www.widadgroup.com

WIDAD GROUP BERHAD
Registration No: 200901014295 (857363-U)

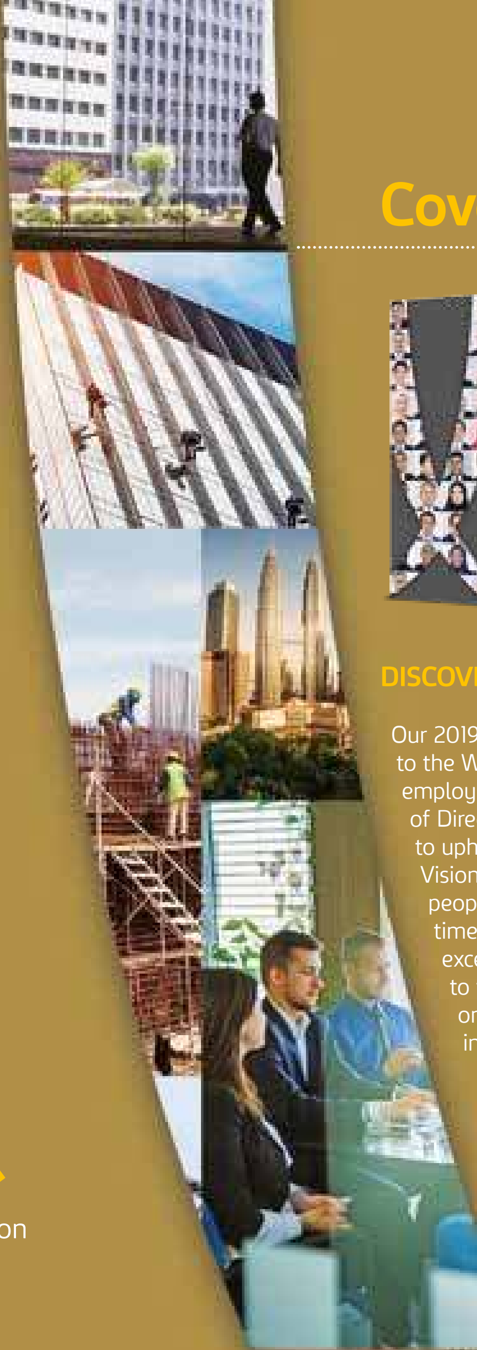
WBG Penthouse
Widad Semantan (WISE)
No. 3, Jalan Semantan
Damansara Heights
50490 Kuala Lumpur
Tel : 03-2094 0009
Fax : 03-2095 9090

