

# PeraKTransit

KEPUASAN ANDA, KEUTAMAAN KAMI  
YOUR SATISFACTION, OUR PRIORITY

## Sustainable Growth *Beyond Borders*

Annual Report 2018



# **Sustainable Growth** *Beyond Border*





## Sustainable Growth Beyond Borders

Perak Transit Berhad is aspired to become the leading developer and operator of integrated terminal complex and transportation services provider in Malaysia. With a vision to operate its businesses in all regions of Malaysia as well as other neighbouring countries, Perak Transit Berhad continues to strive for service excellence.

## Our Mission

To be a leading developer and operator of integrated terminal complex and transportation services provider in Malaysia and to focus our future in expanding the integrated transportation terminal to other parts of Perak and other states in Malaysia.

## Our Vision

To offer wide and comprehensive bus operation, terminal activities and services to enable public users and commuters to interconnect efficiently and seamlessly within a dedicated transportation hub and to upgrade the public transport system.



# CONTENTS

CORPORATE INFORMATION	04		
CORPORATE STRUCTURE	05	47	STATUTORY DECLARATION
PROFILE OF DIRECTORS	06	48	INDEPENDENT AUDITORS' REPORT <i>To The Members of Perak Transit Berhad</i>
KEY MANAGEMENT PERSONNEL	09	52	STATEMENTS OF COMPREHENSIVE INCOME
FINANCIAL HIGHLIGHTS	12	54	STATEMENTS OF FINANCIAL POSITION
MANAGEMENT DISCUSSION AND ANALYSIS	13	56	STATEMENTS OF CHANGES IN EQUITY
CORPORATE GOVERNANCE OVERVIEW STATEMENT	17	59	STATEMENTS OF CASH FLOWS
ADDITIONAL DISCLOSURE REQUIREMENT	26	62	NOTES TO THE FINANCIAL STATEMENTS
SUSTAINABILITY STATEMENT	28	130	ANALYSIS OF SHAREHOLDINGS
AUDIT COMMITTEE REPORT	34	132	ANALYSIS OF WARRANT HOLDINGS
STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL	38	134	LIST OF PROPERTIES
STATEMENT OF DIRECTORS' RESPONSIBILITY <i>In Relation to the Financial Statements</i>	41	138	NOTICE OF ANNUAL GENERAL MEETING
DIRECTORS' REPORT	42		FORM OF PROXY
STATEMENT BY DIRECTORS	47		ANNEXURE TO PROXY FORM

# CORPORATE INFORMATION

## Board of Directors

### **Tan Sri Dato' Chang Ko Youn**

(Independent Non-Executive  
Chairman)

### **Dato' Sri Cheong Kong Fitt** (Managing Director)

### **Dato' Cheong Peak Sooi** (Executive Director)

### **Dato' Wan Asmadi Bin Wan Ahmad** (Independent Non-Executive Director)

### **Ng Wai Luen** (Independent Non-Executive Director)

### **Azian Binti Kassim** (Independent Non-Executive Director)

#### **Audit Committee**

Ng Wai Luen (Chairman)  
Tan Sri Dato' Chang Ko Youn  
Dato' Wan Asmadi Bin Wan Ahmad

#### **Remuneration Committee**

Dato' Wan Asmadi Bin Wan Ahmad (Chairman)  
Tan Sri Dato' Chang Ko Youn  
Ng Wai Luen

#### **Nomination Committee**

Tan Sri Dato' Chang Ko Youn (Chairman)  
Dato' Wan Asmadi Bin Wan Ahmad  
Ng Wai Luen

#### **Company Secretary**

Cheai Weng Hoong (LS0005624)

#### **Registered Office**

D-3-7 Greentown Square  
Jalan Dato' Seri Ahmad Said  
30450 Ipoh, Perak  
Tel No.: 05-253 0760  
Fax No.: 05-241 6761

#### **Corporate Office**

E-6-2A, SOHO Ipoh 2  
Jalan Sultan Idris Shah  
30000 Ipoh, Perak  
Tel No.: 05-255 1128  
Fax No.: 05-255 3399  
Website: [www.peraktransit.com.my](http://www.peraktransit.com.my)  
E-mail address: [enquiry@peraktransit.com.my](mailto:enquiry@peraktransit.com.my)

#### **Share Registrar**

Tricor Investor & Issuing House Services Sdn  
Bhd (11324-H)  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South, No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel No.: 03-2783 9299  
Fax No.: 03-2783 9222

#### **Auditors**

Moore Stephens Associates PLT (LLP0000963-  
LCA & AF002096)  
Chartered Accountants  
Unit 3.3A, 3rd Floor, Surian Tower  
No. 1, Jalan PJU 7/3  
Mutiar Damansara  
47810 Petaling Jaya, Selangor  
Tel No.: 03-7728 1800 (General); 7724 1033  
(Assurance)  
Fax No.: 03-7728 9800 (General); 7733 1033  
(Assurance)

#### **Principal Bankers**

Bank Islam Malaysia Berhad (98127-X)  
Bank Muamalat Malaysia Berhad (6175-W)

#### **Stock Exchange Listing**

Main Market of Bursa Malaysia Securities Berhad  
Stock Code: 0186  
Stock Name: PTRANS

# CORPORATE STRUCTURE

**PerakTransit**

Perak Transit Berhad  
(831878 - V)

**100 %**

Ipoh Link Sdn Bhd  
CKS Labur Sdn Bhd  
Terminal Urus Sdn Bhd  
Syarikat Sumber Manusia Sdn Bhd

**99.89 %**

The Combined Bus Services Sdn Bhd

**95.71 %**

Star Kensington Sdn Bhd

**69.99 %**

CKS Bumi Sdn Bhd



# PROFILE OF DIRECTORS

## Tan Sri Dato' Chang Ko Youn Independent Non-Executive Chairman

**Tan Sri Dato' Chang Ko Youn**, Malaysian, male, aged 62, was appointed to the Board of Directors ("**Board**") on 25 August 2015 as an Independent Non-Executive Chairman. He also serves as the Chairman of the Nomination Committee and is a member of the Audit Committee and Remuneration Committee of the Company. He graduated with a Bachelor of Laws (Hons) from the University of Hull, England in 1981. In 1982, he was called to the English Bar as a Barrister-At-Law of Lincoln's Inn, London and was subsequently called to the Malayan Bar in 1983.

Tan Sri Dato' Chang Ko Youn began his career as a lawyer in Ipoh in 1983 until 1995 where he was attached to Chang Ko Youn & Co. In 1987, he was appointed as Councilor of the Kuala Kangsar District Council until 1995. Over the years, he has held numerous political positions in Parti Gerakan including Perak Gerakan Youth Chairman, Perak State Chairman, Chairman of its National Youth, National Deputy President and Acting President. In 1995, he was appointed as a Member of the Perak State Executive Council after winning the Jalong State Seat and held the post until 2008. In 2009, he was appointed as the Advisor of the Menteri Besar of Perak until 2013.

Since 2014, he has resumed his legal practice at Toh Theam Hock & Co in Ipoh, specialising in banking, commercial and conveyancing matters. He has been appointed as the Chairman of Yayasan Penjaja Dan Peniaga Kecil 1 Malaysia (YPPKM), a body handling micro-credit for petty traders sponsored by the Ministry of Finance.

Tan Sri Dato' Chang Ko Youn does not hold any shares in the Company or its subsidiaries, and has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and has not been imposed any penalty by the relevant regulatory bodies during the financial year ended 31 December 2018 ("**FYE 2018**"). He does not hold any directorship in any other public listed companies.

## Dato' Sri Cheong Kong Fitt Managing Director

**Dato' Sri Cheong Kong Fitt**, Malaysian, male, aged 59, was appointed to the Board on 5 September 2008 and is responsible for the Group's day-to-day management as well as setting the corporate vision and direction, including planning and implementing strategic business plans for the Group. He graduated with a Diploma in Business from the School of Marketing, Ipoh, obtained in 1986 and awarded Postgraduate Certificate in International Business from York St John University, England in 2017. He has approximately 25 years of working experience in the public bus terminal operations.

Dato' Sri Cheong Kong Fitt commenced his career as a supervisor in Choong Sam Tin Mine in 1980. In 1985, he joined Swee Keong Construction Pte Ltd, Singapore as a supervisor. He subsequently left Swee Keong Construction Pte Ltd, Singapore in 1992 and joined The Combined Bus Services (Partnership), operator of Stesen Bas, Jalan Kidd as supervisor where he was principally responsible for managing public bus terminal operations. He eventually left The Combined Bus Services (Partnership) in 2013. During the period from 2006 to 2009, he was instrumental in leading the initiative to merge the bus services operations of The General Omnibus Company (Perak) Sdn Bhd, Ipoh Omnibus Company Sdn Bhd and The Kinta Omnibus Company Sdn Bhd, owing to his knowledge and experience in managing terminal and bus operations.

In 2008, he founded the Company which in 2010 was converted into a public company. Under his management, the Group successfully built and commenced operations of Terminal AmanJaya in 2012.

Dato' Sri Cheong Kong Fitt is the brother of Dato' Cheong Peak Sooi, an Executive Director of the Company. He does not have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and has not been imposed any penalty by the relevant regulatory bodies during the FYE 2018. He does not hold any directorship in any other public listed companies.



## PROFILE OF DIRECTORS (Cont'd)

### Dato' Cheong Peak Sooi Executive Director

**Dato' Cheong Peak Sooi**, Malaysian, male, aged 52, is an Executive Director of the Group. He was re-appointed to the Board on 1 October 2012. He was a member of the Remuneration Committee of the Company. He holds a Certificate in Business Management from MDIS Business School, Singapore, obtained in 1988.

Dato' Cheong Peak Sooi commenced his career in 1992 as a site manager for G&C Civil Engineering Pte Ltd in Singapore. In 2000, he left G&C Civil Engineering Pte Ltd and subsequently took a position as a field service representative in Ameron Pte. Ltd., Singapore. During his eight (8) years tenure with Ameron Pte. Ltd., his responsibilities were to liaise with clients and prepare proposals for clients, supervise and monitor the installation of piping, as well as quality check and handover the completed installation work to clients. In 2008, he joined Star Kensington Sdn Bhd as a director where he was responsible for the operation of the company's petrol station operations and subsequently resigned in 2011. In the same year, he was appointed as the director of The Combined Bus Services Sdn Bhd and was responsible to supervise and monitor the construction, and subsequently day-to-day operations of Terminal AmanJaya.

Dato' Cheong Peak Sooi is the brother of Dato' Sri Cheong Kong Fitt, the Managing Director and a shareholder of the Company. He does not have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and has not been imposed any penalty by the relevant regulatory bodies during the FYE 2018. He does not hold any directorship in any other public listed companies.

### Dato' Wan Asmadi Bin Wan Ahmad Independent Non-Executive Director

**Dato' Wan Asmadi Bin Wan Ahmad**, Malaysian, male, aged 53, was appointed to the Board on 25 August 2015 as a Non-Independent Non-Executive Director and redesignated as Independent Non-Executive Director on 18 July 2017. He also serves as the Chairman of the Remuneration Committee of the Company and is a member of the Audit Committee and Nomination Committee.

Dato' Wan Asmadi Bin Wan Ahmad graduated with a Bachelor degree in Business Administration with a major in Accounting from Temple University, Philadelphia, United States of America in 1989. Subsequently, in 1996, he graduated with a Masters of Business Administration ("MBA") specialising in Finance from the same university.

Dato' Wan Asmadi Bin Wan Ahmad began his career in the area of tax and audit in 1989 before moving on to oil and gas industry in the area of Budget and Management Accounting in 1991. Upon completion of his MBA in 1996, Dato' Wan Asmadi Bin Wan Ahmad shifted his career into investment banking where he had obtained hands-on experience in the areas of corporate finance, privatisation/project advisory, equities placement/underwriting, stockbroking and Islamic capital markets. Between 2009 to 2012, Dato' Wan Asmadi Bin Wan Ahmad was working in the Kingdom of Saudi Arabia where he assisted in the successful setting up of an investment banking outfit, Anfaal Capital.

Upon returning from the Kingdom of Saudi Arabia, Dato' Wan Asmadi Bin Wan Ahmad founded DWA Advisory Sdn Bhd, a boutique financial advisory firm licensed by the Securities Commission Malaysia in 2013 and later DWA Private Equity Sdn Bhd in 2015 which is registered with the Securities Commission Malaysia as a Private Equity Management Corporation. He is also currently a member of the Market Participants Committee of Bursa Malaysia.

Dato' Wan Asmadi Bin Wan Ahmad does not hold any shares in the Company or its subsidiaries, and has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and has not been imposed any penalty by the relevant regulatory bodies during the FYE 2018. He does not hold any directorship in any other public listed companies.



## PROFILE OF DIRECTORS (Cont'd)

### Ng Wai Luen

Independent Non-Executive Director

**Ng Wai Luen**, Malaysian, male, aged 50, was appointed to the Board on 25 August 2015 as an Independent Non-Executive Director. He is the Chairman of the Audit Committee and is a member of the Nomination Committee and Remuneration Committee of the Company. He graduated with a Bachelor of Business (Accounting) with distinction from RMIT University, Australia, in 1992. In 1994, he completed the Certified Public Accountant Australia ("CPA Australia") examinations. Subsequently, in 1995, he completed The Malaysian Institute of Certified Public Accountant ("MICPA") examinations. He is a member of CPA Australia, MICPA and a Chartered Accountant registered with the Malaysian Institute of Accountants.

Ng Wai Luen began his career with KPMG Malaysia in 1993 where he was responsible for statutory audits. His role involved the audit of public listed companies, due diligence reviews for corporate exercises and special audits for mergers and acquisitions. He was leading a team of audit staff for statutory audits. In 1996, he joined OKA Corporation Berhad as a Finance Manager. In 1997, he was appointed as joint company secretary. In 1998, he led a team to achieve ISO 9002 accreditation for the company. Subsequently, in 2002, he was promoted to General Manager and Chief Financial Officer, where he was responsible for the restructuring and the listing of OKA Corporation Berhad on the Second Board of the Kuala Lumpur Stock Exchange in 2002. He was appointed as head of the risk management committee from 2003 to 2011, head of the strategic business management team, member of a remunerations committee and member of the Employee Share Option Scheme ("ESOS") committee from 2004 to 2011 in OKA Corporation Berhad. He left OKA Corporation Berhad in November 2011.

He joined Starken AAC Sdn Bhd and G-Cast Concrete Sdn Bhd in 2012 as an executive director to head the business activities, where he is responsible for the operations of both companies including the initiation of the planning and setting up of the respective companies' factories. In 2016, he was appointed to the Board of Directors as the Executive Director and subsequently as the Chief Executive Officer of Starken AAC Sdn Bhd and G-Cast Concrete Sdn Bhd.

Ng Wai Luen has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and has not been imposed any penalty by the relevant regulatory bodies during the FYE 2018. He does not hold any directorship in any other public listed companies.

### Azian Binti Kassim

Independent Non-Executive Director

**Azian Binti Kassim**, Malaysian, female, aged 53 was appointed to the Board on 15 August 2017 as an Independent Non-Executive Director. She is a Fellow of the Association of Chartered Certified Accountants ("ACCA"), United Kingdom and a Chartered Accountant of the Malaysian Institute of Accountants. She has approximately 27 years of experience in the capital market and managing investment portfolios.

Azian Binti Kassim began her career as an auditor. In 1992, she joined BBMB Unit Trust Management Berhad as an Investment Officer/Analyst and in 1995, she joined Perwira Affin Merchant Bank Berhad as an Assistant Manager. Subsequently in 1996, she joined RHB Asset Management Sdn Bhd as a Manager and in 1999 and 2001, she was promoted to Senior Manager and Assistant General Manager respectively.

Azian Binti Kassim was then attached to Mayban Investment Management Sdn Bhd as the Chief Investment Officer from 2004 to 2007. She was responsible for the investments and strategy for the company.

In 2007, Azian Binti Kassim joined Syarikat Takaful Malaysia Berhad, which is now known as Syarikat Takaful Malaysia Keluarga Berhad, as Chief Investment Officer and currently spearheading investment division and develops a strong portfolio management capability for the division.

Azian Binti Kassim does not hold any shares in the Company or its subsidiaries, and has no family relationship with any director and/or major shareholder of the Company nor does she have any conflict of interest with the Company. She has not been convicted of any offences within the past five (5) years and has not been imposed any penalty by the relevant regulatory bodies during the FYE 2018. She does not hold any directorship in any other public listed companies.

# KEY MANAGEMENT PERSONNEL

**Perak Transit Berhad** has a team of Executive Directors and key management that understand the public transportation industry. The Managing Director and the Executive Director have been with the Group for more than five (5) years and will continue to be loyal and committed to the Company's growth.

Dato' Sri Cheong Kong Fitt and Dato' Cheong Peak Sooi both understand the market which the Group operates in and have been the key driving force of the Group's recent success to date. The Group is also supported by a group of directors and key management with diverse background (i.e. legal, accounting and finance, marketing as well as being experienced in the public transportation sector), which will continue to drive the Group's growth in the future.

The profiles of Dato' Sri Cheong Kong Fitt and Dato' Cheong Peak Sooi are set out in Profiles of Directors. The profiles of the other key management personnel are as follows:

## Loh Kwang Yean Chief Financial Officer

**Loh Kwang Yean**, Malaysian, male, aged 43, is the Chief Financial Officer of the Group. He graduated with a Bachelor of Accounting with honours from Universiti Utara Malaysia in 1999. In 2002, he became a member of the Malaysian Institute of Accountants.

Loh Kwang Yean began his career as an Audit Assistant with Deloitte KassimChan in 1999. In 2002, he left Deloitte KassimChan and joined P.I.E. Industrial Berhad as a Project Officer in the Corporate Finance department. Subsequently in 2004, he left P.I.E. Industrial Berhad and joined Dufu Technology Corp. Berhad as a Group Accountant.

In 2011, Loh Kwang Yean left Dufu Technology Corp. Berhad and founded Northern Bridge Advisory Sdn Bhd, an independent advisory company providing advisory services in the area of finance and accounting services. In 2012, he joined LNG Resources Berhad as an Executive Director where he was involved in the management of corporate finance strategy and outlining management policies. He left LNG Resources Berhad in February 2014 and was involved in Northern Bridge Advisory Sdn Bhd until he joined the Group in April 2015. Loh Kwang Yean joined the Group as Chief Financial Officer on 1 April 2015.

As Chief Financial Officer, Loh Kwang Yean is responsible for all aspects of the Group's finance, accounting and reporting functions.

Loh Kwang Yean does not hold any shares in the Company or its subsidiaries, and has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and has not been imposed any penalty by the relevant regulatory bodies during the FYE 2018. He does not hold any directorship in any other public listed companies.

## Jennifer Chin Yi Teng Administration & Finance Manager

**Jennifer Chin Yi Teng**, Malaysian, female, aged 31, is the Administration and Finance Manager of the Group. She graduated with a Bachelor of Science (Hons) in Applied Accounting from Oxford Brookes University, United Kingdom, in 2011. She is currently pursuing a professional qualification with the Association of Chartered Certified Accountants ("ACCA"). Jennifer Chin Yi Teng began her career as an Account Executive with Kin Kun Group Sdn Bhd in April 2010, while studying ACCA on a part time basis. Her responsibilities included the preparation of monthly financial statements, budget review as well as schedules for year-end audit exercises for Kin Kun Group Sdn Bhd and its subsidiaries.

In September 2012, Jennifer Chin Yi Teng left Kin Kun Group Sdn Bhd and joined the Group as an Account Executive and undertook the preparations of annual and monthly financial statements, as well as budget reviews. She was also responsible for liaising with the Group's external auditors and tax agents. In July 2014, she was promoted to Administration and Finance Manager, and her responsibilities include performing financial analysis, reporting and management activities, reviewing financial forecasts and projections, managing cash flow and investments, as well as employees' welfare.

Jennifer Chin Yi Teng does not hold any shares in the Company or its subsidiaries, and has no family relationship with any director and/or major shareholder of the Company nor does she have any conflict of interest with the Company. She has not been convicted of any offences within the past five (5) years and has not been imposed any penalty by the relevant regulatory bodies during the FYE 2018. She does not hold any directorship in any other public listed companies.

## KEY MANAGEMENT PERSONNEL (Cont'd)

### Narendran A/L Murgayai

Terminal Manager

**Narendran A/L Murgayai**, Malaysian, male, aged 40, is the Terminal Manager of the Group. He obtained a Bachelor of Science in Mechanical Engineering with honours from Atlantic International University, United States of America in 2003.

Narendran A/L Murgayai began his career as a Technical Supervisor with Super Cord Sdn Bhd in 2000 and left in 2003. In 2015, he returned from Singapore after gaining 11 years of working experience there to start his career as an Assistant Operation Manager with Lion Ipoh Parade Sdn Bhd where his duties involved managing the daily operations of the shopping mall, including the security and carpark department. He was also managing the annual budget, supervising staff, work schedules, maintenance, attending meetings and enhancing staff performances to meet the daily, weekly and monthly targets.

Narendran A/L Murgayai joined the Group as the Terminal Manager in September 2017. As the Terminal Manager of our Group, he is responsible for the whole terminal operation that covers administration, terminal operation activity, recruitment, business development and maintenance of the terminal.

Narendran A/L Murgayai does not hold any shares in the Company or its subsidiaries, and has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and has not been imposed any penalty by the relevant regulatory bodies during the FYE 2018. He does not hold any directorship in any other public listed companies.

### Boon Sin Khoon

Head, Bus Operation

**Boon Sin Khoon**, Malaysian, male, aged 52, is the Head, Bus Operation of the Group. He completed Certificate in Accounting with Business Computing at TAR College, Kuala Lumpur in 1988. He picked up his part time studies and obtained a UK Diploma in National Computing Centre, locally from Shen Jai School of Commerce, in 1995.

Boon Sin Khoon began his career as an Admin & Personnel Officer with Golden Star Video Production (PK) Sdn. Bhd. in 1989. He was a Production Executive when the time he left the company in 2001.

He then started his career as an Operation Executive in Perceptive Logistic Sdn. Bhd. (previously known as Priority Haulage Sdn. Bhd., a subsidiary of Green Peninsular Group), Ipoh in 2002. He was promoted and being transferred to Klang Valley as Operation Manager in year 2013 where he further enriched himself and obtained Certified International Logistics Manager and IPMA UK Certified Leadership Management Development in 2016 and 2017, respectively. His main responsibility was monitoring on Central Region haulage operation, customer service and overall maintenance department.

Boon Sin Khoon joined the Group as the Bus Operation Manager – Express Division in April 2018. On October 2018, he was being entrusted with the entire bus operation division of the Group, he is responsible for both the stage bus operation and the express bus operation. His responsibility ranging from bus administration and operation activities, recruitment, routes costing, agency price negotiation, business development and review of staff performances to meet company targets.

Boon Sin Khoon does not hold any shares in the Company or its subsidiaries, and has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and has not been imposed any penalty by the relevant regulatory bodies during the FYE 2018. He does not hold any directorship in any other public listed companies.



## KEY MANAGEMENT PERSONNEL (Cont'd)

### Chen Lee Keen

Bus Operation Administrator

**Chen Lee Keen**, Malaysian, female, aged 55, is the Bus Operations Administrator of the Group. She graduated with a Sijil Pelajaran Malaysia from SMJK Ave Maria Convent, Ipoh, Perak, in year 1982. She has around 27 of years working experience in the public transportation industry.

She started her career in 1984 with Homegym Pte Ltd and left in 1985. In 1986, she joined CDF Chimie Pte Ltd, a Singapore company based in Petaling Jaya, Selangor as a Shipping Executive. She was responsible for shipment arrival and departure, cargo coordinating and schedule of shipments. In 1991, she left CDF Chimie Pte Ltd and joined Ipoh Omnibus Company Sdn Bhd as a Chief Clerk and was in-charge of the daily bus operations. In 1998, she was promoted as Personal Assistant to the director, where her duties involved assisting the director in the management of the company which included liaising with employees and managing and updating all permits and licenses. She was also responsible for liaising with government bodies such as Jabatan Pengangkutan Jalan, Puspakom and other relevant departments.

Chen Lee Keen joined the Group as the Bus Operations Administrator in November 2009. She is responsible for the application and renewal of all bus route permits and licenses and ensuring that the Group's bus operations are conducted in compliance with the relevant legislation, policies and procedures.

Chen Lee Keen does not hold any shares in the Company or its subsidiaries, and has no family relationship with any director and/or major shareholder of the Company nor does she have any conflict of interest with the Company. She has not been convicted of any offences within the past five (5) years and has not been imposed any penalty by the relevant regulatory bodies during the FYE 2018. She does not hold any directorship in any other public listed companies.

# FINANCIAL HIGHLIGHTS

Group	2018 (RM'000)	2017 (RM'000)
Revenue	113,515	106,766
Profit before taxation	32,793	30,482
Profit for the year	36,030	29,015
Profit attributable to owners of the Company	35,840	28,831
Total equity attributable to owners of the Company	282,315	219,336
Total assets	518,755	408,066

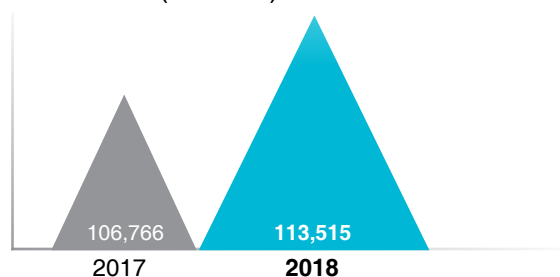
Share Information <sup>(1)</sup>	2018	2017
Basic earnings per share (sen) <sup>(2)</sup>	2.71	2.29
Dividends per share (sen)	0.95	0.70
Net asset per share (RM) <sup>(2)</sup>	0.21	0.17

Financial Ratios	2018	2017
Net profit margin	32%	27%
Return on equity attributable to owners of the company	13%	13%
Return on total assets	7%	7%
Revenue growth rate	6%	18%

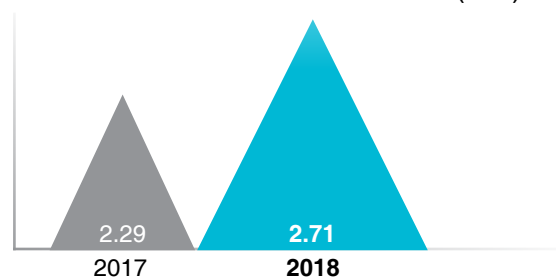
## Notes:

- (1) The share information for the FYE 2017 and FYE 2018 are calculated based on the Company's issued and paid-up share capital of 1,257,399,300 and 1,422,780,350 ordinary shares as at 31 December 2017 and 31 December 2018 respectively.
- (2) Basic earnings per share for the FYE 2017 and FYE 2018 are calculated based on the Company's weighted average number of ordinary shares in Perak Transit issued as at 31 December 2017 and 31 December 2018 respectively.

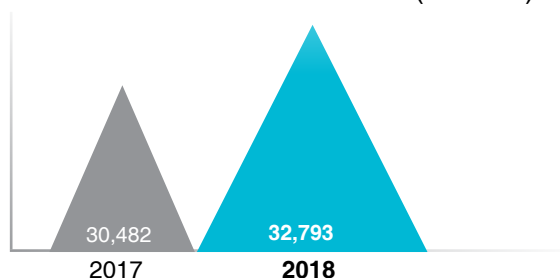
**REVENUE (RM'000)**



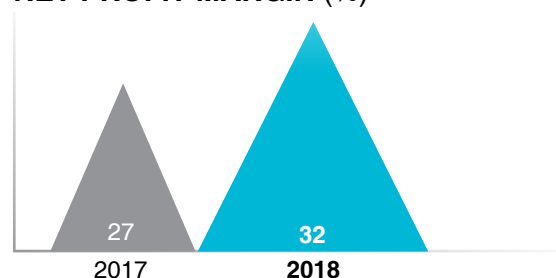
**BASIC EARNINGS PER SHARE (sen) <sup>(2)</sup>**



**PROFIT BEFORE TAXATION (RM'000)**



**NET PROFIT MARGIN (%)**



# MANAGEMENT DISCUSSION AND ANALYSIS

## COMPANY OVERVIEW

The Company's principal activity is investment holding, whilst the Group via the subsidiaries, are principally involved in the operations of Terminal AmanJaya integrated public transportation terminal and the provision of public bus services. The Group is also involved in the petrol sales business in the operations of several petrol stations in Ipoh, Lahat and Kuala Kangsar, Perak.

### Mission and Vision

The Group strives to be a leading developer and operator of integrated terminal complex and transportation services provider in Malaysia and to focus our future in expanding the integrated transportation terminal to other parts of Perak and other states in Malaysia while offering wide and comprehensive bus operations, terminal activities and services to enable public users and commuters to interconnect efficiently and seamlessly within a dedicated transportation hub and to upgrade the public transport system.

### Principle activities of the Group

The Group's revenue is mainly derived from:

- a) Integrated public transportation terminal operations;
  - i. Rental of advertising and promotional ("A&P") spaces;
  - ii. Rental of shops and kiosks;
  - iii. Project facilitation fee; and
  - iv. Others such as bus and taxi entrance fee and fee imposed for the usage of the basement car park.
- b) Providing public stage bus and express bus services and bus charter services; and
- c) Petrol stations operations

### Strategies in creating value

The Group continues to focus on the development and enhancement of integrated public transportation terminal to achieve business growth. The Group continues to explore potential market and expand its value to deliver maximum value to its shareholders.

