB MANAGEMENT SDN BHD
  200001018762 (521369-K)
  - **7%** TIASA RIA SDN BHD
    200001024590 (527198-X)
  - **10%** RADIANT PILLAR SDN BHD
    199901026799 (501699-W)
- **100%** KEB PLANTATIONS HOLDINGS SDN BHD
  199701035776 (451276-V)
  - **100%** KEB BUILDERS SDN BHD
    199201017158 (248662-U)
    - **63%** TIASA RIA SDN BHD
      200001024590 (527198-X)
    - **30%** RADIANT PILLAR SDN BHD
      199901026799 (501699-W)
      - **100%** BANDAR RIMBAYU SDN BHD
        200201000430 (568093-K)
- **100%** WCE HIGHWAY SERVICES SDN BHD
  199401001575 (287253-V)
  - **100%** RATUS PRESTIJ SDN BHD
    199501022139 (351342-D)
- **100%** WCE TRADING SDN BHD
  198501008846 (141294-M)
  - **100%** MAXIMIX SDN BHD
    199501030233 (359439-D)
    - **100%** PERKASA JATI HOLDINGS SDN BHD
      200001018761 (521368-W)
- **100%** WCE TECHNOLOGY SDN BHD
  (FORMERLY KNOWN AS KEURO LEASING SDN BHD)
  198201012404 (92129-H)
- **100%** ANGSANA MESTIKA SDN BHD
  200401008799 (647303-A)

Subsidiaries
Associates
Jointly Controlled Entity

# 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
(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

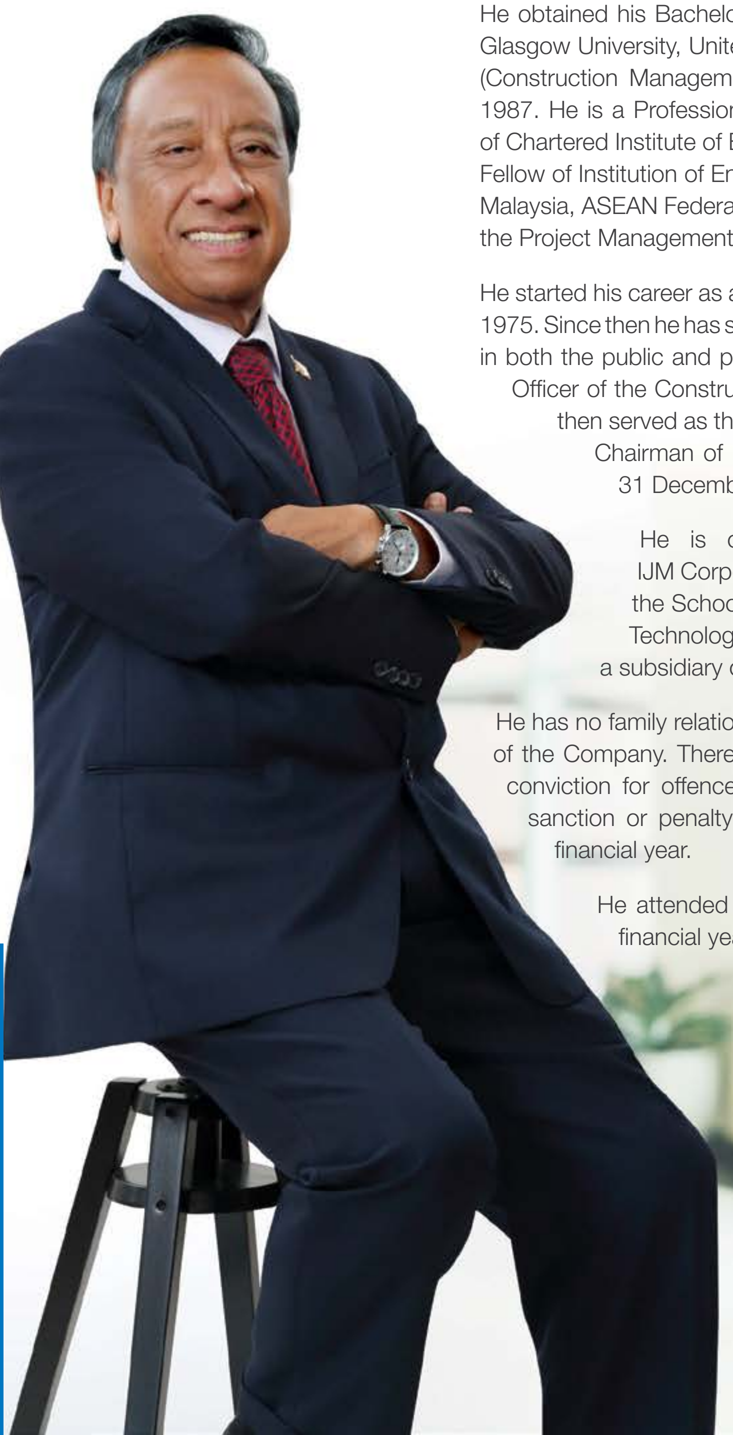
## STOCK EXCHANGE LISTING
Main Market of
Bursa Malaysia Securities Berhad
Stock Code : 3565
Stock Name : WCEHB

# PROFILE OF DIRECTORS

## DATUK IR. HAMZAH BIN HASAN

Chairman/Independent Non-Executive Director

**Nationality: Malaysia Age: 70 Gender: Male**



Datuk Ir. Hamzah bin Hasan, a Malaysian, male, aged 70, 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 Projek Lintasan Kota Holdings 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 four (4) Board of Directors' meeting held during the financial year ended 31 March 2021.

# DATUK OH CHONG PENG

Senior Independent Non-Executive Director

**Nationality: Malaysia   Age: 77   Gender: Male**

Datuk Oh Chong Peng, a Malaysian, male, aged 77, 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, Malayan Flour Mills Berhad and PUC Berhad. He is also a Director of Saujana Resort (M) Berhad, an unlisted company. In addition, he is also a Trustee of UTAR Education Foundation.

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); Chairman of Labuan Financial Services Authority, was a Board member prior to appointment as Chairman in 2018 (1996-2020); 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), British American Tobacco (Malaysia) Berhad (1998-2019) and Dialog Group Berhad (2009-2020).

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 (14) years as a Senior Independent Non-Executive Director on 27 September 2021. 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 20th 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.

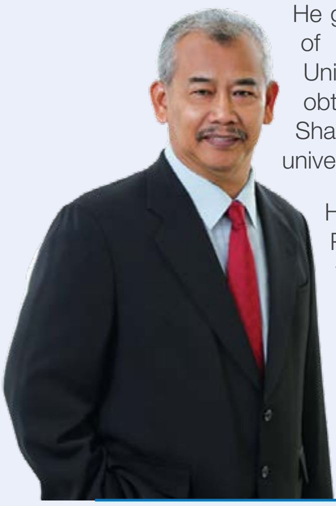
He attended all four (4) Board of Directors meetings held during the financial year ended 31 March 2021.

## DATUK WIRA HJ. HAMZA BIN TAIB

Independent Non-Executive Director

**Nationality: Malaysia Age: 65 Gender: Male**

Datuk Wira Hj. Hamza bin Taib, a Malaysian, male, aged 65, 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 four (4) Board of Directors meetings held during the financial year ended 31 March 2021.

## TAN CHOR TECK

Independent Non-Executive Director

**Nationality: Malaysia Age: 58 Gender: Male**

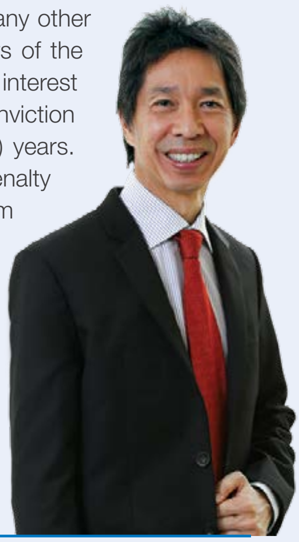
Tan Chor Teck, a Malaysian, male, aged 58, was appointed as the Independent Non-Executive Director of the Company on 26 February 2018. He is a member of the Audit Committee and Remuneration Committee of the Company.

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 four (4) Board of Directors meetings held during the financial year ended 31 March 2021.



## LEE CHUN FAI

Non-Independent Non-Executive Director

**Nationality: Malaysia  Age: 50  Gender: Male**

Lee Chun Fai, a Malaysian, male, aged 50, 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 and Infrastructure Division of IJM group. Previously, he served as the Deputy Chief Financial Officer.

His directorships in other public companies include IJM Land Berhad, Road Builder (M) Holdings Bhd and Sebana 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 four (4) Board of Directors meetings held during the financial year ended 31 March 2021.

## TANG KING HUA

Non-Independent Non-Executive Director

**Nationality: Malaysia  Age: 63  Gender: Male**

Tang King Hua, a Malaysian, male, aged 63, 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 the 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.

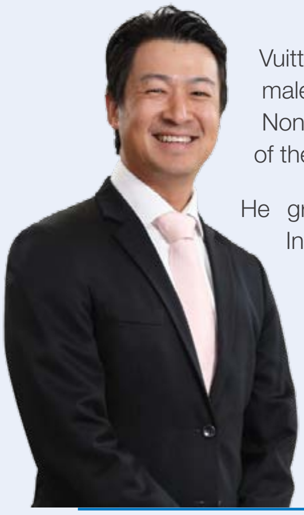
He has no family relationship with any other directors and/or major shareholders of the Company. There is no conflict of interest with the Company. He has no convictions for offences within the past five (5) years. There were no public sanction or penalty by any regulatory bodies on him during the financial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

He attended all four (4) Board of Directors meetings held during the financial year ended 31 March 2021.

## VUITTON PANG HEE CHEAH

Non-Independent Non-Executive Director

**Nationality: Malaysia Age: 40 Gender: Male**



Vuitton Pang Hee Cheah, a Malaysian, male, aged 40, 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 four (4) Board of Directors meetings held during the financial year ended 31 March 2021.

# PROFILE OF CHIEF EXECUTIVE OFFICER

## DATO' NEOH SOON HIONG

**Nationality: Malaysia Age: 65 Gender: Male**

Dato' Neoh Soon Hiong, a Malaysian, male, aged 65, 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.

He was appointed by the Perak State Government as an Advisor to the "Committee for Economic Growth Along The West Coast Expressway" on 27 June 2019, and the Advisory Council Member of the "Committee of Industry, Investment & Corridor Development Perak Darul Ridzuan" in March 2021.

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 150 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

**Nationality: Malaysia Age: 47 Gender: Male**

Mr. Lyndon, Malaysian, male, aged 47, 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

**Nationality: Malaysia Age: 56 Gender: Male**

Mr. Raw, Malaysian, male, aged 56, 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

**Nationality: Malaysia Age: 35 Gender: Female**

Ms Lim Shee Shee, Malaysian, female, aged 35, 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

**Nationality: Malaysia Age: 60 Gender: Male**

Ir. Gnanasekaran, Malaysian, male, aged 60, 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 and Business Development

**Nationality: Malaysia Age: 49 Gender: Male**

Mr Ng, Malaysian, male, aged 49, joined WCE Holdings Berhad on 2 January 2017 as an Assistant General Manager, Technical and Business Development. 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

**Nationality: Malaysia Age: 61 Gender: Female**

Ms Chan, Malaysian, female, aged 61, 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.

## HWA TEE HAI

Senior Manager – Management Information System

**Nationality: Malaysia Age: 47 Gender: Male**

Mr Hwa, Malaysian, male, aged 47, 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 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.

## IR MAZLI BIN AB. RAHMAN

Senior Manager – Technical

**Nationality: Malaysia Age: 54 Gender: Male**

Ir. Mazli, Malaysian, male, aged 54, 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.

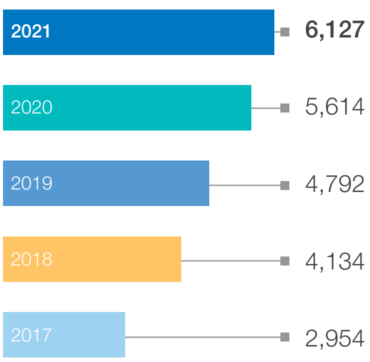
He worked for various engineering consultants undertaking design works for civil and infrastructure since 1989, after gaining more than 15 years of work experience, he worked as Assistant Resident Engineer for 3 years and thereafter, Resident Engineer until 2013, supervising the construction of the roads,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

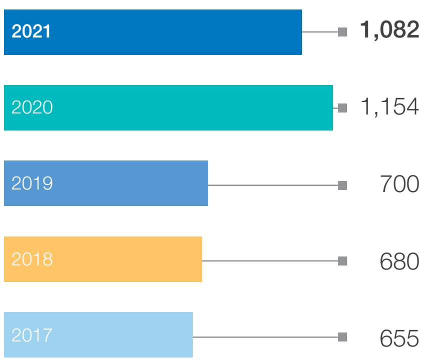
# FINANCIAL HIGHLIGHTS

| | RM million | | | | |
|---|---|---|---|---|---|
| **GROUP** | **2021** | **2020** | **2019** | **2018** | **2017** |
| Total assets | **6,127** | 5,614 | 4,792 | 4,134 | 2,954 |
| Shareholders' fund | **1,082** | 1,154 | 700 | 680 | 655 |
| Net current asset | **471** | 517 | 512 | 923 | 926 |
| Revenue | **375** | 815 | 760 | 868 | 817 |
| (Loss)/Profit before tax | **(105)** | (56) | 23 | 29 | 43 |
| (Loss)/Earnings per share (sen) | **(6.76)** | (3.25) | 2.04 | 2.50 | 3.51 |
| Net asset per share (RM) | **0.60** | 0.89 | 0.70 | 0.68 | 0.65 |
| Return on total assets | **(2.0%)** | (0.9%) | 0.5% | 0.6% | 1.2% |
| Return on equity | **(11.2%)** | (4.4%) | 2.9% | 3.7% | 5.1% |
| Gearing ratio | **3.25** | 2.71 | 4.10 | 3.37 | 2.47 |
| **COMPANY** | | | | | |
| Total assets | **1,343** | 1,269 | 948 | 718 | 714 |
| Shareholders' fund | **1,139** | 1,063 | 586 | 566 | 569 |
| Net current (liabilities)/assets | **(66)** | 49 | (151) | 306 | 342 |
| Profit/(loss) before tax | **82** | 1 | 24 | (2) | 19 |
| Return on total assets | **4.2%** | (0.9%) | 2.0% | (0.4%) | 2.3% |
| Return on equity | **4.9%** | (1.1%) | 3.3% | (0.5%) | 2.9% |
| Gearing ratio | **0.00** | 0.00 | 0.26 | 0.00 | 0.00 |

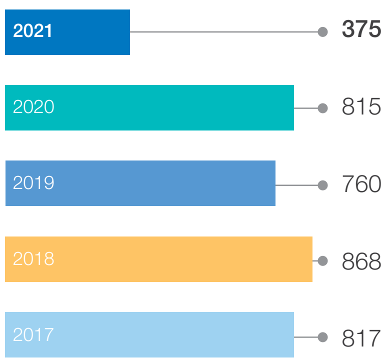
**Total Assets**
(RM Million)




**Shareholders' Fund**
(RM Million)




**Revenue**
(RM Million)



# MANAGEMENT DISCUSSION AND ANALYSIS

The Group's revenue is mainly derived from highway concession activities of the West Coast Expressway ("WCE") Project and for this financial year the revenue recorded was RM375.0 million. This is lower compared to the previous financial year where the revenue recorded was RM814.7 million primarily due to the completion of Section 5 (New North Klang Straits Bypass – Bandar Bukit Raja Utara), Section 8 (Hutan Melintang – Teluk Intan), Section 9 (Kampung Lekir – Changkat Cermin) and Section 10 (Changkat Cermin – Beruas).

Like most businesses, the Group was also impacted by the COVID-19 pandemic particularly upon the implementation of the Movement Control Order ("MCO") by the Government. This has had a significant negative impact on traffic volume on the opened sections due to the travel restrictions imposed. Furthermore, the ongoing construction activity on the uncompleted sections was also hampered by the restrictions to operate, resulting in some delays. However, considering the current scenario, the Group is optimistic that the Government is likely to grant an Extension of Time ("EOT") in relation to this.

The commencement of toll operations and collection in the last quarter of the previous financial year has contributed positively to the cash flows and operating results (before interest and tax) of the Group. The opening of these sections provide a safer, smoother and more efficient route for road users travelling between the different localities served by the various interchanges. The actual traffic volume, taking aside the MCO impact which 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 2021 as compared to the previous financial year.

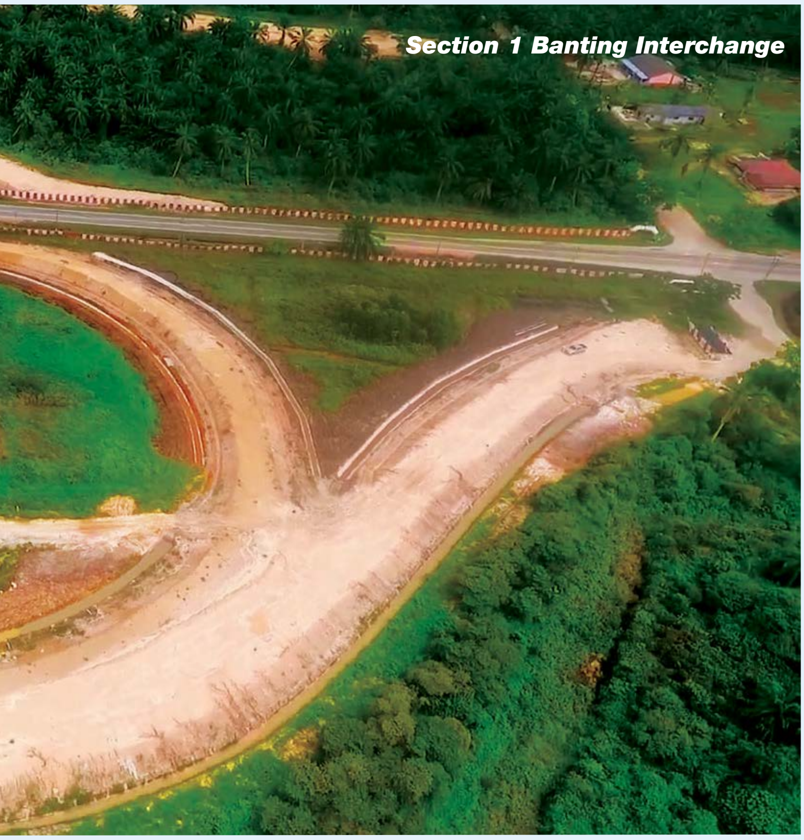
**REVENUE**

**RM375.0**
MILLION

**OPERATING PROFIT**

**RM21.2**
MILLION

The improvement in the operating profit was primarily due to full year toll operations as well as the commencement of the construction works for the Kota Seri Langat Project during the last quarter of the current financial year.




"The commencement of toll operations of the West Coast Expressway is expected to improve the future financial performance of the Group in terms of cash flows and to provide the Group stable recurrent income over the concession period."

| Financial Results | 2021 (in RM'000) | 2020 (in RM'000) |
|---|---|---|
| Revenue | **375,009** | 814,745 |
| Operating profit (before interest and tax) | **21,237** | 6,463 |
| Loss before tax | **(104,866)** | (55,827) |
| Loss after tax | **(120,569)** | (52,232) |

The Group recorded an operating profit (before interest and tax) of RM21.2 million as compared to RM6.5 million in the previous financial year. The improvement in the operating profit was primarily due to full year toll operations as well as the commencement of the construction works for the Kota Seri Langat Project during the last quarter of the current financial year.

Although toll operations have commenced, the Group has recorded a loss before tax of RM104.9 million during the current financial year as compared to RM55.8 million in the previous financial year. The highway 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. MFRS 123 Borrowing Costs states that 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 RM149.6 million as compared to RM93.9 million.

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 expected to improve the future financial performance of the Group in terms of cash flows and to provide the Group 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 2021, WCESB has drawn down RM2,029.0 million and RM1,130.8 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 2021, WCESB upsized its RUMS from RM990.0 million to RM1,980.0 million of which RM1,166.6 million has been raised 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 November 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 via the form of RUMS.