WIDAD GROUP BERHAD | ANNUAL REPORT 2019

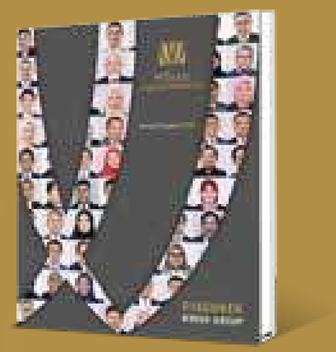
WIDAD GROUP BERHAD

Annual Report **2019**

DISCOVER
WIDAD GROUP



Cover Rationale

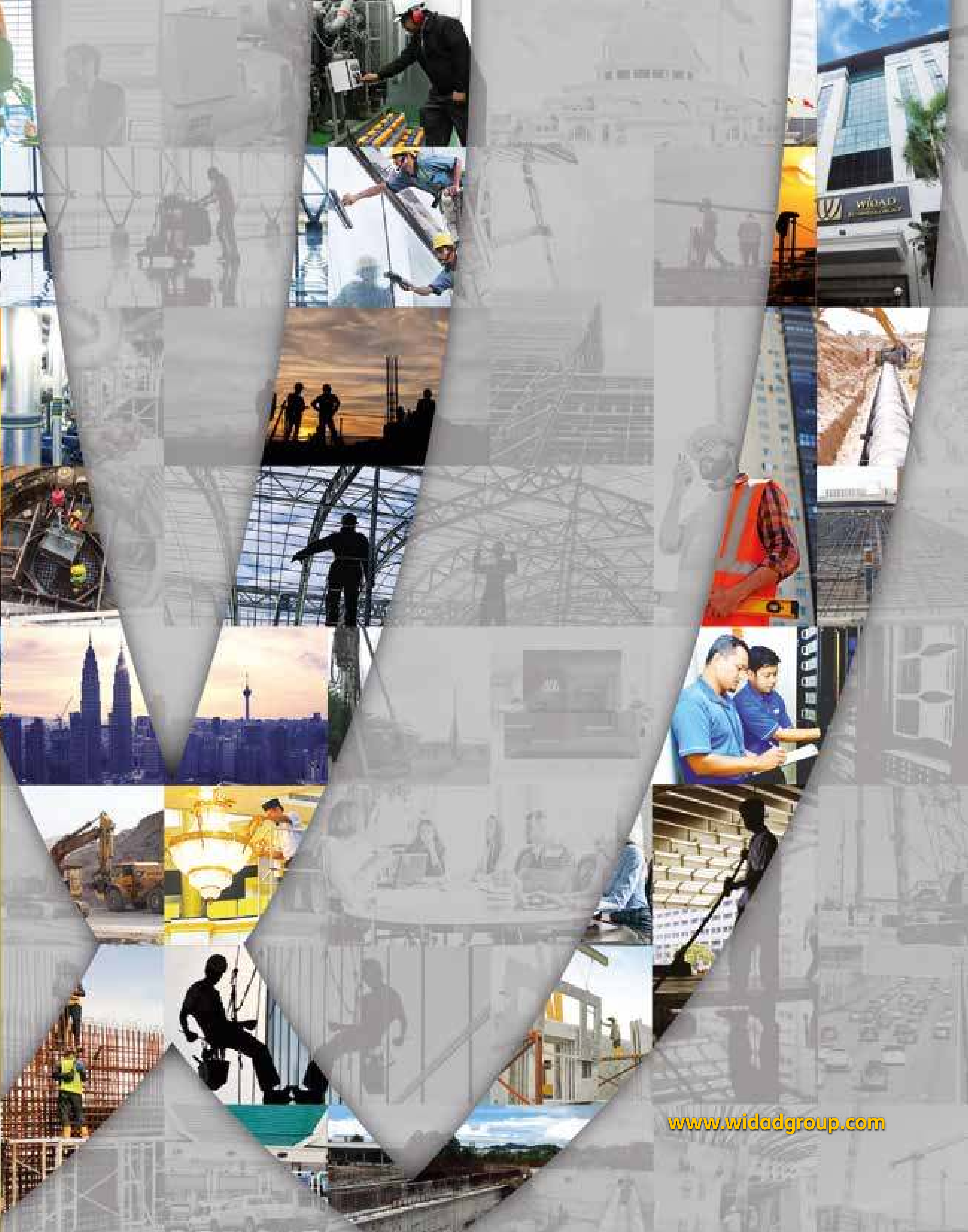


DISCOVER WIDAD GROUP BERHAD

Our 2019 Annual Report cover pays tribute to the Widad Group's diligent and dedicated employees who together with our Board of Directors and Management continue to uphold the Group's mandate to Build Visions and Create Reality. As a result of our people's quiet resilience amidst challenging times and their tireless commitment to excellence, we have been able to step up to the plate time and time again to deliver on our promises in the construction and integrated facility management segments.

Moving forward, we will continue to explore the most effective manner possible by which to tap the expertise and experience of the Group's passionate, driven and talented workforce so that we can deliver true, sustainable value to all our stakeholders across Southeast Asia.

Inside This Report


www.widadgroup.com

OUR VISION

OUR MISSION

OUR GUIDING PRINCIPLE

WIDAD GROUP BERHAD ASPIRES TO BE AT THE FOREFRONT OF NATION BUILDING AND ECONOMIC DEVELOPMENT IN SOUTH EAST ASIA. THROUGH EMPOWERING PEOPLE IN OUR ORGANISATION TO UNLEASH THEIR FULL POTENTIAL, WE CAN ENRICH THE LIVES OF OUR STAKEHOLDERS AND CONTRIBUTE MEANINGFULLY TO THE INDUSTRY AND REGION AT LARGE.

OUR CLIENTS ALWAYS COME FIRST. WE STRIVE TO CREATE A SYNERGISTIC RELATIONSHIP THAT IS SUSTAINABLE AND DELIVER PEERLESS SOLUTIONS. OUR FIRM COMMITMENT TO CONTINUOUSLY DEVELOP THE SKILLS OF OUR PEOPLE WILL FURTHER STRENGTHEN THE CAPABILITIES OF OUR ORGANISATION.