### Highlights of the Group's financial information for the past 5 financial years

	FYE 2014 (RM'000)	FYE 2015 (RM'000)	Audited FYE 2016 (RM'000)	FYE 2017 (RM'000)	FYE 2018 (RM'000)
Revenue	77,578	74,123	90,180	106,766	113,515
Profit before taxation	13,308	19,251	25,268	30,482	32,793
EBITDA	25,586	33,461	40,441	46,915	51,551
Finance costs	6,512	7,464	7,296	7,119	7,599
Profit for the year	13,483	19,189	21,725	29,015	36,030
Equity attributable to owners of the Company	90,432	126,441	200,744	219,336	282,315
Total assets	244,148	267,359	343,326	408,066	518,755
Borrowings	96,520	117,339	120,268	169,699	207,305
Basic earnings per share (sen)	2.68 <sup>(1)</sup>	3.27 <sup>(1)</sup>	2.23 <sup>(1)</sup>	2.29 <sup>(1)</sup>	2.71 <sup>(1)</sup>
Net asset per share (RM)	0.18 <sup>(2)</sup>	0.18 <sup>(3)</sup>	0.18 <sup>(4)</sup>	0.17 <sup>(5)</sup>	0.21 <sup>(6)</sup>



# MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

## COMPANY OVERVIEW (Cont'd)

### Notes:

- 1) Basic earnings per share for the FYE 2014, FYE 2015, FYE 2016, FYE 2017 and FYE 2018 are calculated based on the Company's weighted average number of ordinary shares in Perak Transit issued as at 31 December 2014, 31 December 2015, 31 December 2016, 31 December 2017 and 31 December 2018 respectively.
- 2) The share information for the FYE 2014 is calculated based on the Company's issued and paid-up share capital of 500,472,000 ordinary shares as at 31 December 2014.
- 3) The share information for the FYE 2015 is calculated based on the Company's issued and paid-up share capital of 707,472,000 ordinary shares as at 31 December 2015.
- 4) The share information for the FYE 2016 is calculated based on the Company's issued and paid-up share capital of 1,142,948,000 ordinary shares as at 31 December 2016.
- 5) The share information for the FYE 2017 is calculated based on the Company's issued and paid-up share capital of 1,257,399,300 ordinary shares as at 31 December 2017.
- 6) The share information for the FYE 2018 is calculated based on the Company's issued and paid-up share capital of 1,422,780,350 ordinary shares as at 31 December 2018.

### Financial Review

For FYE 2018, the Group is organised and managed into business units based on three reportable segments as follows:

- i) Integrated public transportation terminal operations – Engaged in the rental of A&P spaces, shops and kiosks, project facilitation and others such as entrance fee for parking and taxi in Terminal AmanJaya.
- ii) Bus operations – Engaged in the operation of stage and express buses.
- iii) Petrol stations operations – Involved in sale of petrol.

There have been no changes on the basis of segmentation or on the basis of measurement of segment profit or loss from the previous annual audited financial statements.

### Group Financial Performance

The Group's revenue of RM113.52 million for FYE 2018 increased by approximately 6.32% compared to the previous FYE 2017 of RM106.77 million. The major contributor to the Group's revenue during FYE 2018 was from the integrated public transportation terminal operations segment and petrol station operations segment.

The Group's profit before taxation had increased by 7.58% for FYE 2018 of RM32.79 million as compared to the previous FYE 2017 of RM30.48 million. The higher profit before taxation for FYE 2018 was mainly due to higher project facilitation fee and revised upward of rental of A&P spaces during FYE 2018.

### Integrated Public Transportation Terminal Operations Segment

The Group recorded revenue from this segment of RM45.85 million which accounted for 40.39% of the total revenue recorded for FYE 2018. The Group's revenue from this segment improved by RM5.32 million or 13.13% compared to the previous FYE 2017 of RM40.53 million. This increase was mainly due to higher project facilitation fee and revised upward of rental of A&P spaces during FYE 2018.

### Bus Operations Segment

The Group's revenue from bus operations segment decreased from RM30.38 million during FYE 2017 to RM28.86 million in FYE 2018 mainly due to higher revenue recorded from bus fares in FYE 2017.

# MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

## COMPANY OVERVIEW (Cont'd)

### Petrol Stations Operations Segment

The Group's revenue from petrol station operations improved from RM35.85 million during FYE 2017 to RM38.81 million in FYE 2018. The increase was mainly due to the increase in sales volume during FYE 2018.

### Consolidated Statement of Financial Position

The non-current assets consisted of property, plant and equipment ("**PPE**"), investment properties, goodwill on consolidation and deferred tax assets. For FYE 2018, the non-current assets increased to RM442.38 million (FYE 2017: RM331.04 million) mainly due to the increase in PPE resulted from the additional upgrading work at Terminal AmanJaya and the construction cost of Terminal Kampar.

The current assets of the Group consisted of inventories, trade receivables, other receivables, other assets, current tax assets, fixed deposits with licensed banks and cash and bank balances. The current assets for the FYE 2018 decreased to RM76.37 million from RM77.03 million in FYE 2017, which was mainly due to the decrease in other assets to RM10.13 million (FYE 2017: RM25.61 million). Other assets mainly consist of the deposit paid for the acquisition of Bidor land.

The non-current liabilities consisted of non-current portion of bank borrowings, non-current portion of lease liabilities, non-current portion of deferred capital grant and deferred tax liabilities. The non-current portion of borrowings had increased to RM160.32 million (FYE 2017: RM126.64 million) mainly resulted from the drawdown of loan for the construction of Terminal Kampar.

The current liabilities of the Group consisted of trade payables, other payables, current portion of bank borrowings, current portion of lease liabilities, current portion of deferred capital grant, other liabilities and current tax liabilities. The major contributor of the current liabilities is Cash Line-i and bank overdraft of RM36.09 million (FYE 2017: RM33.75 million). These Cash Line-i and bank overdrafts were for working capital purposes.

The equity of the Group consisted of share capital, revaluation reserve, retained earnings and non-controlling interests. The major contributor of the equity is share capital of RM167.09 million.

## DIVIDEND

In line with the good performance of the Group for FYE 2018, the Board of Directors ("**Board**") had declared and paid the first single-tier interim dividend of RM0.0025 per share in respect of FYE 2018 on 9 February 2018. Combined with the second single-tier interim dividends of RM0.0035 per share paid on 13 June 2018 and the third single-tier interim dividends of RM0.0035 per share paid on 12 December 2018, the total dividends declared and paid for FYE 2018 were approximately RM12.42 million.

## ANTICIPATED OR KNOWN RISK

### Operational, competition and business risks

Some of generic business risks that are inherent within the industry and may affect the Group include, among others, increased competition over costing and pricing, labour and raw materials shortages, increases in labour and raw materials costs, equipment and electricity tariffs as well as changes in general economic, business, credit and interest rate conditions, fluctuations in exchange rates and changes in the legal and environmental framework within which the industry operates.

Whilst noting that borrowing is essential to finance the Group's operations and growth, efforts are being made to minimise utilisation. In this manner, the risk of fluctuations of interest rates is also minimised.

### Dependency on key personnel

The continued success of the Group depends, to a significant extent, on the abilities and continued efforts of the Directors and key management personnel and the Group's ability to attract and retain these individuals. A loss, without a suitable replacement in a timely manner could affect the Group's ability to remain competitive in the industry.

# MANAGEMENT DISCUSSION AND ANALYSIS *(Cont'd)*

## LISTING TRANSFER

The Group has been successfully transferred from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad (**"Bursa Securities"**) on 19 December 2018. The successful transfer marks another milestone for the Group subsequent to its listing on the ACE Market of Bursa Securities on 6 October 2016. It signifies the growth and financial strength of the Group as it has met the profit track record requirements of the Main Market of Bursa Securities. The Board believes that the successful transfer will enhance the Group's credibility and reputation, accord the Group greater recognition, and create countless opportunities for growth to excel and following amongst investors, including institutional investors.

## OUTLOOK

Looking ahead, the Group's performance is expected to continue to grow especially upon the commencement of the integrated public transportation terminal operations in Kampar in the year 2019. The Group will continue focusing on the enhancement and development of the integrated public transportation terminal sector to maintain the advantages that well-managed public transport terminal will provide people with the mobility that is essential to the economic and social needs connecting cities and town. The Group's operation ensures that the business is well-positioned to meet this challenge.





# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“**Board**”) of Perak Transit Berhad (“**Company**”) acknowledges the importance of the principles, intended outcomes and practices for good corporate governance set out in the Malaysian Code on Corporate Governance 2017 (“**MCCG 2017**”) and is committed to ensure good corporate governance is practiced and applied throughout the Company and its subsidiaries (“**Group**”) as a fundamental part of discharging its responsibilities to protect and enhance shareholders’ value and all stakeholders’ interest.

The Board is pleased to present to the shareholders the Corporate Governance Overview Statement which provides an overview of the Company’s commitment to apply the principles and practices with reference to the three principles set out in the MCCG 2017, except where stated otherwise, during the financial year ended 31 December 2018 under the leadership of the Board. The extent of the application of each practice encapsulated in the principles of the MCCG 2017 is further presented in the Corporate Governance Report which can be viewed on the Company’s website at [www.peraktransit.com.my](http://www.peraktransit.com.my).

## SECTION 1: BOARD LEADERSHIP AND EFFECTIVENESS

### Board Roles and Responsibilities

The Board retains full and effective control of the Company and plays an important role in defining the scope of corporate governance within the Group. This includes the responsibility for determining the Company’s overall strategic direction as well as development and control of the Group.

As at the date of this Statement, the Board has six (6) members comprising two (2) executive directors, including the Managing Director, and four (4) independent non-executive directors. More than half of the Board members are independent directors.

The Board has considered that its members collectively possessed the appropriate competencies and attributes that enable the Board to discharge its responsibilities effectively, contribute to the Company’s strategic direction and oversee the delivery of its corporate objectives.

The balanced Board composition also enables the Board to provide clear and effective leadership to the Company and to bring informed and independent judgement to many aspects of the Company’s strategy and performance so as to ensure that the Company maintains the highest standard of conduct and integrity.

The profile of the Board members is set out on pages 6 to 8 of this Annual Report.

The functions reserved for the Board are clearly stated in the Board Charter besides the discharge of their fiduciary duties.

In order to assist the Board in the discharge of its responsibilities, the Board also delegates specific duties and responsibilities to three (3) Board committees, namely the Audit Committee, Nomination Committee and Remuneration Committee, which operate within defined terms of reference. The Chairman of the respective committees reports to the Board on the matters considered and their recommendation thereon. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

### Board Meetings

In 2018, the Board held four (4) scheduled meetings on the following dates:

- 22 February 2018
- 24 May 2018
- 20 August 2018
- 22 November 2018

At the scheduled meetings, the Board reviewed and deliberated on the operational and financial performance, risk management, internal audit findings and internal control system.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT *(Cont'd)*

## SECTION 1: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### Board Meetings (Cont'd)

The details of meeting attendance of each individual director are as follows:

	Meeting attendance during their tenure in office in 2018
Tan Sri Dato' Chang Ko Youn (Chairman)	4/4
Dato' Sri Cheong Kong Fitt	4/4
Dato' Wan Asmadi Bin Wan Ahmad	4/4
Dato' Cheong Peak Sooi	3/4
Ng Wai Luen	4/4
Azian Binti Kassim	3/4

### The Board Chairman

Tan Sri Dato' Chang Ko Youn is the independent non-executive Chairman of the Board. The Chairman is responsible for the oversight, leadership, effectiveness, conduct and governance of the Board.

### Separation of Roles between the Chairman and the Managing Director

Dato' Sri Cheong Kong Fitt, the Managing Director, leads the management team. There is a clear division of responsibility between the Chairman and the Managing Director.

The Managing Director, supported by his management team, is responsible for the day-to-day management of the business and implementation of the Board's policies and decisions. The Managing Director also assesses business opportunities which are of potential benefit to the Group.

### Company Secretary

The Board is supported by an experienced and competent Company Secretary who is qualified to act as company secretary under Section 235(2) of the Companies Act 2016. The Company Secretary reports directly to the Board and plays an advisory role to the Board and Board Committees, particularly with regard to their policies and procedures and the Company's compliance with regulatory requirements, rules, guidelines and legislation, as well as the best practices of corporate governance.

All directors have access to the advice and services of the Company Secretary and are updated on the changes in the regulatory framework and corporate governance practices. The Company Secretary provides support to the Board in ensuring that the applicable rules and regulations are complied with as well as that the governance structure of the Group remains relevant and effective.

The Company Secretary attends all meetings of the Board and Board Committees and ensures that meeting procedures are followed and deliberations and proceedings at the meetings are accurately recorded and well-documented.

### Supply of Information

Each Board member receives the agenda of a Board meeting, follow by a full set of Board papers prior to the meeting. This enables the directors to have sufficient time to review the meeting materials before attending the meeting.

The directors have unrestricted and immediate access to all information within the Company whether as full board members or in their individual capacity, in furtherance to their duties. The directors also have direct access to the services of the Company Secretary who is responsible for ensuring the Board procedures are followed. The directors are entitled to obtain independent professional advice in the course of discharging their duties at the Company's expense.

### Board Charter

The Board has adopted a Board Charter which set out the board structure, board roles, board meetings and procedures, access to information, company secretary and independent advice, relationship with shareholders and investors, board evaluation and performance to ensure that all members of the Board are aware of their duties and responsibilities as Board members.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT *(Cont'd)*

## SECTION 1: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### Board Charter (Cont'd)

The Board reviews the Board Charter from time to time to ensure its relevance in assisting the Board to discharge its duties in accordance to the prevailing Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and current regulations and any new regulations that may have an impact on the discharge of the Board's objectives and responsibilities.

The details of the Board Charter are available for reference on the Company's website at [www.peraktransit.com.my](http://www.peraktransit.com.my).

### Code of Conduct

The Board has adopted a Code of Conduct which set out the principles and standards of business conduct of the Group. The Code of Conduct is to assist and guide all directors, officers and employees (including full time, probationary, contract and temporary staff) of the Group in defining the ethical standards and business conduct at work, which collectively leads to and is responsible for the success of the Group.

The Board reviews the Code of Conduct when deemed necessary to ensure it remains relevant and appropriate and the Code can be viewed on the Company's website at [www.peraktransit.com.my](http://www.peraktransit.com.my).

### Whistle Blowing Policy

The Board has established a Whistle Blowing Policy to promote and support its culture of honest and ethical behaviour. The policy encourages the employees to raise any concerns and report instances of unethical, illegal or fraudulent behaviour or any other matter that may contravene the Company's Code of Conduct and policies or prevailing regulations and laws.

All reports will be investigated promptly and dealt with fairly and equitably. Actions will be taken based on the nature of the allegation and may be resolved by agreed action.

The Board reviews the policy when deemed necessary to ensure it remains relevance and appropriate and the policy can be viewed on the Company's website at [www.peraktransit.com.my](http://www.peraktransit.com.my).

### Tenure of Independent Directors

In determining the independence of individual directors, the Board, through the Nomination Committee, conducts assessment on the independent directors of the Company annually. In addition, each independent director is required to declare his independence annually.

All four (4) independent directors' tenure have yet to exceed the cumulative term of nine (9) years as at the end of the financial year 2018.

### Board Diversity Policy

The Board recognises the importance of diversity in determining the ideal composition of the Board and amongst its workforce, including but not limited to race, ethnicity, age, gender, skills, experience, exposure and competencies.

The Board considers that gender diversity contributes positively to the performance of the Board which is vital to the sustainability of the Group's businesses. Currently, the Board has one (1) female director out of a total of six (6) directors, representing approximately 17% of women participation in the boardroom. The Board will actively work towards identifying suitable female directors to be appointed to the Board. The Board recognises that the evolution of the diversity is a long process and weighs the various factors relevant to board balance and diversity when vacancies arise.

Overall, the Board is satisfied with the existing number and composition of the members and is of the view that the Board comprises a good mix of members with diverse experiences background to provide for a collective range of skills, expertise and experience which are relevant to support the growth and cope with the complexities of the Group's businesses.

### Sourcing and Nomination of Board Members

The Board, through the Nomination Committee, continuously reviews the composition of the Board and source for suitable directors considering the diversity in business background, area of expertise, skills, educational background, gender, and ethnicity as well as other factors that may provide the Board with a boarder range of viewpoints and perspectives.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT *(Cont'd)*

## SECTION 1: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### Sourcing and Nomination of Board Members (Cont'd)

The Nomination Committee is responsible for proposing new nominees for appointment to the Board, and recommends to the Board for approval on the appointment, re-appointment, re-election and annual assessment of directors.

The Nomination Committee considers and recommends to the Board candidates of sufficient calibre, knowledge, integrity, reliability, professionalism and experience to fulfil the duties of a director. This Committee also considers the ability of the candidate to attend Board and Board committees' meetings regularly and devote sufficient time and effort to carry out their duties and responsibilities effectively, and be committed to serve on the Board for an extended period of time.

### Nomination Committee

The Nomination Committee comprises three (3) members, all of them are independent non-executive directors and is headed by the Senior Independent Director as the Chairman. The Nomination Committee assists the Board in its responsibilities in reviewing the nomination for the appointment or reappointment of Board members and to assess the performance of the Audit Committee and the Board as a whole on an on-going basis.

In 2018, the Committee held two (2) meetings on the following dates:

- 22 February 2018
- 22 November 2018

The attendance of the members is as follows:

	Meeting attendance during their tenure in office in 2018
Tan Sri Dato' Chang Ko Youn (Chairman)	2/2
Dato' Wan Asmadi Bin Wan Ahmad	2/2
Ng Wai Luen	2/2

The activities of the Nomination Committee during the financial year 2018 include recommendations to the Board on the following matters:

- Determined the manner to perform annual evaluation of Board, Audit Committee and Individual Director Assessment;
- Evaluated and assessed the individual directors, Board as a whole and the independence directors;
- Evaluated and assessed the performance of the Audit Committee as a whole and each of its members;
- Reviewed the eligibility of the retiring directors for the re-election at the Annual General Meeting ("**AGM**") of the Company;
- Reviewed the trainings attended by the directors to ensure all directors have received appropriate continuous training programmes; and
- Reviewed and assessed the attributes of the new candidate, prior to recommending the appointment to the Board.

### Board, Audit Committee and Individual Director Assessment

The Nomination Committee conducts annual assessment of each individual director under the evaluation process to ensure the effectiveness of the Board as a whole. The assessment of directors is an examination of each director's ability to contribute to the effective decision making of the Board.

The Nomination Committee also conducts annual review of the term of office performance of the Audit Committee's members and the Audit Committee as a whole annually and assess whether the Audit Committee and its members have carried out their duties in accordance with its terms of reference.

The overall results of the evaluation process and the improvements recommended thereon are presented by the Chairman of the Nomination Committee to the Board in respect of the performance of the Audit Committee and its members and the Board as a whole.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT *(Cont'd)*

## SECTION 1: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### Board, Audit Committee and Individual Director Assessment (Cont'd)

Based on the recent annual review, the Nomination Committee is satisfied that the Board composed of directors with appropriate mix of skill and experience to meet the Company's requirements and the Audit Committee and its members discharged their functions, duties and responsibilities in accordance with its terms of reference.

### Directors' Training

All directors have attended and completed the Mandatory Accreditation Programme prescribed by Bursa Securities. The directors are encouraged to continuously update their knowledge and enhance their skills through appropriate continuing education programmes and life-long learning. This will enable the directors to effectively discharge duties and sustain active participation in the Board deliberations.

The Board shall also on continuous basis, evaluate and determine the training needs of its directors. The subject matter of training must be one that aids the director in discharging his duties as a director.

The directors who have attended the training programmes are as follows:

Tan Sri Dato' Chang Ko Youn	<ul style="list-style-type: none"><li>• Case Study Workshop for Independent Directors "Rethinking – Independent Directors: Board Best Practices"</li><li>• International Professional Practices Framework For Audit Committee Workshop</li></ul>
Dato' Sri Cheong Kong Fitt	<ul style="list-style-type: none"><li>• Prepared for SST 2.0</li></ul>
Dato' Cheong Peak Sooi	<ul style="list-style-type: none"><li>• Prepared for SST 2.0</li></ul>
Dato' Wan Asmadi Bin Wan Ahmad	<ul style="list-style-type: none"><li>• Invest Malaysia 2018</li><li>• Audit Committee Conference 2018</li><li>• Market Integrity Symposium</li><li>• Panel Discussion: Listing on LEAP Market</li></ul>
Ng Wai Luen	<ul style="list-style-type: none"><li>• Effect on Transitional Period from GST 6% to 0% and Introduction of SST</li></ul>
Azian Binti Kassim	<ul style="list-style-type: none"><li>• Invest Malaysia</li><li>• Islamic Forum</li><li>• Private Debt Seminar</li><li>• Leadership Development Program</li><li>• Citi Markets Economic Seminar</li><li>• Malaysia: A New Dawn</li><li>• International Work Life Balance Forum 2018</li><li>• Stratum Focus Series VII: Industry 4.0</li><li>• Moody's Analytics Economic &amp; Credit Risk Forum</li></ul>

### Remuneration Policy and Procedure

The Board, through the Remuneration Committee, establishes a transparent procedure for developing a policy on the remuneration packages of the executive and non-executive directors of the Company benchmarked against industry standards and market competitiveness in light of the performance of the Group in the industry.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## SECTION 1: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### Remuneration Policy and Procedure (Cont'd)

The Remuneration Committee reviews the remuneration, annual fees, attendance allowance and other benefits for the executive and non-executive directors. The decision to determine the level of remuneration shall be the responsibility of the Board as a whole after considering recommendations from the Remuneration Committee. In addition, the annual fees of non-executive directors shall be subject to the ultimate approval of shareholders at the AGM.

### Remuneration Committee

The Remuneration Committee comprises three (3) members, all of them are independent non-executive directors. The Remuneration Committee assists the Board in its responsibilities in establishing a formal and transparent procedure for developing policy on the remuneration packages of the executive and non-executive directors.

In 2018, the Committee held two (2) meetings on the following dates:

- 22 February 2018
- 22 November 2018

The attendance of the members is as follows:

	Meeting attendance during their tenure in office in 2018
Dato' Wan Asmadi Bin Wan Ahmad (Chairman)	2/2
Tan Sri Dato' Chang Ko Youn	2/2
Ng Wai Luen	2/2

The activities of the Remuneration Committee during the financial year 2018 include recommendations to the Board on the following matters:

- Reviewed the discretionary bonus for the executive directors for the financial year 2018; and
- Reviewed the directors' remuneration and benefits packages for financial year 2019.

### Directors' Remuneration

The Board noted that the MCCG 2017 recommends the disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors shall include fees, salary, bonus, benefits in-kind and other emoluments.

Accordingly, the aggregate remuneration of the directors received/receivable from the Company and its subsidiaries, categorised into appropriate components, for the financial year 2018 is as follows:

### Received from Company

(in RM)	Fees	Salaries and other emolument	Bonus	Benefit in kind	Meeting allowance	Total
<b>Executive directors</b>						
Dato' Sri Cheong Kong Fitt	-	94,560	-	-	4,000	98,560
Dato' Cheong Peak Sooi	-	74,280	-	5,300	3,000	82,580
<b>Non-executive directors</b>						
Tan Sri Dato' Chang Ko Youn	66,000	260	-	-	4,000	70,260
Dato' Wan Asmadi Bin Wan Ahmad	54,000	520	-	-	4,000	58,520
Ng Wai Luen	54,000	520	-	-	4,000	58,520
Azian Binti Kassim	54,000	390	-	-	3,000	57,390

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## SECTION 1: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### Directors' Remuneration (Cont'd)

#### Received on Group basis

(in RM)	Fees	Salaries and other emolument	Bonus	Benefit in kind	Meeting allowance	Total
<b>Executive directors</b>						
Dato' Sri Cheong Kong Fitt	-	537,352	63,600	5,300	4,000	610,252
Dato' Cheong Peak Sooi	-	435,742	54,000	5,300	3,000	498,042
<b>Non-executive directors</b>						
Tan Sri Dato' Chang Ko Youn	66,000	260	-	-	4,000	70,260
Dato' Wan Asmadi Bin Wan Ahmad	54,000	520	-	-	4,000	58,520
Ng Wai Luen	54,000	520	-	-	4,000	58,520
Azian Binti Kassim	54,000	390	-	-	3,000	57,390

### Senior Management's Remuneration

The Board noted that the MCGG 2017 recommends the disclosure on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

The Board is of the view that the non-disclosure on named basis for the top senior management of the Company will not significantly affect the understanding and the evaluation of the Group's governance and to ensure confidentiality of the remuneration of the top senior management of the Company.

## SECTION 2: EFFECTIVE AUDIT AND RISK MANAGEMENT

### Audit Committee

The Audit Committee comprises three (3) members, all of them are independent non-executive directors. The Audit Committee is headed by Mr Ng Wai Luen, and the other members are Tan Sri Dato' Chang Ko Youn and Dato' Wan Asmadi bin Wan Ahmad. The Audit Committee provides assistance to the Board in fulfilling its oversight responsibilities of the financial reporting process, the system of internal controls, the audit process and the process of monitoring compliance with laws and regulations.

The members of the Audit Committee are sufficiently financially literate with good understanding of the Group's businesses to enable them to continuously apply a critical and probing view on the financial reporting process, transactions and other financial information, and effectively challenge management's assertions on the Group's financials.

The role and summary of the activities of the Audit Committee are described in more detail in the Audit Committee Report set out on pages 34 to 37 of this Annual Report.

### Financial Reporting

For financial reporting through quarterly interim financial reports to Bursa Securities and the audited annual financial statements to shareholders, the Board has a responsibility to present a balanced and fair assessment of the Group's financial position, performance and future prospects.

The Statement of Directors' Responsibility in relation to the preparation of the annual audited financial statements of the Company and of the Group is set out on page 41 of the Annual Report.

The Audit Committee assists the Board in scrutinising the financial reporting processes and quality of the financial reporting of the Group. This Committee, on a quarterly basis, reviews the quarterly interim financial reports and yearly financial statements to ensure accuracy, adequacy and completeness as well as to comply with applicable financial reporting standards and other regulatory and legal requirements.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT *(Cont'd)*

## SECTION 2: EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

### Assessment of Suitability and Independence of External Auditors

The primary purpose of an audit is to provide shareholders with an expert, independent opinion as to whether the financial statements of the Company reflect a true and fair view of the financial position of the company. The external auditors should be independent from the Company so that their audit opinion will not be influenced by any relationship between both parties.

The Audit Committee maintains a transparent and professional relationship with the external auditors. The Audit Committee is assigned to assess, review and supervise the performance, suitability, objectivity and independence of the external auditors.

In determining the independence of the external auditors of the Company, Messrs Moore Stephens Associates PLT, the Audit Committee has carried out a review and assessment of the suitability, objectivity and independence of the external auditors, Messrs Moore Stephens Associates PLT based on the following:

- the performance, competence, audit quality, sufficiency of resources and allocation of audit staff assigned to the audit;
- the nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and
- obtaining written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants.

Based on the annual assessment, the Audit Committee is satisfied with the independence, objectivity, technical competency and professionalism demonstrated by Messrs Moore Stephens Associates PLT. Having regard to the outcome of the annual assessment of external auditors by the Audit Committee, the Board has agreed with the Audit Committee's recommendation to seek shareholders' approval at the forthcoming AGM on the appointment of Messrs Moore Stephens Associates PLT as external auditors of the Company for the financial year 2019.

### Risk Management and Internal Control

The Board takes responsibility for the Group's risk management and internal control system and for reviewing its adequacy and integrity. The Board has formed a Risk Management Working Committee, headed by the Managing Director, and placed it under the purview of the Audit Committee to identify the risk and findings. The formation of the Risk Management Working Committee allows the members of the Audit Committee to have more time to deliberate various risk issues affecting the Company and the Group at length.

The Board is of the view that the current system of risk management and internal control in place throughout the Group is sufficient to safeguard the Group's assets and shareholders' investment.

The Statement on Risk Management and Internal Control as set out on pages 38 to 40 in this Annual Report provides an overview of the state of risk management and internal controls within the Group.

### Internal Audit Function

The Board recognises that effective monitoring on a continuous basis is a vital component of a sound internal control system. The Company has outsourced the internal audit function to an independent professional service firm to carry out independent internal audit services for the Company and the Group.

As part of the enhancement of the corporate governance process, the Board, on the recommendation of the Audit Committee, decided to appoint Messrs JWC Consulting Sdn Bhd as the new internal auditors for the Company and the Group to replace Messrs Crowe Governance Sdn Bhd who had acted as the internal auditors for the Company and the Group for the past three (3) years. Messrs JWC Consulting Sdn Bhd will commence its role as internal auditors in the financial year 2019.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT *(Cont'd)*

## SECTION 3: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### Communication with Shareholders and other Stakeholders

The Board acknowledges the importance of effective, transparent and timely dissemination of material information and has in place internal corporate disclosure procedures which enable comprehensive, accurate and timely disclosures relating to the Company to shareholders, regulators and other stakeholders. These procedures also set out the authority and responsibility to approve such disclosure. In formulating these procedures, the Board is guided by the Corporate Disclosure Guide issued by Bursa Securities whilst adhering with the corporate disclosure requirements as set out in the Listing Requirements.

Announcements via Bursa LINK of Annual Reports, quarterly interim financial reports and business acquisitions provide the shareholders and the investing public with an overview of the Group's performance, operations and directions. Members of the public can obtain the Annual Reports, full financial results, quarterly interim financial reports and the Company's announcements on the Company's website at [www.peraktransit.com.my](http://www.peraktransit.com.my). Notices of general meetings and minutes of general meetings are also available on the Company's website.