### 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 – New North Klang Straits Bypass (NNKSB) |
| **Section 5** | NNKSB – Bandar Bukit Raja Utara |
| **Section 6** | Bandar Bukit Raja Utara – 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 RM435.3 million in Infrastructure Development Expenditure ("IDE") and cumulatively up to 31 March 2021, the Group had incurred a total IDE of RM4,983.1 million. To-date, the percentage of the overall completion of the construction of the Project is 77%. Currently, four (4) out of eleven (11) sections 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 but management is pleased to report that most land acquisition issues have been resolved and the Group is targeting to open the remaining sections by the year 2022 except for a stretch measuring approximately 10 km known as Section 7B which is expected to be completed by June 2024.

Following a relapse in COVID-19 cases, the Government of Malaysia has announced re-instatement of the MCO, i.e. Full Movement Control Order ("FMCO") on 1 June 2021. This has led to substantial decrease in the traffic volumes on the opened sections due to travel restrictions as well as only essential businesses are allowed during FMCO. Our toll operations, categorised as essential service, continued operating as usual during FMCO. With the gradual decreasing trend of the COVID-19 cases along with the developments in vaccination programmes, we do not expect any long-term implications on the toll 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 38 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 25% from RM30.4 million in the previous financial year to RM22.9 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.

## CONSTRUCTION ACTIVITIES

KEB Builders Sdn Bhd, a wholly owned subsidiary of the Company, has entered into a Memoradum of Agreement ("MOA") to undertake, on a design, build and manage basis, the construction works of a proposed access from West Coast Expressway to a mixed development project in Kota Seri Langat. This Proposed Access will be known as the Kota Seri Langat Interchange and includes the construction works of a bridge, drainage and associated works for a total consideration of RM126.8 million ("the Kota Seri Langat Project"). Construction activities for the Kota Seri Langat Project commenced during the last quarter of the financial year and the Group is expected to contribute positively towards the future earnings of WCEHB Group.

## 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, Unit Kerjasama Awam Swasta,* Securities Commission, Bursa Malaysia Securities Berhad and all relevant authorities for their support.

***WCE Northern Office at Ayer Tawar, Perak***

# 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 being properly 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 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 fourteen (14) years on 27 September 2021. 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 20th 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 updated on 8 July 2021 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 Whistle Blowing Policy was updated on 8 July 2021 and is available on the Company's website, www.wcehb.com.my.

**(7) Anti-Bribery and Corruption Policy**

The Company adopts a zero-tolerance policy against all forms of Bribery and Corruption by its directors, management, employees and any individual/organisation acting for the Company and on its behalf and takes strong stance against such acts. The Board of Directors, Management, its Employees and Individuals/Organisation acting for the Company and on its behalf are strictly prohibited from directly or indirectly soliciting, accepting or offering bribes in relation to Company's businesses and operations.

The Anti-Bribery and Corruption Policy was updated on 21 August 2020 and is available on the Company's website, www.wcehb.com.my.

**(8) 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. During this financial year, four Board meetings were held instead of five, mainly due to the COVID-19 pandemic where the scheduled Board meeting to be held on 21 May 2020 was deferred and merged with the scheduled Board meeting held on 29 June 2020.

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.

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 2021, four 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) | 4 out of 4 |
| Datuk Oh Chong Peng | 4 out of 4 |
| Tang King Hua | 4 out of 4 |
| Lee Chun Fai | 4 out of 4 |
| Datuk Wira Hj. Hamza bin Taib | 4 out of 4 |
| Vuitton Pang Hee Cheah | 4 out of 4 |
| Tan Chor Teck | 4 out of 4 |

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.

**(9) 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 2021, 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 has achieve more than twelve (12) years tenure on 27 September 2021, 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.

**(10) Appointment to the Board/Reelection 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.

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.

**(11) 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 2021. Some of these training programmes, seminars or forum are as follows:
1. Webinar "Staying Resilient during an Economic Downturn",
2. Economic Recovery: Policies & Opportunities,
3. Workshop on Corporate Liability,
4. Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009,
5. CR4.0 "Maximising Value through Innovation 2020",
6. Malaysia's Budget 2021 Webinar "Paving the way towards a resilient future",
7. Tax update on Budget Proposals,
8. Webinar: Market Outlook 21 – Pathway to Recovery, and
9. Virtual 24th Credit Suisse Asian Investment Conference

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.

**(12) 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 of the 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 2021, three 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 Company and Group for the financial year ended 31 March 2021 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 | – | – | 5,200 | 188,400 |
| Datuk Oh Chong Peng | 179,900 | – | – | 5,200 | 185,100 |
| Tang King Hua | 136,400 | – | – | 5,200 | 141,600 |
| Lee Chun Fai | 111,100 | – | – | 5,200 | 116,300 |
| Datuk Wira Hj. Hamza bin Taib | 140,800 | – | – | 5,200 | 146,000 |
| Vuitton Pang Hee Cheah | 93,500 | – | – | 5,200 | 98,700 |
| Tan Chor Teck | 136,400 | – | – | 5,200 | 141,600 |
| | **981,300** | **–** | **–** | **36,400** | **1,017,700** |
| **Directors of subsidiary companies:** | | | | | |
| Tang King Hua | – | – | – | 1,000 | 1,000 |
| Datuk Ir Hamzah bin Hasan | – | – | 23,950 | 1,000 | 24,950 |
| Dato' David Frederick Wilson | – | – | – | 1,000 | 1,000 |
| Dato' Neoh Soon Hiong | – | 2,414,370 | 31,150 | – | 2,445,520 |
| | **981,300** | **2,414,370** | **55,100** | **39,400** | **3,490,170** |

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 2021 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 |
| RM350,000 to RM400.000 | 1 |
| RM250,001 to RM300,000 | 1 |
| RM200,001 to RM250,000 | 2 |

**(13) 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 2021, 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 and the Company'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 Company and the Group is set out on page 46 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 41 to 45 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. However, during the financial year ended 31 March 2021, a total of four Audit Committee meetings were held instead of five, mainly due to the effects of COVID-19 pandemic where the merged agendas of both the scheduled Audit Committee meeting to be held on 21 May 2020 and 29 June 2020 were re-scheduled to 26 June 2020. The Board of Directors meeting held on 29 June 2020 considered and approved the recommendation of the Audit Committee held on 26 June 2020.

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 once a year to discuss audit plans, audit findings and the financial statements of the Group and of the Company. The meeting was 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 8 July 2021 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 2021:

| | Audit Fees RM'000 | Non-Audit Fees RM'000 | Total RM'000 |
|---|---|---|---|
| By Company | 152 | 10 | 162 |
| By Subsidiaries | 142 | 31 | 173 |
| **Total** | **294** | **41** | **335** |

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 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 pages 38 to 40 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.

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 Company or Group 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 Company and Group. 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 8 July 2021.


*KM146.3 (SB) towards Hutan Melintang Toll Plaza, Perak*

# ABOUT THIS SUSTAINABILITY STATEMENT

The Board is pleased to present our Sustainability Statement for the Group in accordance with Practice Note 9 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia) incorporating the Sustainability Reporting Guide (2nd Edition) issued by Bursa Malaysia.

Our Sustainability Statement presents sustainability matters that are material to the Group's stakeholders and 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.

# SUSTAINABILITY STATEMENT

## OUR COMMITMENT TOWARDS SUSTAINABILITY

Here at WCE Holdings Berhad ("WCEHB"), we are committed to 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.

## FINANCIAL VIABILITY

The key revenue generator for WCEHB is the West Coast Expressway Project ("WCE Project").

The WCE Project is currently at its development stage and as previously reported, four (4) sections out of a total eleven (11) sections have been completed and are generating toll revenue. Whilst it is normal for such highway concessions to incur net losses in its early years due to the cessation of capitalisation of interest and amortisation of infrastructure development expenditure, the Group remains confident of the long-term viability of the project. This is based on projections made in the project financial model and reports from the independent traffic consultant, which indicate stable income growth over the concession period.

***Supervision building at Sitiawan Toll Plaza, Perak***

The immediate priority for the Group is to focus on the construction completion and toll commencement of the remaining sections of the Project. In this regard, the Group has the requisite funding in place via the Government Support Loan, Commercial Debts and Equity Injection for the remaining project cost.

During the year, WCEHB, via its 100%-owned subsidiary, KEB Builders Sdn Bhd also inked an agreement to undertake, on a design, build and manage basis, the construction works of a proposed access from West Coast Expressway to a mixed development project in Kota Seri Langat for a contract sum of RM126.8 million. It also secured another construction contract amounting to RM301.0 million for the construction of Section 7B of the WCE Project.

The income generated from these projects along with the share of profits from Radiant Pillar Sdn Bhd, a 40%-owned associate involved in the development of the Bandar Rimbayu project, will have a significant positive impact on the financial performance of WCEHB over the next few years.

Going forward, the Group will continue to explore new business opportunities, particularly in the construction and/or maintenance sectors to complement its main business, which is the WCE project. This will ensure that the overall financial viability of the Group remains robust.

## COVID-19 PANDEMIC

In line with the Government's initiative to implement and adhere to strict protocols and procedures to curb the spread of the virus, we at WCE Group have implemented and enforced stringent Standard Operating Procedures ("SOP") across all the offices and operational sites.

## 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 | • Sustainable Procurement |
| | • Market presence |
| | • Anti-bribery and Anti-corruption |
| | • Value creation from Project |
| Environmental | • Tackling carbon footprint |
| | • Energy consumption |
| | • Water consumption |
| | • Biodiversity |
| | • Effluent and waste |
| | • Environmental compliance |
| Social | • 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, NNKSB, 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.

***Emergency median opening maintenance***

**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.

Besides selecting sub-contractors with good performance track records, emphasis is also placed on selecting companies with a high level of compliance towards regulatory and environmental best practices.

The Group has also initiated online tender practices covering the invitation, submission and evaluation processes. This is in line with the Group's endeavour to embrace a more 'eco-friendly' office environment with minimal usage and wastage of resources. Indirectly, the online tender has also proven to increase the efficiency and timeliness of completing the process.

**Anti-Bribery and Anti-Corruption**

WCEHB adopts a zero tolerance stance to Bribery and Corruption. All Employees, Directors and Business Associates of WCEHB are prohibited from soliciting, receiving, procuring, offering, or giving bribes in any form whatsoever, and are required to adhere to the laws of Malaysia and any country that they conduct business in.

All individuals and organisations acting for the Company and on its behalf are aware of and adhere to the relevant parts of the Code of Ethics & Conduct, Anti-Bribery & Corruption Policy and Whistleblowing Policy.

Employees, Directors or Business Associates who are found to be in breach of any applicable laws dealing with Bribery and Corruption, this Policy, or WCEHB's other policies that directly or indirectly deal with Bribery and Corruption may be subject to:

- disciplinary action including dismissal of employment for Employees; or
- the termination of a business relationship for Business Associates.

WCE Group has a direct whistle blowing channel to the Audit Committee which serves as an avenue to report any potential fraud or mismanagement.

## 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:

- **C**omplying to all environmental and other relevant legal requirements;
- **A**pplying a continual improvement concept while implementing our Environmental Management System ("EMS") and monitoring its performance;
- **R**educing 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
- **E**ducating employees on the importance of sustainable development and pollution prevention.

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.


***Daily safety briefing (toolbox talk)***

### Tracking of Carbon Footprint

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 all sites where we operate. 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 and promote sustainable energy.

The first initiative that the Group embarked on, was the installation of rooftop solar photovoltaic (PV) systems at our regional offices and toll plazas. The total solar capacity of these installations are 372.02 kWp and the use of renewable energy through solar PV systems will contribute towards the Group's effort in mitigating our carbon footprint. Our planned solar PV systems are as follows:

| Location | Two (2) Regional Offices | Nine (9) Toll Plazas | Total |
|---|---|---|---|
| Solar capacity (kWp) | 84.105 | 287.915 | 372.02 |

### 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. Furthermore, we constantly engage and remind our people through notices and memos to be mindful of energy conservation, and to create this awareness as part of our culture at work.

The energy consumption of WCE Group's office premises from 2018 to 2020 is shown below:

| 2018 | 2019 | 2020 |
|---|---|---|
| 1,416kW | 15,924kW | 53,863kW |

Higher consumption of energy is due to the commencement of toll operations and the mass increase of headcounts and activities since August 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 back in 2018.

### 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 2018 to 2020 is shown below:

| 2018 | 2019 | 2020 |
|---|---|---|
| 11.09 $m^3$ | 629 $m^3$ | 988 $m^3$ |

Higher consumption of water is due to the commencement of toll operations and the mass increase of headcounts and activities since August 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 back in 2018.

### Environmental Monitoring

We have appointed external consultants to undertake periodic air, water quality, vibration and noise monitoring in line with the monitoring programmes 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 2021, there were no public sanctions or penalties imposed for non-compliance relating to environmental laws and regulations in the WCE Group.

### Environmental Control Measures and Activities

- Installation of Gabion Check Dams
- Installation of Silt Fence
- Scheduled Waste & Chemical Storage and Chemical Storage
- 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 2021.

## 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.

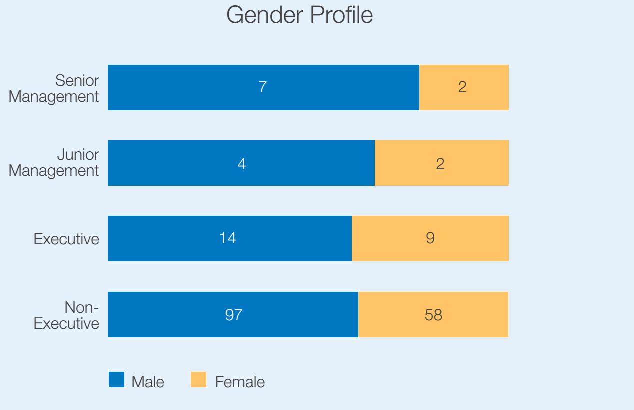
### Employee Benefits

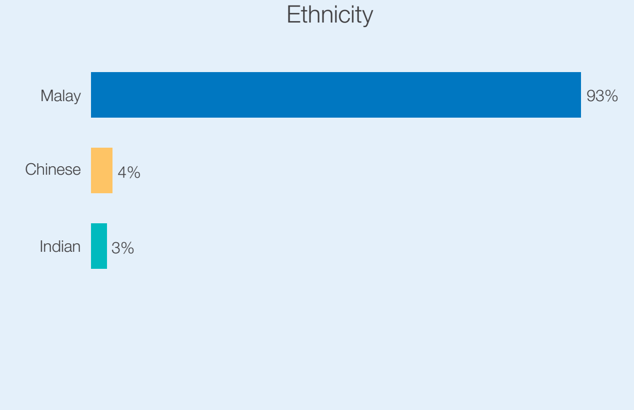
WCE Group offers attractive benefits in addition to basic remuneration. These benefits cover Annual Physical Examination, Hospitalisation & Surgical Insurance as well as protection benefits whereby contributions are made in the Employees Provident Fund ("EPF") to all employees (including contract staff), 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 are continuously improved indicating that management control is working

Following the COVID-19 outbreak, the Government had imposed the Movement Control Order ("MCO") 1.0 on 18 March 2020, MCO 2.0 on 3 January 2021 and MCO 3.0 on 6 May 2021. 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 at the various operational sites.

## TRAINING PROGRAMMES HELD IN 2020

| Training Programme | Date |
|---|---|
| Mesyuarat Penggunaan Modul Aset, Modul OPM dan Modul E-permit Bagi Lebuhraya Pesisiran Pantai Barat (WCE) (Seksyen Perak dan Selangor) | 22 January 2020 |
| Invitation to Breakfast Talk on 'Real Estate: Key Legal Considerations' | 20 February 2020 |
| Latihan Penggunaan Sistem V3 | 2 May 2020 |
| Safety & Health Assessment System in Construction (Shassic) Assessor | 21 September 2020 |
| Latihan Sistem EPTL (E-Pembangunan Tepi Lebuhraya) Versi 3.0 | 28 September 2020 |
| Certified Environmental Professional in Schedule Waste Management | 5 to 9 October 2020 |

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

***Service and maintenance of "Toll Fare Indicator"***

***Rock hill cutting and removal at Section 11***

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 / 20 July 2020 |

Our consistent and active initiatives on safety and health management has successfully led to no accidents/ incidents cases reported in the financial year and 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.

| Training | 2020 |
|---|---|
| Employee participation in training | 198 |
| Average hours per year per employee | 1.67 |

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.

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**

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 the Malaysia Rugby Union *(Kesatuan Ragbi Malaysia).*

# ADDITIONAL COMPLIANCE INFORMATION

## 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 2021 is set out below:

| | Proposed utilisation RM'000 | Utilisation as at 31 March 2021 RM'000 | Balance as at 31 March 2021 RM'000 | Intended timeframe for utilisation from 31 March 2021 RM'000 |
|---|---|---|---|---|
| Injection as equity, convertible and/or subordinated advances into WCESB | 320,000 | (320,000) | – | Completed |
| Repayment of the Bridging Loan | | | | |
| • Principal amount | 150,000 | (150,000) | – | Completed |
| • Partial settlement of interest incurred | 4,000 | (4,000) | – | Completed |
| General working capital | 3,313 | (3,313) | – | Completed |
| Defray Rights Issue expenses | 4,000 | (4,000) | – | Completed |
| | **418,313** | **(418,313)** | **–** | |

## 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 2021 pursuant to the shareholders' mandate obtained by the Company at the Annual General Meeting held on 27 August 2020 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) | 311,904 | IJM (Note 2) |
| Interest | IJM Construction Sdn Bhd (wholly owned subsidiary of IJM Group) | 61 | IJM (Note 2) |
| Interest | IJMC-KEB Joint Venture (Note 1) | 2,730 | IJM (Note 2) |

Notes:
1. 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.
2. IJM Corporation Berhad is a Major Shareholder of the Company by virtue of its 28.81% direct interest in the Company.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 2021.

## 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.

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.

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 7A & 7B | (Assam Jawa – Tanjung Karang), and |
| Section 11 | (Beruas – Taiping South) |

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

**(a) Non-performing Contractors**

Poor performance of works contractors will adversely affect the construction progress of the Project resulting in delays and possible cost overruns. The Company is constantly assessing the performance of all contractors and if required, actions including termination is taken on non-performing contractors.

**(b) Financial Viability of the Project**

**(i) 18% discount on toll rates for the North South Expressway ("NSE")**

The Government's decision to impose an 18% discount on toll rates for the North South Expressway (NSE) in 2020, will have an adverse impact on traffic volume for the WCE Expressways.

The Company will continue to engage the relevant Government agencies to address this discrepancy in toll rates.

**(ii) Delay in Project Completion/Toll Commencement due to Land Acquisition issues**

A significant increase in land acquisition cost had resulted in delays to the project progress and put a strain on the remaining project funding. Nevertheless, the Company is actively engaging with the Government of Malaysia, the Selangor State Government and other related Government Agencies, and were successful in obtaining key approvals that will enable all land issues to be resolved before the end of 2021. Once the remaining land acquisition issues are settled, the Company does not anticipate any further delays in project completion/toll commencement.

**(c) COVID-19 Pandemic**

The pandemic has had quite a significant impact on the WCE Project, primarily on toll collections for the opened sections as traffic volumes were affected by the various Movement Control Orders ("MCO") implemented by the Government throughout the financial year. There were also some adverse impact due to the inability to carry out construction activities during the MCO but the Company is actively engaging the Government to consider and grant an extension of time ("EOT") for delays attributed to this.

## 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 limit 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 8 July 2021.

# 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 are required to observe a cooling-off period of at least three 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 once 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 with the Board of Directors 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 prepare periodic report to the Board of Directors summarising the work performed in fulfilling the Audit Committee's primary responsibilities; and

(xi) In relation to bribery and corruption:

(a) to evaluate and investigate any issues reported directly to the Audit Cimmittee;

(b) to provide directions to the Compliancee Officer in relation to the Compliance Officer's roles and responsibility as and when deemed necessary or upon request from Compliance Officer;

(c) to assess reports, updates and/or alerts provided by the Compliance Officer and on a half yearly basis and as and when a report, update and/or alert arses; and

(d) to review from time to time the anti-bribery and corruption policies and procedures as and when deemed necessary by Audit Committee or upon request from the Compliance Officer or upon Board of Directors directions.