- WORTHINESS
- INGENUITY
- SYNERGY
- EFFICIENT

Corporate **Structure**

WIDAD GROUP BERHAD

- **CONCESSION**
  - WIDAD CONCESSION SDN BHD (Incorporated on 27/02/2020)
    - INNOVATIVE CITY HOLDINGS SDN BHD (Incorporated on 23/04/2020)
- **WASTE MANAGEMENT**
  - WIDAD GREEN SDN BHD
- **CONSTRUCTION & INTEGRATED FACILITY MANAGEMENT**
  - WIDAD BUILDERS SDN BHD
    - WIDAD CAPITAL SDN BHD
    - WIDAD FACILITY MANAGEMENT SDN BHD
- **RAIL**
  - WIDAD RAILWAY INFRASTRUCTURE SDN BHD

Corporate Information

BOARD OF DIRECTORS

Dato' Dr Feizal Mustapha @ Feizal Bin Mustapha
Executive Chairman

Dato' Dr Mohd Rizal bin Mohd Jaafar
Managing Director

Nor Adha Bin Yahya
Independent Non-Executive Director

Ong Kuan Wah
Independent Non-Executive Director

Tung Ghee Meng
Independent Non-Executive Director

Cheng Ming Fui
Independent Non-Executive Director

GEN (R) Tan Sri Dato' Sri Zulkiple Bin Kassim
Independent Non-Executive Director

AUDIT COMMITTEE

Ong Kuan Wah
Chairman

Nor Adha Bin Yahya
Member

Tung Ghee Meng
Member

Cheng Ming Fui
Member

NOMINATION COMMITTEE

Nor Adha Bin Yahya
Chairman

Ong Kuan Wah
Member

Tung Ghee Meng
Member

Cheng Ming Fui
Member

REMUNERATION COMMITTEE

Nor Adha Bin Yahya
Chairman

Ong Kuan Wah
Member

Tung Ghee Meng
Member

Cheng Ming Fui
Member

COMPANY SECRECTARIES

Lim Seck Wah (MAICSA 0799845)
(SSM PC No: 202008000054)

Tang Chi Hoe (Kevin) (MAICSA 7045754)
(SSM PC No: 202008002054)

Shuhilawati Tajuddin (LS0010190)
(SSM PC No: 202008001358)

REGISTERED OFFICE

Level 15-2,
Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 03-2692 4271
Fax : 03-2732 5388

PRINCIPAL PLACE OF BUSINESS

WBG Penthouse
Widad Semantan (WISE)
No. 3, Jalan Semantan
Damansara Heights
50490 Kuala Lumpur
Tel : 03-2094 0009
Fax : 03-2095 9090

REGISTRAR

Mega Corporate Services Sdn. Bhd.
Level 15-2
Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 03-2692 4271
Fax : 03-2732 5388

AUDITORS

Grant Thornton Malaysia PLT
(Member Firm of Grant Thornton International Ltd.)
Chartered Accountants
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

STOCK EXCHANGE LISTING

Stock Name : WIDAD
Stock Code : 0162

PRINCIPAL BANKERS

CIMB Bank Berhad
OCBC Bank
Maybank Berhad
Affin Islamic Bank Berhad
HSBC Amanah Malaysia Berhad

SPONSOR

M&A Securities Sdn Bhd
Level 11, No 45 & 47
The Boulevard, Mid Valley City
Lingkaran Syed Putra
59200, Kuala Lumpur
Malaysia

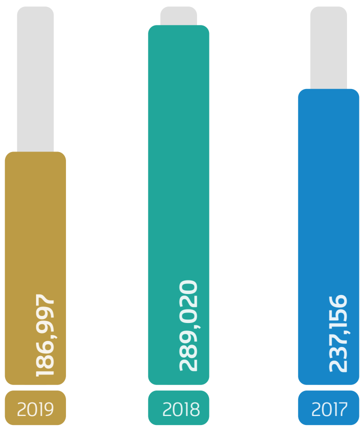
Financial **Highlights**

FINANCIAL RESULTS

	2019 RM'000	2018 RM'000	2017 RM'000
Revenue	**186,997**	289,020	237,156
Gross profit	**63,871**	74,656	76,787
EBITDA	**43,382**	41,789	54,216
Depreciation	**3,145**	2,640	2,215
Finance Cost	**9,703**	11,035	10,205
Profit before tax	**30,534**	28,114	41,796
Taxation	**18,533**	8,859	11,229
Profit after tax	**12,001**	19,256	30,567
KEY RATIOS			
Gross Profit Margin	**34.16%**	25.83%	32.38%
Net Profit Margin	**6.42%**	6.66%	12.89%
Earnings per share	**0.49**	0.92	1.71