The Board has designated Tan Sri Dato' Chang Ko Youn as the Senior Independent Director of the Company to whom shareholders may address their concerns relating to the Group. Shareholders are also encouraged to direct their queries by way of correspondence in writing or through email to [changkyjg@peraktransit.com.my](mailto:changkyjg@peraktransit.com.my).

### Conduct of General Meetings

The AGM is the principal forum for dialogue with shareholders. Notice of the AGM together with the Annual Report are sent out to shareholders at least 28 days before the date of meeting.

The Board encourages participation from shareholders by having a question and answer session during the general meetings. The directors, Chief Financial Officer and advisors are available to provide responses to questions from shareholders during the meeting.

All resolutions set out in the notice of general meetings of the Company are to be conducted by poll and an independent scrutineer is appointed to monitor the conduct of polling for each general meeting.

At the AGM held on 24 May 2018, poll voting was conducted in respect of all resolutions and Asia Securities Sendirian Bhd was appointed as Scrutineers to verify the poll results. The outcome of the poll against the resolutions was announced at the same meeting and detailed results stating the votes cast were announced via Bursa LINK.

# ADDITIONAL DISCLOSURE REQUIREMENT

## i) Utilisation of Proceeds

### a) Initial Public Offering

Pursuant to the initial public offering exercise in 2016, the Company has raised a gross proceeds of RM36.75 million. The details of the utilisation of the gross proceeds as at 31 December 2018 was as follows:

Purpose	Intended utilisation	Actual utilisation to-date	Deviation		Intended timeframe for utilisation (from date of listing)
	RM'000	RM'000	RM'000	%	
Business expansion	20,000	20,000	-	-	Within 24 months
Repayment of lease facilities	2,109	1,798	311	14.75	Within 12 months
Working capital	10,481	11,177	(696)	(6.64)	Within 24 months
Estimated listing expenses	4,160	3,775	385	9.25	Within 6 months
<b>Total</b>	<b>36,750</b>	<b>36,750</b>	<b>-</b>		

The deviation from the repayment of lease facilities of RM0.31 million was due to the reduction in the balance of lease facilities resulting in the actual monthly repayment made lower than the amount allocated for. The deviation from the estimated listing expenses of RM0.39 million was mainly due to the actual amount incurred for miscellaneous expenses (within the estimated listing expenses category) was lower than the amount allocated for. The differences have been included into the portion allocated for working capital purposes. The Company has fully utilised the proceeds during the FYE 2018.

### b) Private Placement

Pursuant to the private placement exercise in 2017, the Company has raised a total gross proceeds of RM30,186,900 by issuing 125,500,000 ordinary shares in 7 tranches. The details of the utilisation of the proceeds as at 31 December 2018 was as follows:

Purpose	Intended utilisation	Actual utilisation to-date	Deviation		Intended timeframe for utilisation (from date of listing of the Placement Shares)
	RM'000	RM'000	RM'000	%	
Settlement of the Balance Purchase Price of Bidor Land and Tronoh Lands	9,480	6,094	*	*	Within 18 months
Repayment of bank borrowings	17,745	18,075	(330)	(1.86)	Within 6 months
Installation of terminal management system and Touch 'N Go system	2,500	2,500	-	-	Within 12 months
Estimated expenses for the Proposed Private Placement	462	132	330	71.43	Within 6 months
<b>Total</b>	<b>30,187</b>	<b>26,801</b>	<b>-</b>		

The deviation from the estimated expenses for the Proposed Private Placement of RM0.33 million was mainly due to the actual amount incurred for placement fees and other incidental expenses (within the estimated expenses for the Proposed Private Placement category) were lower than the amount allocated for. The difference has been included into the portion allocated for repayment of bank borrowings purposes.

\*The proceeds for settlement of the balance purchase price of Bidor land and Tronoh lands are yet to be fully utilised in FYE 2018.

## ADDITIONAL DISCLOSURE REQUIREMENT *(Cont'd)*

### ii) Audit and Non-Audit Fees

The audit and non-audit fees to the external auditors and their affiliates for services rendered during the FYE 2018 are as follows:

<b>FYE 2018</b>	<b>Company (RM'000)</b>	<b>Group (RM'000)</b>
Audit	50	122
Non-Audit	5	5

The non-audit fees included review of statement of risk management and internal control.

### iii) Options, Warrants or Convertibles Securities

During the FYE 2018, the Company has not issued any options, warrants or convertibles securities.

### iv) Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving directors' or major shareholders' interests that were still subsisting at the end of the FYE 2018 or, if not then subsisting, entered into since the end of previous financial year.

### v) Recurrent Related Party Transactions

During the FYE 2018, the Company did not seek mandate from shareholders for the Company and its subsidiaries to enter into recurrent related party transactions of revenue or trading nature as there are no recurrent related party transactions which exceeded the materiality threshold stated in paragraph 10.09(1) of the Listing Requirements.



# SUSTAINABILITY STATEMENT

The Board of Directors (“**Board**”) of Perak Transit Berhad recognises that it is important to integrate sustainability practices into the businesses of the Company and its subsidiaries (“**Group**”). Even though the Group’s sustainability program is still in its infancy stage, the Group is aware that sustainability practices are crucial in order for the Group to achieve continuous sustainable long-term growth.

The Board, having recognised that investors, other than evaluating the Company’s financial performance, have also placed a growing emphasis on sustainability practices of the Group. Therefore, the Company wishes to provide a report of the Group’s sustainability practices in this Sustainability Statement. The statement set out the activities undertaken by the Group in its effort to continuously create value for its stakeholders.

In order to provide a comprehensive understanding of the Group’s key sustainability practices, the Company will report its Sustainability Statement based on the three (3) pillars, namely economic, environmental and social, which are defined as below:

Economic	Environmental	Social
The Company aspires to improve life through the services provided by the Group and the positive externalities arising thereon due to the spillover effect.	The Company is aware of the Group consumption of natural resources and has aimed to minimise its impact on the environment.	The Company is dedicated in ensuring that customers are satisfied, employees are treated with dignity and continuously contribute to the community.

## **Business Activities**

One of the business activities of the Group is to manage and operate an integrated public transportation terminal (“**IPTT**”), namely Terminal AmanJaya in Ipoh. Terminal AmanJaya is a one-stop terminal that provides a more convenient and seamless public transit experience to the commuters. Terminal AmanJaya derives its revenue through the rental of both indoor and outdoor advertising and promotional spaces, rental of shops and kiosks, entrance fees for express buses and taxis and car park charges. Utilising the Group’s expertise in the construction of IPTT, the Group also provides consultancy services to prospective clients.

Another main business activity of the Group is to provide public stage bus services covering Ipoh and its surrounding areas, to provide express bus services connecting Ipoh to certain cities and towns in Peninsular Malaysia and to provide charter bus services to private and public sector. The public stage bus services and express bus services help to efficiently transport people from one point to another for an affordable fee while the charter buses provide a customised solution to organizations that require efficient and reliable transportation. Furthermore, the Group also operates four (4) petrol stations in Perak.

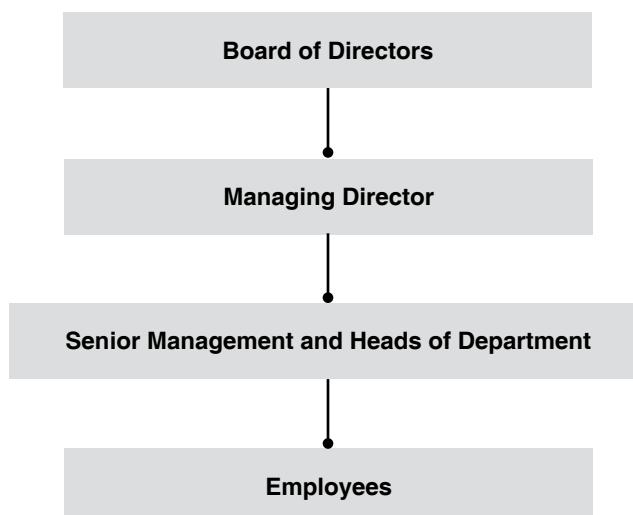
## **Scope**

This statement covers the activities carried out by the Group for the period of January 2018 to December 2018. Our sustainability reporting covers the activities carried out by the Group but do not include our joint ventures and partners.

# SUSTAINABILITY STATEMENT *(Cont'd)*

## Governance Structure

The Company recognises that any strategies of the Group, including those related to sustainability, could not be properly carried out or implemented without a proper governance structure that clearly defines the role and responsibilities of those involved. The governance structure of the Group is presented as below:



The Company is aware that sustainability practices are not solely the responsibility of the top management, but should be an organisational wide effort to embed sustainability practices into the daily activities of the Group. The Company further acknowledges that sustaining sustainability practices will not be possible without an inherent corporate culture that does not view sustainability practices as a burden but instead looks to promote, propagate and embrace these practices. In order to do that, strong leadership is required and that the Board is responsible in spearheading the setting and endorse the overall strategies, plans and directions on sustainability practices of the Group. This will also fulfil the expectation imposed on the Board as outlined in the Malaysian Code on Corporate Governance.

Upon the setting of the overall strategies by the Board, the Managing Director and his key management team will be responsible in co-ordinating and reviewing the activities carried out by the Group to ensure that the desired results are met and to course correct the management if necessary, with the ultimate aim of sustainability practices being so deeply entrenched in the organisation that they are considered as “business-as-usual”.

Subsequently, the senior management and heads of department will be responsible in leading the employees in the implementation of the strategies, plans and directions as determined by the Board and eventually, through these sustainability practices, provides, among others, long term value to all the stakeholders and excellence in performance, reputation and community services.

# SUSTAINABILITY STATEMENT *(Cont'd)*

## Materiality

Upon recognising that economic, environmental and social will be the three pillars of the Group's sustainability practices, a three-step materiality process and analysis has been adopted as follows:



### **STEP 1: Stakeholder Engagement**

The Company understands that the different stakeholders' groups have different needs from the Group. Their opinions and needs are highly valued by the Group and the Company believes that communication with the stakeholders are essential in recognising their concerns and issues. The Group has engaged, either formal or informally, with the stakeholders to interact with them in order to identify the material sustainability matters based on their expectations. Some of the Group's crucial stakeholders and their concern are shown in the table below:

Stakeholder	Concern
Passengers and customers	<ul style="list-style-type: none"> <li>• Short and long distance travelling at an affordable rate</li> <li>• Long waiting time of public stage buses</li> <li>• Convenient way to access express bus</li> <li>• Comfort and safety while waiting for express bus</li> <li>• Safe bus trips without accidents</li> <li>• Buses comply with the necessary regulations</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Employment benefits</li> <li>• Equal treatment</li> <li>• Workplace safety and health</li> <li>• Training and development</li> </ul>
Community	<ul style="list-style-type: none"> <li>• Community support</li> <li>• Environmental impact</li> </ul>
Governmental agencies and regulators	<ul style="list-style-type: none"> <li>• Compliance with regulations</li> <li>• Transparent and adequate disclosure</li> </ul>
Investors and shareholders	<ul style="list-style-type: none"> <li>• Return of investment</li> <li>• Business performance and share price</li> </ul>

# SUSTAINABILITY STATEMENT (Cont'd)

## Materiality (Cont'd)

### STEP 2: Identification of Material Sustainability Matters within Each Pillar

The Company has identified seven (7) material matters that were categorized into the following three (3) pillars based on the engagement with the stakeholders, internal factors such as operational factors and external factors such as industry environment:

Economic	Environmental	Social
<ul style="list-style-type: none"> <li>• Catering to short distance travelling needs</li> <li>• Fulfilling the needs of long distance travellers</li> </ul>	<ul style="list-style-type: none"> <li>• Emissions of gases</li> <li>• Reduction of energy consumption</li> </ul>	<ul style="list-style-type: none"> <li>• Develop and manage talent</li> <li>• Diverse but equal workforce</li> <li>• Occupational safety and health</li> <li>• Community contribution and engagement</li> </ul>

### STEP 3: Policies, Measures or Actions Taken

#### Economic

##### Catering to Short Distance Travelling Needs

Transportation is essential to the local people for their daily transit and has become an important linkage between the local people and their jobs, education and entertainment. Affordable and efficient public transportation has always remained an issue for Malaysian. Many Malaysian, especially those living in the city, feel the need to purchase their own car in order for short distance commuting as alternatives such as buses and taxis are not available. The high number of cars often causes congestions, which waste precious time.

The Group, as a public transport provider, understands that a good public transport system could positively impact the lives of the local people by providing an alternative means of transportation that is affordable and convenient and the Group aims to do exactly that. The Group is currently operating 119 public stage buses on 28 routes that are less than 32 kilometres covering Ipoh and its surrounding areas in order to ensure that the passengers will not wait an unreasonably long time to board a bus. The Group is doing its best to ensure that passengers in the vicinity of Ipoh town will be able to reach their desired destination by using public transportation. Furthermore, the Group aims to utilise its public transportation network to support the economic and population growth, besides fulfilling the need and expectation of the people, of Ipoh town and its vicinity.

##### Fulfilling the Needs of Long Distance Travellers

The Group currently operates 52 express buses, which operate on long distance routes connecting Ipoh and other cities and towns that are more than 32 kilometres in distance from Ipoh, Cameron Highlights, Kampar and Kamunting. This provides an opportunity for all Malaysian to fulfill their travelling need, especially during festive seasons. Another benefit of express bus is the access to destinations such as Cameron Highlands, Lumut and Teluk Intan, which could not be reached by other modes of public transportation such as rail and plane.



# SUSTAINABILITY STATEMENT *(Cont'd)*

## Materiality (Cont'd)

## Economic (Cont'd)

### **Fulfilling the Needs of Long Distance Travellers (Cont'd)**

The Group also oversees the benefits of operating an IPTT to the Group, the customers and the surrounding community. With the operation of Terminal AmanJaya in 2012, Suruhanjaya Pengangkutan Awam Darat then had mandated that all express buses servicing in Ipoh to pick up and drop off passengers in Terminal AmanJaya. This has essentially centralised the express bus operation in Terminal AmanJaya, which is expected to bring the following benefits to the passengers:

- Providing a well-connected, accessible, convenient and reliable terminal;
- Having access to improved travel information and notification, which would avoid the problems of being accidentally stranded or late;
- Improving comfort for passengers waiting for buses; and
- Improving safety for passengers.

Terminal AmanJaya has serviced and benefited approximately 2 million passengers and visitors in year 2018 and the Group expects the number of passengers to continue growing in the future. The Group aims to bring the benefit of IPTT to Kampar, Bidor and Tronoh, and other regions in Malaysia. Terminal Kampar is expected to commence its operation in year 2019, it is a larger IPTT, thus having the ability to accommodate more passengers and visitors and bring convenience to the people in Kampar and its surrounding areas.

## Environmental

### **Emissions of Gases**

The Group is well aware that transportation activities have the potential to threaten the environment through the emission of greenhouse gases such as carbon dioxide into the atmosphere due to the burning of fossil fuels. The Group is committed to long term sustainability and is willing to prioritise the need to protect the environment from environmental hazard. One such example is through the continuous maintenance of vehicles and replacement of buses that have reach their useful life.

Currently, the stage buses operated by the Group have an average age of four (4) to six (6) years, which is much lower than the normal useful life of 15 years for stage buses. Besides that, the express buses operated by the Group have an average age of two (2) years, which is also much lower than the normal useful life of ten (10) years for express buses. Through proper and regular maintenance, vehicles run cleaner and more efficiently. Most importantly, this can improve emission performance and reduce energy consumption by the buses. Improving emission performance will reduce the impact of carbon emission to the environment and reducing the use of fossil fuels, which is a non-renewable resource. By playing a part in reducing the carbon emission, this may align with our initiative to protect the environment and at the same time promote energy saving and cost saving.

### **Reduction of Energy Consumption**

The Group has been putting in effort to reduce energy consumption by the Group, especially in Terminal AmanJaya which consumes huge amount of energy due to the need for a large number of air conditioners installed in the terminal to provide comfort to the passengers and the public. The Group has identified several measures that energy consumption could be reduced while keeping an ideal temperature in the terminal, which then reduce the energy needs to power the air conditioners in the terminal.

Several measures, as listed below, have been taken by the management in order to reduce the heat in the terminal:

- Roofing materials with insulation;
- Aluminium cladding with glass panels; and
- Walls plastered with materials that could reduce heat.



# SUSTAINABILITY STATEMENT *(Cont'd)*

## **Materiality (Cont'd)**

### **Social**

#### **Develop and Manage Talent**

The Group has always believed its employees as the human assets in driving business growth and operation needs. Therefore, the Group has always been looking for dynamic, talented and skilled individuals to contribute to the Group and share in its success. The Group believes that all employees well-being should be taken care of and has provided a safe and comfortable working environment for employees to work in. Furthermore, the Group also provides an attractive remuneration package to all employees as a commitment of the Group to reward the employees for their effort.

The Group acknowledges that employees have their own opinion or concern regarding their workplace. Therefore, the Group welcomes the feedback from the employees and these voices are considered seriously in order to improve the working environment. The Group also empowers its workforce through training and skills development programmes for the employees, which include technical and operation skill training, so that employees are equipped with the necessary knowledge and skills to carry out their duty.

#### **Diverse but Equal Workforce**

The Group has a diverse workforce and believes that the strength of a diverse workforce is essential for the success of the business. Furthermore, even though the Group has a diverse workforce, no employees are discriminated against and are treated equally with dignity regardless of gender and background.

#### **Occupational Safety and Health**

The Group places a heavy emphasis on the occupational safety and health of its workers and has especially emphasised on the bus drivers who are the most exposed to risk of occupational hazard. The Group takes the safety of the bus drivers, passengers and surrounding road users with utmost seriousness as safety is the Group's priority. All buses are regularly maintained to ensure that they are functioning properly in order to prevent road accidents that could endanger the safety of the road users. All buses are also sent to PUSPAKOM for inspection in accordance with the regulations issued by the authorities to ensure that the buses are in proper driving condition.

The Group is aware of the danger of having a fatigue driver on the road, especially one that is driving a bus. Thus, guidelines on the permissible maximum number of driving hours for the bus drivers are strictly adhered to prevent drivers' fatigue, which could also lead to road accidents. Furthermore, training has been given to the bus drivers to ensure that all traffic laws are complied with and are driving within the permissible speed limit.

#### **Community Contribution and Engagement**

The Group believes in giving back to the society and has engaged in various corporate social responsibilities practices for the benefits of the public community. A library, namely Perpustakaan Komuniti 1Malaysia Terminal AmanJaya, has been set up at Terminal AmanJaya for use by the public. It is equipped with computers and is wi-fi enabled. With the facilities provided, passengers and public community are able to have access to free wi-fi, besides reading in a comfortable environment while waiting for their buses.

The Group has also provided opportunities to the entrepreneurs from the surrounding community by providing rental space to these entrepreneurs to set up their kiosks and stores in Terminal AmanJaya. These aspiring entrepreneurs have the opportunity to sell their products to the passengers that are waiting for their buses, thus providing them with a steady stream of customers and income.

In order to provide support to the local community, the Group has donated to several non-profit making community bodies. These include the Temple Of The Generals in Menglembu and The Perak Chinese Maternity Association. The Group also provides support to the development of sports in Malaysia and has donated to Persatuan Bola Sepak Negeri Perak and Kesatuan Ragbi Malaysia.

# AUDIT COMMITTEE REPORT

The Audit Committee was established by the Board on 23 September 2015 to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, related party transactions and the internal and external audit processes of the Company. The Audit Committee also plays a key role in the Company's corporate governance structure.

## COMPOSITION AND MEETING ATTENDANCE

The Audit Committee comprises three (3) independent non-executive directors.

The Audit Committee has scheduled to convene at least four (4) meetings a year, with additional meetings to be convened at any time at the Chairman's discretion and if requested by any of its member or the internal or external auditors. The Committee may meet with the external auditors, the internal auditors or both without the attendance of executive directors and employees of the Company, whenever deemed necessary. The Committee may invite any person to be in attendance at each meeting.

The Audit Committee has convened four (4) meetings during the financial year 2018 on 22 February 2018, 24 May 2018, 20 August 2018 and 22 November 2018. The attendance of members in 2018 is as follows:

Name of Members	Scheduled meetings	Attendance at Audit Committee meetings
Ng Wai Luen (Chairman) Independent Non-Executive Director	4	4
Tan Sri Dato' Chang Ko Youn (Member) Independent Non-Executive Director	4	4
Dato' Wan Asmadi bin Wan Ahmad (Member) Independent Non-Executive Director	4	4

The Nomination Committee has conducted annual review of the term of office and performance of the Audit Committee and its members and the Board is satisfied that the Audit Committee as a whole and its members have discharged their duties and responsibilities competently and efficiently in accordance with the terms of reference of the Audit Committee.

## SUMMARY OF ACTIVITIES

The summary of the work and key activities undertaken by the Audit Committee during the financial year ended 2018 comprising the following:

### 1. Financial Reporting

#### a) Review of Quarterly Reports

The Audit Committee received briefings by the management on the unaudited financial quarterly results during its scheduled quarterly meetings and is updated on significant matters related to the Group's financial results and position and ascertained whether the reported financial results are consistent with operational and other information known.

The Audit Committee deliberated and reviewed the unaudited interim financial reports with the management during its scheduled quarterly meetings before recommending the reports to the Board for consideration and approval prior to the announcements made to Bursa Malaysia Securities Berhad.

#### b) Audited Financial Statements

The Audit Committee received and considered the 'Audit Committee Closing Presentation' presented by the external auditors, Messrs Moore Stephens Associates PLT ("**Moore Stephens**"), in respect of the audited financial results of the Company for the financial year ended 31 December 2017, outlining the major audit findings arising from the audit and the responses from the management.

# AUDIT COMMITTEE REPORT *(Cont'd)*

## SUMMARY OF ACTIVITIES (Cont'd)

### b) Audited Financial Statements (Cont'd)

The Audit Committee deliberated and reviewed on the audit findings, the key audit matters relating to the borrowings, valuation of goodwill, recoverability of deferred tax assets and recoverability of related companies receivables and reviewed the audited financial statements for the financial year then ended before recommending the audited financial statements to the Board for consideration and approval.

### c) Approval of Statements for inclusion into the Annual Report

The Audit Committee received and reviewed the Statement on Risk Management and Internal Control and Audit Committee Report before recommending the statement and report to the Board for consideration and approval for inclusion into the Annual Report.

## 2. External Audit

### a) Suitability, Objectivity and Independence of External Auditors

The Audit Committee deliberated and carried out its assessment on the suitability, objectivity and independence of Moore Stephens as the external auditors of the Company based on the following:

- the performance, competence, audit quality, sufficiency of resources and allocation of audit staff assigned to the audit;
- the nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and
- obtaining written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The Audit Committee was satisfied as to the suitability and independence of Moore Stephens and recommended to the Board for the re-appointment of Moore Stephens as external auditors of the Company at the forthcoming Annual General Meeting.

At the Annual General Meeting held on 24 May 2018, the shareholders have passed an ordinary resolution to re-appoint Moore Stephens as auditors of the Company to hold office until the conclusion of the next Annual General Meeting.

### b) 2018 Audit Plan

The Audit Committee received the Audit Committee Planning Presentation in respect of the audit of the financial statements of the Company for the financial year ended 31 December 2018, presented by the external auditors, Moore Stephens, outlining the audit scope of works, fraud consideration, areas of audit emphasis, audit approach and timeline. The Audit Committee deliberated and adopted the Audit Committee Planning Presentation before recommending to the Board for consideration and approval.

Moore Stephens declared and confirmed that they were independent and would be independent throughout their audit engagement.

### c) Independent Meeting Sessions

The Audit Committee had two (2) independent meeting sessions during the financial year 2018 with the external auditors, Moore Stephens without the presence of the executive personnel of the Company.



# AUDIT COMMITTEE REPORT *(Cont'd)*

## SUMMARY OF ACTIVITIES (Cont'd)

### 2. External Audit (Cont'd)

#### c) Independent Meeting Sessions (Cont'd)

Moore Stephens reported that during the course of the audit for the financial statements for the financial year ended 31 December 2017, good cooperation has been provided by the management and staff of the Company and there were no major issues or concern as well as no sign of fraud identified that required them to report to the Audit Committee.

Moore Stephens also reported that there were no immediate issues identified in respect of the audit for the financial statements for the financial year ended 31 December 2018 that required them to report to the Audit Committee as the audit was still at a preliminary stage.

#### d) Audit and Non-Audit Fees

The Audit Committee deliberated and reviewed the audit fees in respect of the financial year ended 31 December 2018 together with non-audit fees which comprises the review of Statement on Risk Management and Internal Control pursuant to Listing Requirements of Bursa Malaysia Securities Berhad, that were agreed upon earlier, and noted that they were consistent with that of the previous year's audit.

The audit fees in respect of the financial years 2017 to 2019 together with non-audit fees had earlier been agreed upon at the time of the appointment of the external auditors.

The amount of audit fees and non-audit fees payable to Moore Stephens in respect of the financial year ended 31 December 2018 are as follows:

	Audit fees (RM)	Non-Audit fees (RM)
Company	50,000	5,000
Group	122,000	5,000

### 3. Internal Audit

In its oversight of the internal audit process, the Audit Committee met with the internal auditors, representatives of Messrs Crowe Governance Sdn Bhd, four (4) times during the financial year 2018 on 22 February 2018, 24 May 2018, 20 August 2018 and 22 November 2018.

The Audit Committee received briefings on the following internal audit reports presented by the internal auditors during the Audit Committee meetings held in the financial year 2018, namely:

- Internal Audit Report on Project Management review of Terminal Kampar;
- Updated Internal Audit Reports on Project Management review of Terminal Kampar - V2.0, V3.0 and V4.0;
- Internal Audit Report on Procurement and Payment, Finance and Accounts and Fixed Assets Management; and
- Internal Audit Report on Human Resource and Payroll.

There were two (2) follow up reports on Project Management review of Terminal Kampar and one (1) follow up report on Petrol Stations Operations to evaluate the status of the management's action plan arising from issues highlighted in the previous audits.

The Audit Committee deliberated and reviewed the internal audit reports presented and considered the internal auditors' recommendations and took into account the management's responses on the audit findings before recommending the reports to the Board for consideration and approval.

The Audit Committee received the Internal Audit Plan for the financial year 2019, presented by the internal auditors outlining the audit scope of works and timeline. The Audit Committee deliberated and adopted the Internal Audit Plan for the financial year 2019 before recommending to the Board for consideration and approval.

# AUDIT COMMITTEE REPORT *(Cont'd)*

## SUMMARY OF ACTIVITIES (Cont'd)

### 3. Internal Audit (Cont'd)

The Audit Committee also deliberated the term of office of Messrs Crowe Governance Sdn Bhd who had acted as the internal auditors to the Group for the past three (3) years. The Audit Committee considered the appointment of new internal auditors for the Group and, having reviewed and assessed the credentials and profile of a few professional firms, was satisfied with the suitability of Messrs JWC Consulting Sdn Bhd and thereafter recommended to the Board for the appointment of Messrs JWC Consulting Sdn Bhd as the internal auditors of the Company and the Group.

### 4. Risk Management Working Committee

The Audit Committee received two (2) minutes of the meetings of the Risk Management Working Committee in the financial year 2018.

The Audit Committee reviewed the risk factors highlighted by the Risk Management Working Committee in relation to the operations of the Group, construction of Terminal Kampar, human resources and finance. Most of the risk factors highlighted were rated minor and mitigation strategies in relation to the crisis management have been put in place by the management.

### 5. Review of Terms of Reference of the Audit Committee

The Audit Committee considered and adopted the proposed revisions to the terms of reference of the Audit Committee as to in line with the Malaysian Code of Corporate Governance 2017 before recommending to the Board for consideration and approval.

## INTERNAL AUDIT FUNCTION

The Board recognises that effective monitoring on a continuous basis is a vital component of a sound internal control system. In this respect, the Board, through the Audit Committee, has outsourced the internal audit function and thereafter approved the appointment of an independent professional services firm to carry out independent internal audit services for the Company and the Group. The internal auditors report directly to the Audit Committee on audit matters and to the Managing Director on administrative matters.

The internal auditors provide independent and objective reports on the Group's management, operational, accounting policies and internal controls to the Audit Committee and also ensure that recommendations to improve internal controls are followed through by the management at the same time. The management will rectify the weaknesses detected by the internal auditors through either adopting the recommendations made by the internal auditors or developing its own alternatives to eliminate such weaknesses.

During the financial year 2018, the internal auditors, Messrs Crowe Governance Sdn Bhd, have conducted a series of audits of the major operating units of the Group. The internal audit activities have been carried out by the internal auditors in accordance with the Internal Audit Plan for the financial year 2018. The internal auditors also ensured, on a follow up basis, that recommendations to improve internal controls are implemented by the management. These initiatives, together with the management's adoption of the external auditors' recommendations for improvement on internal controls noted during their annual audit, provide reasonable assurance that control procedures are in place.

The cost incurred on the internal audit function for the financial year ended 31 December 2018 amounted to RM52,500.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

This Statement on Risk Management and Internal Control is made pursuant to Bursa Malaysia Securities Berhad Listing Requirements which requires the Board of Directors ("**Board**") to include in its Company's Annual Report a statement about the state of its internal control. The revised Malaysian Code on Corporate Governance 2012 ("**Code**") requires all listed companies to establish and to maintain a sound risk management framework and internal control system to safeguard the shareholders' investment and the Company's assets.

Accordingly, the Board of Perak Transit Berhad ("**Group**") is pleased to present the Statement on Risk Management and Internal Control ("**Statement**") that was prepared in accordance with the "Statement on Risk Management & Internal Control: Guidelines for Directors of Public Listed Issuers" issued by Bursa Malaysia Securities Berhad which outlines the processes to be adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system of the Group.