(xii) To consider other topics, as defined by the Board of Directors.

## ATTENDANCE AT AUDIT COMMITTEE MEETINGS

During the financial year ended 31 March 2021, there were four (4) 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) | 4 out of 4 |
| Tang King Hua | 4 out of 4 |
| Datuk Ir. Hamzah bin Hasan | 3 out of 4 |
| Datuk Wira Hj. Hamza bin Taib | 4 out of 4 |
| Tan Chor Teck | 4 out of 4 |

## 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 2021. 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.

## SUMMARY OF AUDIT COMMITTEE ACTIVITIES

During the financial year ended 31 March 2021, 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 Management 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 2021 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 2020, 19 November 2020, 22 February 2021 and 24 May 2021 respectively.

On 8 July 2021, the AC also reviewed the annual audited financial statements for financial year ended 31 March 2021 and conducted a private meeting with the External Auditors without the presence of the chief executive officer, senior management and company secretaries.

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 19 November 2020, the AC reviewed the EAs' Audit Planning Memorandum ("APM") for the audit for the financial year ending 31 March 2021 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 of 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 contained information on the Malaysian Accounting Standards Board's Approved Accounting Standards that have been issued but yet to be effective and any amendment to the Standards thereof.

On 24 May 2021, the AC discussed the EAs' Audit Committee Memorandum ("ACM") for the financial year ended 31 March 2021 that detailed the status, findings and outstanding matters of the annual audit. The ACM provided 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. On 8 July 2021, the AC reviewed the Audited Financial Statement ("AFS") for the financial year ended 31 March 2021.

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 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.

## 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 three internal audit assessments on the Company and the Company's 80%-owned subsidiary, West Coast Expressway Sdn Bhd.

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

| | | |
|---|---|---|
| (a) | Toll Operations | Daily Sales Transactions • Toll Systems Testing • Safety and Maintenance of The Highway • Surveillance Manitoring. |
| (b) | Project Management | Performance of Consultants and Sub-contractors • Health and Safety Management • Land Acquisition Issues • Risk of Liquidated and Ascertained Damages Penalties. |
| (c) | Legal and Compliance | COVID-19 Standard Operating Procedures (SOP) and Workers' Minimum Standard of Housing Amenities (Amendment) Act 2019. |

Improvement recommendations were as follow:

| | | |
|---|---|---|
| (a) | Toll Operations | To enhance the processes involved in cases of cash collection at toll plaza. |
| (b) | Project Management | To ensure:<br>(i) timely completion of non-conformance reports issued by the Authorities, and<br>(ii) Non-performing contractors that have been identified to be monitored very closely and if necessary, actions including termination to be considered. |
| (c) | Legal and Compliance | To enhance the monitoring of this process by establishing a detailed checklist and to forthnightly record inspection results on employees' accommodation in accordance with the provisions of the Workers' Minimum Housing and Amenities (Amendment) Act. |

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 2021 was RM125,000.00.

# 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 of 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 2021, 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 of 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 of the Company and to prevent and detect material fraud and other irregularities.

# REPORTS AND FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

# DIRECTORS' 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 2021.

## 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)/Profit for the financial year, net of tax | **(120,569)** | **56,042** |
| Attributable to: | | |
| Owners of the Company | (92,309) | 56,042 |
| Non-controlling interests | (28,260) | – |
| | **(120,569)** | **56,042** |

## 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 2021.

## 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 other than those disclosed in Note 16, Note 25 and Note 34 to the financial statements respectively; 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 has increased its share capital from RM1,113,582,629 to RM1,231,802,096 by way of shareholders' conversion of 507,367,802 units of Redeemable Convertible Preference Shares ("RCPS") together with cash payment of RM0.04 each RCPS into 507,367,802 units of new shares.

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

## 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 a subsidiary*

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 1 April 2020** | **Bought** | **Sold** | **At 31 March 2021** |
| *Direct interests:* | | | | |
| Tang King Hua | 350,000 | – | – | **350,000** |
| Tan Chor Teck | 72,000 | – | – | **72,000** |
| *Indirect interests:* | | | | |
| Tan Chor Teck | 240,000 | – | – | **240,000#** |

| | Number of redeemable convertible preference shares | | | |
|---|---|---|---|---|
| | **At 1 April 2020** | **Bought** | **Sold** | **At 31 March 2021** |
| *Direct interests:* | | | | |
| Tang King Hua | 700,000 | – | – | **700,000** |
| Tan Chor Teck | 144,000 | – | – | **144,000** |
| *Indirect interests:* | | | | |
| Tan Chor Teck | 480,000 | – | – | **480,000#** |

## DIRECTORS' INTERESTS (CONTINUED)

| | At 1 April 2020 | Number of warrants Bought | Sold | At 31 March 2021 |
|---|---|---|---|---|
| *Direct interests:* | | | | |
| Tang King Hua | 175,000 | – | – | **175,000** |
| Tan Chor Teck | 36,000 | – | – | **36,000** |
| *Indirect interests:* | | | | |
| Tan Chor Teck | 120,000 | – | – | **120,000#** |

# *Deemed interest 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 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 25 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 insurance effected for 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 auditors' report on the accounts of the subsidiaries did not contain any qualification.

## SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEAR

Details of significant events during and subsequent to the financial year are disclosed in Note 34 to the financial statements.

## AUDITORS

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

The details of the auditors' remuneration are disclosed in Note 25 to the financial statements.

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

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: 8 July 2021

# STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2021

| | Note | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 5 | **2,761** | 3,260 | **257** | 311 |
| Goodwill on consolidation | 6 | **5,369** | 5,369 | **–** | – |
| Infrastructure development expenditure | 7 | **4,983,059** | 4,547,715 | **–** | – |
| Investment in subsidiaries | 8 | **–** | – | **160,746** | 160,746 |
| Investment in associates | 9 | **224,065** | 201,210 | **–** | – |
| Other investment | 10 | **–** | – | **933,280** | 792,000 |
| Trade and other receivables | 11 | **–** | – | **145,140** | 79,669 |
| Deferred tax asset | 12 | **34,270** | 20,310 | **–** | – |
| **Total non-current assets** | | **5,249,524** | 4,777,864 | **1,239,423** | 1,032,726 |
| **Current assets** | | | | | |
| Trade and other receivables | 11 | **32,059** | 33,319 | **85,877** | 137,524 |
| Current tax assets | | **144** | 604 | **–** | 460 |
| Other investments | 10 | **35,048** | 53,218 | **15,146** | 43,501 |
| Cash and short-term deposits | 13 | **810,193** | 748,698 | **2,937** | 54,744 |
| **Total current assets** | | **877,444** | 835,839 | **103,960** | 236,229 |
| **TOTAL ASSETS** | | **6,126,968** | 5,613,703 | **1,343,383** | 1,268,955 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity attributable to the owners of the Company** | | | | | |
| Share capital | 14 | **1,464,202** | 1,443,908 | **1,464,202** | 1,443,908 |
| Warrant reserve | 15 | **90,246** | 90,246 | **90,246** | 90,246 |
| Accumulated losses | | **(472,055)** | (379,746) | **(414,949)** | (470,991) |
| | | **1,082,393** | 1,154,408 | **1,139,499** | 1,063,163 |
| Non-controlling interests | | **(3,624)** | 24,636 | **–** | – |
| **TOTAL EQUITY** | | **1,078,769** | 1,179,044 | **1,139,499** | 1,063,163 |
| **Non-current liabilities** | | | | | |
| Loans and borrowings | 17 | **3,520,137** | 3,128,508 | **54** | 16 |
| Deferred income | 18 | **784,569** | 748,635 | **–** | – |
| Deferred tax liabilities | 12 | **43,730** | 24,296 | **34,270** | 18,260 |
| Other payables | 19 | **293,358** | 214,193 | **–** | – |
| **Total non-current liabilities** | | **4,641,794** | 4,115,632 | **34,324** | 18,276 |
| **Current liabilities** | | | | | |
| Provision | 16 | **3,185** | – | **3,185** | – |
| Loans and borrowings | 17 | **26** | 32 | **26** | 32 |
| Current tax liabilities | | **8,273** | 33 | **8,175** | – |
| Trade and other payables | 19 | **377,576** | 318,962 | **146,615** | 141,897 |
| Contract liabilities | 20 | **17,345** | – | **11,559** | 45,587 |
| **Total current liabilities** | | **406,405** | 319,027 | **169,560** | 187,516 |
| **TOTAL LIABILITIES** | | **5,048,199** | 4,434,659 | **203,884** | 205,792 |
| **TOTAL EQUITY AND LIABILITIES** | | **6,126,968** | 5,613,703 | **1,343,383** | 1,268,955 |

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

# STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 March 2021

| | Note | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|---|
| Revenue | 21 | **375,009** | 814,745 | **130,315** | 162,152 |
| Cost of sales | 22 | **(353,790)** | (801,419) | **(124,965)** | (155,985) |
| **Gross profit** | | **21,219** | 13,326 | **5,350** | 6,167 |
| Other income | | **9,246** | 1,465 | **1,346** | 909 |
| Administrative expenses | | **(3,549)** | (5,628) | **(2,830)** | (4,222) |
| Net (impairment losses)/reversal of impairment losses on financial instruments | | **(2,337)** | (36) | **17,573** | (38,090) |
| Other expenses | | **(3,342)** | (2,664) | **(3,296)** | (2,438) |
| **Operating profit/(loss)** | | **21,237** | 6,463 | **18,143** | (37,674) |
| Finance income | 23 | **725** | 1,217 | **67,363** | 48,616 |
| Finance costs | 24 | **(149,681)** | (93,867) | **(3,967)** | (10,424) |
| Share of results of associates, net of tax | | **22,853** | 30,360 | **–** | – |
| (Loss)/Profit before tax | 25 | **(104,866)** | (55,827) | **81,539** | 518 |
| Income tax (expense)/credit | 26 | **(15,703)** | 3,595 | **(25,497)** | (12,196) |
| **(Loss)/Profit for the financial year** | | **(120,569)** | (52,232) | **56,042** | (11,678) |
| **Other comprehensive income, net of tax** | | **–** | – | **–** | – |
| **Total comprehensive (loss)/income for the financial year** | | **(120,569)** | (52,232) | **56,042** | (11,678) |
| **(Loss)/Profit attributable to:** | | | | | |
| Owners of the Company | | **(92,309)** | (34,922) | **56,042** | (11,678) |
| Non-controlling interests | | **(28,260)** | (17,310) | **–** | – |
| | | **(120,569)** | (52,232) | **56,042** | (11,678) |
| **Total comprehensive (loss)/income attributable to:** | | | | | |
| Owners of the Company | | **(92,309)** | (34,922) | **56,042** | (11,678) |
| Non-controlling interests | | **(28,260)** | (17,310) | **–** | – |
| | | **(120,569)** | (52,232) | **56,042** | (11,678) |
| **Loss per ordinary share (sen)** | | | | | |
| Basic loss per ordinary share | 27 | **(6.76)** | (3.25) | | |
| Diluted loss per ordinary share | 27 | **(6.76)** | (3.25) | | |

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

# STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 March 2021

| 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 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** |
| **Total comprehensive loss for the financial year** | | | | | | | | |
| Loss for the financial year | | **–** | **–** | **–** | **(92,309)** | **(92,309)** | **(28,260)** | **(120,569)** |
| Total comprehensive loss | | **–** | **–** | **–** | **(92,309)** | **(92,309)** | **(28,260)** | **(120,569)** |
| **Transaction with owners** | | | | | | | | |
| Conversion of RCPS | 14 | **118,219** | **(97,925)** | **–** | **–** | **20,294** | **–** | **20,294** |
| | | **118,219** | **(97,925)** | **–** | **–** | **20,294** | **–** | **20,294** |
| **At 31 March 2021** | | **1,231,802** | **232,400** | **90,246** | **(472,055)** | **1,082,393** | **(3,624)** | **1,078,769** |

# STATEMENTS OF CHANGES IN EQUITY
for the financial year ended 31 March 2021

| 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 | – | – | (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** |
| **Total comprehensive income for the financial year** | | | | | | |
| Profit for the financial year | | **–** | **–** | **–** | **56,042** | **56,042** |
| Total comprehensive income | | **–** | **–** | **–** | **56,042** | **56,042** |
| **Transaction with owners** | | | | | | |
| Conversion of RCPS | 14 | **118,219** | **(97,925)** | **–** | **–** | **20,294** |
| | | **118,219** | **(97,925)** | **–** | **–** | **20,294** |
| **At 31 March 2021** | | **1,231,802** | **232,400** | **90,246** | **(414,949)** | **1,139,499** |

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

# STATEMENTS OF CASH FLOWS

for the financial year ended 31 March 2021

| | Note | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| (Loss)/Profit before tax | | **(104,866)** | (55,827) | **81,539** | 518 |
| Adjustments for: | | | | | |
| Amortisation of deferred income | | **(705)** | (75) | **–** | – |
| Amortisation of infrastructure development expenditure | | **4,264** | 441 | **–** | – |
| Bad debt written off | | **36** | – | **–** | – |
| Depreciation of property, plant and equipment | | **409** | 315 | **111** | 117 |
| Distribution income from other investments | | **(752)** | (990) | **(437)** | (900) |
| Fair value (gain)/loss on other investments | | **(978)** | 2,368 | **(908)** | 2,340 |
| Gain on disposal of property, plant and equipment | | **–** | (176) | **–** | – |
| Impairment loss on: | | | | | |
| – other receivables | | **2,384** | 36 | **2,384** | 36 |
| – subsidiaries | | **–** | – | **–** | 38,054 |
| Impairment loss no longer required on: | | | | | |
| – subsidiaries | | **–** | – | **(19,910)** | – |
| – associates | | **(47)** | – | **(47)** | – |
| Interest income: | | | | | |
| – deposits with licensed banks | | **(725)** | (1,217) | **(723)** | (1,245) |
| – murabahah loan stocks | | **–** | – | **(65,470)** | (46,236) |
| – others | | **–** | – | **(1,170)** | (1,135) |
| Finance costs | | **149,681** | 93,867 | **3,967** | 10,424 |
| Gain on derecognition of an associate | | **(2)** | – | **–** | – |
| Profit arising from IC Interpretation 12 service concession arrangements | | **(3,457)** | (8,727) | **–** | – |
| Property, plant and equipment written off | | **–** | 74 | **–** | 73 |
| Provision for tax penalty | | **3,185** | – | **3,185** | – |
| Share of results of associates | | **(22,853)** | (30,360) | **–** | – |
| **Operating profit/(loss) before changes in working capital** | | **25,574** | (271) | **2,521** | 2,046 |
| Changes in working capital: | | | | | |
| Trade and other receivables | | **(1,175)** | 64,660 | **(26,641)** | 119,480 |
| Trade and other payables | | **42,369** | 61,796 | **5,534** | 5,668 |
| Contract liabilities | | **17,345** | – | **(34,028)** | (29,317) |
| **Cash flows from/(used in) operations** | | **84,113** | 126,185 | **(52,614)** | 97,877 |
| Income tax (paid)/refund | | **(1,529)** | 465 | **(852)** | 480 |
| Net cash from/(used in) operating activities | | **82,584** | 126,650 | **(53,466)** | 98,357 |

# STATEMENTS OF CASH FLOWS
for the financial year ended 31 March 2021

| | Note | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|---|
| **Cash flows from investing activities** | | | | | |
| Additions to property, plant and equipment | | **(36)** | (1,882) | **–** | (1) |
| Additions to infrastructure development expenditure | 7 | **(333,094)** | (994,320) | **–** | – |
| Interest received | | **725** | 1,217 | **67,364** | 47,481 |
| Subscription of murabahah loan stocks of a subsidiary | | **–** | – | **(141,280)** | (243,460) |
| Net change in amount owing by subsidiaries | | **–** | – | **30,342** | (162,937) |
| Net change in amount owing by associates | | **62** | (38) | **47** | (34) |
| Withdrawal/(placement) of other investments | | **19,900** | (31,325) | **29,700** | (21,926) |
| Proceeds from disposal of property, plant and equipment | | **–** | 592 | **–** | – |
| Withdrawal/(placement) of fixed deposits | | **32,542** | (56,898) | **–** | – |
| Net cash used investing activities | | **(279,901)** | (1,082,654) | **(13,827)** | (380,877) |
| **Cash flows from financing activities** | (a) | | | | |
| Drawdown of government support loan | | **300,000** | 219,000 | **–** | – |
| Drawdown/(Repayment) of term loans | | **90,930** | 74,399 | **–** | (150,000) |
| Proceed from issuance of redeemable convertible preference share ("RCPS") | | **–** | 481,313 | **–** | 481,313 |
| Proceed from conversion of RCPS | | **20,294** | 11,760 | **20,294** | 11,760 |
| Transaction costs from issuance of RCPS | | **–** | (4,000) | **–** | (4,000) |
| Issuance of murabahah loan stocks | | **16,253** | 7,009 | **–** | – |
| Interest paid | | **(136,091)** | (135,695) | **(3,960)** | (10,424) |
| Advances from subsidiaries of a major shareholder | | **–** | 72,903 | **–** | – |
| Net change in amount owing to subsidiaries | | **–** | – | **(816)** | 4,727 |
| Lease liabilities | | **(32)** | (19) | **(32)** | (19) |
| Net cash from financing activities | | **291,354** | 726,670 | **15,486** | 333,357 |
| Net increase/(decrease) in cash and cash equivalents | | **94,037** | (229,334) | **(51,807)** | 50,837 |
| **Cash and cash equivalents at the beginning of the financial year** | | **516,241** | 745,575 | **54,744** | 3,907 |
| **Cash and cash equivalents at the end of the financial year** | 13 | **610,278** | 516,241 | **2,937** | 54,744 |

(a) Reconciliation of liabilities arising from financing activities:

| | 1 April 2020 RM'000 | Cash flows RM'000 | Non-cash Fair value adjustments RM'000 | Non-cash Other changes RM'000 | 31 March 2021 RM'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| Bond – Sukuk Murabahah ("Sukuk") | **933,584** | **–** | **–** | **3,732** | **937,316** |
| Government support loan | **971,420** | **300,000** | **(36,639)** | **(1,527)** | **1,233,254** |
| Term loans | **1,025,488** | **90,930** | **–** | **467** | **1,116,885** |
| Murabahah loan stocks | **198,000** | **16,253** | **–** | **19,067*** | **233,320** |
| Lease liabilities | **48** | **(32)** | **–** | **64** | **80** |
| Amount owing to subsidiaries of a major shareholder of the Group | **70,489** | **–** | **–** | **(17,272)** | **53,217** |
| | **3,199,029** | **407,151** | **(36,639)** | **4,531** | **3,574,072** |

| | 1 April 2019 RM'000 | Cash flows RM'000 | Non-cash Fair value adjustments RM'000 | Non-cash Other changes RM'000 | 31 March 2020 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 |

* *During the financial year ended 31 March 2021 and 31 March 2020, 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.*

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

| | 1 April 2020 RM'000 | Cash flows RM'000 | Non-cash: Fair value adjustments RM'000 | Non-cash: Other changes RM'000 | 31 March 2021 RM'000 |
|---|---|---|---|---|---|
| **Company** | | | | | |
| Lease liabilities | **48** | **(32)** | **–** | **64** | **80** |
| Amount owing to subsidiaries | **70,143** | **(816)** | **–** | **–** | **69,327** |
| | **70,191** | **(848)** | **–** | **64** | **69,407** |

| | 1 April 2019 RM'000 | Cash flows RM'000 | Non-cash: Fair value adjustments RM'000 | Non-cash: Other changes RM'000 | 31 March 2020 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 |

(b) Total cash outflows for leases

During the financial year, the Group and the Company had total cash outflows for leases of RM61,000 and RM41,000 (2020: RM107,000 and RM47,000) respectively.

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

# 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 8 July 2021.

## 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 amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs for the current financial year:

<u>Amendments/Improvements to MFRSs</u>

| | |
|---|---|
| MFRS 3 | Business Combinations |
| MFRS 7 | Financial Instruments: Disclosures |
| MFRS 9 | Financial Instruments |
| MFRS 16 | Leases* |
| MFRS 101 | Presentation of Financial Statements |
| MFRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors |
| MFRS 139 | Financial Instruments: Recognition and Measurement |

* *Early adopted the amendments to MFRS 16 Leases issued by the Malaysian Accounting Standards Board ("MASB") on 5 June 2020 or/and 6 April 2021.*

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.2 Adoption of amendments/improvements to MFRSs (continued)

The adoption of the above amendments/improvements to MFRSs 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, except for those as discussed below.