## RESPONSIBILITY OF THE BOARD

The Board is responsible for the adequacy and effectiveness of the Group's risk management and internal control system. The Board recognises the importance of good corporate governance and is committed in maintaining a sound system of internal controls to safeguard the shareholder's investment and the Group's assets.

The Board acknowledges its overall responsibility in establishing a sound risk management framework and internal control system. Because of the limitations that are inherent in any system of internal control, it should be noted that the system is designed to provide reasonable combination of preventive, detective and corrective measures and accordingly, it can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group's risk management and internal control framework is an on-going process, and has been in place for identifying, evaluating and managing significant risks that are faced or potentially to be encountered by the Group and the Board regularly reviews the said process.

## RISK MANAGEMENT

The Group takes cognizance of the importance of a sound risk management framework to be in place as a principal safeguard towards controlling risks. Accordingly, the Group has an embedded process for the identification, evaluation, reporting, monitoring and review of the major strategic, business and operation risks within the Group. The Board's and Management's practice of proactive identification on significant risks on a half-yearly basis or earlier as appropriate, particularly if there are any major proposed transactions, changes in nature of activities and/or operating environment, or venturing into new operating environment which may entail different risks. Accordingly, the Board would put in place the appropriate risk response strategies and controls until those risks are managed to and maintained at a level acceptable to the Board. This is further supported by the Internal Audit function and the staff to effectively inculcate risk management practices and controls into the corporate culture, processes and structures within the Group.

Risk management principles, policies, procedures and practices are updated regularly to ensure relevance and compliance with current/applicable laws and regulations.

The risk management process is in effect through the following mechanisms and measures, by which the Board obtains timely and accurate information of all major control issues in relation to internal controls, regulatory compliance and risk-taking:

- Internal Audit and Risk Management Function

The Board acknowledges the importance of internal audit and risk management functions and has engaged the services of an independent professional audit and advisory firm to provide much of the assurance it requires regarding the effectiveness as well the adequacy and integrity of the Group's systems of internal control and risk management.

The Internal Audit function adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on their risk profile. Scheduled internal audits are carried out by the independent auditors based on the audit plan presented to, and approved by, the Audit Committee. The audit focuses on areas with high risk to ensure that an adequate action plan is put in place to improve the controls. For those areas with high risk and adequate controls, the audit ascertains that the risks are effectively mitigated by the controls.

On a quarterly basis or earlier as appropriate, the Internal Auditors report to the Audit Committee on areas for improvement and will subsequently follow up to determine whether their recommendations have been duly implemented by the Management.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL *(Cont'd)*

## RISK MANAGEMENT (Cont'd)

- Financial Performance Planning, Review and Monitoring

Regular periodic meetings of the Board, Board Committees and Senior Management represent the main platform through which the Group's performance and conduct is assessed and is monitored. The daily operations of the business are entrusted to the Managing Director and the management team.

- Operational Monitoring and Controls

The Group ensures that regular and comprehensive information is provided to the Board, covering financial and operational performance and key business indicators, for effective monitoring and decision making.

The Board also ensures that all recurrent related party transactions are dealt in accordance with the Listing Requirement's requirements. These recurrent related party transactions are subject to review and consideration by the Audit Committee and the Board at their respective meetings.

The Group, being involved in the public transportation industry, primarily uses a large fleet of buses to carry out its business activities. The said buses have scheduled maintenance works to ensure that they are roadworthy and comply with all relevant laws, rules and regulations.

## INTERNAL CONTROL

The Board whilst maintaining full control and direction over appropriate strategic, financial, organisational and compliance issues has delegated to the Management the implementation of the systems of internal control within an established framework. The Group's current system of internal control and risk management include the following key elements:

- an effective Board which retains control over the Group, reviews the business operations, approves significant transactions, monitors management and assesses the effectiveness of internal controls;
- clearly defined lines of authority and divisionalised organisation structure to achieve the Group's objectives and monitor the conduct and operations within the Group;
- quarterly results of the Group's financial performance are presented to the Audit Committee for recommendation for adoption by the Board;
- regular management meetings comprising the senior management to review and discuss significant issues relating to financial performance, operations, technical and key support functions;
- segregation of duties and physical safeguarding of assets for example limiting of access to assets, documents and records and establishing custodial responsibilities; and
- clearly defined recruitment processes and relevant training to enhance staff competency levels.

The Board receives and regularly reviews reports regarding the operations and performance of the Group. Apart from financial controls, the Group's system of internal control also cover operational and compliance controls and most importantly, risk management. As part of the risk management process, the Board is continuously identifying, assessing and managing significant business risks faced by the Group throughout the financial year.

The Board maintains ultimate responsibility over the Group's systems of internal control which has been delegated to the management for effective implementation. The role of Internal Audit is to provide reasonable assurance that the designed control are in place and are operating as intended.

The internal audit function is to primarily assist the Audit Committee and the Board in monitoring compliance, making recommendations for continuous improvement to process, systems and reviewing the effectiveness of the internal control structures. The internal auditors also participate in the risk management to provide assurance of good governance and application of security controls.

The Audit Committee assists the Board in fulfilling its responsibilities on maintaining a sound system of internal control and risk management. The Audit Committee monitors the levels of assurance within the Group through their review of the reports of the external auditor and internal auditor, nature and scope of their work and monitoring the implementation progress of audit recommendations.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL *(Cont'd)*

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITOR

As required under Paragraph 15.23 of the Listing Requirements, the External Auditor has reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Company for the FYE 2018 and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control of the Group.

## CONCLUSION

Based on the internal audit reports for the year ended 31 December 2018, there is a reasonable assurance that the Group's system of internal controls are generally adequate and appear to be working satisfactorily. None of the said occurrences have resulted in any material losses, contingencies or uncertainties that would require disclosure in the annual report. The Board has received assurance from the Executive Director and Chief Financial Officer that the Company's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Company.

The Board remains committed towards operating a sound system of internal control, recognising that the system must continually evolve to support the types of business, size and operations of the Group. As such, the Board will when necessary, put in place appropriate action plans to further enhance the Group's system of risk management and internal control.





# STATEMENT OF DIRECTORS' RESPONSIBILITY

## IN RELATION TO THE FINANCIAL STATEMENTS

This statement is prepared as required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The directors are required under the Companies Act 2016 to prepare financial statements which give a true and fair view of the state of affairs of the Group and of the Company as at the end of each financial year and of their results and cash flows for that year then ended.

The directors consider that in preparing the financial statements:

- the Group and the Company have used appropriate accounting policies and are consistently applied;
- reasonable and prudent judgments and estimates were made;
- the preparation of the financial statements are on a going concern basis; and
- all applicable approved accounting standards in Malaysia have been followed.

The directors are responsible for ensuring that the Group and the Company maintain accounting records that disclose with reasonable accuracy the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Companies Act 2016.

The directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This statement was made in accordance with a resolution of the Board dated 21 February 2019.

# DIRECTORS' REPORT

## DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

## PRINCIPAL ACTIVITIES

The Company is principally involved as investment holding.

The principal activities of its subsidiaries are set out in Note 13 to the financial statements.

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

## RESULTS

	Group RM	Company RM
<b>Net profit for the financial year</b>	<b>36,030,248</b>	<b>12,584,289</b>
Attributable to:		
Owners of the Company	35,840,139	
Non-controlling interests	190,109	
	<b>36,030,248</b>	

## DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid or proposed by the Company are in respect of the followings:

A first single tier interim dividend of RM0.0025 per ordinary share amounting to RM3,143,497 declared in respect of the ordinary shares for the current financial year, was paid by the Company on 9 February 2018.

A second single tier interim dividend of RM0.0035 per ordinary share amounting to RM4,435,897 declared in respect of the ordinary shares for the current financial year, was paid by the Company on 13 June 2018.

A third single tier interim dividend of RM0.0035 per ordinary share amounting to RM4,840,147 declared in respect of the ordinary shares for the current financial year, was paid by the Company on 12 December 2018.

The Directors do not recommend the payment of any final dividend in respect of the current financial year.

A first single tier interim dividend in respect of the financial year ending 31 December 2019 of RM0.0025 per share amounting to RM3,556,950 was declared on 3 January 2019 and paid on 31 January 2019.

## RESERVES AND PROVISIONS

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

## ISSUANCE OF SHARES AND DEBENTURES

As approved by the shareholders, the paid-up share capital of the Company was increased from 1,257,399,300 shares to 1,422,780,350 shares by way of:

- Private placement of 2,000,000 ordinary shares at an issue price of RM0.257 per ordinary share to selected investors through a Members' Resolution dated 21 February 2018.
- Private placement of 4,000,000 ordinary shares at an issue price of RM0.2701 per ordinary share to selected investors through a Members' Resolution dated 28 February 2018.

# DIRECTORS' REPORT *(Cont'd)*

## ISSUANCE OF SHARES AND DEBENTURES (Cont'd)

- iii) Private placement of 4,000,000 ordinary shares at an issue price of RM0.25 per ordinary share to selected investors through a Members' Resolution dated 16 March 2018.
- iv) Private placement of 50,000,000 ordinary shares at an issue price of RM0.23 per ordinary share to selected investors through a Members' Resolution dated 14 June 2018.
- v) Private placement of 16,000,000 ordinary shares at an issue price of RM0.245 per ordinary share to selected investors through a Members' Resolution dated 10 July 2018.
- vi) Private placement of 45,000,000 ordinary shares at an issue price of RM0.245 per ordinary share to selected investors through a Members' Resolution dated 20 July 2018.
- vii) Private placement of 4,500,000 ordinary shares at an issue price of RM0.255 per ordinary share to selected investors through a Members' Resolution dated 25 July 2018.
- viii) 39,881,050 ordinary shares pursuant to the exercise of Warrants 19/09/2020 at an exercise price of RM0.235 per ordinary share for cash.

The new shares issued rank pari passu with the existing ordinary shares.

The Company has not issued any debentures during the financial year.

## OPTIONS GRANTED OVER UNISSUED SHARES

No option were granted to any person to take up unissued shares of the Company during the financial year.

## DIRECTORS OF THE COMPANY

The Directors in office during the financial year and at the date of this report are:

TAN SRI DATO' CHANG KO YOUN  
DATO' SRI CHEONG KONG FITT  
DATO' CHEONG PEAK SOOI  
DATO' WAN ASMADI BIN WAN AHMAD  
NG WAI LUEN  
AZIAN BINTI KASSIM

## DIRECTORS OF SUBSIDIARIES OF THE COMPANY

Pursuant to Section 253(2) of the Companies Act 2016, the Directors who served in the subsidiaries (excluding Directors who are also Directors of the Company) during the financial year and at the date of this report are:

DATO' ABU BAKAR BIN HAJI SAID  
DATIN SRI LIM SOW KENG  
ONG LUCK YIK @ ONG LEK CHUAN  
POON HEE LAI  
ROZILAWATI BINTI MOHAMAD  
RASID BIN KAMAN

(Resigned on 1 February 2018)

# DIRECTORS' REPORT (Cont'd)

## DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interest of Directors in office at the end of financial year in shares and warrants of the Company and its related corporations during the financial year were as follows:

Name of Director	Number of ordinary shares				Amount	
	At 1.1.2018 Units	Bought Units	Sold Units	At 31.12.2018 Units	At 1.1.2018 RM	At 31.12.2018 RM
Ordinary shares in the Company						
Direct interest						
- Dato' Sri Cheong Kong Fitt	197,088,805	47,991,800	-	245,080,605	18,143,255	30,233,382
- Dato' Cheong Peak Sooi	20,406,595	-	-	20,406,595	1,855,145	1,855,145
Indirect interest						
- Dato' Sri Cheong Kong Fitt ^	209,000,001	-	-	209,000,001	19,000,000	19,000,000
- Dato' Sri Cheong Kong Fitt *	83,223,800	-	-	83,223,800	7,780,950	7,780,950
Ng Wai Luen *	155,000	-	-	155,000	49,750	49,750
	Number of Warrants				Amount	
	At 1.1.2018 Unit	Issue Unit	Exercised/ Sold Unit	At 31.12.2018 Unit		
Direct interest:						
- Dato' Sri Cheong Kong Fitt	89,131,275	402,500	-	-	89,533,775	
- Dato' Cheong Peak Sooi	9,275,725	-	-	-	9,275,725	
Indirect interest						
- Dato' Sri Cheong Kong Fitt ^	95,000,001	-	-	-	95,000,001	
- Dato' Sri Cheong Kong Fitt *	37,829,000	-	-	-	37,829,000	

^ Indirect interest by virtue of shares held by a company in which a Director has interests.

\* Indirect interest by virtue of shares held by spouse pursuant to Section 8(4) of the Companies Act, 2016 in Malaysia.



# DIRECTORS' REPORT (Cont'd)

## DIRECTORS' INTERESTS (cont'd)

Dato' Sri Cheong Kong Fitt is deemed to have interest in the shares held by the Company in its subsidiaries by virtue of his substantial interest in shares of the Company.

None of the other Directors in office at the end of the financial year had any interest in the ordinary shares and warrants of the Company or its related corporations during the financial year.

## DIRECTORS' REMUNERATION AND BENEFITS

The amount of fees and other benefits paid to or receivable by the Directors or past Directors of the Company and the estimated money value of any other benefits received or receivable by them otherwise than in cash from the Company and its subsidiaries for their services to the Company or its subsidiaries were as follows:

	Company RM	Subsidiaries RM
Salaries, allowances and bonuses	172,000	879,431
Fees	228,000	78,000
Contribution to defined contribution plan	20,530	128,503
Benefits-in-kind	5,300	22,625
<b>Total fees and other benefits</b>	<b>425,830</b>	<b>1,108,559</b>

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than Directors' emoluments received or due and receivable as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) 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 other than as disclosed in Note 28 to the financial statements.

There were no arrangements during or at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## OTHER STATUTORY INFORMATION

- a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves there were no known bad debts and that no provision for doubtful debts was necessary; and
  - to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their value as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.
- b) At the date of this report, the Directors are not aware of any circumstances:
- which would necessitate the writing off of bad debts or the provision for doubtful debts;
  - which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading;
  - 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; and
  - not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements misleading.



# DIRECTORS' REPORT *(Cont'd)*

## OTHER STATUTORY INFORMATION (Cont'd)

- c) At the date of this report, there does not exist:
- i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- d) In the opinion of the Directors:
- i) no contingent or other liability has become enforceable, or 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 and of the Company to meet their obligations as and when they fall due;
  - ii) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and
  - iii) 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.
- e) The total amount paid to or receivable by the auditors as remuneration for their services as auditors for the financial year from the Company is RM50,000 and its subsidiaries is RM72,000.
- f) There was no amount paid to or receivable by any third party in respect of the services provided to the Company or any of its subsidiaries by any Director or past Director of the Company.
- g) There was no indemnity given to or insurance effected for any Director, officer or auditor of the Group and of the Company.

## AUDITORS

The auditors, Messrs. Moore Stephens Associates PLT, have expressed their willingness to continue in office.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 29 March 2019.

**DATO' SRI CHEONG KONG FITT**

**DATO' CHEONG PEAK SOOI**

# STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements as set out on pages 52 to 129 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and cash flows for the financial year then ended.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 29 March 2019.

**DATO' SRI CHEONG KONG FITT**

**DATO' CHEONG PEAK SOOI**

# STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT, 2016

I, LOH KWANG YEAN, being the officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 52 to 129 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared  
by the abovenamed at  
Kuala Lumpur in the Federal Territory  
on 29 March 2019.

Before me

**LOH KWANG YEAN**  
(MIA No: 20952)

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PERAK TRANSIT BERHAD

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Perak Transit Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 52 to 129.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and Other Ethical Responsibilities

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of the most significance in our audit of the financial statements of the Group and of the Company for the current 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.

#### Key Audit Matters

#### Our audit performed and responses thereon

##### Borrowings

As at 31 December 2018, as shown in Note 23 of the financial statements, the Group's and the Company's borrowings amounted to RM207,305,186 and RM17,021,185 respectively, which represented 88.1% of the Group's and 98% of the Company's total liabilities.

We have identified borrowings as a key audit matter as the Group and the Company have significant reliance on external borrowings for its working capital and long-term funding requirements. The compliance with loan covenants and the prompt servicing of borrowings as and when they fall due is a key focus of our audit matters.

We have performed the audit procedures as follows:

- Reviewed the contractual terms of the respective borrowings and examined compliance with salient loan covenants;
- Requested and reviewed bank confirmations to assess the existence and accuracy of the borrowings;
- Assessed the cashflow forecast based on the approved profit forecast by the Directors;
- Assessed the monthly repayment of borrowings are in accordance with loan agreements;
- Agreed to loan statement from respective banks;
- Assessed the reasonableness of finance cost and late penalty cost (if any); and
- Reviewed the adequacy of disclosure in accordance with MFRS 7 Financial Instruments: Disclosures and MFRS 132 Financial Instruments: Presentation.

# INDEPENDENT AUDITORS' REPORT (Cont'd)

TO THE MEMBERS OF PERAK TRANSIT BERHAD

## Key Audit Matters (Cont'd)

Key Audit Matters	Our audit performed and responses thereon
<b><u>Valuation of Goodwill</u></b>	
<p>As at 31 December 2018, as shown in Note 14 of the financial statements, the Group's goodwill amounted to RM1,622,631.</p> <p>The Group is required to perform an annual impairment test on the goodwill which arose from the Group's acquisition of the four (4) subsidiaries in prior years. The Group applies the value-in-use ("VIU") method to estimate the recoverable amounts of the goodwill.</p> <p>We have identified the valuation of goodwill as a key audit matter as the impairment test involves significant management judgement in determining the allocation of goodwill to the cash-generating unit ("CGU") and in estimating the underlying assumptions to be applied in the discounted cash flow projections of the VIU calculation. The recoverable amount of the goodwill is highly sensitive to key assumptions applied in respect of future revenue growth rate, gross margin, the long-term growth rate and the pre-tax discount rate used in the cash flow projections. A small change in the assumption can have a significant impact on the estimation of the recoverable amount.</p>	<p>We have performed the following audit procedures to evaluate management's methodology and assumptions used in the VIU and for each CGU:</p> <ul style="list-style-type: none"> <li>Assessed whether the recoverable amounts were prepared by management based on the approved budgets by the Directors;</li> <li>Compared the key assumptions including forecasted revenue, growth rates, gross margin and discount rates against our knowledge of the Group's historical performance, business and cost management strategies based on facts and circumstances currently available;</li> <li>Performed sensitivity analysis by changing certain key assumptions used in the VIU calculations and assessed the impact of the recoverable amounts of the goodwill; and</li> <li>Assessed the appropriateness of the financial statements disclosures concerning those key assumptions to which the outcome of the impairment test is most sensitive.</li> </ul>
<b><u>Recognition of Deferred Tax Assets</u></b>	
<p>As at 31 December 2018, as shown in Note 15 of the financial statements, the Group has recognised RM9,918,341 of deferred tax assets.</p> <p>We identified the recognition of deferred tax assets as a key audit matter due to the recognition of these assets involving judgement by management as to the likelihood of the realisation of these deferred tax assets, which is based on a number of factors, including whether there will be sufficient taxable profits in future periods to support recognition.</p>	<p>We have performed the following audit procedures to assess the management's assessment about the recognition of deferred tax assets:</p> <ul style="list-style-type: none"> <li>Evaluating management's assessment on the sufficiency of future taxable profits in support of the recognition of deferred tax assets by comparing management's forecasts of future profits to historical results and evaluating the assumptions used in those forecasts;</li> <li>Performed sensitivity analysis by changing certain key assumptions used in the forecast of future profits calculations and assessed the impact to the future profits; and</li> <li>Assessed the reasonableness on the unutilised tax losses and capital allowances to its latest tax positions.</li> </ul>

# INDEPENDENT AUDITORS' REPORT *(Cont'd)*

TO THE MEMBERS OF PERAK TRANSIT BERHAD

## 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 and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the Annual Report 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 Annual Report 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 Annual Report, 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 the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company 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 and the Company or to cease operations, or have no realistic alternative but to do so.

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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:

- a) 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.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- d) 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 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 and the Company to cease to continue as a going concern.



# INDEPENDENT AUDITORS' REPORT (Cont'd)

TO THE MEMBERS OF PERAK TRANSIT BERHAD

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

- e) 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 represent the underlying transactions and events in a manner that achieves fair presentation.
- f) 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 year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other Matters

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

**MOORE STEPHENS ASSOCIATES PLT**  
**LLP0000963-LCA & AF002096**  
**Chartered Accountants**

Petaling Jaya, Selangor  
Date: 29 March 2019

**LO KUAN CHE**  
**03016/11/2020J**  
**Chartered Accountant**

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Revenue	4	113,515,485	106,765,699	16,048,817	8,984,275
Investment revenue	5	478,081	424,904	173,119	155,978
Amortisation of deferred capital grant	24	199,600	199,600	-	-
Other operating income	6	4,568,559	1,287,616	9,805	2,466
Purchase of trading goods		(36,694,385)	(33,911,865)	-	-
Changes in inventories of trading goods		(58,648)	172,314	-	-
Employee benefit expenses	6	(10,477,381)	(9,543,298)	(176,231)	(243,987)
Directors' remuneration	7	(1,342,384)	(1,124,680)	(420,530)	(410,700)
Depreciation of property, plant and equipment	11	(11,158,381)	(9,313,591)	-	(34,592)
Finance costs	8	(7,599,398)	(7,119,014)	(1,234,320)	(1,371,970)
Other operating expenses	6	(18,637,986)	(17,355,487)	(1,795,012)	(877,901)
Profit before tax		32,793,162	30,482,198	12,605,648	6,203,569
Tax credit/(expenses)	9	3,237,086	(1,467,026)	(21,359)	(9,077)
<b>Profit for the year</b>		<b>36,030,248</b>	<b>29,015,172</b>	<b>12,584,289</b>	<b>6,194,492</b>
<b>Other comprehensive income, net of tax</b>					
<b>Item that will not be reclassified subsequently to profit or loss</b>					
<b>Reclassification of property revaluation reserve, representing other comprehensive, net of tax</b>		-	(1,981,504)	-	-
<b>Total comprehensive income for the year</b>		<b>36,030,248</b>	<b>27,033,668</b>	<b>12,584,289</b>	<b>6,194,492</b>

# STATEMENTS OF COMPREHENSIVE INCOME *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
<b>Profit net of tax, attributable to:</b>					
Owners of the Company		<b>35,840,139</b>	28,831,192	<b>12,584,289</b>	6,194,492
Non-controlling interests		<b>190,109</b>	183,980	-	-
		<b>36,030,248</b>	29,015,172	<b>12,584,289</b>	6,194,492
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		<b>35,840,139</b>	26,841,762	<b>12,584,289</b>	6,194,492
Non-controlling interests		<b>190,109</b>	191,906	-	-
		<b>36,030,248</b>	27,033,668	<b>12,584,289</b>	6,194,492
<b>Earnings per ordinary share attributable to Owners of the Company</b>					
Basic (sen)	10	<b>2.71</b>	2.29		
Diluted (sen)	10	<b>2.69</b>	2.15		

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	424,339,139	325,360,904	1	263,023
Investment properties	12	6,500,024	-	-	-
Investment in subsidiaries	13	-	-	65,772,347	65,772,347
Goodwill	14	1,622,631	1,622,631	-	-
Deferred tax assets	15	9,918,341	4,050,943	-	-
		442,380,135	331,034,478	65,772,348	66,035,370
Current Assets					
Inventories	16	1,005,262	1,059,778	-	-
Trade and other receivables	17	40,891,984	24,199,310	5,157	-
Other assets	18	10,125,668	25,607,299	20,433	399,552
Amounts due from subsidiaries	19	-	-	112,726,132	75,398,632
Tax recoverable		226,160	315,673	58,881	121,311
Fixed deposits with licensed banks	20	14,563,073	12,872,529	4,354,093	4,215,295
Cash and bank balances		9,562,318	12,977,241	1,716,955	1,774,527
		76,374,465	77,031,830	118,881,651	81,909,317
TOTAL ASSETS		518,754,600	408,066,308	184,653,999	147,944,687
EQUITY AND LIABILITIES					
Equity					
Share capital	21	167,092,924	127,533,978	167,092,924	127,533,978
Reserves	22	10,938,152	10,938,152	-	-
Retained earnings		104,284,117	80,863,519	217,199	52,451
Equity attributable to owners of the Company		282,315,193	219,335,649	167,310,123	127,586,429
Non-controlling interests		1,099,894	925,968	-	-
Total Equity		283,415,087	220,261,617	167,310,123	127,586,429

# STATEMENTS OF FINANCIAL POSITION *(Cont'd)*

AS AT 31 DECEMBER 2018

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Non-Current Liabilities					
Borrowings	23	161,392,931	126,642,766	1,590,672	3,800,161
Deferred capital grant	24	8,582,800	8,782,400	-	-
Deferred tax liabilities	15	1,240,062	1,266,740	-	5,500
		171,215,793	136,691,906	1,590,672	3,805,661
Current Liabilities					
Trade and other payables	25	12,267,242	2,178,352	241,492	41,877
Other liabilities	26	5,631,229	5,406,718	81,199	100,655
Borrowings	23	45,912,255	43,142,830	15,430,513	16,410,065
Deferred capital grant	24	199,600	199,600	-	-
Tax payable		113,394	185,285	-	-
		64,123,720	51,112,785	15,753,204	16,552,597
Total Liabilities		235,339,513	187,804,691	17,343,876	20,358,258
TOTAL EQUITY AND LIABILITIES		518,754,600	408,066,308	184,653,999	147,944,687

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.



# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

<-----Attributable to Owners of the Company----->						
<-----Non-distributable----->					Distributable	
		Share Capital RM	Property Revaluation Reserve RM	Retained Earnings RM	Total RM	Non- controlling Interests RM
	Note					Total Equity RM
Group						
At 1 January 2018		127,533,978	10,938,152	80,863,519	219,335,649	220,261,617
Profit net of tax		-	-	35,840,139	35,840,139	36,030,248
Dividends paid to non- controlling interests		-	-	-	-	(16,183)
Issuance of shares pursuant to:						
- Exercise of Warrants	21	9,372,046	-	-	9,372,046	-
- Private placement	21	30,186,900	-	-	30,186,900	-
Dividends paid to owners of the Company	27	-	-	(12,419,541)	(12,419,541)	-
Total transactions with owners of the Company		39,558,946	-	(12,419,541)	27,139,405	-
At 31 December 2018		167,092,924	10,938,152	104,284,117	282,315,193	283,415,087



# STATEMENTS OF CHANGES IN EQUITY (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Group	<-----Attributable to Owners of the Company----->						Total Equity RM
		<-----Non-distributable----->			Distributable			
		Share Capital RM	Share Premium RM	Property Revaluation Reserve RM	Retained Earnings RM	Total RM	Non- controlling Interests RM	
	At 1 January 2017	114,294,800	13,202,400	12,927,582	60,319,090	200,743,872	742,787	201,486,659
	Profit net of tax	-	-	-	28,831,192	28,831,192	183,980	29,015,172
	Reclassification of property revaluation reserve, net of tax	-	-	(1,989,430)	-	(1,989,430)	7,926	(1,981,504)
	Transfer pursuant to Section 618(2) of the Companies Act, 2016"	13,202,400	(13,202,400)	-	-	-	-	-
	Dividends paid to non-controlling interests	-	-	-	-	-	(8,725)	(8,725)
	Transactions with owners of the Company:							
	Issuance of shares pursuant to:							
	- Exercise of Warrants	36,778	-	-	-	36,778	-	36,778
	Dividends paid to owners of the Company	-	-	-	(8,286,763)	(8,286,763)	-	(8,286,763)
	Total transactions with owners of the Company	36,778	-	-	(8,286,763)	(8,249,985)	-	(8,249,985)
	At 31 December 2017	127,533,978	-	10,938,152	80,863,519	219,335,649	925,968	220,261,617

# STATEMENTS OF CHANGES IN EQUITY (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Share Capital RM	Share Premium RM	Distributable Retained Earnings RM	Total Equity RM
<b>Company</b>					
<b>At 1 January 2018</b>		<b>127,533,978</b>	<b>-</b>	<b>52,451</b>	<b>127,586,429</b>
Profit net of tax, representing total comprehensive income for the financial year		-	-	12,584,289	12,584,289
<b>Transactions with owners of the Company:</b>					
Issuance of shares pursuant to:					
- Exercise of Warrants	21	9,372,046	-	-	9,372,046
- Private placement	21	30,186,900	-	-	30,186,900
Dividends paid to owners of the Company	27	-	-	(12,419,541)	(12,419,541)
<b>Total transactions with owners of the Company</b>		<b>39,558,946</b>	<b>-</b>	<b>(12,419,541)</b>	<b>27,139,405</b>
<b>At 31 December 2018</b>		<b>167,092,924</b>	<b>-</b>	<b>217,199</b>	<b>167,310,123</b>

## Company

<b>At 1 January 2017</b>		114,294,800	13,202,400	2,144,722	129,641,922
Profit net of tax, representing total comprehensive income for the financial year		-	-	6,194,492	6,194,492
Transfer pursuant to Section 618(2) of the Companies Act, 2016	21 & 22	13,202,400	(13,202,400)	-	-

## Transactions with owners of the Company:

Issuance of shares pursuant to:					
- Exercise of Warrants	21	36,778	-	-	36,778
Dividends paid to owners of the Company	27	-	-	(8,286,763)	(8,286,763)
<b>Total transactions with owners of the Company</b>		<b>36,778</b>	<b>-</b>	<b>(8,286,763)</b>	<b>(8,249,985)</b>
<b>At 31 December 2017</b>		<b>127,533,978</b>	<b>-</b>	<b>52,451</b>	<b>127,586,429</b>

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
<b>Cash Flows from Operating Activities</b>					
Profit for the year		<b>36,030,248</b>	29,015,172	<b>12,584,289</b>	6,194,492
Adjustments for:					
Amortisation of deferred capital grant		<b>(199,600)</b>	(199,600)	-	-
Depreciation of property, plant and equipment		<b>11,158,381</b>	9,313,591	-	34,592
Finance costs		<b>7,599,398</b>	7,119,014	<b>1,234,320</b>	1,371,970
Interest income		<b>(502,837)</b>	(446,518)	<b>(182,924)</b>	(158,444)
Tax (credit)/expenses		<b>(3,237,086)</b>	1,467,026	<b>21,359</b>	9,077
Property, plant and equipment written off		<b>527,031</b>	5,625	<b>263,022</b>	-
Operating profit before working capital changes		<b>51,375,535</b>	46,274,310	<b>13,920,066</b>	7,451,687
<b>Changes in working capital:</b>					
Inventories		<b>54,516</b>	(164,865)	-	-
Trade and other receivables		<b>(16,692,674)</b>	(506,605)	<b>(5,157)</b>	-
Other assets		<b>(4,799,623)</b>	(969,337)	<b>379,119</b>	(275,571)
Trade and other payables		<b>5,441</b>	(1,098,869)	<b>199,615</b>	(22,659)
Other liabilities		<b>(117,423)</b>	(293,870)	<b>13,610</b>	(82,924)
Cash generated from operating activities		<b>29,825,772</b>	43,240,764	<b>14,507,253</b>	7,070,533
Interest received on current account		<b>24,756</b>	21,614	<b>9,805</b>	2,466
Income tax paid		<b>(2,816,608)</b>	(2,561,991)	<b>(37,776)</b>	(66,664)
Income tax refunded		<b>177,240</b>	19,175	<b>73,347</b>	-
Net cash from operating activities		<b>27,211,160</b>	40,719,562	<b>14,552,629</b>	7,006,335
<b>Cash Flows from Investing Activities</b>					
Interest received on fixed deposits		<b>443,760</b>	399,584	<b>138,798</b>	130,658
Interest received on other investment		<b>34,321</b>	25,320	<b>34,321</b>	25,320
Advances to subsidiaries		-	-	<b>(37,327,500)</b>	(5,500)
Purchase of property, plant and equipment	(ii)	<b>(81,353,339)</b>	(71,245,621)	-	(1,887)
Deposits paid for purchase of property, plant and equipment		-	(8,749,099)	-	-
Uplift/(placement) of fixed deposits not forming part of cash and cash equivalents		-	5,031,424	-	-
Net cash (used in)/from investing activities		<b>(80,875,258)</b>	(74,538,392)	<b>(37,154,381)</b>	148,591

# STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
<b>Cash Flows from Financing Activities</b>					
Dividends paid		(12,419,541)	(10,001,185)	(12,419,541)	(10,001,185)
Dividends paid to non-controlling interests		(16,183)	(8,725)	-	-
Drawdown of Al Bai’ Bithaman Ajil facilities and Term Financing-i		42,770,414	46,007,830	-	-
Repayment of term loans, Al Bai’ Bithaman Ajil facilities, Muamalat Term Financing, Commodity Murabahah Term Financing and Term Financing-i		(9,101,603)	(8,141,816)	(3,750,421)	(3,467,745)
Finance costs paid		(11,075,810)	(7,831,319)	(1,267,386)	(1,422,202)
Placement of fixed deposits pledged to banks		(1,681,760)	(6,449,008)	(138,798)	(130,658)
Proceeds from/(Repayment to) Cash Line-i		2,377,622	11,503,943	561,380	(117,306)
Proceeds from private placement		30,186,900	-	30,186,900	-
Proceeds from conversion of Warrants		9,372,046	36,778	9,372,046	36,778
Repayment of lease liabilities		(117,120)	(88,406)	-	-
Net cash from/(used in) financing activities		50,294,965	25,028,092	22,544,180	(15,102,318)
<b>Net decrease in cash and cash equivalents</b>		(3,369,133)	(8,790,738)	(57,572)	(7,947,392)
Cash and cash equivalents at beginning of the financial year		13,248,538	22,039,276	1,774,527	9,721,919
<b>Cash and cash equivalents at end of the financial year</b>	(i)	9,879,405	13,248,538	1,716,955	1,774,527

# STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

NOTE:

i) Cash and cash equivalents comprise the following:

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Cash and bank balances		9,562,318	12,977,241	1,716,955	1,774,527
Short term deposits		340,628	331,844	-	-
Fixed deposits placed with licensed banks	20	14,222,445	12,540,685	4,354,093	4,215,295
		24,125,391	25,849,770	6,071,048	5,989,822
Less: Fixed deposits pledged to licensed banks	20	(14,222,445)	(12,540,685)	(4,354,093)	(4,215,295)
Bank overdraft		(23,541)	(60,547)	-	-
		9,879,405	13,248,538	1,716,955	1,774,527

ii) Purchase of property, plant and equipment comprise the following:

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Cash purchases		81,353,339	71,245,621	-	1,887
Capitalised borrowing costs		3,539,890	662,073	-	-
Deposits paid		20,656,254	13,813,814	-	-
Lease liabilities		1,870,039	-	-	-
Other payables		9,744,149	491,391	-	-
	11	117,163,671	86,212,899	-	1,887

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 1. CORPORATE INFORMATION

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 D-3-7, Greentown Square, Jalan Dato' Seri Ahmad Said, 30450 Ipoh, Perak Darul Ridzuan.

The principal place of business of the Company is located at Terminal AmanJaya, No.1, Persiaran Meru Raya 5, Meru Raya, 30020 Ipoh, Perak Darul Ridzuan.

The principal activity of the Company is investment holding company. The principal activities of the subsidiaries are disclosed in Note 13. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 29 March 2019.

## 2. BASIS OF PREPARATION

### a) Statement of compliance

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

### **New and Revised MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int")**

#### **i) Adoption of new MFRS, Amendments/Improvements to MFRSs and IC Int**

The Group and the Company had adopted the following new MFRS, Amendments/Improvements to MFRSs that are mandatory for the current financial year:

MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 15	Clarification to MFRS 15: Revenue from Contracts with Customers
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 140	Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Annual Improvements to MFRSs 2014-2016 Cycle	

The adoption of the above MFRSs, Amendments/Improvements and IC Int did not have any significant effect on the financial statements of the Group and of the Company.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 2. BASIS OF PREPARATION (Cont'd)

### a) Statement of compliance (Cont'd)

#### New and Revised MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Cont'd)

#### ii) New MFRSs, Amendments/Improvements to MFRSs and IC Int that are issued but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new MFRSs and Amendments/Improvements to MFRSs and IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:

##### **Effective for financial periods beginning on or after 1 January 2019**

MFRS 16	Leases
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interests in Associates and Joint Venture
IC Interpretation 23	Uncertainty over Income Tax Treatments
Annual Improvements to MFRSs 2015-2017 Cycle	

##### **Effective for financial periods beginning on or after 1 January 2020**

Amendments to MFRS 2	Share-Based Payment
Amendments to MFRS 3	Business Combinations
Amendments to MFRS 6	Exploration for the Evaluation of Mineral Resources
Amendments to MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 134	Interim Financial Reporting
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 138	Intangible Assets
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
IC Interpretation 132	Intangible Assets – Web Site Costs

##### **Effective for financial periods beginning on or after 1 January 2021**

MFRS 17	Insurance Contracts
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##### **Effective date to be announced**

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 2. BASIS OF PREPARATION (Cont'd)

### a) Statement of compliance (Cont'd)

**New and Revised MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Cont'd)**

### ii) New MFRSs, Amendments/Improvements to MFRSs and IC Int that are issued but not yet effective and have not been early adopted (Cont'd)

The Group and the Company will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group and of the Company upon their initial applications, except as described below:

#### **MFRS 16 Leases**

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease- Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on- balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group and the Company are currently assessing the impact of MFRS 16 and plan to adopt the new standards on the required effective date.

### b) Basis of Measurement

The financial statements of the Group and of the Company have been prepared on the historical cost convention except for those as disclosed in the accounting policy notes.

### c) Functional and presentation currency

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

### d) Significant accounting estimates and judgements

The summary of accounting policies as described in Note 3 are essential to understand the Group's and the Company's results of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Directors exercise their judgement in the process of applying the Group's and the Company's accounting policies.

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

# NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

31 DECEMBER 2018

## 2. BASIS OF PREPARATION (Cont'd)

### d) Significant accounting estimates and judgements (Cont'd)

The key assumptions concerning the future and other key sources of estimation or uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

#### i) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line method over the assets' useful lives. The Directors estimate the useful lives of these property, plant and equipment to be between 14.47 and 94 years.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

#### ii) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business.

Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

#### iii) Impairment of goodwill

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

#### iv) Impairment of non-financial assets

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

#### v) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a loan or receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loan and receivables at the reporting date are disclosed in note to the financial statements.

The adoption of MFRS 9, the Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by MFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

# NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

31 DECEMBER 2018

## 2. BASIS OF PREPARATION (Cont'd)

### d) Significant accounting estimates and judgements (Cont'd)

#### vi) Deferred tax assets and liabilities

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

#### vii) Revaluation of properties

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

The independent professional valuers have exercised judgement in determining discount rates, estimates of future cash flows, capitalisation rate, terminal year value, market freehold rental and other factors used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters.

Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates.

#### viii) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 Investment Property in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately.

The property is an investment property because only an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

#### ix) Carrying value of investments in subsidiaries

Investments in subsidiaries are reviewed for impairment when there is indication of impairment which is in accordance with its accounting policy or whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

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



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

### a) Basis of consolidation

#### Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances. The Company controls an investee if and only if the Company has all the following:

- i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant power activities of the investee);
- ii) Exposure, or rights, to variable returns from its investment with the investee; and
- iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- ii) Potential voting rights held by the Company, other vote holders or other parties;
- iii) Rights arising from other contractual arrangements; and
- iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group's share of the net assets disposed. The difference together with the carrying amount of allocated goodwill and the exchange reserve that relate to the subsidiary is recognised as gain or loss on disposal.

#### Business combination

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction cost incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### a) Basis of consolidation (Cont'd)

#### Business combination (Cont'd)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Business combinations under common control are accounted using the predecessor method of merger accounting where the profit or loss and other comprehensive income include the results of each of the combining entities from the earliest date presented or from the date when these entities came under the control of the common controlling party (if later).

The assets and liabilities of the combining entities are accounted for based on the carrying amounts from the perspective of the common controlling party, or the combining entities if the common controlling party does not prepare consolidated financial statements.

The difference in cost of acquisition over the aggregate carrying value of the assets and liabilities of the combining entities as of the date of the combination is taken to equity. Transaction cost for the combination is recognised in the profit or loss.

Similar treatment applies in the Company's separate financial statements when assets and liabilities representing the underlying businesses under common control are directly acquired by the Company. In accounting for business combinations in the Company's separate financial statements, the excess of the cost of acquisition over the aggregate carrying amounts of assets and liabilities as of the date of the combination is taken to equity.

#### Subsidiaries

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the profit or loss.

#### Non-controlling Interests

Non-controlling interests represents the equity in subsidiaries not attributable directly or indirectly, to owners of the Company, and is presented separately in the consolidated profit or loss and within equity in the consolidated financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the non-controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests is adjusting and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

#### Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions between subsidiaries in the Group, 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 investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### b) Revenue recognition and other income

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or services (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

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

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

#### Rental income

Rental income is recognised on a straight-line basis over the term of relevant lease.

#### Dividend income

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

#### Interest income

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

#### Government development grants

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

Government grants relating to costs are deferred and recognised in the statement of profit or loss over the period necessary to match them with the costs they are intended to compensate.

Government grants relating to construction of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the statement of profit or loss on the straight-line basis over the expected lives of the related assets.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### b) Revenue recognition and other income (Cont'd)

#### Subsidies income from the State Government

Income from subsidies is recognised when services stipulated in the contracts entered are provided. Subsidies receivable is accrued on a time basis, by reference to the contracts entered.

### c) Employee benefits

#### i) Short term employee benefits

Wages, salaries, social security contributions and bonuses are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

#### ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

### d) Borrowing costs

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

Borrowing costs 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.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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.

### e) Income taxes

#### Current tax

Tax expense represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial year, using tax rates enacted or substantively enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

#### Deferred tax

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### e) Income taxes (Cont'd)

#### Deferred tax (Cont'd)

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. 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 be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

#### Sales and Services Tax ("SST") and Goods and Services tax ("GST")

Revenue, expenses and assets are recognised net of the amount of SST or GST except:

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

The net amount of SST or GST recoverable from, or payable to, the taxation authority is included as part of other current assets or liabilities in the statements of financial position.

### f) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

#### i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

#### ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statements of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

# NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

31 DECEMBER 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### f) Leases (Cont'd)

#### ii) Operating lease (Cont'd)

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

Leasehold land which is in substance is an operating lease is classified as prepaid lease payments and amortised on a straight-line basis over the lease period as disclosed in the notes to the financial statements.

### g) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own share held, for the effects of all dilutive potential ordinary shares, which comprise free warrants granted to shareholders.

### h) Property, plant and equipment

Property, plant and equipment are measured at cost or valuation less accumulated depreciation and accumulated impairment losses.

#### i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

The Group revalues its properties comprising land and building every 5 years or at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value. Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

#### ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### h) Property, plant and equipment (Cont'd)

Property, plant and equipment are measured at cost or valuation less accumulated depreciation and accumulated impairment losses. (Cont'd)

#### iii) Depreciation

Depreciation is based on the cost or valuation of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in the profit or loss on straight line basis over its estimated useful lives of each component of an item of property, plant and equipment at the following annual rates:

Plant and machinery and skid tanks	10% - 20%
Commercial vehicles	6% - 20%
Motor vehicles	20%
Computer and software	10% - 20%
Office equipment, signboard and closed circuit television ("CCTV")	10% - 20%
Renovation	10%

Leasehold lands are amortised evenly over the remaining lease periods of 39 to 94 years. Buildings (including integrated public transportations terminal ("IPTT")) are amortised evenly over the remaining useful lives of 14.47 to 50 years.

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

### i) Capital Work-In-Progress

Capital work-in-progress is stated at cost less any accumulated impairment losses and includes borrowing cost incurred during the period of construction.

No depreciation is provided on capital work-in-progress and upon completion of construction, the cost will be transferred to property, plant and equipment.

### j) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the financial year in which they arise.

Buildings are depreciated on straight line basis at 2% per annum.



# NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

31 DECEMBER 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### k) Goodwill

Goodwill is initially measured at cost, being excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

### l) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on first-in, first-out (FIFO), and includes expenditures incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Cost of petrol and diesoline comprise the original purchase price
- Cost of spare parts and groceries comprises the original purchase price plus cost incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

### m) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and on hand and fixed deposits with licensed banks that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdraft and pledged deposits, if any.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### n) Financial instruments

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, Financial Instruments, the Group and the Company have elected not to restate the comparatives.

#### i) Initial recognition and measurement

##### *Current financial year*

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

##### *Previous financial year*

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

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 and the host contract is not categorised 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 policy applicable to the nature of the host contract.

#### ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

##### *Financial assets*

##### *Current financial year*

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

#### a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### n) Financial instruments (Cont'd)

#### ii) Financial instrument categories and subsequent measurement (Cont'd)

##### *Financial assets (Cont'd)*

##### *Current financial year (Cont'd)*

##### a) Amortised cost (Cont'd)

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see note 3(o)(i)) where the effective interest rate is applied to the amortised cost.

##### b) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group and the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to impairment assessment (see Note 3(o)(i)).

##### *Previous financial year*

In the previous financial year, financial assets of the Group and the Company were classified and measured under MFRS 139, Financial Instruments: Recognition and Measurement as follows:

##### a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost. Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

##### b) Loans and receivables

Loans and receivables category comprise debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets, except for those measured at fair value, through profit or loss, are subject to review for impairment (see Note 3(o)(i)).

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### n) Financial instruments (Cont'd)

#### ii) Financial instrument categories and subsequent measurement (Cont'd)

##### *Financial liabilities*

##### *Current financial year*

The categories of financial liabilities at initial recognition are as follows:

##### a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

- a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
- c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

##### b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### n) Financial instruments (Cont'd)

#### ii) Financial instrument categories and subsequent measurement (Cont'd)

##### *Financial liabilities (Cont'd)*

##### *Previous financial year*

In the previous financial year, financial liabilities of the Group and the Company were subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

#### iii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group and the Company currently have a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

#### iv) 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.

##### *Current financial year*

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- a) the amount of the loss allowance; and
- b) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, Revenue from Contracts with Customers.

Liabilities arising from financial guarantees are presented together with other provisions.

##### *Previous financial year*

In the previous financial year, fair value arising from financial guarantee contracts were classified as deferred income and was amortised to profit or loss using a straight-line method over the contractual period or, when there was no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract was probable, an estimate of the obligation was made. If the carrying value of the financial guarantee contract was lower than the obligation, the carrying value was adjusted to the obligation amount and accounted for as a provision.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### n) Financial instruments (Cont'd)

#### v) 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 market place concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- b) 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.

#### vi) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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

### o) Impairments

#### i) Financial Assets

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, Financial Instruments, the Group and the Company have elected not to restate the comparatives.

##### *Current financial year*

The Group and the Company recognise loss allowances for expected credit losses ("ECL") on financial assets measured at amortised cost, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

Loss allowance of the Group and the Company are measured on either of the following bases:

- i) 12-month ECL – represents the ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- ii) Lifetime ECLs – represents the ECLs that will result from all possible default events over the expected life of a financial instrument or contract asset

The impairment methodology applied depends on whether there has been a significant increase in credit risk.



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### o) Impairments (Cont'd)

#### i) Financial Assets (Cont'd)

##### *Current financial year (cont'd)*

##### Simplified approach - trade receivables, lease receivables and contract assets

The Group and the Company apply the simplified approach to provide ECLs for all trade receivables, lease receivables and contract assets as permitted by MFRS 9. The simplified approach required expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where applicable.

##### General approach - other financial instruments and financial guarantee contracts

The Group and the Company apply the general approach to provide for ECLs on all other financial instruments and financial guarantee contracts, which requires the loss allowance to be measured at an amount equal to 12-months ECLs at initial recognition.

At each reporting date, the Group and the Company assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, 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, where available.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group and the Company consider an event of default for internal credit risk management purposes when the borrower is unlikely to pay its credit obligations to the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held).

The Group and the Company considers a financial guarantee contract to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditors and the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held). The Group and the Company only apply a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

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

##### Credit Impaired financial assets

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost is 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 the financial asset have occurred.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### o) Impairments (Cont'd)

#### i) Financial Assets (Cont'd)

##### *Current financial year (cont'd)*

##### Credit Impaired financial assets (Cont'd)

Evidence that a financial asset is credit impaired includes the observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or significant past due event;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower or a concession that the lender would not otherwise consider (eg. the restructuring of a loan or advance by the Group and the Company on terms that the Group and the Company would not consider otherwise);
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for security because of financial difficulties.

##### Write-off policy

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources 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 or the Company's procedures for recovery amounts due. Any recoveries made are recognised in profit or loss.

##### *Previous financial year*

All financial assets (except for financial assets categorised as fair value through profit or loss and investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

#### ii) Non-financial assets

The carrying amounts of non-financial assets (excepts for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

# NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

31 DECEMBER 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### o) Impairments (Cont'd)

#### ii) Non-financial assets (Cont'd)

The recoverable amount of an asset or cash-generating units is the greater of its value in use and its fair value less costs to sell. 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.

Except for goodwill, assets that were previously impaired are reviewed for possible reversal of the impairment at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation reserve. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

An impairment loss recognised for goodwill is not reversed.

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal. Any subsequent increase in recoverable amount is recognised in profit or loss.

### p) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of their liabilities. Ordinary shares are equity instruments.

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.

### q) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

### r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Company, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

### s) Contingencies

Where it is not probable that there is an inflow of economic benefits, or the amount cannot be estimated reliably, the asset is not recognised in the statements of financial position and is disclosed as a contingent asset, unless the probability of inflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

### t) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

# NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

31 DECEMBER 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### t) Government grants (Cont'd)

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets is recognised as deferred capital grant in the statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate on a systematic basis. Government grants that are receivables as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

### u) 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 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 are 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 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.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 4. REVENUE

Revenue represents the Group's and the Company's revenue from contracts with customers which are recognised at point in time and over time.

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Income from:					
Operation of public transportation	(i)	28,855,914	30,381,211	-	-
Dividend income		-	-	16,048,817	8,984,275
IPTT operations	(ii)	45,845,544	40,533,185	-	-
Petrol station operations	(iii)	38,814,027	35,851,303	-	-
		113,515,485	106,765,699	16,048,817	8,984,275

### Significant judgement on revenue recognition

No significant judgement was made in the adoption of *MFRS 15 Revenue from Contracts with Customers* and there is no impact on the revenue recognition of the Company.

#### i) Operation of public transportation

	Note	Group	
		2018 RM	2017 RM
Bus fare income	(a)	9,652,280	11,324,820
Government support fund*	(b)	11,856,464	11,709,221
Rental income	(c)	7,347,170	7,347,170
		<b>28,855,914</b>	<b>30,381,211</b>

\*Included in government support fund are government grant amounted to RM1,251,364 (2017: RM600,615).

#### a) Bus fare income

The Group provide public bus services primarily encompass public express bus and stage bus services. Revenue recognition is based on bus fare received from the services that are rendered to the passengers. The performance obligation is satisfied at a point in time and payment is generally due upon completion of services rendered.

#### b) Government support fund

The government support fund accrued to the Group are to address the shortfalls of revenues for certain unprofitable routes, improve operator viability and expand bus route coverage by migrating from fare-box revenue collection to the gross-cost service delivery model.

#### Performance obligation ("PO")

Each of the obligations are not distinct and is unable to be performed separately. Accordingly, contracts with customer are considered as a single PO and are not separately identifiable. The PO is satisfied upon the submission of monthly report to the relevant government authority.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 4. REVENUE (Cont'd)

### i) Operation of public transportation (Cont'd)

#### Timing of recognition

Revenue recognition is based on the accrual basis. The Group has enforceable right to payment when the submission of monthly report to government authority has been approved. Therefore, revenue is recognised at a point in time when the Group had submitted the monthly report to the relevant government authority.

### c) Rental income

The Group provide bus charter services and advertisement spaces on the operating buses to customers. Revenue recognition is based on monthly rental fee receivable for services rendered.

#### Performance Obligation ("PO")

The contract with the customers are considered as a single PO and are not separately identifiable. The PO satisfied over time as the services are rendered.

#### Timing of recognition

The customer simultaneously receives and consumes all of the benefits of services provided by the Group. Therefore, revenue is recognised over time based on the period for which services have been rendered.

### ii) IPTT operations

	Note	Group	
		2018 RM	2017 RM
Rental income	(a)	23,327,961	21,738,171
Project facilitation fee	(b)	21,700,000	18,450,000
Entrance fee	(c)	317,638	345,014
Car park fee	(d)	499,945	-
		<u>45,845,544</u>	<u>40,533,185</u>

### a) Rental income

The Group leases out commercial space at its terminal to retail tenants. Revenue recognition is based on monthly rental fee receivable for services rendered.

#### Performance Obligation ("PO")

The contract with the customers are considered as a single PO and are not separately identifiable. The PO is satisfied over time as the services are rendered.

#### Timing of recognition

The customer simultaneously receives and consumes all of the benefits of services provided by the Group. Therefore, revenue is recognised over time based on the period for which services have been rendered.

### b) Project facilitation fee

The Group provides services and rental of facilities to potential customers in relation to development of new terminal. Revenue recognition is based on the agreed proportion of gross development cost on each respective proposed project. The performance obligation is satisfied at a point in time and payment is generally due upon completion of preliminary concept paper and consultancy services rendered to customer.



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 4. REVENUE (Cont'd)

### ii) IPTT operations (Cont'd)

#### c) Entrance fee

The Group is involved in bus terminal management. The Group derives entrance fee revenue from selling coupon tickets to customers which allow buses to enter the terminal and pick up passengers. Revenue recognition is based on coupon tickets sold.

#### Performance Obligation ("PO")

The PO of the Group is to provide the coupon tickets which allow buses to enter the terminal and pick up passengers upon presentation of tickets. There is no expiry date enforced. Payment is made on cash basis. The PO is satisfied upon the grant of the right to the customers.

#### Timing of recognition

The PO is satisfied as the coupon tickets which represent the right to enter the terminal are granted to the customers. Therefore, revenue is recognised at the point of which the right is satisfied at the point of which the right is granted.

#### d) Car park fee

The Group derives revenue of car park fee from two sources which are parking tickets and monthly season passes. For car park fee from parking tickets, the customers obtain their parking tickets when they enter the car park and the Group receives payment based on fixed rate upon their exit. Revenue from season pass is derived from monthly car park fees collected from the customers.

#### Performance Obligation ("PO")

The PO of the Group is to provide the parking lots to the customers. The PO is satisfied upon the services was rendered.

#### Timing of recognition

##### a) Parking tickets

The revenue is recognised at the point of which the services was rendered upon the customers use the car park and the Group has the right to the payment.

##### b) Monthly season pass

The revenue is recognised at the point of which the monthly season pass is renewed and the right to use is granted to the customers.

### iii) Petrol station operations

Petrol station operations is comprised of a service station and a convenience store. The Petrol service station supplies motor fuels, lubricating oils and other petroleum products while convenience store supplies retail mart products. Revenue recognised when the control over the products or services have been transferred and rendered to the customer. The performance obligation is satisfied at a point in time and payment is generally due upon completion of services rendered.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 5. INVESTMENT REVENUE

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Interest income from:				
Fixed deposits	443,760	399,584	138,798	130,658
Other investments	34,321	25,320	34,321	25,320
	<u>478,081</u>	<u>424,904</u>	<u>173,119</u>	<u>155,978</u>

## 6. OTHER OPERATING INCOME/(EXPENSES) AND EMPLOYEE BENEFIT EXPENSES

Included in other operating income/(expenses) are the following:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Rental income	4,345,120	934,872	-	-
Subsidies received from the State Government	-	40,000	-	-
Interest received on current account	24,756	21,614	9,805	2,466
Rental of:				
- Bus terminal	(180,000)	(180,000)	-	-
- Crane and equipment	(251,189)	(269,663)	-	-
- Premises	(57,564)	(79,654)	(24,000)	(48,000)
Auditors' remuneration:				
Statutory audit	(122,000)	(122,000)	(50,000)	(50,000)
Other services				
- Current year	(5,000)	(5,000)	(5,000)	(5,000)
- Overprovision in prior year	3,000	-	3,000	-
Property, plant and equipment written off	<u>(527,031)</u>	<u>(5,625)</u>	<u>(263,022)</u>	-

Included in employee benefit expenses of the Group and of the Company are contributions made to EPF of RM274,212 (2017: RM231,740) and RM18,709 (2017: RM25,872) respectively.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 7. DIRECTORS' REMUNERATION

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Salaries, allowances and bonuses	971,631	789,300	172,000	169,200
EPF contributions	142,753	111,880	20,530	18,000
Fees	228,000	223,500	228,000	223,500
	<b>1,342,384</b>	<b>1,124,680</b>	<b>420,530</b>	<b>410,700</b>

The estimated monetary value of benefits-in-kind received and receivable by the Directors other than in cash from the Group and from the Company amounted to RM10,600 (2017: RM27,300) and RM5,300 (2017: RM5,300) respectively.