***Amendments to MFRS 3 Business Combinations***

The Group has adopted the amendments to MFRS 3 for the first time in the current year. 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.

Amendments to MFRS 3 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 are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

***Amendment(s) to MFRS 16 Leases***

The Group and the Company have early adopted the amendment(s) to MFRS 16 that 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, applying to reduction in lease payments originally due on or before 30 June 2022.

The Group and the Company elected the practical expedient not to assess whether a rent concession received from landlord is a lease modification.

## 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 and amendments/improvements to MFRSs that have been issued, but yet to be effective:

| | | Effective for financial periods beginning on or after |
|---|---|---|
| New MFRS | | |
| MFRS 17 | Insurance Contracts | 1 January 2023 |
| Amendments/Improvements to MFRSs | | |
| MFRS 1 | First-time Adoption of Malaysian Financial Reporting Standards | 1 January 2022^/ 1 January 2023# |
| MFRS 3 | Business Combinations | 1 January 2022/ 1 January 2023# |
| MFRS 4 | Insurance Contracts | 1 January 2021/ 1 January 2023 |
| MFRS 5 | Non-current Assets Held for Sale and Discontinued Operations | 1 January 2023# |
| MFRS 7 | Financial Instruments: Disclosures | 1 January 2021/ 1 January 2023# |
| MFRS 9 | Financial Instruments | 1 January 2021/ 1 January 2022^/ 1 January 2023# |
| MFRS 10 | Consolidated Financial Statements | Deferred |
| MFRS 15 | Revenue from Contracts with Customers | 1 January 2023# |
| MFRS 16 | Leases | 1 January 2021/ 1 January 2022^ |
| MFRS 17 | Insurance Contracts | 1 January 2023 |
| MFRS 101 | Presentation of Financial Statements | 1 January 2023/ 1 January 2023# |
| MFRS 107 | Statements of Cash Flows | 1 January 2023# |
| MFRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors | 1 January 2023 |
| MFRS 112 | Income Taxes | 1 January 2023 |
| MFRS 116 | Property, Plant and Equipment | 1 January 2022/ 1 January 2023# |
| MFRS 119 | Employee Benefits | 1 January 2023# |
| MFRS 128 | Investments in Associates and Joint Ventures | Deferred/ 1 January 2023# |
| MFRS 132 | Financial Instruments: Presentation | 1 January 2023# |
| MFRS 136 | Impairment of Assets | 1 January 2023# |
| MFRS 137 | Provisions, Contingent Liabilities and Contingent Assets | 1 January 2022/ 1 January 2023# |
| MFRS 138 | Intangible Assets | 1 January 2023# |
| MFRS 139 | Financial Instruments: Recognition and Measurement | 1 January 2021 |
| MFRS 140 | Investment Property | 1 January 2023# |
| MFRS 141 | Agriculture | 1 January 2022^ |

^ *The Annual Improvements to MFRS Standards 2018-2020*

# *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 an entity 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 update MFRS 3 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 Malaysian Accounting Standards Board 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.

***Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosures, MFRS 4 Insurance Contracts and MFRS 16 Leases***

*The Interest Rate Benchmark Reform – Phase 2* amends some specific requirements in MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16, with respect to issues that affect financial reporting during the reform of an interest rate benchmark.

The amendments provide a practical expedient whereby an entity would not derecognise or adjust the carrying amount of financial instruments for modifications required by interest rate benchmark reform, but would instead update the effective interest rate to reflect the change in the interest rate benchmark. On hedging relationship, entities would be required to amend the formal designation of a hedging relationship to reflect the modifications and/or changes made to the hedged item and/or hedging instruments as a result of the reform. However, the modification does not constitute discontinuation of the hedging relationship nor the designation of a new hedging relationship.

## 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 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.

The amendments require an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

***Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors***

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

***Amendments to MFRS 112 Income Taxes***

The amendments specify how an entity should account for deferred tax on transactions such as leases and decommissioning obligation.

In specified circumstances, MFRS 112 exempts an entity from recognising deferred tax when it recognises assets or liabilities for the first time. There had been some uncertainties about whether the exemption from recognising deferred tax applied to transactions such as leases and decommissioning obligations – transactions for which an entity recognises both an asset and a liability. The amendments clarify that the exemption does not apply and that entity is required to recognise deferred tax on such transactions.

***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. BASIS OF PREPARATION (CONTINUED)

### 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.

## 3. 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.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.1 Basis of consolidation (continued)

#### (i) Subsidiaries and business combination (continued)

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.

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.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.1 Basis of consolidation (continued)

#### (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.

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 operation. 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 sale of its share of the output arising from the joint operation, its shares of the revenue from the sale of output by the joint operation and its expenses (including its share of any expenses incurred jointly).

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.1 Basis of consolidation (continued)

#### (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.

### 3.3 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 *Revenue from Contracts with Customers.*

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.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.3 Financial instruments (continued)

#### (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.

<u>Debt instruments</u>

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(i) 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(i) to the financial statements. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.3 Financial instruments (continued)

#### (i) Subsequent measurement (continued)

##### (a) Financial assets (continued)

Debt instruments (continued)

- **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.

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.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.3 Financial instruments (continued)

#### (i) Subsequent measurement (continued)

##### (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.

#### (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.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.3 Financial instruments (continued)

#### (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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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(ii) 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 3.17 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 a separate item of property, plant and equipment.

#### (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 77 – 93 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.5 Leases

#### (a) Definition of lease

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.

#### (b) Lessee accounting

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 as part of the property, plant and equipment and lease liabilities in Note 5 and Note 17 to the financial statements respectively.

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(ii) 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;
- 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.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.5 Leases (continued)

#### (b) Lessee accounting (continued)

Lease liability (continued)

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 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.

#### (c) Lessor accounting

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 *Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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:

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

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(ii) 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

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 contractual payment of 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.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.9 Impairment of assets (continued)

#### (i) Impairment of financial assets and contract assets (continued)

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.

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.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.9 Impairment of assets (continued)

#### (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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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 Contract assets/(liabilities)

Contract asset is the right to consideration in exchange 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 customers for which the Company has received the consideration or have billed the customers.

### 3.12 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 and the Company.

#### (ii) Defined contribution 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.13 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

### 3.14 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 of 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.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.14 Revenue and other income (continued)

**(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.

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 recognise 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) Project management fee**

Project 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.15 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.

### 3.16 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 live 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.

### 3.17 Borrowing costs

Borrowing costs are interests and other costs that the Group incurs 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 is substantially ready for their intended use or sale.

The Group begins capitalising borrowing costs when the Group has 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.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.18 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.18 Income tax (continued)

#### (iii) 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.

### 3.19 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 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.

### 3.20 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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.21 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

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 disclosure 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 that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

### (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 infrastructure development expenditure is amortised over the concession period by applying the formula disclosed in Note 3.7 to the financial statements. The denominator of the formula includes projected total traffic volume for subsequent years to the end of the concession period and is based on the traffic survey carried out by a firm of independent traffic consultants.

The assumptions to arrive at the traffic volume projection take into consideration the growth rate, current market and economic conditions, including the effect of movement restrictions to the traffic volume over the Movement Control Order imposed by the Government because of COVID-19 Pandemic. Any changes in the projected total traffic volume for the entire concession period will impact the amortisation charge for the year.

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

The construction revenue and cost of the Group consists of the infrastructure works under the Concession Agreement in accordance with IC Int 12 Service Concession Arrangements and other construction works.

**(a) Infrastructure works under the Concession Agreement in accordance with IC Int 12 Service Concession Arrangements**

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.

**(b) Other construction works**

The Group recognised construction revenue and 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 20 to the financial statements.

## 5. PROPERTY, PLANT AND EQUIPMENT

| Group 2021 | Freehold land 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 1 April 2020 | 117 | 256 | 83 | 657 | 2,945 | 57 | 24,411 | 28,526 |
| Additions | – | – | 2 | 32 | – | 2 | 57 | 93 |
| At 31 March 2021 | 117 | 256 | 85 | 689 | 2,945 | 59 | 24,468 | 28,619 |
| **Accumulated depreciation and impairment loss** | | | | | | | | |
| At 1 April 2020 | 16 | 59 | 62 | 550 | 1,134 | 8 | 23,437 | 25,266 |
| Depreciation for the financial year | – | 20 | 7 | 35 | 479 | 11 | 40 | 592 |
| At 31 March 2021 | 16 | 79 | 69 | 585 | 1,613 | 19 | 23,477 | 25,858 |
| **Carrying amount** | | | | | | | | |
| At 31 March 2021 | 101 | 177 | 16 | 104 | 1,332 | 40 | 991 | 2,761 |

| Group 2020 | Freehold land 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 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 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 31 March 2020 | 101 | 197 | 21 | 107 | 1,811 | 49 | 974 | 3,260 |

## 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 |
|---|---|---|---|---|---|
| **2021** | | | | | |
| **Cost** | | | | | |
| At 1 April 2020 | – | 52 | 387 | 67 | 506 |
| Additions | – | – | – | 57 | 57 |
| At 31 March 2021 | – | 52 | 387 | 124 | 563 |
| **Accumulated depreciation** | | | | | |
| At 1 April 2020 | – | 34 | 142 | 19 | 195 |
| Depreciation for the financial year | – | 5 | 77 | 29 | 111 |
| At 31 March 2021 | – | 39 | 219 | 48 | 306 |
| **Carrying amount** | | | | | |
| At 31 March 2021 | – | 13 | 168 | 76 | 257 |
| **2020** | | | | | |
| **Cost** | | | | | |
| At 1 April 2019 | 215 | 51 | 387 | 67 | 720 |
| Additions | – | 1 | – | – | 1 |
| Written off | (215) | – | – | – | (215) |
| At 31 March 2020 | – | 52 | 387 | 67 | 506 |
| **Accumulated depreciation** | | | | | |
| At 1 April 2019 | 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 31 March 2020 | – | 18 | 245 | 48 | 311 |

## 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### (a) Impairment loss

The estimated recoverable amount of RM100,000 (2020: 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 2 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 RM1,017,000 (2020: RM1,029,000) are not registered in the name of the Group.

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

The Group and the Company lease several assets including leasehold land and buildings.

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 |
|---|---|---|---|
| **2021** | | | |
| **Cost** | | | |
| At 1 April 2020 | 13,234 | 11,177 | 24,411 |
| Additions | – | 57 | 57 |
| At 31 March 2021 | 13,234 | 11,234 | 24,468 |
| **Accumulated depreciation and impairment loss** | | | |
| At 1 April 2020 | 12,805 | 10,632 | 23,437 |
| Depreciation | 5 | 35 | 40 |
| At 31 March 2021 | 12,810 | 10,667 | 23,477 |
| **Carrying amount** | | | |
| At 31 March 2021 | 424 | 567 | 991 |

## 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### (c) Right-of-use assets (continued)

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

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

| Company | 2021 RM'000 | 2020 RM'000 |
|---|---|---|
| **Building** | | |
| **Cost** | | |
| At the beginning of the financial year | **67** | 67 |
| Addition | **57** | – |
| At the end of the financial year | **124** | 67 |
| **Accumulated depreciation** | | |
| At the beginning of the financial year | **19** | – |
| Depreciation | **29** | 19 |
| At the end of the financial year | **48** | 19 |
| **Carrying amount** | | |
| At the end of the financial year | **76** | 48 |

Included in the right-of-use assets are:

(i) The leasehold land and buildings of the Group with net carrying amount of RM915,000 (2020:RM926,000) is for their office space and operation. The Group's leasehold land and buildings having lease term at a range of 77 to 93 year; and

(ii) The Group and the Company lease building with net carrying amount of RM76,000 (2020: 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 | |
|---|---|---|
| | 2021 RM'000 | 2020 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 44-year (2020: 45-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 6.60% (2020: 6.08%) 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.

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 | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| **At cost** | | |
| At the beginning of the financial year | **4,548,156** | 3,562,511 |
| Additions | **439,608** | 985,645 |
| At the end of the financial year | **4,987,764** | 4,548,156 |
| **Accumulated amortisation** | | |
| At the beginning of the financial year | **441** | – |
| Amortisation for the financial year | **4,264** | 441 |
| At the end of the financial year | **4,705** | 441 |
| **Carrying amount** | **4,983,059** | 4,547,715 |

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.

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

| | Group | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| Borrowing cost capitalised (Note 24) | **133,459** | 174,933 |

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

| | Group | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| Additions during the financial year | **439,608** | 985,645 |
| Movement in payables and accruals | **(116,457)** | 59,501 |
| Depreciation related to infrastructure development expenditure | **(183)** | (262) |
| Finance cost | **13,583** | (41,828) |
| Property, plant and equipment written off | **–** | (9) |
| Profit arising from IC Int 12 Service Concession Arrangement | **(3,457)** | (8,727) |
| Cash payments | **333,094** | 994,320 |

## 7. INFRASTRUCTURE DEVELOPMENT EXPENDITURE (CONTINUED)

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 since previous financial year.

During the current financial year and previous 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 2021 RM'000 | Company 2020 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 2021 % | Effective ownership Interest/ Voting rights 2020 % | Principal activities |
|---|---|---|---|
| **Direct subsidiaries** | | | |
| Angsana Mestika Sdn. Bhd. | **100** | 100 | Inactive. |
| KEB Management Sdn. Bhd. | **100** | 100 | Inactive. |
| KEB Plantations Holdings Sdn. Bhd. | **100** | 100 | Inactive. |
| WCE Technology Sdn. Bhd. (formerly known as Keuro Leasing Sdn. Bhd.) | **100** | 100 | Inactive. |
| WCE 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. |

## 8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

| Name of company | Effective ownership Interest/ Voting rights 2021 % | 2020 % | Principal activities |
|---|---|---|---|
| **Indirect subsidiaries** | | | |
| **Held through KEB Plantations Holdings Sdn. Bhd.** | | | |
| KEB Builders Sdn. Bhd. | **100** | 100 | Construction contracting and project management services. |
| **Held through KEB Builders Sdn. Bhd.** | | | |
| 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 WCE Trading Sdn. Bhd.** | | | |
| Maximix Sdn. Bhd. | **100** | 100 | Inactive. |
| **Held through Maximix Sdn. Bhd.** | | | |
| Perkasa Jati Holdings Sdn. Bhd. | **100** | 100 | Inactive. |

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

Equity interest held by non-controlling interests:

| Name of company | Principal place of business/country of incorporation | Ownership interest 2021 % | 2020 % |
|---|---|---|---|
| West Coast Expressway Sdn. Bhd. | Malaysia | **20** | 20 |
| Tiasa Ria Sdn. Bhd. | Malaysia | **30** | 30 |

## 8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

### (a) Non-controlling interests in subsidiaries (continued)

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

| | West Coast Expressway Sdn. Bhd. RM'000 | 2021 Other individually immaterial subsidiaries RM'000 | Total RM'000 |
|---|---|---|---|
| **NCI percentage of ownership interest and voting interest** | 20% | | |
| Carrying amount of NCI | (3,612) | (12) | (3,624) |
| Loss allocated to NCI in current financial year | (28,259) | (1) | (28,260) |

| | West Coast Expressway Sdn. Bhd. RM'000 | 2021 Other individually immaterial subsidiaries RM'000 |
|---|---|---|
| **Summarised financial information before intra-group elimination** | | |
| **Summarised statements of financial position** | | |
| **As at 31 March 2021** | | |
| Non-current assets | 5,140,565 | – |
| Current assets | 837,157 | – |
| Non-current liabilities | (5,685,840) | – |
| Current liabilities | (309,938) | (292) |
| Net liabilities | (18,056) | (292) |
| **Financial year ended 31 March 2021** | | |
| **Summarised statements of comprehensive income** | | |
| Revenue | 378,507 | – |
| Loss for the financial year | (141,296) | (5) |
| Total comprehensive loss | (141,296) | (5) |
| **Summarised statements of cash flows financial year ended 31 March 2021** | | |
| Cash flows from/(used in): | | |
| – operating activities | 5,213 | (670) |
| – investing activities | (198,694) | – |
| – financing activities | 339,412 | 7,089 |
| Net increase in cash and cash equivalents | 145,931 | 6,419 |
| 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 and the Company's subsidiaries that have material non-controlling interests ("NCI") are as follows (continued):

| | 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) |

| | 2020 West Coast Expressway Sdn. Bhd. RM'000 | Other individually immaterial subsidiaries RM'000 |
|---|---|---|
| **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 2021** | | |
| **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)

### (b) Significant restriction

West Coast Expressway Sdn. Bhd. ("WCESB"), an 80% owned subsidiary of the Group 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 as disclosed in Note 17 to the financial statements. The assets to which such restrictions apply are the cash and cash equivalents and other investments included in the consolidated financial statements totalling RM806,748,000 (2020: RM693,336,000).

## 9. INVESTMENT IN ASSOCIATES

| | Group | | Company | |
|---|---|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| **At Cost** | | | | |
| At the beginning/end of the financial year | **400** | 400 | **–** | – |
| **Share of results of associates** | | | | |
| At beginning of the financial year | **200,810** | 170,450 | **–** | – |
| Share of results | **22,853** | 30,360 | **–** | – |
| Derecognised | **2** | – | **–** | – |
| At the end of the financial year | **223,665** | 200,810 | **–** | – |
| | **224,065** | 201,210 | **–** | – |

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 2021 % | Effective ownership Interest/ Voting rights 2020 % | Principal activities |
|---|---|---|---|
| **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 | Dormant. |

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

* *This company was struck off during the financial year.*

## 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 subsidiary RM'000 | Other individually immaterial associate RM'000 |
|---|---|---|
| **Summarised financial information** | | |
| **As at 31 March 2021** | | |
| Non-current assets | 186,277 | – |
| Current assets | 1,120,253 | – |
| Non-current liabilities | (28,184) | – |
| Current liabilities | (718,183) | – |
| Net assets | 560,163 | – |
| **Financial year ended 31 March 2021** | | |
| Profit for the financial year | 57,133 | 66 |
| Other comprehensive income | – | – |
| Total comprehensive income | 57,133 | 66 |
| *Included in the total comprehensive income is:* | | |
| Revenue | 195,591 | – |

| Group | Radiant Pillar Sdn. Bhd. and its subsidiary RM'000 | Total RM'000 |
|---|---|---|
| **As at 31 March 2021** | | |
| Group's share of net assets | 224,065 | 224,065 |
| **Group's share of results** | | |
| **Financial year ended 31 March 2021** | | |
| Group's share of profit | 22,853 | 22,853 |
| Group's share of other comprehensive income | – | – |
| Group's share of total comprehensive income | 22,853 | 22,853 |

## 9. INVESTMENT IN ASSOCIATES (CONTINUED)

### Summarised financial information of material 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 subsidiary RM'000 | Other individually immaterial associate RM'000 |
|---|---|---|
| **Summarised financial information** | | |
| **As at 31 March 2020** | | |
| Non-current assets | 196,435 | – |
| Current assets | 1,109,387 | – |
| Non-current liabilities | (13,458) | – |
| Current liabilities | (789,334) | (67) |
| Net assets/(liabilities) | 503,030 | (67) |
| **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) |
| *Included in the total comprehensive income is:* | | |
| Revenue | 220,076 | – |

| Group | Radiant Pillar Sdn. Bhd. and its subsidiary RM'000 | Other individually immaterial associate RM'000 | Total RM'000 |
|---|---|---|---|
| **As at 31 March 2020** | | | |
| Group's share of net assets/(liabilities) | 201,212 | (2) | 201,210 |
| **Group's share of results** | | | |
| **Financial year ended 31 March 2020** | | | |
| Group's share of profit | 30,360 | – | 30,360 |
| Group's share of other comprehensive | – | – | – |
| Group's share of other comprehensive | 30,360 | – | 30,360 |

In previous financial year, the Group has not recognised its share of losses of Ambang Usaha Sdn. Bhd. amounting RM2,578 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 RM33,098 in previous financial year.