## 8. FINANCE COSTS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Bank charges, commitment fees and commission charges	13,196	11,950	3,622	3,896
Bank guarantee charges	7,049	8,425	-	-
Cash Line-i interest	1,710,677	1,335,760	822,811	720,893
Bank overdraft interest	3,039	1,472	-	-
Al Bai' Bithaman Ajil Facilities interest	5,016,836	4,727,864	-	-
Muamalat Term Financing interest	386,972	648,870	247,081	468,618
Commodity Murabahah Term Financing interest	160,806	178,563	160,806	178,563
Term loan interest	193,916	200,170	-	-
Lease liabilities	106,907	5,940	-	-
	<b>7,599,398</b>	<b>7,119,014</b>	<b>1,234,320</b>	<b>1,371,970</b>

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 9. TAX CREDIT/(EXPENSES)

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>Recognised in profit or loss</b>				
Income tax expenses comprise:				
- Current year	(2,640,858)	(2,041,694)	(25,800)	(18,700)
- (Under)/over provision in prior year	(16,132)	75,298	(1,059)	9,623
	<u>(2,656,990)</u>	<u>(1,966,396)</u>	<u>(26,859)</u>	<u>(9,077)</u>
<b>Deferred tax (Note 15):</b>				
Relating to origination and reversal of temporary differences:				
- Current year	3,122,251	786,606	436	-
- Over/(under) provision in prior year	2,672,991	(563,479)	5,064	-
	<u>5,795,242</u>	<u>223,127</u>	<u>5,500</u>	<u>-</u>
Relating to crystallisation of deferred tax liability on revaluation surplus of properties:				
- Current year	98,834	98,835	-	-
- Overprovision in prior year	-	177,408	-	-
	<u>5,894,076</u>	<u>499,370</u>	<u>5,500</u>	<u>-</u>
	<u><u>3,237,086</u></u>	<u><u>(1,467,026)</u></u>	<u><u>(21,359)</u></u>	<u><u>(9,077)</u></u>

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 9. TAX CREDIT/(EXPENSES) (Cont'd)

The tax reconciliation from the tax amount at statutory income tax rate to the Group's and to the Company's tax expenses is as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit before tax	<b>32,793,162</b>	30,482,198	<b>12,605,648</b>	6,203,569
Tax at the Malaysian statutory income tax rate of 24%	<b>(7,870,000)</b>	(7,316,000)	<b>(3,025,000)</b>	(1,489,000)
Non-taxable income	<b>8,000</b>	6,000	<b>3,860,000</b>	2,162,000
Expenses not deductible for tax purposes	<b>(1,318,172)</b>	(1,030,669)	<b>(860,364)</b>	(691,700)
Over/(under)provision of deferred tax expense in prior year	<b>2,672,991</b>	(563,479)	<b>5,064</b>	-
Under crystallisation deferred tax liability on revaluation surplus of properties in prior years	-	177,408	-	-
(Under)/overprovision of income tax expense in prior year	<b>(16,132)</b>	75,298	<b>(1,059)</b>	9,623
Utilisation of deferred tax assets not recognised previously	<b>3,987</b>	-	-	-
Utilisation of current and brought forward investment allowances	<b>9,756,412</b>	7,184,416	-	-
Income tax credit/(expenses) for the financial year	<b>3,237,086</b>	(1,467,026)	<b>(21,359)</b>	(9,077)

The Group has estimated unutilised investment allowances, unutilised business losses and unabsorbed capital allowances of RM138,223,491 (2017: RM118,118,240), RM Nil (2017: RM27,522) and RM Nil (2017: RM58,351) respectively, available for set off against future profits.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 10. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share for the financial year is calculated by dividing the profit after tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2018	2017
Profit after tax attributable to the owners of the Company (RM)	<b>35,840,139</b>	28,831,192
<b>Weighted average number of ordinary shares</b>		
Issued ordinary shares at 1 January	<b>1,257,399,300</b>	1,142,948,000
Effect of:		
Bonus issue	-	114,294,800
Private placements during the year	<b>65,630,493</b>	-
Exercise of warrants	<b>1,628,364</b>	23,647
	<b>67,258,857</b>	114,318,447
<b>Weighted average number of ordinary shares at 31 December</b>	<b>1,324,658,157</b>	1,257,266,447
Basic earnings per ordinary share (sen)	<b>2.71</b>	2.29

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit after tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

	Group	
	2018	2017
Profit after tax attributable to the owners of the Company (RM)	<b>35,840,139</b>	28,831,192
<b>Weighted average number of ordinary shares</b>		
Issued ordinary shares at 1 January	<b>1,257,399,300</b>	1,142,948,000
Effect of:		
Bonus issue	-	114,294,800
Private placements during the year	<b>65,630,493</b>	-
Exercise of warrants	<b>1,628,364</b>	23,647
	<b>67,258,857</b>	114,318,447
Effect of dilution:		
Conversion/exercise of warrants	<b>5,839,961</b>	86,325,446
<b>Weighted average number of ordinary shares at 31 December</b>	<b>1,330,498,118</b>	1,343,591,893
Diluted earnings per ordinary share (sen)	<b>2.69</b>	2.15



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 11. PROPERTY, PLANT AND EQUIPMENT

	At valuation		At Cost									
	<----->		----->									
	Leasehold Lands RM	Building RM	Integrated Public Transportation Terminal RM	Leasehold Lands* RM	Buildings* <sup>^</sup> RM	Integrated Public Transportation Terminal* RM	Plant and Machinery and Skid Tanks RM	Commercial Vehicles RM	Motor Vehicles RM	Office Equipment, Signboard and CCTV RM	Capital Work-in- Progress RM	Total RM
Group 2018												
At 1 January	33,860,000	4,140,000	135,000,000	1,296,344	13,189,743	37,416,759	3,349,905	61,844,131	1,823,515	1,957,028	63,076,786	356,954,211
Additions	-	-	-	-	4,337,993	29,673,807	7,220,906	-	326,148	3,026,761	72,578,056	117,163,671
Transfer to investment properties (Note 12)	-	-	-	-	(6,636,056)	-	-	-	-	-	-	(6,636,056)
Reclassification	-	-	-	(1,833)	-	-	-	-	-	-	1,833	-
Written off	-	-	-	-	-	-	(300,000)	-	-	(367,239)	-	(667,239)
At 31 December	33,860,000	4,140,000	135,000,000	1,294,511	10,891,680	67,090,566	10,270,811	61,844,131	2,149,663	4,616,550	135,656,675	466,814,587
Accumulated Depreciation												
At 1 January	1,274,219	467,740	8,499,474	14,169	166,744	889,665	992,021	16,774,750	1,810,306	704,219	-	31,593,307
Charge for the financial year	422,165	153,758	2,833,159	13,076	303,316	1,006,787	1,228,339	4,922,029	59,088	216,664	-	11,158,381
Transfer to investment properties (Note 12)	-	-	-	-	(136,032)	-	-	-	-	-	-	(136,032)
Written off	-	-	-	-	-	-	(40,192)	-	-	(100,016)	-	(140,208)
At 31 December	1,696,384	621,498	11,332,633	27,245	334,028	1,896,452	2,180,168	21,696,779	1,869,394	820,867	-	42,475,448
Net Carrying Amount												
At 31 December	32,163,616	3,518,502	123,667,367	1,267,266	10,557,652	65,194,114	8,090,643	40,147,352	280,269	3,795,683	135,656,675	424,339,139

<sup>^</sup> As at 31 December 2018, the title of a building of the Group with a net carrying amount of RM7,593,026 (2016: RM 9,994,578) is in the process of being registered in the name of its subsidiary.



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 11. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	At valuation		At Cost													
			Integrated Public Transportation		Leasehold Lands*		Buildings^	Integrated Public Transportation and Skid Tanks		Commercial Vehicles		Motor Vehicles	Computer and software, Renovation, Office Equipment, Signboard and CCTV		Capital Work-in-Progress	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group 2017																
At 1 January	33,860,000	4,140,000	135,000,000	1,296,344	3,189,743	21,333,157	1,872,994	53,612,631	1,823,515	1,844,330	12,777,335	270,750,049				
Additions	-	-	-	-	10,000,000	16,083,602	1,476,911	8,231,500	-	121,435	50,299,451	86,212,899				
Written off	-	-	-	-	-	-	-	-	-	(8,737)	-	(8,737)				
At 31 December	33,860,000	4,140,000	135,000,000	1,296,344	13,189,743	37,416,759	3,349,905	61,844,131	1,823,515	1,957,028	63,076,786	356,954,211				
Accumulated Depreciation																
At 1 January	852,054	313,982	5,666,316	1,092	97,528	358,801	812,771	11,901,356	1,769,323	509,605	-	22,282,828				
Charge for the financial year	422,165	153,758	2,833,158	13,077	69,216	530,864	179,250	4,873,394	40,983	197,726	-	9,313,591				
Written off	-	-	-	-	-	-	-	-	-	(3,112)	-	(3,112)				
At 31 December	1,274,219	467,740	8,499,474	14,169	166,744	889,665	992,021	16,774,750	1,810,306	704,219	-	31,593,307				
Net Carrying Amount																
At 31 December	32,585,781	3,672,260	126,500,526	1,282,175	13,022,999	36,527,094	2,357,884	45,069,381	13,209	1,252,809	63,076,786	325,360,904				

\* Initial recognition is at cost and will be subsequently measured at revaluation when it is due for revaluation.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 11. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Motor Vehicle RM	Renovation, Office Equipment, and CCTV RM	Total RM
<b>Company 2018</b>			
<b>Cost</b>			
At 1 January	166,970	347,076	514,046
Written off	-	(347,076)	(347,076)
At 31 December	166,970	-	166,970
<b>Accumulated Depreciation</b>			
At 1 January	166,969	84,054	251,023
Written off	-	(84,054)	(84,054)
At 31 December	166,969	-	166,969
<b>Net Carrying Amount</b>			
At 31 December	1	-	1
<b>Company 2017</b>			
<b>Cost</b>			
At 1 January	166,970	345,189	512,159
Additions	-	1,887	1,887
At 31 December	166,970	347,076	514,046
<b>Accumulated Depreciation</b>			
At 1 January	166,969	49,462	216,431
Charge for the financial year	-	34,592	34,592
At 31 December	166,969	84,054	251,023
<b>Net Carrying Amount</b>			
At 31 December	1	263,022	263,023

### Assets held under finance leases

The carrying amount of motor vehicles of the Group acquired under hire-purchase arrangements are RM271,285 (2017: RM3).

### Assets pledged as security

As at 31 December 2018, leasehold land, integrated public transportation terminal, and building of the Group with net carrying amount of RM236,368,517 (2017: RM213,590,835) are pledged to financial institution for term loan facilities granted to the Group as disclosed in Note 23.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 11. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

### Assets held in trust

The Group has commercial vehicles with carrying amount of RM10,706,945 (2017: RM12,089,697) registered under the names of other permit holders who hold the commercial vehicles in trust on behalf of the Group. The Group has been granted the rights to use the Operators' Licenses held by other permit holders to operate certain bus routes.

The Group's motor vehicle with a net carrying amount of RM1 (2017: RM1) is held in trust by a former Director of a subsidiary.

### Capitalisation of borrowing costs

Included in additions of the Group during the year are capitalised borrowing costs amounting to RM3,539,890 (2017: RM662,073).

### Revaluation of land and integrated public transportation terminal

Leasehold lands, buildings and integrated public transportation terminal were revalued on 31 December 2014 and 16 December 2014 respectively. Their fair values were arrived at by reference to market evidence of transaction prices for similar properties and were performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

The fair values of the lands, buildings and integrated public transportation terminal were determined based on comparison of similar properties in the same location and/or cost or contractor's method where there is a building erected upon it by estimating the cost of constructing a new similar building and deducting therefrom all the depreciation due to physical, design and economic obsolescence.

The fair values of the lands, buildings and integrated public transportation terminal are categorised at Level 2 and Level 3 respectively of the fair value hierarchy and were estimated using observable inputs for the properties.

If the land and integrated public transportation terminal currently carried at valuation were measured using the cost model, the carrying amounts would have been as follows:

	<b>Group</b>	
	<b>2018 RM</b>	<b>2017 RM</b>
Leasehold land:		
At cost	<b>8,892,842</b>	8,892,842
Less: Accumulated depreciation	<b>(946,659)</b>	(813,165)
	<b>7,946,183</b>	8,079,677
Buildings:		
At cost	<b>2,904,836</b>	2,904,836
Less: Accumulated depreciation	<b>(660,414)</b>	(570,692)
	<b>2,244,422</b>	2,334,144
Integrated public transportation terminal:		
At cost	<b>137,904,055</b>	137,904,055
Less: Accumulated depreciation	<b>(16,655,430)</b>	(13,897,349)
	<b>121,248,625</b>	124,006,706

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 12. INVESTMENT PROPERTIES

	Group	
	2018 RM	2017 RM
<b>Cost</b>		
At beginning of the year	-	-
Transfer from property, plant and equipment (Note 11)	6,636,056	-
At end of the year	6,636,056	-
<b>Accumulated depreciation</b>		
At beginning of the year	-	-
Transfer from property, plant and equipment (Note 11)	136,032	-
At end of the year	136,032	-
<b>Carrying amount</b>	6,500,024	-
<b>At fair value:</b>		
Buildings	13,971,000	-

As at 31 December 2018, investment properties of the Group with net carrying amount of RM6,500,024 (2017: RM Nil) are pledged to financial institution for banking facilities granted to the Group as disclosed in Note 23.

	Group	
	2018 RM	2017 RM
Rental income	100,000	-
Direct operating expenses	82,264	-

The fair values of the investment properties were determined based on the Directors' best estimate and categorised at Level 3 of the fair value hierarchy.

## 13. INVESTMENT IN SUBSIDIARIES

	Company	
	2018 RM	2017 RM
<b>At cost:</b>		
Unquoted shares	65,772,347	65,772,347

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 13. INVESTMENT IN SUBSIDIARIES (Cont'd)

Name of Company	Country of Incorporation	Effective equity interest		Principal activities
		2018 %	2017 %	
CKS Labur Sdn. Bhd. ("CKSL")	Malaysia	100	100	Petrol Station operator
Ipoh Link Sdn. Bhd. ("ILSB")	Malaysia	100	100	Providing management services for bus operation
Syarikat Sumber Manusia Sdn. Bhd. ("SSM")	Malaysia	100	100	Providing human resource management services
Terminal Urus Sdn. Bhd ("TUSB")	Malaysia	100	100	Bus terminal management
The Combined Bus Services Sdn. Bhd. ("TCBS")	Malaysia	99.90	99.90	Operators of bus terminal, petrol station and public transportation
Star Kensington Sdn. Bhd. ("SKSB")	Malaysia	95.71	95.71	Petrol Station operator
CKS Bumi Sdn. Bhd. ("CKSB")	Malaysia	69.99	69.99	Bus operator, operator of petrol station and providing management services

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

	2018			Total
	TCBS	SKSB	CKSB	
NCI percentage of ownership and voting interest	0.10%	4.29%	30.01%	
Carrying amount of NCI (RM)	175,981	91,126	832,787	1,099,894
Profit allocated to NCI (RM)	38,428	4,721	146,960	190,109

	2017			Total
	TCBS	SKSB	CKSB	
NCI percentage of ownership and voting interest	0.10%	4.29%	30.01%	
Carrying amount of NCI (RM)	153,736	86,405	685,827	925,968
Profit allocated to NCI (RM)	30,813	8,606	144,561	183,980



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 13. INVESTMENT IN SUBSIDIARIES (Cont'd)

Summarised financial information before intra-group elimination

	TCBS RM	SKSB RM	CKSB RM
<b>At 31 December 2018</b>			
Non-current assets	421,518,261	2,436,711	9,439,550
Current assets	64,977,925	1,525,796	2,531,656
Non-current liabilities	(164,973,609)	(756,077)	(1,418,356)
Current liabilities	(151,129,750)	(1,023,436)	(7,718,976)
Net assets	<u>170,392,827</u>	<u>2,182,994</u>	<u>2,833,874</u>

### For the financial year ended

#### 31 December 2018

Revenue	74,667,086	8,170,670	19,912,359
Profit for the year	38,427,710	110,037	489,864
Total comprehensive income	38,427,710	110,037	489,864

#### Cash flows from:

Operating activities	27,008,358	269,192	994,945
Investing activities	(80,470,887)	(274,641)	(161,500)
Financing activities	<u>50,019,949</u>	<u>(38,189)</u>	<u>(849,365)</u>

	TCBS RM	SKSB RM	CKSB RM
<b>At 31 December 2017</b>			
Non-current assets	310,234,665	2,292,754	9,411,142
Current assets	65,776,683	1,510,584	2,545,984
Non-current liabilities	(127,443,856)	(777,766)	(2,065,412)
Current liabilities	(100,617,375)	(952,615)	(7,547,704)
Net assets	<u>147,950,117</u>	<u>2,072,957</u>	<u>2,344,010</u>

### For the financial year ended

#### 31 December 2017

Revenue	71,318,060	7,885,928	17,821,446
Profit for the year	30,812,575	200,605	481,868
Total comprehensive income	28,831,071	200,605	481,868

#### Cash flows from:

Operating activities	40,483,718	358,896	962,013
Investing activities	(74,716,930)	12,901	36,126
Financing activities	<u>33,011,132</u>	<u>(348,571)</u>	<u>(621,338)</u>

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 14. GOODWILL

	Group	
	2018 RM	2017 RM
<b>At cost</b>		
1 January/31 December	<u>1,622,631</u>	<u>1,622,631</u>

Goodwill acquired in a business combination is allocated, at acquisition date, to the cash-generating units ("CGUs") that are expected to benefit from the business combinations. The Group considers each subsidiary acquired as a single CGU and the carrying amounts of goodwill were allocated to the respective subsidiaries.

Goodwill on consolidation arose from the acquisition of four (4) direct subsidiaries, namely Ipoh Link Sdn. Bhd., CKS Bumi Sdn. Bhd., CKS Labur Sdn. Bhd. and Terminal Urus Sdn. Bhd. because the consideration paid for the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of the subsidiaries. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is deductible for tax purposes.

The recoverable amounts of the CGUs were based on value-in-use calculations. The calculations were determined using projected cash flows for a five-year period and by extrapolation using the growth rate based on historical experience, management's assessment of future trends and expectation of market development in the respective industries.

The key assumptions used in the preparation of the projected cash flows are as follows:

- Pre-tax discount rates of 9.91% (2017: 10.83%);
- There will be no material changes in the structure and principal activities of the subsidiaries;
- Subsidiaries currently operating petrol stations will continue to operate under respective agreements entered with fuel producers for the duration of the forecast;
- Projected growth rate of 5% (2017: 5%) per annum;
- There will not be any significant changes in the prices and supply of raw materials, wages and other related costs, resulting from industrial dispute, adverse changes in economic conditions or other abnormal factors, which will adversely affect the operations of the Group; and
- Receivables and payables turnover period is estimated to be consistent with the current financial year.

During the financial year, the Group performed goodwill impairment testing and no impairment loss is required to be recognised.

## 15. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
At 1 January	2,784,203	4,266,337	(5,500)	(5,500)
Recognised in profit or loss (Note 9)	5,894,076	499,370	5,500	-
Transferred from revaluation reserve	-	(1,981,504)	-	-
At 31 December	<u>8,678,279</u>	<u>2,784,203</u>	<u>-</u>	<u>(5,500)</u>

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 15. DEFERRED TAX ASSETS/(LIABILITIES) (Cont'd)

The recognised deferred tax assets/(liabilities) before offsetting are as follows:

	Unutilised investment allowances RM	Unutilised tax losses and unabsorbed tax capital allowances RM	Property, plant and equipment RM	Revaluation surplus on property RM	Total RM
<b>Group</b>					
Deferred tax assets/ (liabilities)					
At 1 January 2018	25,978,957	9,966	(16,510,324)	(6,694,396)	2,784,203
Recognised in profit or loss	7,194,681	(9,966)	(1,389,473)	98,834	5,894,076
At 31 December 2018	<u>33,173,638</u>	<u>-</u>	<u>(17,899,797)</u>	<u>(6,595,562)</u>	<u>8,678,279</u>

	Unutilised investment allowances RM	Unutilised tax losses and unabsorbed tax capital allowances RM	Property, plant and equipment RM	Revaluation surplus on property RM	Total RM
<b>Group</b>					
At 1 January 2017	22,148,226	4,690	(13,418,894)	(4,467,685)	4,266,337
Recognised in profit or loss	3,830,731	5,276	(3,091,430)	(245,207)	499,370
Transfer from revaluation reserve	-	-	-	(1,981,504)	(1,981,504)
At 31 December 2017	<u>25,978,957</u>	<u>9,966</u>	<u>(16,510,324)</u>	<u>(6,694,396)</u>	<u>2,784,203</u>

The deferred tax liability of the Company is in respect of tax effect of temporary differences arising from property, plant and equipment.

Deferred tax assets and liabilities are offset above where there is legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same taxation authority.

The Group has recognised the deferred tax assets based on the current level of operations of certain subsidiaries and the probability that sufficient taxable profit will be generated in the future against which the deferred tax assets can be utilised.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 16. INVENTORIES

	Group	
	2018 RM	2017 RM
<b>At cost:</b>		
Spare parts	194,569	190,437
Trading goods:		
Petrol and diesel fuel	561,261	634,981
Groceries	249,432	234,360
	<u>1,005,262</u>	<u>1,059,778</u>

The Group recognised inventories as cost of sales amounted to RM36,946,357 (2017: RM33,849,023).

## 17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Trade receivables	36,646,447	20,455,206	-	-
Other receivables	4,245,537	3,744,104	5,157	-
	<u>40,891,984</u>	<u>24,199,310</u>	<u>5,157</u>	<u>-</u>

Trade receivables of the Group comprised amounts receivables for the sales of goods and services rendered. Other receivables comprised mainly advance payment of professional fee for the construction of an integrated public transportation terminal, GST receivables and rental of space receivables. Credit period granted for rental of space was 90 days (2017: 90 days)

The trade transaction of the Group are on cash terms or credit period which ranged from 30 to 180 days (2017: 30 to 180 days).

## 18. OTHER ASSETS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Deposits paid for:				
Construction of integrated public transportation terminal	1,668,450	22,324,704	-	-
Acquisition of land	7,147,904	1,053,356	-	-
Dividend receivable	-	-	-	375,000
Refundable deposits	820,789	830,538	6,500	11,500
Prepayments	488,525	1,398,701	13,933	13,052
	<u>10,125,668</u>	<u>25,607,299</u>	<u>20,433</u>	<u>399,552</u>

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 19. AMOUNTS DUE FROM SUBSIDIARIES

These amounts are non-trade in nature, unsecured, interest-free advances and are collectible on demand.

## 20. FIXED DEPOSITS WITH LICENSED BANKS

Included in the fixed deposits with licensed banks of the Group and of the Company at the end of the financial year was an amount of RM14,222,445 and RM4,354,093 (2017: RM12,540,685 and RM4,215,295) respectively, which has been pledged to licensed banks as security for banking facilities granted to the Group and to the Company as disclosed in Note 23.

The short-term deposit of the Group has a maturity period of 1 day (2017: 1 day). The effective interest rate of the short-term deposit was at 1.18% (2017: 1.88%) per annum.

The fixed deposits of the Group and of the Company have maturity periods ranging from 30 days to 450 days (2017: 30 days to 450 days) and 60 days to 365 days (2017: 60 days to 365 days) respectively. The effective interest rates of fixed deposits of the Group and of the Company ranged from 2.95% to 4.00% (2017: 2.95% to 4.00%) and 3.30% to 3.35% (2017: 3.10% to 3.15%) per annum respectively.

## 21. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2018 Unit	2017 Unit	2018 RM	2017 RM
<b>Ordinary shares Authorised:</b>				
At 1 January	-	5,000,000,000	-	500,000,000
Abolishment of authorised share capital	-	(5,000,000,000)	-	(500,000,000)
At 31 December	-	-	-	-
<b>Issued and fully paid:</b>				
At 1 January	1,257,399,300	1,142,948,000	127,533,978	114,294,800
Private placement	125,500,000	-	30,186,900	-
Bonus issue	-	114,294,800	-	-
Exercise of warrants	39,881,050	156,500	9,372,046	36,778
Transfer from share premium (Note 22(a))	-	-	-	13,202,400
At 31 December	1,422,780,350	1,257,399,300	167,092,924	127,533,978

### a) "No Par Value" Regime

In prior year, the Group's and the Company's authorised share capital comprises 5,000,000,000 ordinary shares with a par value of RM0.10 each. The new Companies Act, 2016 ("Act"), which came into operation on 31 January 2017, introduces the "no par value" regime. Accordingly, the concepts of "authorised share capital" and "par value" have been abolished.

In accordance with the transitional provision of the Act, the amount standing to the credit of the Group's and of the Company's share premium has become part of the Group's and of the Company's share capital. These changes do not have an impact on the number of shares in issue or the related entitlement of any of the shareholders. However, the Group and the Company have a period of 24 months from the effective date of the Act to use existing balances credited in the share premium in a manner as specified by the Act.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 21. SHARE CAPITAL (Cont'd)

### b) Ordinary Shares

In prior financial year, as approved by the shareholders, the paid-up share capital of the Company was increased from 1,142,948,000 shares to 1,257,399,300 shares by way of:

- i) Bonus issue of 114,294,800 ordinary shares on the basis of 1 bonus share for every 10 existing ordinary shares held on 14 September 2017 through Members' Resolution dated 24 August 2017; and
- ii) 156,500 ordinary shares pursuant to the exercise of Warrants 19/09/2020 at an exercise price of RM0.235 per ordinary share for cash.

During the financial year, as approved by the shareholders, the paid-up share capital of the Company was increased from 1,257,399,300 shares to 1,422,780,350 shares by way of:

- i) Private placement of 2,000,000 ordinary shares at an issue price of RM0.257 per ordinary share to selected investors through a Members' Resolution dated 21 February 2018.
- ii) Private placement of 4,000,000 ordinary shares at an issue price of RM0.2701 per ordinary share to selected investors through a Members' Resolution dated 28 February 2018.
- iii) Private placement of 4,000,000 ordinary shares at an issue price of RM0.25 per ordinary share to selected investors through a Members' Resolution dated 16 March 2018.
- iv) Private placement of 50,000,000 ordinary shares at an issue price of RM0.23 per ordinary share to selected investors through a Members' Resolution dated 14 June 2018.
- v) Private placement of 16,000,000 ordinary shares at an issue price of RM0.245 per ordinary share to selected investors through a Members' Resolution dated 10 July 2018.
- vi) Private placement of 45,000,000 ordinary shares at an issue price of RM0.245 per ordinary share to selected investors through a Members' Resolution dated 20 July 2018.
- vii) Private placement of 4,500,000 ordinary shares at an issue price of RM0.255 per ordinary share to selected investors through a Members' Resolution dated 25 July 2018.
- viii) 39,881,050 ordinary shares pursuant to the exercise of Warrants 19/09/2020 at an exercise price of RM0.235 per ordinary share for cash.

The new shares issued rank pari passu with the existing ordinary shares.

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Group's and the Company's residual assets.

### c) Detachable Warrants

On 28 September 2017, the Company completed the listing of bonus issue of 571,474,000 free warrants on the basis of one (1) free warrant for every two (2) existing ordinary shares held in the Company on 14 September 2017.

All the warrants issued are constituted under a Deed Poll executed by the Company.



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 21. SHARE CAPITAL (Cont'd)

### c) Detachable Warrants (Cont'd)

The movement in this warrant is as follows:

	Group and Company	
	2018 RM	2017 RM
At 1 January	571,317,500	-
Addition	-	571,474,000
Exercised	(39,881,050)	(156,500)
At 31 December	<u>531,436,450</u>	<u>571,317,500</u>

The salient features of the warrants are as follows:

- i) Each warrant entitles the registered holder, at any time during the exercise period to subscribe for one (1) ordinary share at an exercise price of RM0.235 each, subject to adjustments in accordance with the provisions of the Deed Poll;
- ii) The warrants may be exercisable at any time within a period of three (3) years commencing from and including the date of issuance of the warrants and ending at 5pm on the expiry date. The expiry date is a day falling immediately before the 3<sup>rd</sup> anniversary of the date of issuance of the warrant and if such date is not a market day, then on the preceding market day; and
- iii) The warrant holders are not entitled to any voting rights or to participate in any form of distribution and/or offer of securities in the Company other than on winding-up, compromise or arrangement of the Company until and unless such warrant holders exercise their warrant into new ordinary shares of the Company.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 22. RESERVES

	Note	Group and Company	
		2018 RM	2017 RM
Non-distributable reserve:			
Share premium	(a)	-	-
Property revaluation reserve	(b)	<u>10,938,152</u>	<u>10,938,152</u>
		<u><b>10,938,152</b></u>	<u><b>10,938,152</b></u>

### a) Share premium

	Group and Company	
	2018 RM	2017 RM
At beginning of year	-	13,202,400
Transfer to share capital (Note21(a))	<u>-</u>	<u>(13,202,400)</u>
At end of year	<u><b>-</b></u>	<u><b>-</b></u>

This reserve comprises the premium paid on subscription of shares in the Company over and above the par values of the shares.