## 10. OTHER INVESTMENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Non-current | | | | |
| **Private debt securities** | | | | |
| – Amortised cost | **–** | – | **933,280** | 792,000 |
| | **–** | – | **933,280** | 792,000 |
| Current | | | | |
| **Unquoted unit trusts in Malaysia** | | | | |
| – Fair value through profit or loss | **32,263** | 51,361 | **12,361** | 41,644 |
| **Quoted equity securities in Malaysia** | | | | |
| – Fair value through profit or loss | **2,785** | 1,857 | **2,785** | 1,857 |
| | **35,048** | 53,218 | **15,146** | 43,501 |
| **Market value** | | | | |
| – Quoted equity securities | **2,785** | 1,857 | **2,785** | 1,857 |

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 5.00% – 7.37% (2020: 10% and 6.68% – 7.37%) 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 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|---|
| **Non-current** | | | | | |
| **Other receivables** | | | | | |
| Amount owing by a subsidiary | (b) | **–** | – | **145,140** | 79,669 |
| **Current** | | | | | |
| **Trade receivables** | | | | | |
| External parties | (a) | **13,756** | 12,795 | **–** | – |
| Amount owing by a subsidiary | (b) | **–** | – | **62,419** | 34,525 |
| | | **13,756** | 12,795 | **62,419** | 34,525 |
| **Less:** | | | | | |
| **Accumulated impairment loss** | | | | | |
| External parties | | **(11,921)** | (11,921) | **–** | – |
| Trade receivables, net | | **1,835** | 874 | **62,419** | 34,525 |
| **Other receivables** | | | | | |
| External parties | (d) | **97,847** | 93,720 | **62,001** | 62,293 |
| GST refundable | | **–** | 962 | **–** | 962 |
| Amount owing by subsidiaries | (b) | **–** | – | **90,798** | 186,611 |
| Amount owing by associates | (c) | **–** | 62 | **–** | 47 |
| Refundable deposits | | **60** | 60 | **–** | – |
| | | **97,907** | 94,804 | **152,799** | 249,913 |
| **Less:** | | | | | |
| **Accumulated impairment loss** | | | | | |
| External parties | | **(87,867)** | (85,483) | **(42,235)** | (39,851) |
| Amount owing by subsidiaries | | **–** | – | **(87,106)** | (107,016) |
| Amount owing by associates | | **–** | (47) | **–** | (47) |
| | | **(87,867)** | (85,530) | **(129,341)** | (146,914) |
| Other receivables, net | | **10,040** | 9,274 | **23,458** | 102,999 |
| Prepayments | (e) | **20,184** | 23,171 | **–** | – |
| Total trade and other receivables (current) | | **32,059** | 33,319 | **85,877** | 137,524 |
| Total trade and other receivables (non-current and current) | | **32,059** | 33,319 | **231,017** | 217,193 |

## 11. TRADE AND OTHER RECEIVABLES (CONTINUED)

### (a) Trade and other receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group ranging from 30 to 90 (2020: 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 | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Individually impaired** | | | | |
| Trade and other receivables | | | | |
| - nominal amounts | **99,804** | 97,466 | **129,721** | 146,929 |
| Less: Accumulated impairment loss | **(99,788)** | (97,451) | **(129,341)** | (146,914) |
| | **16** | 15 | **380** | 15 |

**Movements in accumulated impairment loss:**

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Trade receivables | | | | |
| At the beginning of the financial year | **11,921** | 11,971 | **–** | – |
| Written off | **–** | (50) | **–** | – |
| At the end of the financial year | **11,921** | 11,921 | **–** | – |
| Other receivables | | | | |
| At the beginning of the financial year | **85,530** | 85,494 | **146,914** | 108,824 |
| Charge for the financial year | **2,384** | 36 | **2,384** | 38,090 |
| Reversal for the financial year | **(47)** | – | **(19,957)** | – |
| At the end of the financial year | **87,867** | 85,530 | **129,341** | 146,914 |
| Total impairment loss | **99,788** | 97,451 | **129,341** | 146,914 |

## 11. TRADE AND OTHER RECEIVABLES (CONTINUED)

### (b) Amount owing by subsidiaries

Trade

Amount owing by a subsidiary is trade in nature, non-interest bearing and normal credit terms offered by the Company is 30 days (2020: 30 days) from the date of invoice.

Non-trade

(i) 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.

(ii) Included in non-current amount owing by a subsidiary is an amount of RM145,140,000 (2020: RM79,669,000) 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.

(iii) During the financial year, the Company has subscribed additional Murabahah loan stocks of RM141,280,000 (2020: RM243,460,000) from West Coast Expressway Sdn. Bhd. by cash payment and conversion of amount owing by a 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 (2020: RM2,384,110) representing interest 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 the amount was fully impaired during the current financial year; and

(ii) an amount of RM269,040 (2020: RM287,155) 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 is disclosed in Note 29(b)(i) to the financial statements.

### (e) Prepayments

Included in prepayments of the Group is an amount of RM7,341,000 (2020: RM10,391,000) which represent transaction costs in relation to the undrawn loan facilities of the Group.

## 12. DEFERRED TAX ASSETS/(LIABILITIES)

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Deferred tax assets | **34,270** | 20,310 | **–** | – |
| Deferred tax liabilities | **(43,730)** | (24,296) | **(34,270)** | (18,260) |
| | **(9,460)** | (3,986) | **(34,270)** | (18,260) |

Deferred tax relates to the following:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At the beginning of the financial year | **(3,986)** | (7,594) | **(18,260)** | (6,064) |
| (Charge)/Credited to profit or loss (Note 26) | **(5,474)** | 3,608 | **(16,010)** | (12,196) |
| At the end of the financial year | **(9,460)** | (3,986) | **(34,270)** | (18,260) |
| **Presented after appropriate offsetting as follows:** | | | | |
| Deferred tax assets | **108,655** | 73,878 | **564** | 861 |
| Deferred tax liabilities | **(118,115)** | (77,864) | **(34,834)** | (19,121) |
| | **(9,460)** | (3,986) | **(34,270)** | (18,260) |

Representing the tax effects of:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| **Deferred tax assets:** | | | | |
| Unabsorbed capital allowance | **1,179** | 620 | **–** | 5 |
| Unutilised tax losses | **73,206** | 54,998 | **564** | 856 |
| Deductible temporary difference in respect of expenses | **34,270** | 18,260 | **–** | – |
| | **108,655** | 73,878 | **564** | 861 |
| **Deferred tax liabilities:** | | | | |
| Infrastructure development expenditure | **(83,233)** | (59,564) | **–** | – |
| Taxable temporary difference in respect of income | **(34,833)** | (18,260) | **(34,833)** | (19,121) |
| Property, plant and equipment | **(49)** | (40) | **(1)** | – |
| | **(118,115)** | (77,864) | **(34,834)** | (19,121) |

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:

| | 2021 | |
|---|---|---|
| | Group | Company |
| | RM'000 | RM'000 |
| Year of assessments | | |
| 2025 | **173,676** | – |
| 2026 | **98,820** | – |
| 2027 | **84,575** | 2,350 |
| | **357,071** | 2,350 |

## 13. CASH AND SHORT-TERM DEPOSITS

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Cash and bank balances | **58,535** | 30,752 | **1,137** | 4,194 |
| Short-term deposits | **751,658** | 717,946 | **1,800** | 50,550 |
| | **810,193** | 748,698 | **2,937** | 54,744 |

For the purpose of the statements of cash flows, cash and cash equivalents comprise of the following:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Short-term deposits | **751,658** | 717,946 | **1,800** | 50,550 |
| Less: Deposits with maturity period of more than 3 months | **(199,915)** | (232,457) | – | – |
| | **551,743** | 485,489 | **1,800** | 50,550 |
| Cash and bank balances | **58,535** | 30,752 | **1,137** | 4,194 |
| | **610,278** | 516,241 | **2,937** | 54,744 |

The effective interest rates as at the reporting date of the deposits placed with licensed banks range from 0.35% to 2.50% (2020: 2.30% to 4.40 %) per annum. The deposits placed with licensed banks have maturity periods ranging from 1 day to 12 months (2020: 1 day to 12 months)

Included in the short-term deposits of the Group is an amount of RM749,656,000 (2020: RM667,396,000) 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.

## 14. SHARE CAPITAL

| | Group and Company | | | |
|---|---|---|---|---|
| | Number of shares | | Amount | |
| | 2021 '000 Units | 2020 '000 Units | 2021 RM'000 | 2020 RM'000 |
| **Ordinary shares** | | | | |
| **Issued and fully paid up:** | | | | |
| At the beginning of the financial year | **1,296,727** | 1,002,736 | **1,113,583** | 1,045,081 |
| Conversion of redeemable convertible preference shares | **507,367** | 293,991 | **118,219** | 68,502 |
| At the end of the financial year | **1,804,094** | 1,296,727 | **1,231,802** | 1,113,583 |

## 14. SHARE CAPITAL (CONTINUED)

| | Group and Company | | | |
|---|---|---|---|---|
| | Number of shares | | Amount | |
| | 2021 | 2020 | 2021 | 2020 |
| | '000 Units | '000 Units | RM'000 | RM'000 |
| **Redeemable convertible preference shares ("RCPS")** | | | | |
| **Issued and fully paid up:** | | | | |
| At the beginning of the financial year | **1,711,480** | – | **330,325** | – |
| Issued during the financial year | **–** | 2,005,471 | **–** | 391,067 |
| Transaction costs of RCPS issuance | **–** | – | **–** | (4,000) |
| Conversion of RCPS | **(507,367)** | (293,991) | **(97,925)** | (56,742) |
| At the end of the financial year | **1,204,113** | 1,711,480 | **232,400** | 330,325 |
| Total | **3,008,207** | 3,008,207 | **1,464,202** | 1,443,908 |

### Ordinary shares

During the financial year, the Company has increased its share capital from RM1,113,582,629 to RM1,231,802,096 by way of shareholders' conversion of 507,367,802 units of Redeemable Convertible Preference Shares ("RCPS") together with cash payment of RM0.04 each RCPS into 507,367,802 units of 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")

The salient terms of the Redeemable Convertible Preference Share are set out as below:

(a) The RCPS can be converted into new shares by surrendering

(i) 1 RCPS together with cash payment of RM0.04 such that the total value in aggregate amounts to the Conversion Price of RM0.28 for 1 new share ("Option 1"); and/or

(ii) 4 RCPS for 3 new shares such that the aggregate issue price is equivalent to the Conversion Price of RM0.32 for 1 new share ("Option 2").

(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.

## 15. WARRANT RESERVE

| | Group and Company | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| Warrant reserve | **90,246** | 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 Warrants are exercisable any time commencing from:

(i) the issue date of the Warrants up to the Market Day immediately before the 5th anniversary of the issue date of the Warrants ("First Exercise Period") at an exercise price of RM0.39 per Warrant into 1 new share; and

(ii) the 5th anniversary of the issue date of the Warrants up to the Market Day immediately before 10th anniversary of the issue date of the Warrants ("Second Exercise Period") at an exercise price of RM0.45 per Warrants into 1 new share.

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. PROVISION

| | Group and Company Tax penalty 2021 RM'000 | Group and Company Tax penalty 2020 RM'000 |
|---|---|---|
| At the beginning of the financial year | **–** | – |
| Recognised in profit or loss | **3,185** | – |
| At the end of the financial year | **3,185** | – |
| **At 31 March 2021/2020** | | |
| Current | **3,185** | – |

Provision for tax penalty arising from additional assessment imposed by Inland Revenue Board ("IRB") for year of assessment ("YA") from YA 2015 to YA 2018. The details of the additional assessment by IRB are disclosed in Note 34 (ii) to the financial statements.

## 17. LOANS AND BORROWINGS

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| ***Non-current (secured)*** | | | | | |
| Bond – Sukuk Murabahah ("Sukuk") | (a) | **937,316** | 933,584 | **–** | – |
| Government support loan | (b) | **1,232,562** | 971,420 | **–** | – |
| Term loans | (c) | **1,116,885** | 1,025,488 | **–** | – |
| Lease liabilities | (d) | **54** | 16 | **54** | 16 |
| | | **3,286,817** | 2,930,508 | **54** | 16 |
| ***Non-current (unsecured)*** | | | | | |
| Murabahah loan stocks | (e) | **233,320** | 198,000 | **–** | – |
| **Total (non-current)** | | **3,520,137** | 3,128,508 | **54** | 16 |
| ***Current (secured)*** | | | | | |
| Lease liabilities | (d) | **26** | 32 | **26** | 32 |
| **Total (current)** | | **26** | 32 | **26** | 32 |
| **Total loans and borrowings (current and non-current)** | | **3,520,163** | 3,128,540 | **80** | 48 |

## 17. LOANS AND BORROWINGS (CONTINUED)

### (a) Bond – Sukuk Murabahah ("Sukuk")

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **RM'000** | **RM'000** |
| Proceeds from issuance of bond | **1,000,000** | 1,000,000 |
| Transaction costs | **(62,684)** | (66,416) |
| | **937,316** | 933,584 |

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 on 28 August 2015.

As at 31 March 2021, the effective profit rate of the Sukuk range from 5.84% to 6.06% (2020: 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 ("DE") ratio of not greater than 80:20 throughout the tenure upon the completion of the project. The DE ratio requirement shall be waived during the construction period of the Project.

### (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 RM2,029,000,000 (2020: RM1,729,000,000) from the Government Support Loan Facility. It is repayable by 108 quarterly instalments, commencing on the 6th year from first draw down on 3 November 2015. The fair value of the loan is estimated using the prevailing market interest rate of 4.63% – 6.53% (2020: 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 18 to the financial statements.

The Government Support Loan contains covenant which required WCESB to maintain a financial service cover ratio of at least 1.25 times upon the commencement of toll operations.

### (c) Term loans

The effective interest rate of the term loans of the Group as at the reporting date ranges from 4.86% to 4.87% (2020: 5.62% to 6.20%) per annum. It is repayable within 12 years from the first drawdown date on 15 December 2015.

The term loans contain 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 DE ratio requirement shall be waived during the construction period of the Project.

## 17. LOANS AND BORROWINGS (CONTINUED)

### (d) Lease liabilities

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

| | Group and Company | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| Minimum lease payments: | | |
| Not later than one year | **29** | 34 |
| Later than one year and not later than 5 years | **57** | 19 |
| | **86** | 53 |
| Less: Future finance charges | **(6)** | (5) |
| Present value of minimum lease payments | **80** | 48 |
| Present value of minimum lease payments: | | |
| Not later than one year | **26** | 32 |
| Later than one year and not later than 5 years | **54** | 16 |
| | **80** | 48 |
| Less: Amount due within 12 months | **(26)** | (32) |
| Amount due after 12 months | **54** | 16 |

### (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 5.00% – 7.37% (2020: 10% and 6.77% – 7.37%) 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 RM35,320,000 (2020: RM60,940,000) 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.

## 17. LOANS AND BORROWINGS (CONTINUED)

### (f) Security (continued)

The bond, government support loan and term loans of the Group are secured as follows (continued):

(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.

(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.

## 18. DEFERRED INCOME

| | Group | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| **Non-current** | | |
| Government grant: | | |
| At the beginning of the financial year | **748,635** | 652,382 |
| Received during the financial year | **36,639** | 96,328 |
| Recognised to profit or loss | **(705)** | (75) |
| At the end of the financial year | **784,569** | 748,635 |

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 2021, the Group received total drawdown of RM2,029,000,000 (2020: RM1,729,000,000) 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 4.63% – 6.53% (2020: 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.

## 19. TRADE AND OTHER PAYABLES

| | Note | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|---|
| **Non-current:** | | | | | |
| **Non-trade** | | | | | |
| Accruals | (c) | **293,358** | 214,193 | **–** | – |
| **Current:** | | | | | |
| **Trade** | | | | | |
| Trade payables | (a) | **123,863** | 43,910 | **45,611** | 37,004 |
| Accruals | | **141,138** | 143,834 | **–** | – |
| | | **265,001** | 187,744 | **45,611** | 37,004 |
| **Non-trade** | | | | | |
| Other payables | (b) | **89,814** | 106,279 | **30,505** | 33,489 |
| Deposits | | **133** | 133 | **–** | – |
| Accruals | (c) | **22,628** | 24,806 | **1,172** | 1,261 |
| Amount owing to subsidiaries | (d) | **–** | – | **69,327** | 70,143 |
| **Total trade and other payables (current)** | | **377,576** | 318,962 | **146,615** | 141,897 |
| **Total trade and other payables (non-current and current)** | | **670,934** | 533,155 | **146,615** | 141,897 |

### (a) Trade payables

The Group's and the Company's normal trade credit term ranges from 14 to 90 (2020: 14 to 90) days.

Included in trade payables of the Group is retention sum payable of RM1,583,000 (2020: RM925,000).

Included in trade payables of the Group and of the Company is an amount of RM116,271,000 (2020: RM37,004,000) 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 RM53,217,000 and RM1,227,000 (2020: RM70,489,000 and RM812,530) respectively owing to IJM Group, a major shareholder of the Company. The amounts owing is unsecured, interest free and repayable on demand in cash except for the amounts of RM1,227,000 (2020: RM812,530) which bear interest rates ranging from 6.40% to 7.15% (2020: 7.40% to 7.90%) per annum.

### (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 RM313,438,000 (2020: RM236,844,000) 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.

## 20. CONTRACT LIABILITIES

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Contract liabilities relating to construction service contracts | **17,345** | – | **11,559** | 45,587 |
| Total contract liabilities | **17,345** | – | **11,559** | 45,587 |

**Significant changes in contract balances**

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| At the beginning of the financial year | **–** | – | **(45,587)** | (74,904) |
| Revenue recognised during the financial year | **7,156** | – | **130,315** | 162,152 |
| Progress billings issued during the financial year | **(24,501)** | – | **(96,287)** | (132,835) |
| At the end of the financial year | **(17,345)** | – | **(11,559)** | (45,587) |

## 21. REVENUE

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Construction contracts and project management fees | **349,726** | 811,235 | **130,315** | 162,152 |
| Toll concession revenue | **25,283** | 3,510 | **–** | – |
| | **375,009** | 814,745 | **130,315** | 162,152 |

Included in the revenue from construction contracts of the Group is an amount of RM341,665,000 (2020: RM649,083,000) 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.

## 21. REVENUE (CONTINUED)

### (a) Disaggregation of revenue

The Group reports the following major segments: construction contracts, 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** | | | | |
| **2021** | | | | |
| Over time | **348,821** | **–** | **905** | **349,726** |
| At a point in time | **–** | **25,283** | **–** | **25,283** |
| | **348,821** | **25,283** | **905** | **375,009** |
| **2020** | | | | |
| Over time | 811,235 | – | – | 811,235 |
| At a point in time | – | 3,510 | – | 3,510 |
| | 811,235 | 3,510 | – | 814,745 |
| **Company** | | | | |
| **2021** | | | | |
| Over time | **130,315** | **–** | **–** | **130,315** |
| | **130,315** | **–** | **–** | **130,315** |
| **2020** | | | | |
| Over time | 162,152 | – | – | 162,152 |
| | 162,152 | – | – | 162,152 |

### (b) Transaction price allocated to the remaining performance obligations

As at 31 March 2021, the aggregate amount of the transaction price allocated to the remaining performance obligation of the Group and of the Company are RM1,711 million and RM487 million (2020: RM1,938 million and RM572 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.

## 22. COST OF SALES

| | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|
| Construction contracts and project management fees | **335,395** | 796,736 | **124,965** | 155,985 |
| Toll operation costs | **18,395** | 4,683 | **–** | – |
| | **353,790** | 801,419 | **124,965** | 155,985 |

Included in the cost of sales from construction contracts of the Group is an amount of RM338,208,000 (2020: RM640,356,000) 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.

## 23. FINANCE INCOME

| | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|
| Interest income | | | | |
| – deposits with licensed banks | **725** | 1,217 | **723** | 1,245 |
| – murabahah loan stocks | **–** | – | **65,470** | 46,236 |
| – other receivables | **–** | – | **1,170** | 1,135 |
| | **725** | 1,217 | **67,363** | 48,616 |

## 24. FINANCE COSTS

| | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|
| Interest expenses arising from: | | | | |
| Government support loan | **62,860** | 71,672 | **–** | – |
| Bond – Sukuk Murabahah ("Sukuk") | **55,779** | 55,718 | **–** | – |
| Murabahah loan stocks | **81,950** | 60,326 | **–** | – |
| Term loan | **58,260** | 65,424 | **–** | 6,434 |
| Lease liabilities | **7** | 3 | **7** | 3 |
| Others | | | | |
| – Amount owing to subsidiary | **–** | – | **3,900** | 3,911 |
| – Other payables | **2,791** | 2,814 | **60** | 76 |
| – Others | **21,493** | 12,843 | **–** | – |
| | **283,140** | 268,800 | **3,967** | 10,424 |
| Less: interest capitalised into: | | | | |
| Infrastructure development expenditure (Note 7) | **(133,459)** | (174,933) | **–** | – |
| | **149,681** | 93,867 | **3,967** | 10,424 |

## 25. (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 | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Auditor's remuneration | | | | |
| – statutory audit | | | | |
| – current year | **294** | 296 | **152** | 157 |
| – prior years | **(5)** | – | **(5)** | – |
| – non-statutory audit | **15** | 7 | **7** | 7 |
| Amortisation of infrastructure development expenditure | **4,264** | 441 | **–** | – |
| Bad debt written off | **36** | – | **–** | – |
| Depreciation of property, plant and equipment | **592** | 577 | **111** | 117 |
| Director fees | **981** | 981 | **981** | 981 |
| Impairment loss on: | | | | |
| – other receivables | **2,384** | 36 | **2,384** | 36 |
| – subsidiaries | **–** | – | **–** | 38,054 |
| Provision for tax penalty | **3,185** | – | **3,185** | – |
| Short-term lease expense | **29** | 88 | **9** | 28 |
| Staff costs | | | | |
| – salaries, wages and allowances | **9,297** | 9,008 | **847** | 1,530 |
| – Employees Provident Fund | **1,194** | 1,114 | **127** | 190 |
| – other staff related expenses | **468** | 488 | **30** | 39 |
| Property, plant and equipment written off | **–** | 83 | **–** | 73 |
| Amortisation of deferred income | **(705)** | (75) | **–** | – |
| Distribution income from other investment | **(752)** | (990) | **(437)** | (900) |
| Fair value (gain)/loss on other investment | **(978)** | 2,368 | **(908)** | 2,340 |
| Gain on derecognition of an associate | **(2)** | – | **–** | – |
| Gain on disposal of property, plant and equipment | **–** | (176) | **–** | – |
| Impairment loss no longer required: | | | | |
| – subsidiaries | **–** | – | **(19,910)** | – |
| – associates | **(47)** | – | **(47)** | – |
| Rental income | **(36)** | (36) | **–** | – |

Included in staff costs are director's remuneration amounting to RM2,445,000 (2020: RM2,732,000) and an estimated monetary value of benefits-in-kind received and receivable by director from the Group amounting to RM55,000 (2020: RM55,000).

## 26. INCOME TAX (EXPENSE)/CREDIT

The major components of income tax (expense)/credit for the financial year ended 31 March 2021 and 31 March 2020 are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Current income tax:** | | | | |
| – current year | **(2,590)** | (13) | **(1,853)** | – |
| – under accrual in prior year | **(7,639)** | – | **(7,634)** | – |
| | **(10,229)** | (13) | **(9,487)** | – |
| **Deferred tax (Note 12):** | | | | |
| – current year | **(4,261)** | 3,158 | **(15,146)** | (11,094) |
| – (under)/over accrual in prior year | **(1,213)** | 450 | **(864)** | (1,102) |
| | **(5,474)** | 3,608 | **(16,010)** | (12,196) |
| Tax (expense)/credit for the financial year | **(15,703)** | 3,595 | **(25,497)** | (12,196) |

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2020: 24%) of the estimated assessable profit for the financial year.

Included in the prior year income tax expense is an amount of RM7.08 million representing provision of taxation arising from additional tax payable for the Years of Assessment ("YA") from YA 2015 to YA 2018. The details of the additional assessment are disclosed in Note 34 (ii) to the financial statements.

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax (expense)/credit are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| (Loss)/Profit before tax | **(104,866)** | (55,827) | **81,539** | 518 |
| Tax at statutory tax rate of 24% | **25,168** | 13,398 | **(19,569)** | (124) |
| Tax effects of: | | | | |
| – non-deductible expenses | **(39,531)** | (21,981) | **(2,542)** | (11,027) |
| – utilisation of deferred tax assets not recognised | **391** | 4,366 | **–** | – |
| – share of results of associates | **5,485** | 7,286 | **–** | – |
| – non-taxable income | **1,636** | 76 | **5,112** | 57 |
| – (under)/over accrual in prior year | **(8,852)** | 450 | **(8,498)** | (1,102) |
| Tax (expense)/credit for the financial year | **(15,703)** | 3,595 | **(25,497)** | (12,196) |

## 26. INCOME TAX (EXPENSE)/CREDIT (CONTINUED)

Deferred tax assets have not been recognised in respect of the following items:

| | Group | |
|---|---|---|
| | **2021 RM'000** | **2020 RM'000** |
| Unutilised tax losses | **52,046** | 53,675 |
| Unabsorbed capital allowances | **767** | 767 |
| Other taxable differences | **1** | 1 |
| | **52,814** | 54,443 |
| Potential deferred tax assets not recognised at 24% | **12,675** | 13,066 |

## 27. LOSS PER ORDINARY SHARE

### (a) Basic loss per ordinary share

Basic loss per share is based on the loss 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 | |
|---|---|---|
| | **2021 RM'000** | **2020 RM'000** |
| Loss for the financial year attributable to owners of the Company | **(92,309)** | (34,922) |
| Weighted average number of ordinary shares for basic earnings per share ('000 unit) | **1,365,090** | 1,073,792 |
| Basic loss per ordinary share (sen) | **(6.76)** | (3.25) |

### (b) Diluted loss per ordinary share

| | Group | |
|---|---|---|
| | **2021 RM'000** | **2020 RM'000** |
| Loss for the financial year attributable to owners of the Company | **(92,309)** | (34,922) |
| Weighted average number of ordinary shares for basic loss per share | **1,365,090** | 1,073,792 |
| Effect of dilution from potential exercise of Warrants | **–** | – |
| Weighted average number of ordinary shares for diluted loss per share | **1,365,090** | 1,073,792 |
| Diluted loss per ordinary share (sen) | **(6.76)** | (3.25) |

The diluted loss per ordinary share of the Group for the financial year ended 31 March 2021 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.

## 28. INTEREST IN JOINT OPERATION

Details of the joint operation are as follows:

**Participated by the Company**

| Name of joint operation | Participation interest 2021 % | Participation interest 2020 % | Economic activity |
|---|---|---|---|
| **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.

## 29. 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")

## 29. FINANCIAL INSTRUMENTS (CONTINUED)

### (a) Categories of financial instruments (continued)

| | FVPL RM'000 | AC RM'000 | Total RM'000 |
|---|---|---|---|
| **2021** | | | |
| **Financial assets** | | | |
| **Group** | | | |
| Other investments | 35,048 | – | 35,048 |
| Trade and other receivables* | – | 11,875 | 11,875 |
| Cash and short-term deposits | – | 810,193 | 810,193 |
| | 35,048 | 822,068 | 857,116 |
| **Company** | | | |
| Other investments | 15,146 | 933,280 | 948,426 |
| Trade and other receivables* | – | 231,017 | 231,017 |
| Cash and short-term deposits | – | 2,937 | 2,937 |
| | 15,146 | 1,167,234 | 1,182,380 |
| **2021** | | | |
| **Financial liabilities** | | | |
| **Group** | | | |
| Loans and borrowings | – | (3,520,163) | (3,520,163) |
| Trade and other payables | – | (670,934) | (670,934) |
| | – | (4,191,097) | (4,191,097) |
| **Company** | | | |
| Loans and borrowings | – | (80) | (80) |
| Trade and other payables | – | (146,615) | (146,615) |
| | – | (146,695) | (146,695) |

## 29. FINANCIAL INSTRUMENTS (CONTINUED)

### (a) Categories of financial instruments (continued)

| | 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 |
| **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) |

* *Exclude GST refundable and prepayments.*

## 29. 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 form of 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.

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.

## 29. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management (continued)

#### (i) Credit risk (continued)

Credit risk concentration profile (continued)

The information about credit risk exposure on the Group's and the Company's trade receivables are as follows:

| | Trade receivables | | | | |
|---|---|---|---|---|---|
| | Current RM'000 | > 30 days past due RM'000 | > 60 days past due RM'000 | > 90 days past due RM'000 | Total RM'000 |
| **Group** | | | | | |
| **At 31 March 2021** | | | | | |
| Gross carrying amount at default | 1,194 | – | – | 12,562 | 13,756 |
| Impairment losses | – | – | – | (11,921) | (11,921) |
| **At 31 March 2020** | | | | | |
| Gross carrying amount at default | – | – | – | 12,795 | 12,795 |
| Impairment losses | – | – | – | (11,921) | (11,921) |
| **Company** | | | | | |
| **At 31 March 2021** | | | | | |
| Gross carrying amount at default | 62,419 | – | – | – | 62,419 |
| Impairment losses | – | – | – | – | – |
| **At 31 March 2020** | | | | | |
| Gross carrying amount at default | 34,525 | – | – | – | 34,525 |
| Impairment losses | – | – | – | – | – |

The significant changes in gross carrying amount of trade receivables do not contribute to changes in impairment losses during the financial year.

## 29. 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 arise primarily from mismatches of the maturities between financial assets and liabilities. 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.

## 29. 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 → | | | |
|---|---|---|---|---|---|
| | Carrying amount RM'000 | On demand or within one year RM'000 | One to five years RM'000 | Over five years RM'000 | Total RM'000 |
| **Group** | | | | | |
| **2021** | | | | | |
| Trade and other payables | **670,934** | **377,576** | **–** | **293,358** | **670,934** |
| Loans and borrowings (including interest accruals): | | | | | |
| – Bond | **937,316** | **51,644** | **206,797** | **1,357,019** | **1,615,460** |
| – Government support loan | **1,232,562** | **452** | **1,925** | **5,421,499** | **5,423,876** |
| – Term loans | **1,116,885** | **52,100** | **369,293** | **1,005,464** | **1,426,857** |
| – Murabahah loan stocks | **233,320** | **–** | **–** | **1,106,960** | **1,106,960** |
| – Lease liabilities | **80** | **29** | **57** | **–** | **86** |
| | **4,191,097** | **481,801** | **578,072** | **9,184,300** | **10,244,173** |
| **Company** | | | | | |
| Trade and other payables | **146,615** | **146,615** | **–** | **–** | **146,615** |
| Lease liabilities | **80** | **29** | **57** | **–** | **86** |
| | **146,695** | **146,644** | **57** | **–** | **146,701** |
| **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** | | | | | |
| Trade and other payables | 141,897 | 141,897 | – | – | 141,897 |
| Lease liabilities | 48 | 19 | 34 | – | 53 |
| | 141,945 | 141,916 | 34 | – | 141,950 |

## 29. 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 with floating interest rates.

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. The Group 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 RM1,116,885,000 (2020: RM1,025,488,000) at floating rate expose the Group to cash flow interest rate whilst the bond, murabahah loan stocks, government support loan and lease liabilities of RM2,403,278,000 (2020: RM2,103,052,000) 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 2021 | **+ 50** | **4,244** |
| | **– 50** | **(4,244)** |
| 31 March 2020 | + 50 | 3,897 |
| | – 50 | (3,897) |

## 29. FINANCIAL INSTRUMENTS (CONTINUED)

### (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 2021, the fair value of other investments (current) 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 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

#### (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 | 17 |
| Trade and other payables | 19 |

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.

## 29. 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

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:

| | | 2021 | | 2020 | |
|---|---|---|---|---|---|
| | Note | Carrying amount RM'000 | Fair value RM'000 | Carrying amount RM'000 | Fair value RM'000 |
| **Company** | | | | | |
| **Financial assets** | | | | | |
| Other investments | | | | | |
| – Private debt securities | 10 | **933,280** | **933,280** | 792,000 | 792,000 |
| **Financial liabilities** | | | | | |
| Loans and borrowings: | | | | | |
| – Lease liabilities | 17 | **80** | **80** | 48 | 48 |
| **Group** | | | | | |
| **Financial liabilities** | | | | | |
| Loans and borrowings: | | | | | |
| – Bond | 17 | **937,316** | **918,948** | 933,584 | 912,036 |
| – Government support loan | 17 | **1,232,562** | **1,243,651** | 971,420 | 980,290 |
| – Murabahah loan stocks | 17 | **233,320** | **233,320** | 198,000 | 198,000 |
| – Lease liabilities | 17 | **80** | **80** | 48 | 48 |
| | | **2,403,278** | **2,395,999** | 2,103,052 | 2,090,374 |

## 29. 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 (continued):

| | Note | Fair value RM'000 | Fair value of financial instruments not carried at fair value — Fair value Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| **2021** | | | | | | |
| **Company** | | | | | | |
| **Financial assets** | | | | | | |
| Other investment | | | | | | |
| – Private debt securities | 10 | 933,280 | – | 933,280 | – | 933,280 |
| **Financial liabilities** | | | | | | |
| Loans and borrowings: | | | | | | |
| – Lease liabilities | 17 | 80 | – | 80 | – | 80 |
| **Group** | | | | | | |
| **Financial liabilities** | | | | | | |
| Loans and borrowings: | | | | | | |
| – Bond | 17 | 918,948 | – | 918,948 | – | 918,948 |
| – Government support loan | 17 | 1,243,651 | – | 1,243,651 | – | 1,243,651 |
| – Murabahah loan stocks | 17 | 233,320 | – | 233,320 | – | 233,320 |
| – Lease liabilities | 17 | 80 | – | 80 | – | 80 |
| | | 2,395,999 | – | 2,395,999 | – | 2,395,999 |

## 29. 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 (continued):

| | | | Fair value of financial instruments not carried at fair value | | | |
|---|---|---|---|---|---|---|
| | | | ← | Fair value | → | |
| | Note | Fair value RM'000 | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 |
| **2020** | | | | | | |
| **Company** | | | | | | |
| **Financial assets** | | | | | | |
| Other investment | | | | | | |
| – Private debt securities | 10 | 792,000 | – | 792,000 | – | 792,000 |
| **Financial liabilities** | | | | | | |
| Loans and borrowings: | | | | | | |
| – Lease liabilities | 17 | 48 | – | 48 | – | 48 |
| **Group** | | | | | | |
| **Financial liabilities** | | | | | | |
| Loans and borrowings: | | | | | | |
| – Bond | 17 | 912,036 | – | 912,036 | – | 912,036 |
| – Government support loan | 17 | 980,290 | – | 980,290 | – | 980,290 |
| – Murabahah loan stocks | 17 | 198,000 | – | 198,000 | – | 198,000 |
| – Lease liabilities | 17 | 48 | – | 48 | – | 48 |
| | | 2,090,374 | – | 2,090,374 | – | 2,090,374 |

<u>Fair value of financial instruments not carried at fair value</u>

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.

## 30. CAPITAL COMMITMENT

The Group has made commitment in respect of infrastructure development expenditure as follows:

| | Group | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| Infrastructure development expenditure | | |
| – Contracted but not provided for | **1,903,459** | 2,228,434 |

## 31. 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 operation;

(v) Entities in which directors have substantial financial interests; and

(vi) Key management personnel of the Group's and the 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") and its subsidiary. Radiant is an associate of the Group. 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. |
| Ambang Usaha Sdn. Bhd. | Ambang Usaha Sdn. Bhd. is an associate of the Group. IJM Group is the shareholder of its remaining equity interest and it was struck off during the financial year. |
| 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. |

## 31. RELATED PARTIES DISCLOSURE (CONTINUED)

### (b) Significant related party transactions and balances

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

| | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|
| IJM Group: | | | | |
| – Interest expenses | **(2,791)** | (2,814) | **(61)** | (76) |
| – Construction works | **(311,904)** | (595,076) | **(124,965)** | (155,985) |
| – Murabahah loan stocks profit | **(16,226)** | (11,539) | **–** | – |
| MWE Group: | | | | |
| – Share registration fees | **(113)** | (219) | **(113)** | (219) |
| West Coast Expressway Sdn. Bhd. | | | | |
| – Construction works | **–** | – | **130,315** | 162,152 |
| – Murabahah loan stocks profit | **–** | – | **65,470** | 46,236 |
| KEB Builders Sdn. Bhd. | | | | |
| – Interest expenses | **–** | – | **(3,900)** | (3,911) |

Significant outstanding balances with related parties at the end of the reporting date are disclosed in Note 11 and Note 19 to the financial statements.

### (c) 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 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|
| **Directors** | | | | |
| Non-executive directors of the Company: | | | | |
| – Fees | **981** | 981 | **981** | 981 |
| – Other emoluments | **39** | 72 | **36** | 67 |
| – Estimated monetary value of benefits-in-kind | **24** | 24 | **–** | – |
| | **1,044** | 1,077 | **1,017** | 1,048 |
| Executive directors of subsidiary: | | | | |
| – Salaries, allowance, bonus and incentive | **2,156** | 2,383 | **–** | 303 |
| – Estimated monetary value of benefits-in-kind | **31** | 31 | **31** | 21 |
| – Employees Provident Fund | **259** | 277 | **–** | 27 |
| | **2,446** | 2,691 | **31** | 351 |
| | **3,490** | 3,768 | **1,048** | 1,399 |
| **Other key management personnel** | | | | |
| – Salaries, allowance, bonus and incentive | **1,329** | 1,555 | **575** | 463 |
| – Estimated monetary value of benefits-in-kind | **20** | 16 | **–** | – |
| – Other emoluments | **29** | 54 | **29** | 54 |
| – Employees Provident Fund | **190** | 225 | **87** | 74 |
| | **1,568** | 1,850 | **691** | 591 |
| | **5,058** | 5,618 | **1,739** | 1,990 |

## 32. 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 investment in associates, other investments, tax refundable, tax payable and deferred tax liabilities/assets.

Business segments

The Group's operating businesses are classified according to the nature of activities as follows:

Toll concession : Involved in the business of construction, management and tolling of highway operation.

Construction : Involved in the business of construction contracting and project management services.

Others : Involved in the leasing services and investment holding.