### b) Property revaluation reserve

The revaluation reserve represents increases in fair value of property, plant and equipment, net of tax.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 23. BORROWINGS

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Secured:					
Cash Line-i	(a)	36,066,085	33,688,463	13,255,394	12,694,014
Bank overdraft		23,541	60,547	-	-
Lease liabilities	(b)	1,597,189	87,026	-	-
Al Bai' Bithaman Ajil ("BBA")	(c)	154,449,013	115,955,028	-	-
Muamalat Term Financing ("MTF")	(d)	3,219,548	7,193,147	1,841,730	5,283,769
Term loans	(e)	2,856,018	3,068,942	-	-
Commodity Murabahah Term Financing ("CMTF")	(f)	1,924,061	2,232,443	1,924,061	2,232,443
Term Financing-i	(g)	7,169,731	7,500,000	-	-
		207,305,186	169,785,596	17,021,185	20,210,226
Current liability					
- within one year		45,912,255	43,142,830	15,430,513	16,410,065
Non-current liability					
- one to two years		11,244,572	10,302,890	360,194	2,210,732
- two to five years		35,326,961	41,310,107	1,230,478	1,166,997
- more than five years		114,821,398	75,029,769	-	422,432
		161,392,931	126,642,766	1,590,672	3,800,161
		207,305,186	169,785,596	17,021,185	20,210,226

### a) Cash Line-i

Included in the Cash Line-i of the Group is an amount of RM9,993,360 (2017: RM9,994,545) is for the purpose of part finance the development of Kampar Integrated Transportation Terminal Complex as disclosed in Note 11 and thereafter as normal working capital upon full collection of RM10,000,000 cash deposits.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 23. BORROWINGS (Cont'd)

### b) Lease payables

	Group	
	2018 RM	2017 RM
Minimum finance lease payments:		
Repayable within one year	463,712	86,740
Repayable between one year and two years	461,484	2,228
Repayable between two and five years	902,606	-
	<b>1,827,802</b>	<b>88,968</b>
Less: Future finance charges	(230,613)	(1,942)
Present value of finance lease liabilities	<b>1,597,189</b>	<b>87,026</b>
Present value of finance lease liabilities:		
Current liability:		
Repayable within one year	362,693	84,806
Non-current liability:		
Repayable between one and two years	389,449	2,220
Repayable between two and five years	845,047	-
	<b>1,234,496</b>	<b>2,220</b>
	<b>1,597,189</b>	<b>87,026</b>

### c) BBA

	Group	
	2018 RM	2017 RM
Repayable within one year (current)	6,112,689	4,457,916
Repayable between one and two years	9,243,953	6,875,575
Repayable between two and five years	30,994,698	37,260,476
Repayable more than five years	108,097,673	67,361,061
Repayable after one year (non-current)	148,336,324	111,497,112
	<b>154,449,013</b>	<b>115,955,028</b>

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 23. BORROWINGS (Cont'd)

### d) MTF

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Repayable within one year (current)	2,421,432	3,939,319	1,841,730	3,406,717
Repayable between one and two years	632,134	2,456,731	-	1,877,052
Repayable between two and five years	165,982	797,097	-	-
Repayable after one year (non-current)	798,116	3,253,828	-	1,877,052
	<b>3,219,548</b>	<b>7,193,147</b>	<b>1,841,730</b>	<b>5,283,769</b>

### e) Term loans

	Group	
	2018 RM	2017 RM
Repayable within one year (current)	242,684	264,569
Repayable between one and two years	258,617	278,636
Repayable between two and five years	886,790	928,343
Repayable more than five years	1,467,927	1,597,394
Repayable after one year (non-current)	2,613,334	2,804,373
	<b>2,856,018</b>	<b>3,068,942</b>

### f) CMTF

	Group and Company	
	2018 RM	2017 RM
Repayable within one year (current)	333,389	309,334
Repayable between one and two years	360,194	333,680
Repayable between two and five years	1,230,478	1,166,997
Repayable more than five years	-	422,432
Repayable after one year (non-current)	1,590,672	1,923,109
	<b>1,924,061</b>	<b>2,232,443</b>

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 23. BORROWINGS (Cont'd)

### g) Term Financing-i

	Group	
	2018 RM	2017 RM
Repayable within one year (current)	349,742	337,876
Repayable between one and two years	360,225	356,048
Repayable between two and five years	1,203,966	1,157,194
Repayable more than five years	5,255,798	5,648,882
Repayable after one year (non-current)	6,819,989	7,162,124
	<b>7,169,731</b>	<b>7,500,000</b>

The Group's borrowings are secured by the following:

- i) First legal charge over leasehold properties and integrated public transportation terminal of the subsidiaries as disclosed in Note 11;
- ii) Upfront cash deposit in the form of Term Deposit-I (Tawarruq) (TDT-i) of RM5,000,000 on lien to the bank with all profit generated from the account to be capitalised and form part of the security;
- iii) Monthly sinking fund of RM100,000 in the form of TDT-i on lien to the bank until it reaches RM5,000,000. The profit generated from the account to be capitalised and form part of the security;
- iv) Pledge of fixed deposits as mentioned in Note 20, on lien against fixed deposits of RM14,696,657 inclusive capitalised interests of a Director of the subsidiary and fixed deposits of RM100,000 of certain Directors of the subsidiary;
- v) Pledge of fixed deposit of the subsidiary inclusive of capitalised interest as disclosed in Note 20 and a fixed deposit of RM500,000 of a Director of the Company and a Director of the subsidiary;
- vi) Debenture covering fixed and floating assets of the subsidiary;
- vii) Open assignment over rental proceeds to be derived from the existing and future integrated public transportation terminals;
- viii) Open assignment over proceeds to be derived under Stage Bus Services Transformation ("SBST") Scheme;
- ix) Corporate guarantee by the Company and a related party;
- x) Guaranteed jointly and severally by certain Directors of the Company and subsidiaries;
- xi) First legal charged over the Company's building known as "SOHO IPOH" as disclosed in Note 11;
- xii) Open assignment over future rental proceeds to be derived from SOHO IPOH;
- xiii) Upfront placement of first party Fixed Term Account-I ("FTA-I") of RM2,000,000;
- xiv) Upfront placement of first or third-party Commodity Murabahah Deposit-I (CMD-i) of RM2,000,000 pledged under lien to Bank via Memorandum of Deposit and Letter of Set-off with profit on the deposit to be capitalised; and
- xv) Fresh joint and several guarantee for RM6,000,000 by the Director of the Company.



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 23. BORROWINGS (Cont'd)

### g) Term Financing-i (Cont'd)

The Company's borrowings are secured by:

- i) Fresh joint and several guarantee for RM6,000,000 by the Directors of the Company;
- ii) Guaranteed jointly and severally by the Director of the Company;
- iii) Upfront placement of first or third-party Commodity Murabahah Deposit-I (CMD-i) of RM2,000,000 pledged under lien to Bank via Memorandum of Deposit and Letter of Set-off with profit on the deposit to be capitalised; and
- iv) Upfront placement of first party Fixed Term Account-I ("FTA-I") of RM2,000,000.

The effective profit/interest rates per annum of the borrowings are as follows:

	Group		Company	
	2018 %	2017 %	2018 %	2017 %
Cash Line-i	7.35 - 8.95	7.35 - 8.75	8.10 - 8.20	7.85 - 8.00
Bank overdraft	9.40	9.15	-	-
Lease liabilities	4.81 - 7.33	4.65 - 5.12	-	-
BBA	5.30 - 5.98	5.31 - 5.60	-	-
MTF	7.05 - 8.70	6.85 - 8.50	7.05	6.85
Term loans	4.77 - 7.97	4.45 - 7.41	-	-
CMTF	7.85	7.60	7.85	7.60
Term Financing-i	5.25 - 5.50	5.25	-	-

## 24. DEFERRED CAPITAL GRANT

Deferred capital grant is in respect of a government grant provided to a subsidiary of the Group for the construction of the integrated public transportation terminal. The grant is recognised in profit or loss on a systematic basis over the useful life of the integrated public transportation terminal, which is 50 years.

	Group	
	2018 RM	2017 RM
At 1 January	8,982,000	9,181,600
Less: Amortised/recognised during the year	(199,600)	(199,600)
At 31 December	8,782,400	8,982,000
Analysed as:		
Deferred capital grant	8,782,400	8,982,000
Less: Amount due within one year (shown under current liabilities)	(199,600)	(199,600)
Non-current portion	8,582,800	8,782,400

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 25. TRADE AND OTHER PAYABLES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Trade payables	675,037	961,948	-	-
Other payables	11,592,205	1,216,404	241,492	41,877
	<b>12,267,242</b>	<b>2,178,352</b>	<b>241,492</b>	<b>41,877</b>

Trade and other payables of the Group and of the Company comprised amount outstanding for trade purchases and ongoing costs. The term granted to the Group for trade purchases were cash terms or credit period ranged from 30 to 90 days (2017: 30 to 90 days). These amounts are non-interest bearing. The Group and the Company have financial risk management policies to ensure that all payables are paid within the pre-agreed credit terms.

The amounts owing to other payables of the Group and of the Company comprised mainly of additional costs for upgrading IPTT, GST payables and advance payment received on rental of promotional spaces.

The amount owing to other payables are unsecured, interest-free and are payable upon demand.

## 26. OTHER LIABILITIES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Refundable deposits	4,681,249	4,571,417	-	-
Accruals	949,980	835,301	81,199	100,655
	<b>5,631,229</b>	<b>5,406,718</b>	<b>81,199</b>	<b>100,655</b>

Deposits received of the Group comprised mainly refundable deposits received from certain trade receivables of the Group as security deposits for trade transactions.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 27. DIVIDENDS

	Per ordinary share Sen	Total amount RM	Date of payment
First interim single tier dividend for the financial year ended 31 December 2017	0.20	2,285,896	19 May 2017
Second interim single tier dividend for the financial year ended 31 December 2017	0.25	2,857,370	15 September 2017
Third interim single tier dividend for the financial year ended 31 December 2017	0.25	3,143,497	13 December 2017
		<u>8,286,763</u>	
First interim single tier dividend for the financial year ended 31 December 2018	0.25	3,143,497	9 February 2018
Second interim single tier dividend for the financial year ended 31 December 2018	0.35	4,435,897	13 June 2018
Third interim single tier dividend for the financial year ended 31 December 2018	0.35	4,840,147	12 December 2018
		<u>12,419,541</u>	

A first single tier interim dividend in respect of the financial year ending 31 December 2019 of RM0.0025 per share amounting to RM3,556,950 was declared on 3 January 2019 and paid on 31 January 2019.

## 28. RELATED PARTIES DISCLOSURES

### a) Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability to directly control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Company have related party relationships with their subsidiaries, key management personnel and person related to the Directors of the Company. The related party balances are shown in Note 19. The related party transactions of the Group and of the Company are shown below.

### b) Related party transactions

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Transactions with subsidiaries:				
Dividends received/ receivable	-	-	16,048,817	8,984,275
Transactions with related parties:				
Rental of premises paid/ payable	<u>(24,000)</u>	<u>(48,000)</u>	<u>(24,000)</u>	<u>(48,000)</u>

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 28. RELATED PARTIES DISCLOSURES (CONT'D)

### c) Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel includes all the Directors of the Company and its subsidiaries, and certain members of senior management of the Group and of the Company.

The remuneration of the Directors of the Group and the Company are disclosed in Note 7.

The remuneration of other members of key management personnel of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Salaries, allowances and bonuses	405,324	261,727	119,000	109,000
EPF contributions	47,749	29,953	14,485	13,200
Benefits-in-kind	2,100	-	-	-
	<b>455,173</b>	<b>291,680</b>	<b>133,485</b>	<b>122,200</b>

## 29. CAPITAL COMMITMENTS

As at 31 December 2018, the Group has the following commitments in respect of property, plant and equipment as follows:

	Group	
	2018 RM	2017 RM
Approved and contracted for	<b>13,391,618</b>	63,885,619

## 30. SEGMENT INFORMATION

### a) Reporting format

Segment information is presented in respect of the Group's business segments. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

For management purposes, the Group is organised into the following four (4) operating segments:

- |      |  |   |  |
|------|--|---|--|
| i)   | Operation of integrated public transportation terminal | - | Operator of integrated public transportation terminal.   |
| ii)  | Operation of public transportation                     | - | Operator of public transportation.   |
| iii) | Operation of petrol station                            | - | Operator of petrol station.  |
| iv)  | Others   | - | Investment holding or having principal activities unrelated to operators of integrated public transportation terminal, public transportation and petrol station. |

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 30. SEGMENT INFORMATION (CONT'D)

### a) Reporting format (Cont'd)

#### Segment revenue and results

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3 (r). Segment results represent profit or loss before finance costs and tax of the segment. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

#### Segment assets

Segment assets are measured based on all assets of the segment, excluding deferred tax assets and tax assets.

#### Segment liabilities

Segment liabilities are measured based on all liabilities of the segment, excluding deferred tax liabilities and tax liabilities.

### b) Allocation basis and transfers

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

### c) Geographical information

All of the segments are operated within Malaysia.

### d) Major customer information

Revenue from external customers contributing more than 10% of the total revenue are as follows:

			Group	
			2018 RM	2017 RM
Customer A	-	Operation of integrated public transportation terminal	21,700,000	18,456,930
Customer B	-	Operation of integrated public transportation terminal	12,989,151	11,677,359
Customer C	-	Operation of public transportation	11,856,464	11,709,221
			<b>46,545,615</b>	<b>41,843,510</b>

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 30. SEGMENT INFORMATION (Cont'd)

Information regarding the Group's reportable segments is presented below:

	Operation of integrated public transportation terminal RM	Operation of public transportation RM	Operation of petrol station RM	Others RM	Total RM	Elimination RM	Consolidated RM
<b>2018</b>							
<b>Revenue</b>							
External revenue	45,845,544	28,855,914	38,814,027	-	113,515,485	-	113,515,485
Inter-segment revenue	-	1,050,000	253,160	16,048,817	17,351,977	(17,351,977)	-
Total revenue	45,845,544	29,905,914	39,067,187	16,048,817	130,867,462	(17,351,977)	113,515,485
<b>Results</b>							
Segment result	38,975,728	1,976,009	1,329,759	13,657,044	55,938,540	(16,048,817)	39,889,723
Investment revenue	201,521	37,828	65,613	173,119	478,081	-	478,081
Interest income	5,633	8,102	1,216	9,805	24,756	-	24,756
Finance costs	(3,906,423)	(2,054,882)	(403,773)	(1,234,320)	(7,599,398)	-	(7,599,398)
<b>Profit before tax</b>	35,276,459	(32,943)	992,815	12,605,648	48,841,979	(16,048,817)	32,793,162
Tax expense							3,237,086
<b>Profit for the year</b>							36,030,248
<b>Other information</b>							
Capital expenditure:							
Property, plant and equipment	112,503,776	3,770,987	888,908	-	117,163,671	-	117,163,671
Depreciation of property, plant and equipment	5,403,954	5,325,443	428,984	-	11,158,381	-	11,158,381
Amortisation of deferred capital grant	199,600	-	-	-	199,600	-	199,600

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 30. SEGMENT INFORMATION (Cont'd)

Information regarding the Group's reportable segments is presented below: (Cont'd)

2018	Operation of integrated public transportation RM	Operation of public transport RM	Operation of petrol station RM	Others RM	Total RM	Elimination RM	Consolidated RM
<b>Assets and liabilities</b>							
Segment assets	413,344,288	67,274,712	22,455,596	184,595,118	682,668,768	(177,510,269)	505,159,445
Current tax assets	35,133	166,965	(34,819)	58,881	226,160	-	226,160
Unallocated corporate assets							13,368,995
Total assets							518,754,600
Segment liabilities	154,584,510	47,232,733	6,904,133	17,343,876	226,065,252	(1,448,621)	224,616,631
Current and deferred tax liabilities	125,014	181,283	1,047,159	-	1,353,456	-	1,353,456
Unallocated corporate liabilities							9,369,426
Total liabilities							235,339,513





# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 30. SEGMENT INFORMATION (Cont'd)

Information regarding the Group's reportable segments is presented below: (Cont'd)

	Operation of integrated public transportation terminal RM	Operation of public transportation RM	Operation of petrol station RM	Others RM	Total RM	Elimination RM	Consolidated RM
<b>2017</b>							
<b>Revenue</b>							
External revenue	40,533,185	30,381,211	35,851,303	-	106,765,699	-	106,765,699
Inter-segment revenue	-	1,050,000	266,978	8,984,275	10,301,253	(10,301,253)	-
<b>Total revenue</b>	<b>40,533,185</b>	<b>31,431,211</b>	<b>36,118,281</b>	<b>8,984,275</b>	<b>117,066,952</b>	<b>(10,301,253)</b>	<b>106,765,699</b>
<b>Results</b>							
Segment result	32,726,780	4,498,078	1,497,016	7,417,095	46,138,969	(8,984,275)	37,154,694
Investment revenue	192,165	21,079	55,682	155,978	424,904	-	424,904
Interest income	8,753	9,553	842	2,466	21,614	-	21,614
Finance costs	(3,380,010)	(2,015,191)	(351,843)	(1,371,970)	(7,119,014)	-	(7,119,014)
<b>Profit before tax</b>	<b>29,547,688</b>	<b>2,513,519</b>	<b>1,201,697</b>	<b>6,203,569</b>	<b>39,466,473</b>	<b>(8,984,275)</b>	<b>30,482,198</b>
Tax expense							(1,467,026)
<b>Profit for the year</b>							<b>29,015,172</b>
<b>Other information</b>							
Capital expenditure:							
Property, plant and equipment	77,817,498	8,383,533	9,981	1,887	86,212,899	-	86,212,899
Depreciation of property, plant and equipment	3,701,488	5,178,747	398,764	34,592	9,313,591	-	9,313,591
Amortisation of deferred capital grant	199,600	-	-	-	199,600	-	199,600

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 30. SEGMENT INFORMATION (Cont'd)

Information regarding the Group's reportable segments is presented below: (Cont'd)

	Operation of integrated public transportation terminal RM	Operation of public transportation RM	Operation of petrol station RM	Others RM	Total RM	Elimination RM	Consolidated RM
<b>2017</b>							
<b>Assets and liabilities</b>							
Segment assets	310,675,343	66,558,709	17,195,275	147,823,376	542,252,703	(140,514,650)	401,738,053
Current tax assets	56,326	139,705	(1,669)	121,311	315,673	-	315,673
Unallocated corporate assets							6,012,582
Total assets							408,066,308
Segment liabilities	115,756,757	36,595,834	15,174,414	20,352,758	187,879,763	(1,534,000)	186,345,763
Current and deferred tax liabilities	174,611	193,393	1,078,521	5,500	1,452,025	-	1,452,025
Unallocated corporate liabilities							6,903
Total liabilities							187,804,691



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 31. FINANCIAL INSTRUMENTS

### Categories of financial instruments

The Group's and the Company's financial assets and financial liabilities are all categorised as amortised costs.

### Financial Risk Management Objectives and Policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk and liquidity risk.

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and of the Company's operations whilst managing its financial risks, including credit risk, interest rate risk and liquidity risk. The Group and the Company operates within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

#### i) Credit Risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries. There are no significant changes as compared to prior periods.

#### Trade Receivables

##### Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is minimised and monitored via strictly limiting the Group's associations to business partners with good credit rating.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

There are no significant changes as compared to the previous year.

##### Credit risk concentration profile

As at 31 December 2018, the Group has significant concentration of credit risk arising from the amounts owing from 4 customers (2017: 4 customers) constituting 77% (2017: 77%) of net trade receivables of the Group.

##### Exposure to Credit Risk

As at the end of the financial year, the maximum exposure to credit risk arising from receivables and financial assets is represented by the carrying amount in the statements of financial position.

In managing the exposure to credit risk, the Group receives deposits given by customers on the outstanding trade receivables from significant customers with a total balance amounting to RM3,875,925 (2017: RM3,867,925), which is 25% (2017: 37%) of the IPTT operating segment's gross trade receivables. The remaining balance or trade receivables are not secured by any collateral or supported by any other credit enhancement.

The Group and the Company does not have significant credit risk exposure to any single counterparty.

# NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

31 DECEMBER 2018

## 31. FINANCIAL INSTRUMENTS

### Financial Risk Management Objectives and Policies (Cont'd)

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

##### Recognition and measurement of impairment loss

The Group has applied the simplified approach in MFRS 9 to measure the loss allowance at lifetime expected credit losses. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Consistent with the debt recovery process, invoices which are past due more than credit term granted will be considered as credit impaired.

The Group will initiate appropriate debt recovery procedures on past due balances which are monitored by the sales management team. Where necessary, the Group will also commence legal proceeding against the customers.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency.

Loss rates are based on actual credit loss experienced over the prior years. The Group also consider differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believe that these factors are immaterial for the purpose of impairment calculation for the year.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2018 which are grouped together as they are expected to have similar risk nature.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 31. FINANCIAL INSTRUMENTS (Cont'd)

### Financial Risk Management Objectives and Policies (Cont'd)

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

##### Recognition and measurement of impairment loss (Cont'd)

	Gross RM	Individual Impairment RM	Net RM
<b>Group 2018</b>			
Neither past due nor impaired	27,185,540	-	27,185,540
Past due but not impaired:			
Up to 30 days	3,458,206	-	3,458,206
31 to 60 days	2,183,724	-	2,183,724
61 to 90 days	2,047,929	-	2,047,929
More than 90 days	1,771,048	-	1,771,048
	<b>9,460,907</b>	<b>-</b>	<b>9,460,907</b>
	<b>36,646,447</b>	<b>-</b>	<b>36,646,447</b>

##### Comparative information under MFRS 139, Financial Instruments: Recognition and measurement

The aging of trade receivables as at 31 December 2017 was as follows:

	Gross RM	Individual Impairment RM	Net RM
<b>Group 2017</b>			
Neither past due nor impaired	20,208,388	-	15,955,443
Past due but not impaired:			
Up to 30 days	95,844	-	95,844
31 to 60 days	96,350	-	96,350
61 to 90 days	23,359	-	23,359
More than 90 days	31,265	-	31,265
	<b>246,818</b>	<b>-</b>	<b>246,818</b>
	<b>20,455,206</b>	<b>-</b>	<b>20,455,206</b>

##### Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. These banks and financial institutions have low credit risks. Hence, a loss allowance is not necessary.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 31. FINANCIAL INSTRUMENTS (Cont'd)

### Financial Risk Management Objectives and Policies (Cont'd)

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

##### Other receivables and deposits

Other receivables and deposits are neither past due nor impaired. The Group believes that generally no allowance for doubtful debts is necessary in respect of other receivables and deposits that are neither past due nor impaired as these receivables and deposits are mainly arising from debtors that have good records of payment in the past.

##### Financial guarantees

##### **Risk management objectives, policies and processes for managing the risk**

The Company provides secured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to service their loans on an individual basis.

##### **Exposure to credit risk, credit quality and collateral**

The maximum exposure to credit risk amounts to RM181,769,180 (2017: RM142,405,924) representing the outstanding banking facilities of the subsidiaries as at the end of the financial year. The financial guarantees are provided as credit enhancements to subsidiaries' secured loans.

##### **Recognition and measurement of impairment loss**

The Company assumes that there is a significant increase in credit risk when a subsidiaries' financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiaries are unlikely to repay its credit obligation to the bank in full; or
- The subsidiaries are continuously loss making and is having a deficit in shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment. The financial guarantees have not been recognised since the fair value on initial recognition was not material.

##### Inter-company loans and advances

##### **Risk management objectives, policies and processes for managing the risk**

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

##### **Exposure to credit risk, credit quality and collateral**

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

##### **Recognition and measurement of impairment loss**

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded.

The Company determines the probability of default for these loans and advances individually using internal information available.

As at the year end, there were no indications of impairment loss in respect of amounts due from subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

31 DECEMBER 2018

## 31. FINANCIAL INSTRUMENTS (Cont'd)

### Financial Risk Management Objectives and Policies (Cont'd)

#### ii) Liquidity Risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations associated with financial liabilities. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. In addition, the Group and the Company maintain sufficient levels of cash and available banking facilities at a reasonable level to its overall debt position to meet their working capital requirement.



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 31. FINANCIAL INSTRUMENTS (Cont'd)

### Financial Risk Management Objectives and Policies (Cont'd)

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

The Group and the Company practice prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

#### Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Carrying amount RM	Contractual cash flows RM	Contractual Cash Flows			
			On demand/ Within 1 year RM	1 to 2 years RM	2 to 5 years RM	Over 5 years RM
<b>Group</b>						
<b>2018</b>						
<b>Financial liabilities</b>						
Trade and other payables	12,267,242	12,267,242	12,267,242	-	-	-
Other liabilities	5,631,229	5,631,229	5,631,229	-	-	-
Lease liabilities	1,597,189	1,827,802	463,712	461,484	902,606	-
Cash Line-i	36,066,085	38,933,321	38,933,321	-	-	-
Bank overdraft	23,541	25,754	25,754	-	-	-
Al Bai' Bithaman Ajil	154,449,013	224,438,829	14,684,911	17,599,731	52,799,193	139,354,994
Muamalat Term Financing	3,219,548	3,401,456	2,562,473	671,821	167,162	-
Term Financing-i	7,169,731	10,527,171	735,324	735,324	2,205,972	6,850,551
Term loans	2,856,018	3,816,054	423,936	423,936	1,271,808	1,696,374
Commodity Murabahah Term Financing	1,924,061	2,312,960	469,956	469,956	1,373,048	-
	<b>225,203,657</b>	<b>303,181,818</b>	<b>76,197,858</b>	<b>20,362,252</b>	<b>58,719,789</b>	<b>147,901,919</b>



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 31. FINANCIAL INSTRUMENTS (Cont'd)

### Financial Risk Management Objectives and Policies (Cont'd)

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

#### Analysis of financial instruments by remaining contractual maturities (Cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations. (Cont'd)

	Carrying amount RM	Contractual cash flows RM	Contractual Cash Flows ----->			
			On demand/ Within 1 year RM	1 to 2 years RM	2 to 5 years RM	Over 5 years RM
<b>Group</b>						
<b>2017</b>						
<b>Financial liabilities</b>						
Trade and other payables	2,178,352	2,178,352	2,178,352	-	-	-
Other liabilities	5,406,718	5,406,718	5,406,718	-	-	-
Lease liabilities	87,026	88,827	86,599	2,228	-	-
Cash Line-i	33,688,463	36,263,193	36,263,193	-	-	-
Bank overdraft	60,547	66,087	66,087	-	-	-
Al Bai' Bithaman Ajil	115,955,028	163,350,113	10,574,870	12,862,540	52,222,800	87,689,903
Muamalat Term Financing	7,193,147	7,783,155	4,369,411	2,576,744	837,000	-
Term Financing-i	7,500,000	11,109,136	723,490	723,490	2,170,470	7,491,686
Term loans	3,068,942	4,045,468	423,936	423,936	1,271,808	1,925,788
Commodity Murabahah Term Financing	2,232,443	2,762,916	465,347	465,347	1,396,043	436,179
	<u>177,370,666</u>	<u>233,053,965</u>	<u>60,558,003</u>	<u>17,054,285</u>	<u>57,898,121</u>	<u>97,543,556</u>

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 31. FINANCIAL INSTRUMENTS (Cont'd)

### Financial Risk Management Objectives and Policies (Cont'd)

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

#### Analysis of financial instruments by remaining contractual maturities (Cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations. (Cont'd)

	Carrying amount RM	Contractual cash flows RM	Contractual Cash Flows			
			On demand/ Within 1 year RM	1 to 2 years RM	2 to 5 years RM	Over 5 years RM
<b>Company</b>						
<b>2018</b>						
<b>Financial liabilities</b>						
Other payables	241,492	241,492	241,492	-	-	-
Other liabilities	81,199	81,199	81,199	-	-	-
Cash Line-i	13,255,394	14,338,955	14,338,955	-	-	-
Muamalat Term Financing	1,841,730	1,890,652	1,890,652	-	-	-
Commodity Murabahah Term Financing	1,924,061	2,312,960	469,956	469,956	1,373,048	-
	<b>17,343,876</b>	<b>18,865,258</b>	<b>17,022,254</b>	<b>469,956</b>	<b>1,373,048</b>	<b>-</b>
<b>2017</b>						
<b>Financial liabilities</b>						
Other payables	41,877	41,877	41,877	-	-	-
Other liabilities	100,655	100,655	100,655	-	-	-
Cash Line-i	12,694,014	13,704,491	13,704,491	-	-	-
Muamalat Term Financing	5,283,769	5,606,953	3,699,810	1,907,143	-	-
Commodity Murabahah Term Financing	2,232,443	2,762,916	465,347	465,347	1,396,043	436,179
	<b>20,352,758</b>	<b>22,216,892</b>	<b>18,012,180</b>	<b>2,372,490</b>	<b>1,396,043</b>	<b>436,179</b>



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 31. FINANCIAL INSTRUMENTS (Cont'd)

### Financial Risk Management Objectives and Policies (Cont'd)

#### iii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's and Company's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities.

#### Exposure in interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>Floating rate instrument:</b>				
Financial assets	22,650,979	24,224,731	6,071,048	5,989,822
Financial liabilities	(205,707,997)	(169,698,570)	(17,021,185)	(20,210,226)
	<u>(183,057,018)</u>	<u>(145,473,839)</u>	<u>(10,950,137)</u>	<u>(14,220,404)</u>

#### Interest rate risk sensitivity analysis

The following table details the sensitivity analysis on the floating rate instruments to a reasonably possible change in the interest rates as the end of the reporting period, with all other variables held constant:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>Effects on profit after tax</b>				
Increase of 10 basis points	(139,123)	(110,560)	(8,322)	(10,808)
Decrease of 10 basis points	<u>139,123</u>	<u>110,560</u>	<u>8,322</u>	<u>10,808</u>
<b>Effects on equity</b>				
Increase of 10 basis points	(139,123)	(110,560)	(8,322)	(10,808)
Decrease of 10 basis points	<u>139,123</u>	<u>110,560</u>	<u>8,322</u>	<u>10,808</u>

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 32. FAIR VALUE INFORMATION

### Assets and liabilities carried at fair value

The fair value measurement hierarchies used to measure non-financial assets at fair value in the statements of financial position are disclosed in Notes 12.

There were no material transfer between Level 1, Level 2 and Level 3 during the financial year.

### Financial instrument other than those carried at fair value

*Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

The carrying amounts of short term receivables and payable, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

The carrying amount of long term floating rate loans approximates their fair value as the loans will be re-priced to market interest rate on or near reporting date.

The fair values of lease liability is determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.

The following table provides the fair value measurement hierarchy of the Group's financial instruments:

Fair value of financial instrument not carried at fair value					Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	
<b>Group</b>					
<b>2018</b>					
<b>Financial liability</b>					
Lease liability (non-current)	-	-	1,007,393	1,007,393	1,234,496
<b>2017</b>					
<b>Financial liability</b>					
Lease liability (non-current)	-	-	2,102	2,102	2,220

## 33. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are to maintain a strong capital base and safeguard the Group's and Company's ability to continue as a going concern. The Group and the Company monitor and maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2018

## 33. CAPITAL MANAGEMENT (Cont'd)

The net debt-to-equity ratios at end of the reporting year are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Borrowings	207,305,186	169,785,596	17,021,185	20,210,226
Less: Fixed deposits	(14,563,073)	(12,872,529)	(4,354,093)	(4,215,295)
Less: Cash and bank balances	(9,562,318)	(12,977,241)	(1,716,955)	(1,774,527)
Net debts	<u>183,179,795</u>	<u>143,935,826</u>	<u>10,950,137</u>	<u>14,220,404</u>
Total equity	<u>283,415,087</u>	<u>220,261,617</u>	<u>167,310,123</u>	<u>127,586,429</u>
Debts-to-equity ratio	<u>65%</u>	<u>65%</u>	<u>7%</u>	<u>11%</u>

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

The Group and the Company are in compliance with all externally imposed capital requirements.

# ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2019

Total number of issued shares	:	1,422,780,350
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share held

## DISTRIBUTION OF SHAREHOLDERS

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 to 99	98	1.558	4,006	**
100 to 1,000	337	5.359	193,426	0.014
1,001 to 10,000	1,925	30.609	12,539,810	0.881
10,001 to 100,000	3,179	50.548	121,912,688	8.569
100,001 to 71,139,016	746	11.862	751,167,814	52.796
71,139,017* and above	4	0.064	536,962,606	37.740
	6,289	100.00	1,422,780,350	100.00

Notes :

\* Denotes 5% of the issued shares.

\*\* Negligible.

## SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	No. of shares held			
	Direct	%	Indirect	%
1. Dato' Sri Cheong Kong Fitt	246,080,605 <sup>*1</sup>	17.296	292,223,801 <sup>*2</sup>	20.539
2. CBS Link Sdn Bhd	209,000,001	14.690	-	-
3. Datin Sri Lim Sow Keng	83,223,800	5.849	455,080,606 <sup>*3</sup>	31.985

Notes:

\*1 Including 244,738,805 shares held through nominee companies.

\*2 Deemed interested through his spouse and his interest held in a corporation by virtue of Section 8 of the Companies Act 2016.

\*3 Deemed interested through her spouse and her interest held in a corporation by virtue of Section 8 of the Companies Act 2016.

## DIRECTORS' SHAREHOLDINGS

Name of Directors	No. of shares held			
	Direct	%	Indirect	%
1. Dato' Sri Cheong Kong Fitt	246,080,605 <sup>*1</sup>	17.296	292,223,801 <sup>*2</sup>	20.539
2. Dato' Cheong Peak Sooi	20,406,595	1.434	-	-
3. Ng Wai Luen	-	-	155,000 <sup>*3</sup>	0.01
4. Tan Sri Dato' Chang Ko Youn	-	-	-	-
5. Dato' Wan Asmadi Bin Wan Ahmad	-	-	-	-
6. Azian Binti Kassim	-	-	-	-

Notes:

\*1 Including 244,738,805 shares held through nominee companies.

\*2 Deemed interested through his spouse and his interest held in a corporation by virtue of Section 8 of the Companies Act 2016.

\*3 Deemed interested through his spouse.



# ANALYSIS OF SHAREHOLDINGS (Cont'd)

AS AT 29 MARCH 2019

## THIRTY LARGEST SHAREHOLDERS

		No. of shares held	%
1.	CBS Link Sdn Bhd	209,000,001	14.690
2.	Kenanga Nominees (Tempatan) Sdn Bhd	164,738,805	11.579
	• Pledged Securities Account for Dato' Sri Cheong Kong Fitt		
3.	Datin Sri Lim Sow Keng	82,123,800	5.772
4.	Kenanga Capital Sdn Bhd	80,000,000	5.623
	• Pledged Securities Account for Dato' Sri Cheong Kong Fitt		
5.	CIMSEC Nominees (Tempatan) Sdn Bhd	53,569,500	3.765
	• CIMB Bank for Tan Kim Heung (MY1989)		
6.	Malacca Equity Nominees (Tempatan) Sdn Bhd	49,641,700	3.489
	• Exempt an for Phillip Capital Management Sdn Bhd (EPF)		
7.	Malacca Equity Nominees (Tempatan) Sdn Bhd	41,858,600	2.942
	• Exempt an for Phillip Capital Management Sdn Bhd		
8.	CIMSEC Nominees (Tempatan) Sdn Bhd	34,320,000	2.412
	• CIMB Bank for Koh Kin Lip (MY0502)		
9.	CIMB Islamic Nominees (Tempatan) Sdn Bhd	23,500,000	1.652
	• CIMB Islamic Trustee Bhd for BIMB I Dividend Fund		
10.	Fam Kwee Hin	23,000,000	1.617
11.	Dato' Cheong Peak Sooi	20,406,595	1.434
12.	HSBC Nominees (Tempatan) Sdn Bhd	17,050,000	1.198
	• HSBC (M) Trustee Bhd for RHB Small Cap Opportunity Unit Trust		
13.	Alliancegroup Nominees (Tempatan) Sdn Bhd	16,500,000	1.160
	• Pledged Securities Account for Koh Kin Lip (7003423)		
14.	Malacca Equity Nominees (Tempatan) Sdn Bhd	16,247,740	1.142
	• Exempt an for Phillip Capital Management Sdn Bhd		
15.	CIMB Islamic Nominees (Tempatan) Sdn Bhd	15,000,000	1.054
	• PMB Investment Berhad for Majlis Amanah Rakyat		
16.	CIMSEC Nominees (Tempatan) Sdn Bhd	14,300,000	1.005
	• CIMB Bank for Rickoh Corporation Sdn Bhd (MY0507)		
17.	RHB Nominees (Tempatan) Sdn Bhd	13,419,500	0.943
	• Pledged Securities Account for Maksima Timur Sdn Bhd		
18.	Yayasan Guru Tun Hussein Onn	11,000,000	0.773
19.	Yayasan Guru Tun Hussein Onn	11,000,000	0.773
20.	HSBC Nominees (Tempatan) Sdn Bhd	9,887,000	0.695
	• HSBC (M) Trustee Bhd for RHB Smart Treasure Fund		
21.	CITIGROUP Nominees (Asing) Sdn Bhd	9,238,800	0.649
	• UBS AG		
22.	Kenanga Nominees (Tempatan) Sdn Bhd	9,050,000	0.636
	• Pledged Securities Account for Chia Kee Siong		
23.	CIMB Group Nominees (Tempatan) Sdn Bhd	7,565,970	0.532
	• Pembangunan Sumber Manusia Berhad		
24.	Malacca Equity Nominees (Tempatan) Sdn Bhd	6,224,549	0.437
	• Exempt an for Phillip Capital Management Sdn Bhd		
25.	Amanahraya Trustees Berhad	5,753,000	0.404
	• MIDF Amanah Strategic Fund		
26.	Chai Nyet Loong	5,452,280	0.383
27.	Maybank Nominees (Tempatan) Sdn Bhd	5,417,400	0.381
	• Pledged Securities Account for Law Teck Peng		
28.	Cartaban Nominees (Tempatan) Sdn Bhd	5,000,000	0.352
	• RHB Trustees Berhad for SP Tactical Investment Fund		
29.	CIMB Group Nominees (Tempatan) Sdn Bhd	4,850,000	0.341
	• Exempt an for Fortress Capital Asset Management (M) Sdn Bhd		
30.	Universal Trustee (Malaysia) Berhad	4,800,000	0.337
	• TA Islamic Fund		
		969,915,240	68.170

# ANALYSIS OF WARRANT HOLDINGS

AS AT 29 MARCH 2019

No. of warrants issued	:	531,436,450
Exercise price of warrants	:	RM0.235
Expiry date	:	19 September 2020

## DISTRIBUTION OF WARRANT HOLDERS

Size of warrant holdings	No. of warrant holders	%	No. of warrants	%
1 to 99	106	5.300	5,070	**
100 to 1,000	133	6.650	67,129	0.013
1,001 to 10,000	497	24.850	3,011,700	0.567
10,001 to 100,000	878	43.900	39,841,450	7.497
100,001 to 26,571,821	383	19.150	266,148,325	50.081
26,571,822* and above	3	0.150	222,362,776	41.842
	2,000	100.00	531,436,450	100.00

Notes :

\* Denotes 5% of the warrants issued.

\*\* Negligible.

## DIRECTORS' WARRANT HOLDINGS

Name of Directors	No. of warrant held			
	Direct	%	Indirect	%
1. Dato' Sri Cheong Kong Fitt	89,533,775	16.848	132,829,001 <sup>*1</sup>	24.994
2. Dato' Cheong Peak Sooi	9,275,725	1.745	-	-
3. Tan Sri Dato' Chang Ko Youn	-	-	-	-
4. Dato' Wan Asmadi bin Wan Ahmad	-	-	-	-
5. Azian binti Kassim	-	-	-	-
6. Ng Wai Luen	-	-	-	-

Note:

<sup>\*1</sup> Deemed interested through his spouse and his interest held in a corporation by virtue of Section 8 of the Companies Act 2016.

# ANALYSIS OF WARRANT HOLDINGS (Cont'd)

AS AT 29 MARCH 2019

## THIRTY LARGEST WARRANT HOLDERS

		No. of warrants held	%
1.	CBS Link Sdn Bhd	95,000,001	17.876
2.	Dato' Sri Cheong Kong Fitt	89,131,275	16.772
3.	Datin Sri Lim Sow Keng	37,329,000	7.024
4.	CIMSEC Nominees (Tempatan) Sdn Bhd • CIMB Bank for Tan Kim Heung (MY1989)	25,000,000	4.704
5.	Senandung Asas Sdn Bhd	12,699,000	2.390
6.	Muamalat Venture Sdn Bhd	11,708,900	2.203
7.	Dato' Cheong Peak Sooi	9,275,725	1.745
8.	Maksima Timur Sdn Bhd	5,450,000	1.026
9.	CIMSEC Nominees (Tempatan) Sdn Bhd • CIMB Bank for Teoh Kiat Kiong (MY1847)	5,000,000	0.941
10.	Yayasan Guru Tun Hussein Onn	5,000,000	0.941
11.	Yayasan Guru Tun Hussein Onn	5,000,000	0.941
12.	Alliancegroup Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Koh Kin Lip (7003423)	4,995,000	0.940
13.	Alliancegroup Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Allan Gan Chin Yong (8122098)	4,280,800	0.806
14.	CIMSEC Nominees (Tempatan) Sdn Bhd • CIMB Bank for Rickoh Corporation Sdn Bhd (MY0507)	4,000,000	0.753
15.	Maybank Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Kew Boon Gaik	4,000,000	0.753
16.	HSBC Nominees (Tempatan) Sdn Bhd • HSBC (M) Trustee Bhd for RHB Small Cap Opportunity Unit Trust	3,850,000	0.724
17.	RHB Capital Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Cheng Seow Fong	3,650,000	0.687
18.	Maybank Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Law Teck Peng	3,584,700	0.674
19.	Alliancegroup Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Lai Cheng Kuan (8058893)	3,500,000	0.659
20.	Chai Nyet Loong	3,285,400	0.618
21.	JF Apex Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Tee Jen Tong (STA1)	3,222,600	0.606
22.	Ng Wai Kin	2,920,000	0.549
23.	Maybank Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Len Book Learn	2,755,300	0.518
24.	Maybank Nominees (Tempatan) Sdn Bhd • Chang Chung Yew	2,400,000	0.452
25.	HSBC Nominees (Tempatan) Sdn Bhd • HSBC (M) Trustee Bhd for RHB Growth and Income Focus Trust	2,210,700	0.416
26.	Low Bee Lan	2,200,000	0.414
27.	AMSEC Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Tee Teow Chuan	2,110,000	0.397
28.	Alliancegroup Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Koh Kin Lip (8058900)	2,039,000	0.384
29.	Alliancegroup Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Ting Siew Pin (8059095)	2,000,000	0.376
30.	Chew Kim Hwa	2,000,000	0.376
		<b>359,597,401</b>	<b>67.665</b>

# LIST OF PROPERTIES

AS AT 31 DECEMBER 2018

Registered owner	Location / postal address	Date of Acquisition/ Valuation	Description and existing use	Tenure	Age of Building	Land area (sq m)	Gross built up area (sq m)	Audited NBV as at 31 December 2018 (RM'000)
The Combined Bus Services Sdn Bhd	Lot 506802, PN 354609, Mukim Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan/  No. 1, Persiaran Meru Raya 5, Meru Raya, 30020 Ipoh, Perak	31 December 2014  (Date of Valuation)	Commercial land with building (Terminal AmanJaya) and petrol station comprising:  a three (3)-storey integrated public transportation terminal including a basement car park  Petrol station with building comprising a petrol kiosk cum office with six (6) fuel islands and six (6) underground fuel storage tanks  The buildings' Certificate of Fitness ("CF") was dated August 2012.	Leasehold for 99 years, expiring in 2109	7 years	33,740	19,398	212,799
The Combined Bus Services Sdn Bhd	Lot 407007 & 407008, PN 408550 & 408551, Mukim Kampar, Daerah Kampar, Perak Darul Ridzuan	13 January 2016  (Date of Acquisition)	Commercial land with building pending for the buildings' CF (Terminal Kampar)	Leasehold for 99 years, expiring in 2115	-	15,033	-	1,267



# LIST OF PROPERTIES *(Cont'd)*

AS AT 31 DECEMBER 2018

Registered owner	Location / postal address	Date of Acquisition/ Valuation	Description and existing use	Tenure	Age of Building	Land area (sq m)	Gross built up area (sq m)	Audited NBV as at 31 December 2018 (RM'000)
The Combined Bus Services Sdn Bhd	Lot 107639, PN 395091, Bandar Ipoh (U), Daerah Kinta, Perak Darul Ridzuan/  E-G-2A to E-8-2A, SOHO Ipoh 2, Jalan Sultan Idris Shah, 30000 Ipoh, Perak	8 September 2017  (Date of Acquisition)	Commercial land with building comprising:  Three (3)-storey corporate office and six (6)-storey leased out  The building's CF was dated March 2017.	Leasehold for 99 years, expiring in 2113	2 years	6,076	2,934	14,093
CKS Bumi Sdn Bhd	Lot 3590, PN 341612, Mukim Lubok Merbau, Kuala Kangsar, Perak Darul Ridzuan /  Lot 3590, Jalan Industrial Satu, Kawasan Perindustrian Miel, Lubok Merbau, 33010 Kuala Kangsar, Perak	22 June 2015  (Date of Acquisition)	Petrol station with building comprising a petrol kiosk cum office with four (4) fuel islands and five (5) underground fuel storage tanks  The building's CF was dated June 2015.	Leasehold for 99 years, expiring in 2101	4 years	4,092	926	4,680
CKS Bumi Sdn Bhd	Lot 207436, PN 115497, Mukim Hulu Kinta, Tempat Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan /  Lot 207436, Jalan Chepor 11/5, Pusat Industri Seramik, 31200 Chemor, Ipoh, Perak	8 December 2014  (Date of Valuation)	Vacant industrial land. Intended to be used as head quarters for bus operation (control room), workshop and parking spaces for buses	Leasehold for 60 years, expiring in 2053	-	21,690	-	764

# LIST OF PROPERTIES (Cont'd)

AS AT 31 DECEMBER 2018

Registered owner	Location / postal address	Date of Acquisition/ Valuation	Description and existing use	Tenure	Age of Building	Land area (sq m)	Gross built up area (sq m)	Audited NBV as at 31 December 2018 (RM'000)
CKS Bumi Sdn Bhd	Lot 207437, PN 115498, Mukim Hulu Kinta, Tempat Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan/  Lot 207437, Jalan Chepor 11/5, Pusat Industri Seramik, 31200 Chemor, Ipoh, Perak	8 December 2014  (Date of Valuation)	Vacant industrial land. Intended to be used for headquarters for bus operation (control room), workshop and parking spaces for buses	Leasehold for 60 years, expiring in 2053	-	12,338	-	435
CKS Bumi Sdn Bhd	Lot 207438, PN 115499, Mukim Hulu Kinta, Tempat Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan/  Lot 207438, Jalan Chepor 11/5, Pusat Industri Seramik, 31200 Chemor, Ipoh, Perak	8 December 2014  (Date of Valuation)	Vacant industrial land. Intended to be used for headquarters for bus operation (control room), workshop and parking spaces for buses	Leasehold for 60 years, expiring in 2053	-	9,187	-	323
CKS Labur Sdn Bhd	Lot 397936, PN 346083, Mukim Ulu Kinta, Daerah Kinta, Perak Darul Ridzuan/  PT 234516, Mukim Hulu Kinta, Lebuhraya Ipoh, Lumut, 31500 Lahat, Perak	31 December 2014  (Date of Valuation)	Petrol station with building comprising a petrol kiosk cum office with five (5) fuel islands and five (5) underground fuel storage tanks  The building's CF was on July 2010.	Leasehold for 99 years, expiring in 2109	9 years	4,064	908	4,685

# LIST OF PROPERTIES *(Cont'd)*

AS AT 31 DECEMBER 2018

Registered owner	Location / postal address	Date of Acquisition/ Valuation	Description and existing use	Tenure	Age of Building	Land area (sq m)	Gross built up area (sq m)	Audited NBV as at 31 December 2018 (RM'000)
Ipoh Link Sdn Bhd	Lot 213097, PN 214575, Mukim Sungai Raya, Daerah Kinta, Perak Darul Ridzuan/  Lot PT 3100, Jalan Industri 2/2, Gopeng Industrial Park, 31600 Gopeng, Perak	31 December 2014  (Date of Valuation)	Industrial land with building comprising:  a single (1)-storey workshop factory with a double (2)-storey office  The building's CF was on March 2001.	Leasehold for 60 years, expiring in 2055	18 years	8,124	1,368	1,802
Star Kensington Sdn Bhd	Lot 227884, PN 210177, Mukim Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan/  PT 136632, Jalan Tambun, Taman Tanjung Mewah, 31250 Tanjung Rambutan, Perak	16 December 2014  (Date of Valuation)	Petrol station with building comprising a petrol kiosk cum office with five (5) fuel islands and five (5) underground fuel storage tanks  The building's CF was on May 2009.	Leasehold for 60 years, expiring in 2056	10 years	2,244	652	2,019



# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Tenth Annual General Meeting (“AGM”) of the Company will be held at Mersawa & Rengas Hall, Level 2, MU Hotel, No. 18, Jalan Chung On Siew, 30250 Ipoh, Perak Darul Ridzuan on Thursday, 23 May 2019 at 9.00 a.m. to transact the following businesses:

## AGENDA

- |    |   |                              |
|----|---|------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon.  | [Please refer to Note g]     |
| 2. | To approve the payment of Directors’ fees and benefits up to an amount of RM264,000 to be paid on a monthly basis from 24 May 2019 until the conclusion of the next AGM.  | Resolution 1                 |
| 3. | To re-elect the following Directors who retire by rotation in accordance with Clause 19.3 of the Constitution of the Company and who being eligible offer themselves for re-election:<br>a) Dato’ Cheong Peak Sooi<br>b) Mr Ng Wai Luen | Resolution 2<br>Resolution 3 |
| 4. | To re-appoint Messrs Moore Stephens Associates PLT as Auditors of the Company for the financial year ending 31 December 2019 and to authorise the Directors to determine their remuneration.  | Resolution 4                 |

## AS SPECIAL BUSINESS

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

- |    |   |              |
|----|---|--------------|
| 5. | <p><b>ORDINARY RESOLUTION</b></p> <p><b>AUTHORITY TO ISSUE AND ALLOT SHARES</b></p> <p>“<b>THAT</b>, pursuant to Sections 75 and 76 of the Companies Act 2016 (“<b>Act</b>”), and subject always to the Constitution of the Company and the approval of the relevant authorities, the Directors be and are hereby authorised to issue and allot shares in the Company at any time until the conclusion of the next AGM and to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deemed fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company (excluding treasury shares, if any) for the time being and that the Directors are also empowered to obtain the approval from the Bursa Malaysia Securities Berhad (“<b>Bursa Securities</b>”) for the listing of and quotation for the additional shares to be issued.”</p>   | Resolution 5 |
| 6. | <p><b>ORDINARY RESOLUTION</b></p> <p><b>PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY (“PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY”)</b></p> <p>“<b>THAT</b> subject to the Act, the provisions of the Constitution of the Company, the Listing Requirements of Bursa Securities (“<b>Listing Requirements</b>”) and the approval of all relevant and/or regulatory authorities, the Company be and is hereby authorised to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities, upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company, provided that:</p> <p>a) the aggregate number of ordinary shares which may be purchased and/or held by the Company as treasury shares shall not exceed 10% of the total number of issued shares of the Company as at the point of purchase; and</p> <p>b) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the Company’s audited retained profits at any point of time;</p> | Resolution 6 |

# NOTICE OF ANNUAL GENERAL MEETING (Cont'd)



## 6. ORDINARY RESOLUTION (Cont'd)

### **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY (“PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY”) (Cont'd)**

Resolution 6

**THAT** upon completion of the purchase(s) by the Company of its own shares, the Directors be and are hereby authorised to deal with the shares purchased in their absolute discretion in the following manner:

- a) cancel all the shares so purchased; or
- b) retain the shares so purchased as treasury shares (of which may be dealt with in accordance with Section 127(7) of the Act); or
- c) retain part of the shares so purchased as treasury shares and cancel the remainder; or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the Listing Requirements and any other relevant authority for the time being in force,

**THAT** such authority conferred by this resolution shall commence upon the passing of this resolution and shall continue to be in force until:

- a) the conclusion of the next AGM of the Company, at which time the said authority shall lapse, unless by an ordinary resolution passed at a meeting of members, the authority is renewed, either unconditionally or subject to conditions; or
- b) the expiration of the period within which the next AGM after that date is required by law to be held; or
- c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a meeting of members,

whichever occur first;

**AND THAT** the Directors be and are hereby authorised to take all such steps as are necessary or expedient in the interest of the Company to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities.”

- 7. To transact any other business of which due notice shall have been given in accordance with the Act and the Constitution of the Company.

By order of the Board

**CHEAI WENG HOONG**

*Company Secretary*

Ipoh

24 April 2019

# NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

## NOTES:

- a) A member of the Company entitled to attend and vote at the meeting may appoint any person to be his/her proxy to attend and vote in his/her stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy. A proxy shall have the same rights as the member to speak at the meeting.
- b) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of two (2) authorised officers of his attorney duly authorised.
- c) The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. You can also have the option to lodge the proxy appointment electronically via TIIH Online at website: <https://tiih.online> before the proxy form lodgement cut-off time as mentioned in the above. For further information on the electronic lodgement of proxy form, kindly refer to the Annexure of the Proxy Form.
- d) Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- e) Pursuant to Paragraph 8.29A of the Listing Requirements, all resolutions set out in the Notice of Tenth AGM will be put to vote on a poll.
- f) Only members whose names appear in the Record of Depositors as at 14 May 2019 will be entitled to attend and vote at the meeting.

### g) **Audited Financial Statements for financial year ended 31 December 2018**

The audited financial statements under Agenda 1 are meant for discussion only, as the provision of Section 340(1)(a) of the Act does not require a formal approval of the members and hence, Agenda 1 is not put forward for voting.

### h) **Resolution 1**

Resolution 1, if passed, will allow the Company to pay the Directors' fees and benefits as set out below in a timely manner, on a monthly basis at the end of each month, for services rendered during the course of the period from 24 May 2019 until the conclusion of the next AGM.

	<u>Director's fee per annum</u> (RM)
Non-Executive Chairman	66,000
Each Non-Executive Director	54,000

The benefits payable to the Directors up to the amount of RM36,000 comprise meeting allowances.

In the event the Directors' fees and benefits proposed are insufficient (e.g. due to enlarged Board size or additional Board meetings to be convened), approval will be sought at the next AGM for additional fees or benefits to meet the shortfall.

### i) **Resolutions 2 to 3**

The profiles of the Directors standing for re-election are disclosed under the Profile of Board of Directors on pages 6 to 8 of the Annual Report and the details of their interest in the securities of the Company are disclosed under Analysis of Shareholdings and Warrant Holdings on pages 130 to 133 of the Annual Report.

# NOTICE OF ANNUAL GENERAL MEETING *(Cont'd)*

## NOTES: (Cont'd)

### j) **Resolution 4**

The Audit Committee and the Board having assessed and satisfied with the quality of audit and services, adequacy of resources, performance, competency and independence of the external auditors, Messrs Moore Stephens Associates PLT, which are in accordance with the Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, had at their respective meetings on 21 February 2019 recommended the re-appointment of Messrs Moore Stephens Associates PLT.

Messrs Moore Stephens Associates PLT has indicated their willingness to continue their services for the ensuing year.

### k) **Resolution 5**

Ordinary Resolution 5, if passed, will give authority to the Directors of the Company to allot and issue shares of the Company up to and not exceeding 10% of the total number of issued shares of the Company (excluding treasury shares, if any) for the time being for such purposes as the Directors consider would be in the best interest of the Company without convening a meeting of members. 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 future investment project(s), working capital, repayment of bank borrowings and/or acquisition(s).

This general mandate, unless revoked or varied at a meeting of members, will expire at the conclusion of the next AGM.

### l) **Resolution 6**

Ordinary Resolution 6, if passed, will allow the Company to purchase its own shares up to 10% of the total number of issued shares of the Company. Please refer to the Statement to Shareholders dated 24 April 2019 which is enclosed together with the Annual Report of the Company for further details.

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## FORM OF PROXY

(Before completing the form please refer to the notes below)

**PERAK TRANSIT BERHAD** (831878-V)  
(Incorporated in Malaysia)

No. of shares held	CDS Account No. of Authorised Nominee

I/We \_\_\_\_\_ NRIC/Passport/Co. No. \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)  
of \_\_\_\_\_ Tel No. \_\_\_\_\_  
(ADDRESS)

being a member of **PERAK TRANSIT BERHAD**, hereby appoint:

Proxy 1 - Full Name in Block Letters	NRIC/Passport No.	No. of shares	% of shareholdings
Address:			

Proxy 2 - Full Name in Block Letters	NRIC/Passport No.	No. of shares	% of shareholdings
Address:			

or failing him/her, the Chairman of the Meeting, as my/our proxy(ies) to vote for me/us and on my/our behalf at the Tenth Annual General Meeting of the Company to be held at Mersawa & Rengas Hall, Level 2, MU Hotel, No. 18, Jalan Chung On Siew, 30250 Ipoh, Perak Darul Ridzuan on Thursday, 23 May 2019 at 9.00 a.m. or at any adjournment thereof. My/our proxy(ies) shall vote as follows:

Resolution relating to:		For	Against
1.	Approve payment of Directors' fees and benefits		
2.	Re-elect Dato' Cheong Peak Sooi		
3.	Re-elect Mr Ng Wai Luen		
4.	Re-appoint Messrs Moore Stephens Associates PLT as Auditors and to authorise Directors to determine their remuneration		
5.	Authorise Directors to issue and allot shares		
6.	Proposed Renewal of Share Buy-Back Authority		

(Please indicate with an "X" in the space provided how you wish your vote to be cast on the resolutions specified in the Notice of the Tenth Annual General Meeting. If you do not do so, the proxy(ies) will vote or abstain from voting at his/her/their discretion).

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019

\_\_\_\_\_  
Signature/Seal of Shareholder

### NOTES:

- A member of the Company entitled to attend and vote at the meeting may appoint any person to be his/her proxy to attend and vote in his/her stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy. A proxy shall have the same rights as the member to speak at the meeting.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of two (2) authorised officers of his attorney duly authorised.
- The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. You can also have the option to lodge the proxy appointment electronically via TIIH Online at website: <https://tiih.online> before the proxy form lodgement cut-off time as mentioned in the above. For further information on the electronic lodgement of proxy form, kindly refer to the Annexure of the Proxy Form.
- Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Pursuant to Paragraph 8.29A of the Listing Requirements, all resolutions set out in the Notice of Tenth AGM will be put to vote on a poll.
- Only members whose names appear in the Record of Depositors as at 14 May 2019 will be entitled to attend and vote at the meeting.

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STAMP

**The Share Registrar**

Tricor Investor & Issuing House Services Sdn Bhd (11324-H)

Unit 32-01, Level 32, Tower A

Vertical Business Suite

Avenue 3, Bangsar South

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

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## ANNEXURE TO PROXY FORM

Dear Security Holders






### **ELECTRONIC LODGEMENT OF PROXY FORM FOR GENERAL MEETING**

We are pleased to inform that security holders can have the option to lodge their proxy forms by electronic means through our system, TIIH Online (“**e-proxy form**”).

TIIH Online is a web-based facility that provides an online platform for security holders (*individuals only*) to perform lodgement of document/form electronically which includes proxy form in paperless form (“e-lodgement”). Once you have successfully lodged your e-proxy form, you are no longer required to complete and lodge the physical proxy form to the company or Tricor office.

To assist you on how to engage with e-lodgement of proxy form, kindly read and follow the guidance notes which are detailed below:










#### **1. Sign up as user of TIIH Online**

-  Using your computer, access our website at <https://tiih.online>.
-  Sign up as a user by completing the registration form. Registration is free.
-  Upload a softcopy of your MyKad (front and back) or your passport.
-  Administrator will approve your registration within one working day and notify you via email.
-  Activate your account by re-setting your password.

#### **NOTES:**

- (i) *If you are already a user of TIIH Online, you are not required to sign up again.*
- (ii) *An email address is allowed to be used once to register as a new user account, and the same email cannot be used to register another user account.*
- (iii) *At this juncture, only individual security holders are offered to register as user and participate in e-lodgement.*

#### **2. Proceed with e-lodgement of proxy form**

-  After the release of the Notice of Meeting by the Company, login with your user name (i.e. e-mail address) and password.
-  Select the corporate event: “Lodgement of Proxy Form.
-  Read and agree to the Terms & Conditions and confirm the Declaration.
-  Insert the CDS account number and indicate the number of securities for your proxy(s) to vote on your behalf.
-  Appoint your proxy(s) or chairman and insert the required details of your proxy(s).
-  Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote.
-  Review & confirm your proxy(s) appointment.
-  Proceed to pay handling fee of RM5 for each CDS account through the online FPX payment gateway.
-  Print payment receipt and e-proxy form for your record.

#### **Our Contact**

Should you need further clarification on the e-lodgement of proxy form, you can contact us at the following. Thank you.

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