## 32. SEGMENTS INFORMATION (CONTINUED)

Business segments (continued)

| 2021 Group | Toll concession RM'000 | Construction RM'000 | Others RM'000 | Adjustment and Elimination RM'000 | Consolidated RM'000 |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| External sales | 378,506^ | 8,061 | – | (11,558) | 375,009 |
| Inter-segment sales | 148,443 | – | – | (148,443) | – |
| Total revenue | 526,949 | 8,061 | – | (160,001) | 375,009 |
| **Results** | | | | | |
| Segment results | 124,675 | 9,474 | 16,254 | (129,166)[A] | 21,237 |
| Finance costs | (146,884) | (3,900) | (3,967) | 5,070 | (149,681) |
| Share of results of associates | – | – | 22,853 | – | 22,853 |
| Interest income | – | 3,900 | 1,893 | (5,068) | 725 |
| (Loss)/Profit before tax | (22,209) | 9,474 | 37,033 | (129,164) | (104,866) |
| Taxation | (6,201) | – | (25,512) | 16,010 | (15,703) |
| (Loss)/Profit for the financial year | (28,410) | 9,474 | 11,521 | (113,154) | (120,569) |
| **Consolidated statement of financial position** | | | | | |
| **Assets** | | | | | |
| Segment assets | 5,980,111 | 71,206 | 172,847 | (390,723)[B] | 5,833,441 |
| Investment in associates | – | 300 | 223,765 | – | 224,065 |
| Other investments | 19,853 | 49 | 948,426 | (933,280)[B] | 35,048 |
| Current tax assets | – | 2 | 142 | – | 144 |
| Deferred tax assets | – | – | – | 34,270[B] | 34,270 |
| Consolidated total assets | 5,999,964 | 71,557 | 1,345,180 | (1,289,733)[B] | 6,126,968 |
| **Liabilities** | | | | | |
| Segment liabilities | 5,983,125 | 93,714 | 93,642 | (1,174,285)[C] | 4,996,196 |
| Current tax liabilities | 68 | – | 8,205 | – | 8,273 |
| Deferred tax liabilities | 9,460 | – | 34,270 | – | 43,730 |
| Consolidated total liabilities | 5,992,653 | 93,714 | 136,117 | (1,174,285)[C] | 5,048,199 |
| **Other Information** | | | | | |
| Amortisation of infrastructure development expenditure | 4,264 | – | – | – | 4,264 |
| Bad debt written off | – | – | 36 | – | 36 |
| Capital expenditure | 439,608 | – | 93 | – | 439,701[D] |
| Depreciation of property, plant and equipment | 469 | – | 123 | – | 592 |
| Impairment loss no longer required on associate | – | – | (47) | – | (47) |
| Non-cash expenses other than depreciation and amortisation | – | – | 5,598 | (29) | 5,569[E] |
| Other non-cash income | 20,323 | 7,824 | 37,307 | (63,724) | 1,730[F] |

## 32. SEGMENTS INFORMATION (CONTINUED)

Business segments (continued)

| 2020<br>Group | Toll concession<br>RM'000 | Others<br>RM'000 | Adjustment and Elimination<br>RM'000 | Consolidated<br>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) |
| **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 | (32) | 251[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.*

## 32. SEGMENTS INFORMATION (CONTINUED)

Business segments (continued)

A The following items are deducted from/added in segment results to arrive at (loss)/profit before tax:

| | 2021 RM'000 | 2020 RM'000 |
|---|---|---|
| Impairment loss on amount owing by subsidiaries | **29** | 38,099 |
| Impairment loss on amount owing by subsidiaries no longer required | **(63,725)** | (186) |
| Interest income on murabahah loan stocks from a subsidiary | **(65,470)** | (46,236) |
| | **(129,166)** | (8,323) |

B The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

| | 2021 RM'000 | 2020 RM'000 |
|---|---|---|
| Investment in subsidiaries | **(160,746)** | (160,746) |
| Inter-segment assets | **(1,128,987)** | (1,182,755) |
| | **(1,289,733)** | (1,343,501) |

C The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

| | 2021 RM'000 | 2020 RM'000 |
|---|---|---|
| Inter-segment liabilities | **(1,174,285)** | (1,372,869) |

D Additions of capital expenditure consist of:

| | 2021 RM'000 | 2020 RM'000 |
|---|---|---|
| Property, plant and equipment | **93** | 1,882 |
| Infrastructure development expenditure | **439,608** | 985,645 |
| | **439,701** | 987,527 |

E Other non-cash expenditure consists of:

| | 2021 RM'000 | 2020 RM'000 |
|---|---|---|
| Impairment loss on: | | |
| – trade and other receivables | **2,384** | 36 |
| Provision for tax penalty | **3,185** | – |
| Fair value loss on other investment | **–** | 2,368 |
| | **5,569** | 2,404 |

## 32. SEGMENTS INFORMATION (CONTINUED)

Business segments (continued)

F Other non-cash income consists of:

| | 2021 RM'000 | 2020 RM'000 |
|---|---|---|
| Amortisation of deferred income | **705** | 75 |
| Gain on disposal of property, plant and equipment | **–** | 176 |
| Fair value gain on other investment | **978** | – |
| Impairment loss on receivables no longer required | **47** | – |
| | **1,730** | 251 |

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 RM341,665,000 (2020: RM811,235,000) from the toll concession segment, which accounted for more than 10% of the Group revenue and is derived from Government of Malaysia.

## 33. 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. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. 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 2021 and 31 March 2020 were as follows:

| | Group | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| Total borrowings | **3,520,163** | 3,128,540 |
| Equity attributable to owners of the Company | **1,082,393** | 1,154,408 |
| Debt-to-equity ratio (times) | **3.25** | 2.71 |

There were no changes in the Group's approach to capital management during the financial year.

West Coast Expressway Sdn. Bhd. ("WCESB"), an 80% owned subsidiary of the Group 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 non-controlling interest' shareholder and upon fulfilment of certain financial covenants underlying the borrowings of WCESB.

As part of its financing covenants, WCESB 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 of the borrowings upon the completion of the project.

## 34. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEAR

### (i) COVID-19 Pandemic

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 18 March 2020, the Malaysian Government has imposed various levels of Movement Control Order ("MCO") that has continued until today to curb the spread of COVID-19 pandemic in the country. The COVID-19 pandemic also resulted in travel restriction, lockdown, social distancing and other precautionary measures imposed in various countries.

The Group and the Company have accounted for the possible impacts of COVID-19 pandemic in their application of significant judgements and estimates for the financial year ended 31 March 2021 in determining the amounts recognised in the financial statements for the financial year ended 31 March 2021 as disclosed in Note 4 to the financial statements.

Given the fluidity of the situation, the Group and the Company are unable to reasonably estimate the complete financial impacts of COVID-19 pandemic for the financial year ending 31 March 2022 to be disclosed in the financial statements as impact assessment of the COVID-19 pandemic is a continuing process. The Group and the Company will continuously monitor any material changes to future economic conditions that will affect the Group and the Company.

### (ii) Additional tax liability and tax penalty

During the financial year, a tax audit was conducted on the Group and on 30 April 2021, the Company was served with the notices of additional assessment of RM7.08 million with penalties of RM3.19 million imposed by Inland Revenue Board ("IRB") for the year assessment ("YA") from YA 2015 to YA 2018. The Group and the Company have recognised the additional tax liabilities and tax penalty totalling RM7.08 million and RM3.19 million respectively in the current financial year.

The Company has appealed and initiated legal proceedings to challenge the basis and validity of these additional assessment resulting from the deemed interest income on the premise that the Company did not charge interest on the purported advance made to West Coast Expressway Sdn. Bhd. ("WCESB").

On 24 May 2021, the Kuala Lumpur High Court had granted interim stay of the enforcement of the Notices pending the hearing for the joining of the Director General of IRB as the proposed intervenor.

On 1 June 2021, the Director General of IRB filed an application to be joined in the matter as the Intervenor in the judicial review application. The next case management has been fixed on 6 September 2021 subsequent to the case management held on 6 July 2021.

# 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 53 to 141 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 2021 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: 8 July 2021

# 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 53 to 141 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 8 July 2021

Before me,

**Tan Kim Chooi (W 661)**
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 2021 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 53 to 141.

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 2021, 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence and Other Ethical Responsibilities*

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including international Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### 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 discussion of changes in key assumptions from previous year;
- reading the key assumptions used by the Group in the cash flow projections;
- testing the mathematical computation of the recoverable amount calculation; and
- performing a sensitivity analysis around the key assumptions that are expected to be more sensitive to the recoverable amount.

## KEY AUDIT MATTERS (CONTINUED)

**Group (continued)**

**Revenue and corresponding costs recognition for construction activities (Note 4(ii), Note 21 and Note 22 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:

- reading the terms and conditions of the agreement with customer;
- understanding and discussing the Group's process in identify the performance obligation in the contract;
- understanding the Group's process in preparing project budget and the calculation of the progress towards anticipated satisfaction of a performance obligation;
- comparing directors' assumptions to any available contractual terms;
- understanding and discussing with project manager the analysis of changes in the assumptions from previous financial year;
- 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 any 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.

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

**Dato' Lock Peng Kuan**
No. 02819/10/2022 J
Chartered Accountant

Kuala Lumpur
Date: 8 July 2021

# 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 31.3.2021 RM'000 |
|---|---|---|---|---|---|---|---|---|
| 1. WCE Trading Sdn Bhd | 1-1A, 1st Floor 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 | 18 | 492 |
| | 1-1B, 1st Floor Jalan U/P 1/3 Taman Ukay Perdana 68000 Ampang Selangor | 173 sq.m. | | | | | | |
| | 3-1B, 1st Floor Jalan U/P 1/3 Taman Ukay Perdana 68000 Ampang Selangor | 61 sq.m. | | | | | | |
| | 26-3B, 3rd Floor 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 | – | 146 |
| 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 | 11.1.2091 | – | 68 |
| 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 | – | 210 |
| 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 | – | – | 100 |
| 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 | 13 | – |

| Owner | Location | Land/ Built-Up Area | Existing use/ Description | Date of Acquisition | Tenure | Expiry | Approximate Age of Building (Years) | Net Book Value as at 31.3.2021 RM'000 |
|---|---|---|---|---|---|---|---|---|
| 7. WCE Technology Sdn Bhd *(formerly known as 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 | 13 | – |
| 8. WCE Technology Sdn Bhd *(formerly known as 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 | 13 | – |
| 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 | 13 | – |

# STATEMENT ON DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S INTERESTS
as at 30 June 2021

## THE COMPANY

### ORDINARY SHARES

| | No. of Ordinary Shares | | | |
|---|---|---|---|---|
| | Direct Interest | % | Deemed Interest | % |
| Tang King Hua | 350,000 | 0.016 | 0 | 0.000 |
| Tan Chor Teck | 72,000 | 0.003 | 240,000*1 | 0.011 |
| Dato' Neoh Soon Hiong | 1,122,000 | 0.051 | 624,200*2 | 0.028 |

### REDEEMABLE CONVERTIBLE PREFERENCE SHARES (RCPS)

| | No. of RCPS Shares | | | |
|---|---|---|---|---|
| | Direct Interest | % | Deemed Interest | % |
| Tang King Hua | 700,000 | 0.088 | 0 | 0.000 |
| Tan Chor Teck | 144,000 | 0.018 | 480,000*1 | 0.060 |
| Dato' Neoh Soon Hiong | 990,000 | 0.124 | 764,400*3 | 0.096 |

### WARRANTS

| | No. of Warrants | | | |
|---|---|---|---|---|
| | Direct Interest | % | Deemed Interest | % |
| Tang King Hua | 175,000 | 0.035 | 0 | 0.000 |
| Tan Chor Teck | 36,000 | 0.007 | 120,000*1 | 0.024 |
| Dato' Neoh Soon Hiong | 497,500 | 0.099 | 245,000*4 | 0.049 |

Notes:

*1 *Deemed interested by virtue of his interests in Simansu Sdn Bhd.*

*2 *Deemed interested through his spouse, Datin Tan Yoke Sum and through his son, Mr Neoh Xiao Joon, 382,200 and 242,000 respectively.*

*3 *Deemed interested through his spouse, Datin Tan Yoke Sum.*

*4 *Deemed interested through his spouse, Datin Tan Yoke Sum and through his son, Mr Neoh Xiao Joon, 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 as at 30 June 2021.

# ANALYSIS OF ORDINARY SHAREHOLDING
as at 30 June 2021

## DISTRIBUTION OF ORDINARY SHAREHOLDING

| Size of Holdings | No. of Shareholder | % of Shareholder | No. of Share held | % of Share held |
|---|---|---|---|---|
| 1 – 99 | 802 | 7.38 | 31,198 | 0.00 |
| 100 – 1,000 | 1,761 | 17.07 | 1,329,835 | 0.06 |
| 1,001 – 10,000 | 4,483 | 44.21 | 20,718,338 | 0.94 |
| 10,001 – 100,000 | 2,439 | 24.44 | 89,665,707 | 4.05 |
| 100,001 – 110,546,340* | 858 | 6.86 | 789,092,768 | 35.69 |
| 110,546,341 and above** | 3 | 0.04 | 1,310,088,965 | 59.26 |
| **Total** | **10,346** | **100.00** | **2,210,926,811** | **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 Share | % |
|---|---|---|---|
| 1 | IJM CORPORATION BERHAD | 636,700,913 | 28.80 |
| 2 | MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD<br>PLEDGED SECURITIES ACCOUNT FOR MWE HOLDINGS SDN BHD<br>(30-00098-000) | 449,191,782 | 20.32 |
| 3 | MALAYSIA NOMINEES (ASING) SENDIRIAN BERHAD<br>PLEDGED SECURITIES ACCOUNT FOR UNITED FRONTIERS HOLDINGS LIMITED<br>(01-00872-000) | 224,196,270 | 10.14 |
| 4 | HLB NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR MWE HOLDINGS SDN BHD (PJCAC) | 85,065,500 | 3.85 |
| 5 | ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR MWE HOLDINGS SDN BHD | 56,500,000 | 2.56 |
| 6 | CITIGROUP NOMINEES (ASING) SDN BHD<br>EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN) | 29,454,300 | 1.33 |
| 7 | AMSEC NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR QUEK SEE KUI | 28,893,500 | 1.31 |
| 8 | HSBC NOMINEES (ASING) SDN BHD<br>EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING) | 26,301,900 | 1.19 |
| 9 | CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR MWE HOLDINGS SDN BHD<br>(CBM-RC-I1&RC-I2) | 25,000,000 | 1.13 |
| 10 | LIM KUAN GIN | 21,956,816 | 0.99 |

| Name of Ordinary Shareholder | | No. of Share | % |
|---|---|---|---|
| 11 | ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR CHONG YIEW ON (6000006) | 19,766,700 | 0.89 |
| 12 | LIM BING CHAI | 12,100,000 | 0.55 |
| 13 | KEJORA POSITIF SDN BHD | 10,000,000 | 0.45 |
| 14 | HLB NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR NG YOKE YEN | 9,210,000 | 0.42 |
| 15 | HSBC NOMINEES (ASING) SDN BHD<br>EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH) | 7,176,400 | 0.32 |
| 16 | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR YOONG KAH YIN | 6,668,000 | 0.30 |
| 17 | KENANGA NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR TA KIN YAN | 6,528,700 | 0.29 |
| 18 | CITIGROUP NOMINEES (TEMPATAN) SDN BHD<br>EXEMPT AN FOR BANK SINGAPORE LIMITED (LOCAL) | 6,513,825 | 0.29 |
| 19 | DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD<br>EXEMPT AN FOR AFFIN HWANG ASSET MANAGEMENT BERHAD (TSTAC/CLNT-T) | 5,775,000 | 0.26 |
| 20 | CIMSEC NOMINEES (TEMPATAN) SDN BHD<br>CIMB FOR CHUNG HON CHEONG (PB) | 5,600,000 | 0.25 |
| 21 | LEE SOON HIAN | 4,756,000 | 0.22 |
| 22 | LIM KIEN YEAP | 4,700,000 | 0.21 |
| 23 | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR TEE SEE KIM | 4,545,000 | 0.21 |
| 24 | GOH KHEE PAU | 4,318,000 | 0.20 |
| 25 | KWAN LEE KAM | 4,229,400 | 0.19 |
| 26 | OO KWANG TUNG | 4,200,000 | 0.19 |
| 27 | SOUTHERN REALTY RESOURCE SDN BHD | 4,187,800 | 0.19 |
| 28 | RESON SDN BHD | 4,130,000 | 0.19 |
| 29 | LOW CHU MOI | 4,120,000 | 0.18 |
| 30 | CASI MANAGEMENT SDN BHD | 4,000,000 | 0.18 |
| | | **1,715,785,806** | **77.60** |

## LIST OF SUBSTANTIAL SHAREHOLDERS

As shown in the Register of Substantial Shareholders

| | | Number of Ordinary Shares | | | |
|---|---|---|---|---|---|
| Name of Substantial Shareholders | | Direct Interest | % | Deemed Interest | % |
| 1. | IJM Corporation Berhad | 636,884,663 | 28.81 | – | – |
| 2. | MWE Holdings Sdn Bhd | 615,757,282 | 27.85 | – | – |
| 3. | United Frontiers Holdings Limited | 224,196,270 | 10.14 | – | – |
| 4. | Pinjaya Sdn Bhd | – | – | 615,757,282[(1)] | 27.85 |
| 5. | Tan Sri Dato' Surin Upatkoon | – | – | 621,757,282[(2)] | 28.12 |
| 6. | Tan Sri Pang Tee Chew | 35,000 | 0.00 | 224,196,270[(3)] | 10.14 |
| 7. | Datuk Seri Pang Tee Nam | 2,397,400 | 0.11 | 224,196,270[(3)] | 10.14 |

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 and Casi Management 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 2021

## DISTRIBUTION OF RCPS HOLDING

| Size of Holdings | No. of RCPS holder | % of RCPS holder | No. of RCPS held | % of RCPS held |
|---|---|---|---|---|
| 1 – 99 | 7 | 0.59 | 367 | 0.00 |
| 100 – 1,000 | 16 | 1.36 | 7,657 | 0.00 |
| 1,001 – 10,000 | 364 | 30.85 | 2,020,992 | 0.25 |
| 10,001 – 100,000 | 529 | 44.83 | 19,494,752 | 2.45 |
| 100,001 – 39,863,997* | 259 | 21.95 | 308,709,098 | 38.72 |
| 39,863,998 and above** | 5 | 0.42 | 467,047,087 | 58.58 |
| **Total** | **1,180** | **100.00** | **797,279,953** | **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 | IJM CORPORATION BERHAD | 158,853,680 | 19.92 |
| 2 | MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD<br>PLEDGED SECURITIES ACCOUNT FOR MWE HOLDINGS SDN BHD<br>(30-00098-000) | 153,939,335 | 19.31 |
| 3 | HSBC NOMINEES (ASING) SDN BHD<br>EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING) | 58,205,000 | 7.30 |
| 4 | MALAYSIA NOMINEES (ASING) SENDIRIAN BERHAD<br>PLEDGED SECURITIES ACCOUNT FOR UNITED FRONTIERS HOLDINGS LIMITED<br>(01-00872-000) | 56,049,072 | 7.03 |
| 5 | KEJORA POSITIF SDN BHD | 40,000,000 | 5.02 |
| 6 | LIM KUAN GIN | 18,002,800 | 2.26 |
| 7 | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR THAM TOO KAM | 16,000,000 | 2.01 |
| 8 | CITIGROUP NOMINEES (ASING) SDN BHD<br>EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN) | 15,400,000 | 1.93 |
| 9 | HSBC NOMINEES (ASING) SDN BHD<br>EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH) | 14,352,800 | 1.80 |
| 10 | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>MAYBANK PRIVATE WEALTH MANAGEMENT FOR SEOW VOON PING<br>(PW-M0 0400) (410083) | 13,600,000 | 1.71 |

| | Name of RCPS Holder | No. of RCPS | % |
|---|---|---|---|
| 11 | CITIGROUP NOMINEES (TEMPATAN) SDN BHD<br>EXEMPT AN FOR BANK OF SINGAPORE LIMITED (LOCAL) | 13,027,650 | 1.63 |
| 12 | SOW HUEY SHAN | 11,550,000 | 1.45 |
| 13 | CIMSEC NOMINEES (TEMPATAN) SDN BHD<br>CIMB FOR CHUNG HON CHEONG (PB) | 11,200,000 | 1.40 |
| 14 | OLIVE LIM SWEE LIAN | 9,980,000 | 1.25 |
| 15 | CHIN PEK SOO HOLDINGS SDN BHD | 6,926,000 | 0.87 |
| 16 | ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR CHONG YIEW ON (6000006) | 6,630,000 | 0.83 |
| 17 | LOW CHU MOI | 6,490,000 | 0.81 |
| 18 | ONG SIOK LIAN | 5,913,600 | 0.74 |
| 19 | CIMSEC NOMINEES (TEMPATAN) SDN BHD<br>CIMB FOR SEOW LUN HOO @ SEOW WAH CHONG (PB) | 5,765,000 | 0.72 |
| 20 | CHIN LEAN KEAT | 5,320,000 | 0.67 |
| 21 | CIMSEC NOMINEES (TEMPATAN) SDN BHD<br>CIMB FOR KUAH HUN LIANG (PB) | 4,872,000 | 0.61 |
| 22 | LEE SOON HIAN | 4,512,000 | 0.57 |
| 23 | KENANGA NOMINEES (TEMPATAN) SDN BHD<br>RAKUTEN TRADE SDN BHD FOR KOH HENG FAI | 4,400,000 | 0.55 |
| 24 | STANNUM HOLDINGS SDN BHD | 4,400,000 | 0.55 |
| 25 | MIDVEST PROPERTIES SDN BHD | 3,908,000 | 0.49 |
| 26 | HLIB NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR MARCO LOW PENG KIAT | 3,500,000 | 0.44 |
| 27 | RHB NOMINEES (TEMPATAN) SDN BHD<br>MAYBANK KIM ENG SECURITIES PTE LTD FOR LIM CHONG CHEE | 3,338,400 | 0.42 |
| 28 | ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR LIM BENG KEAT | 3,216,000 | 0.40 |
| 29 | ONG YENG TIAN @ ONG WENG TIAN | 3,173,800 | 0.40 |
| 30 | CASI MANAGEMENT SDN BHD | 3,000,000 | 0.38 |
| | | **665,525,137** | **83.47** |

# ANALYSIS OF WARRANT HOLDINGS
as at 30 June 2021

## DISTRIBUTION OF WARRANT HOLDINGS

| Size of Holdings | No. of warrant holders | % of warrant holders | No. of warrant | % of warrant |
|---|---|---|---|---|
| 1 – 99 | 65 | 4.29 | 2,649 | 0.00 |
| 100 – 1,000 | 181 | 11.94 | 127,376 | 0.03 |
| 1,001 – 10,000 | 607 | 40.03 | 2,755,185 | 0.55 |
| 10,001 – 100,000 | 447 | 29.49 | 16,697,492 | 3.33 |
| 100,001 – 25,068,390* | 213 | 14.05 | 174,202,311 | 34.73 |
| 25,068,391 and above** | 3 | 0.20 | 307,582,781 | 61.36 |
| **Total** | **1,516** | **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 | 26.44 |
| 2 | MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEDGED SECURITIES ACCOUNT FOR MWE HOLDINGS SDN BHD (30-00098-000) | 128,282,779 | 25.58 |
| 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 BIN CHAI | 8,500,001 | 1.70 |
| 7 | LIM KUAN GIN | 7,750,000 | 1.54 |
| 8 | OLIVE LIM SWEE LIAN | 7,100,000 | 1.42 |
| 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 | TAN SOW CHAN | 5,460,300 | 1.09 |
| 12 | MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR THAM TOO KAM | 4,000,001 | 0.80 |
| 13 | TEE SEE KIM | 3,856,700 | 0.77 |
| 14 | CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN) | 3,850,001 | 0.77 |
| 15 | HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO. (SINGAPORE BCH) | 3,588,201 | 0.72 |

| | Name of Warrant Holder | No. of Warrant | % |
|---|---|---|---|
| 16 | TAN YENG FATT | 3,437,600 | 0.69 |
| 17 | CITIGROUP NOMINEES (TEMPATAN) SDN BHD<br>EXEMPT AN FOR BANK OF SINGAPORE LIMITED (LOCAL) | 3,256,912 | 0.65 |
| 18 | LOO NAN MENG | 3,174,100 | 0.63 |
| 19 | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>MAYBANK PRIVATE WEALTH MANAGEMENT FOR SEOW VOON PING<br>(PW-M0 0400) (410083) | 2,893,900 | 0.58 |
| 20 | SEOW HUEY SHAN | 2,887,500 | 0.58 |
| 21 | CIMSEC NOMINEES (TEMPATAN) SDN BHD<br>CIMB FOR CHUNG HON CHEONG (PB) | 2,800,000 | 0.56 |
| 22 | TAN SOW CHAN | 2,240,300 | 0.45 |
| 23 | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR TEE SEE KIM | 2,050,001 | 0.41 |
| 24 | HOH KOK WAH | 1,806,000 | 0.36 |
| 25 | CHIN PEK SOO HOLDINGS SDN BHD | 1,731,501 | 0.35 |
| 26 | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>HOK SEEK YONG | 1,666,000 | 0.33 |
| 27 | LOW CHU MOI | 1,622,501 | 0.32 |
| 28 | HLB NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR NG YOKE YEN | 1,500,000 | 0.30 |
| 29 | TANG BOON SIANG | 1,500,000 | 0.30 |
| 30 | ONG SIOK LIAN | 1,478,401 | 0.29 |
| | | **423,267,102** | **84.42** |

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Twentieth Annual General Meeting of **WCE Holdings Berhad** ("the Company") will be conducted fully virtual through online meeting platform at www.metramanagement.com.my provided by Metra Management Sdn. Bhd. in Malaysia on Tuesday, 24 August 2021 at 2.30 p.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 2021 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 2021 (Ordinary Resolution 1)

3. To approve the payment of Directors' Benefits of up to RM120,000.00 for the period from the Twentieth Annual General Meeting until the Twenty-First 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 Tang King Hua (Ordinary Resolution 3)
   4.2 Tan Chor Teck (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."

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 23 July 2021 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) (SSM PC No. 202008000251)**
**WONG WAI FOONG (MAICSA 7001358) (SSM PC No. 202008001472)**
**FONG SEAH LIH (MAICSA 7062297) (SSM PC No. 202008000973)**

Company Secretaries
Kuala Lumpur
23 July 2021

NOTES:

1. **IMPORTANT NOTICE**

   Members **will not be allowed** to attend this Annual General Meeting ("AGM") in person on the day of the meeting.

   Members are to attend and post questions to the Board via real time submission of typed texts at the Questions & Answers platform provided by ZOOM and vote (collectively, "participate") remotely at this AGM via the Remote Participation and Voting facilities ("RPV") provided by Metra Management Sdn. Bhd. via www.metramanagement.com.my

   **Please read these Notes carefully and follow the procedures in the Administrative Guide for the AGM in order to participate remotely via RPV.**

2. For the purpose of determining who shall be entitled to attend this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 16 August 2021. Only a member whose name appears on this Record of Depositors shall be entitled to attend this AGM or appoint a proxy to attend, post questions and vote on his/her/its behalf.

3. A member entitled to attend and vote at this AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, post questions and vote in his place. A proxy may but need not be a member of the Company.

4. 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, post questions and vote instead of the member at the General Meeting.

5. 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.

6. 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.

7. 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.

8. 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.

9. A member who has appointed a proxy or attorney or authorised representative to participate at AGM via RPV **must request his/her proxy or attorney or authorised representative to register himself/herself for RPV** via www.metramanagement.com.my Procedures for RPV can be found in the Administrative Guide for the AGM.

10. 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 forms

    - 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; or
    - The proxy form can be electronically lodged with the Poll Administrator of the Company via www.metramanagement.com.my. Kindly refer to the Procedure for Electronic Submission of Proxy Form in the Administrative Guide for the AGM.

    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.

11. 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.

12. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.

13. Last date and time for lodging this proxy form is Sunday, 22 August 2021 at 2.30 p.m.

14. 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.

    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.

15. **It is important that you read the Administrative Guide for the conduct of this AGM.**

16. Members 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 this 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 2021

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 2021 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<br>(RM1,200.00 per meeting)<br>• Board Meeting<br>• General Meeting | Each Board member | The Company and its subsidiary companies |
| Benefits in kind<br>(a) Directors and Officers Liability Insurance Package<br>(b) Car and fuel benefit | (a) All Board members<br>(b) Datuk Ir. Hamzah bin Hasan | (a) The Company and its subsidiary companies<br>(b) West Coast Expressway Sdn. Bhd., a subsidiary of the Company |

(iv) Ordinary Resolutions 3 and 4 – Re-election of Directors

Tang King Hua and Tan Chor Teck are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 20th 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 20th AGM are disclosed in the Audit Committee Report of the 2021 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 2021 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 19th Annual General Meeting held on 27 August 2020 and which will lapse at the conclusion of the 20th 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 23 July 2021 which is enclosed together with the Company's 2021 Annual Report.

# ADMINISTRATIVE GUIDE

FOR THE TWENTIETH ANNUAL GENERAL MEETING ("20TH AGM")
OF WCE HOLDINGS BERHAD

| | |
|---|---|
| Date: | **24 August 2021, Tuesday** |
| Time: | **2.30 p.m.** |
| Meeting platform: | **www.metramanagement.com.my** |
| Communication: | **Shareholders may submit questions to the Board of Directors ("Board") prior to the 20th Annual General Meeting ("20th AGM") to the Company Secretary at rawkb@wcehb.com.my no later than 5.30 p.m. on Friday, 20 August 2021 or to use the Question and Answer ("Q&A") Platform to transmit questions to the Board via Remote Participation and Voting ("RPV") facilities during live streaming.** |

## MODE OF MEETING

In view of the COVID-19 outbreak and as part of the safety measures, the 20th AGM will be conducted fully virtual through RPV provided by Metra Management Sdn Bhd ("Metra Management") via its website at www.metramanagement.com.my ("Metra Portal") in Malaysia on Tuesday, 24 August 2021 at 2.30 p.m. as set out in the Annual Report of WCE Holdings Berhad for the financial year 31 March 2021. You are to use the RPV facilities to participate in the 20th AGM as a way for us to jointly share the responsibility to minimise the risk of COVID-19 infections.

Physically attending the 20th AGM as a Shareholder/Proxy is not allowed, this is line with the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020 and revised on 1 June 2021.

## REMOTE PARTICIPATION AND VOTING ("RPV") FACILITIES

1. Please note that the RPV Facilities is available to:
   (i) Individual members;
   (ii) Proxy holders;
   (iii) Corporate shareholders;
   (iv) Authorised Nominees; and
   (v) Exempt Authorised Nominees
   → "The Participant(s)"
2. The 20th AGM will be conducted through live streaming and online remote voting. The Participant(s) is/are encouraged to attend the 20th AGM by using the RPV Facilities provided by Metra Management. With the RPV Facilities, you may exercise your rights as a shareholder of the Company to participate (including to pose questions to the Board) and vote remotely at the 20th AGM.
3. Shareholders who are not able to participate in the 20th AGM are encouraged to appoint the Chairman of the Meeting to vote on your behalf at the 20th AGM by completing and indicating the voting instruction in the Form of Proxy which is available at www.metramanagement.com.my.
4. Proxies or Corporate representatives/Authorised Nominees/Exempt Authorised Nominees who wishes to use the RPV Facilities at the 20th AGM, please ensure the duly executed Form of Proxy or the original certificate of appointment of its corporate representative are to be submitted not later than Sunday, 22 August 2021 at 2.30 p.m. in the prescribed manners.
5. The Participant(s) is/are encouraged to send in their questions before the meeting to the Company Secretary, Mr Edward Raw at rawkb@wcehb.com.my in relation to the agenda items for the 20th AGM.

6. The Participant(s) is/are to read and follow the procedures for the RPV Facilities as summarised below:

| BEFORE THE 20TH AGM DAY | | |
|---|---|---|
| **Procedure** | | **Action** |
| (i) | Register as a user | • Access website www.metramanagement.com.my<br>• Click <Login> followed by <Register New User> to sign up as a user.<br>• Complete the registration by filling up the information required and upload a clear copy of your MyKAD (front and back) or Passport.<br>• Read and agree to the terms & condition and thereafter submit your registration.<br>• Please enter a valid email address in order for you to receive the verification email from Metra Management.<br>• Your registration will be verified and approved by Metra Management. Once approved, an email notification will be sent to you.<br>• If you are already a user with Metra Management, you are not required to register again |
| **ON THE DAY ON THE 20TH AGM** | | |
| (ii) | Login to:<br>www.metramanagement.com.my | • Login with your user ID and password for remote participation at the 20th AGM at any time from 2.00 p.m. i.e. 30 minutes before the commencement of 20th AGM on Tuesday, 24 August 2021 at 2.30 p.m.<br>• If you have forgotten your password, you can reset it by clicking “Forget Password”. |
| (iii) | Participate through Live Streaming | • Select “Virtual Meeting” under main menu.<br>• Click “Join Meeting” in order to join the live video streaming.<br>• If you have any question(s) during the 20th AGM, you may use the Q&A platform in Zoom Cloud Meetings App to submit your question(s). The Chairman/Board/Management will try to respond to all relevant questions submitted during the 20th AGM. If there is time constraint in answering the questions during the 20th AGM, the responses will be emailed to you at the earliest possible time after the end of the 20th AGM.<br>• If you are using a smartphone to participate in the 20th AGM, please download Zoom Cloud Meetings App from the Google Play Store or App Store before the 20th AGM.<br>• Please take note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at your location |
| (iv) | Online remote voting | • Please select the “Voting” option located next to “Join Meeting” to indicate your votes for the resolutions that are tabled for voting.<br>• Voting session will commence once the Chairman declares that the voting platform is activated. The voting session will end upon declaration by the Chairman.<br>• Please cast your vote on all resolutions as appeared on the screen and submit your votes. Once submitted, your votes will be final and cannot be changed. |
| (v) | End of RPV facilities | The RPV Facilities will end and the Q&A platform will be disabled the moment the Chairman announces the closure of the 20th AGM. |

## NO LUNCH PACK & DOOR GIFT

There will be **NO DISTRIBUTION** of food packs or door gifts during the 20th AGM as the meeting will be conducted on fully virtual basis.

## GENERAL MEETING RECORD OF DEPOSITORS

For the purpose of determining a member who shall be entitled to attend the 20th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Clause 55(2) of the Company's Constitution, to issue a Record of Depositors as at 16 August 2021. Only a depositor whose name appears on the Record of Depositors as at 16 August 2021 shall be entitled to attend the said meeting remotely or appoint.

## PROXY

Since the 20th AGM will be conducted via a virtual meeting, a Shareholder can appoint the Chairman of the Meeting as proxy to vote on your behalf at the 20th AGM by completing and indicating the voting instruction in the Form of Proxy which is available at www.metramanagement.com.my.

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 20th AGM or adjourned meeting thereof 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 forms

- 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; or
- The proxy form can be electronically lodged with the Poll Administrator of the Company via www.metramanagement.com.my. Kindly refer to the Annexure of the Administrative Guide of the 20th Annual General Meeting.

## POLL VOTING

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 20th AGM of the Company shall be voted by way of a poll. The Company has appointed Metra Management Sdn Bhd as Poll Administrator to conduct the poll by way of electronic means and Symphony Merchant Sdn Bhd as Independent Scrutineer to verify the poll results.

Shareholders can proceed to vote on the resolutions before the end of the voting session which will be announced by the Chairman of the meeting. Kindly refer to item (iv) of the above Procedures section for guidance on how to vote remotely from Metra Management's website (www.metramanagement.com.my).

The Independent Scrutineer will verify the poll results followed by the Chairman's announcement and declaration on whether the resolution is duly passed.

## RESULTS OF THE VOTING

The results of the voting for all resolutions will be announced at the 20th AGM and on Bursa Malaysia website at www.bursamalaysia.com

## RECORDING OR PHOTOGRAPHY

Strictly **NO** recording of the proceedings of the 20th AGM is allowed.

## ENQUIRY

If you have any enquiry prior to the virtual meeting, please contact our Share Registrar during office hours:

**Metra Management Sdn Bhd**
35th Floor, Menara Multi-Purpose
Capital Square,
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur.

| | |
|---|---|
| Telephone Number: | 03-2698 3232 |
| Mobile Number: | 010-5265 490 |
| Fax Number: | 03-2698 0313 |
| Email: | corporate@mweh.com.my |

## ANNEXURE

## PROCEDURE FOR ELECTRONIC SUBMISSION OF PROXY FORM

Dear Shareholders,

We are pleased to inform that you as a shareholder can have the option to submit proxy forms by electronic means through Metra’s Portal at www.metramanagement.com.my (“E-proxy”)

Our Metra’s E-Proxy Portal provides an online submission for shareholder to submit electronically the proxy form. Once you have successfully submitted your E-proxy form, you are no longer required to complete and submit the physical proxy form to the registered office of the Company.

To assist you on how to use Metra’s E-Proxy Portal, kindly read and follow the guidance notes which are detailed below:

1. Sign up as a user in www.metramanagement.com.my
   - Click Login/Register followed by <<Register New User>> to register as a new user.
   - Complete the registration by filling up the information required and upload a clear copy of your MyKAD (both front and back) or Passport.
   - Read and agree the terms & conditions and thereafter submit your registration.
   - Please enter a valid email address in order for you to receive the verification email from Metra Management Sdn. Bhd. (“Metra”)
   - Your registration will be verified and approved by Metra. Once approved, an email notification will be sent to you.
   - If you are already an existing user with Metra, you are not required to register again.

2. Proceed with submission of E-proxy
   - After the announcement of the Notice of the Meeting been made by the Company, you may login to Metra’s Portal with your user name (i.e. email address) and password.
   - Click **“E-PROXY LODGEMENT”** and select the company name for the submission of the E-proxy Form.
   - Appoint your proxy(ies) or the Chairman and complete the particulars of your proxy(ies) to vote on your behalf.
   - Review and confirm your proxy(ies) appointment.
   - Read and agree to the terms & conditions and thereafter submit your E-proxy Form.
   - An email notification will be send to you to acknowledge the submission.

Should you need assistance on your E-proxy submission, please contact us.

Thank you.

**Metra Management Sdn Bhd**
35th Floor, Menara Multi-Purpose
Capital Square,
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur.

| | |
|---|---|
| Telephone Number: | 03-2698 3232 |
| Mobile Number: | 010-5265 490 |
| Fax Number: | 03-2698 0313 |
| Email: | corporate@mweh.com.my |

# 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 ____________________________________________________________

being member(s) of **WCE Holdings Berhad**, hereby appoint:

| | | | |
|---|---|---|---|
| **Full Name (in Block)** | | **Proportion of Shareholdings** | |
| | | **No. of Shares** | **%** |
| **NRIC/Passport No.** | | | |
| **Address** | | | |
| **Email Address** | | **Contact No** | |

and/or* (*delete as appropriate)

| | | | |
|---|---|---|---|
| **Full Name (in Block)** | | **Proportion of Shareholdings** | |
| | | **No. of Shares** | **%** |
| **NRIC/Passport No.** | | | |
| **Address** | | | |
| **Email Address** | | **Contact No** | |

or failing him, the Chairman of the meeting, as my/our proxy to vote for me/us and on my/our behalf at the Twentieth Annual General Meeting of the Company to be conducted fully virtual through online meeting platform at www.metramanagement.com.my provided by Metra Management Sdn. Bhd. in Malaysia on **Tuesday, 24 August 2021 at 2.30 p.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 2021. | | |
| 2. | To approve the Payment of Directors' Benefits. | | |
| 3. | To re-elect Tang King Hua who is retiring by rotation pursuant to Clause 76(3) of the Constitution of the Company. | | |
| 4. | To re-elect Tan Chor Teck 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 __________________

____________________________
Signature*
Member

* *Manner of execution:*
*(a) If you are an individual member, please sign where indicated.*
*(b) 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.*
*(c) 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:*
*(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 your corporation is incorporated.*

NOTES:

1. **IMPORTANT NOTICE**

   Members will **not be allowed** to attend this Annual General Meeting ("AGM") in person on the day of the meeting.

   Members are to attend, post questions to the Board via real time submission of typed texts at the Questions & Answers platform provided by ZOOM and vote (collectively, "participate") remotely at this AGM via the Remote Participation and Voting facilities ("RPV") provided by Metra Management Sdn. Bhd. via www.metramanagement.com.my.

   **Please read these Notes carefully and follow the procedures in the Administrative Guide for the AGM in order to participate remotely via RPV.**

2. For the purpose of determining who shall be entitled to attend this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 16 August 2021. Only a member whose name appears on this Record of Depositors shall be entitled to attend this AGM or appoint a proxy to attend, post questions and vote on his/her/its behalf.

3. A member entitled to attend and vote at this AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, post questions and vote in his place. A proxy may but need not be a member of the Company.

4. 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, post questions and vote instead of the member at the General Meeting.

5. 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.

6. 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.

7. 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.

8. 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.

9. A member who has appointed a proxy or attorney or authorised representative to participate at AGM via RPV **must request his/her proxy or attorney or authorised representative to register himself/herself for RPV** via www.metramanagement.com.my Procedures for RPV can be found in the Administrative Guide for the AGM.

10. 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; or
    - The proxy form can be electronically lodged with the Poll Administrator of the Company via www.metramanagement.com.my. Kindly refer to the Procedure for Electronic Submission of Proxy Form found in the Administrative Guide for the AGM.

    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.

Then fold here

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

1st fold here

11. 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.

12. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.

13. Last date and time for lodging this proxy form is Sunday, 22 August 2021 at 2.30 p.m.

14. 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.

    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.

15. **It is important that you read the Administrative Guide for the conduct of this AGM.**

16. Members 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 this 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.

www.wcehb.com.my

# WCE HOLDINGS BERHAD

200001031761 (534368-A)

**Corporate Office**
Pejabat Pengurusan Lebuhraya Pesisiran Pantai Barat
Jalan Meru/KU5
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41050 Klang
Tel No. : +603 3082 1999
Fax No. : +603 3082 1988

**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