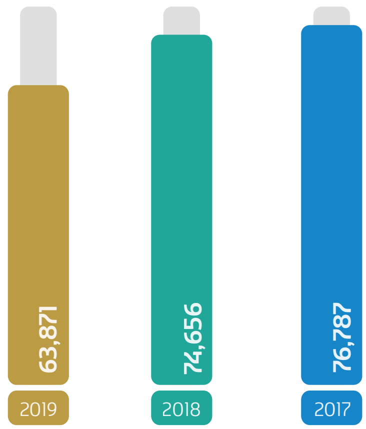
REVENUE

186.9 Mil



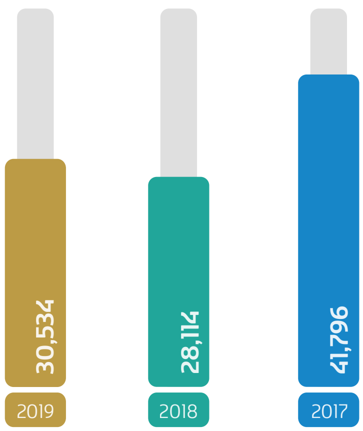
GROSS PROFIT

63.9 Mil



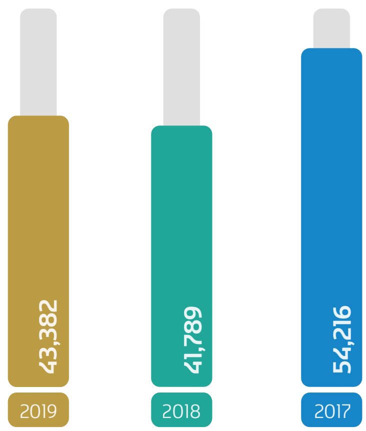
PROFIT BEFORE TAX

30.5 Mil



EBITDA

43.4 Mil



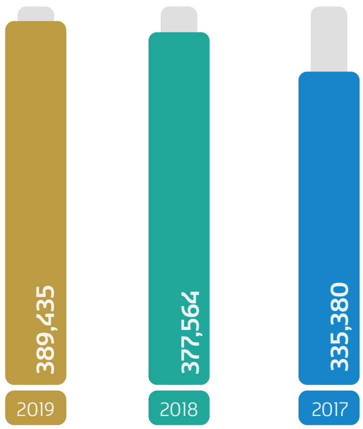
Financial **Highlights**

FINANCIAL POSITIONS

	2019 RM'000	2018 RM'000	2017 RM'000
Total assets	**389,435**	377,564	335,380
Total liabilities	**223,497**	223,627	251,963
Total Borrowings	**142,905**	147,233	185,201
Equity	**165,938**	153,937	83,417
KEY RATIOS			
Current ratio	**2.43**	2.90	2.46
Gearing	**0.86**	0.96	2.22
Gearing (net)	**0.17**	0.31	1.01
Debt to capital	**0.46**	0.49	0.69
Interest Coverage Ratio	**4.15**	3.55	5.10
NTA/Shares (sen)	**6.76**	7.32	4.68

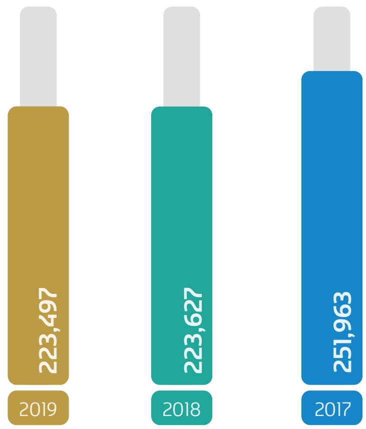
TOTAL ASSETS

389.4 Mil



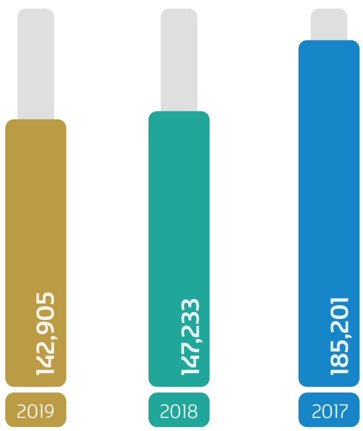
TOTAL LIABILITIES

223.5 Mil



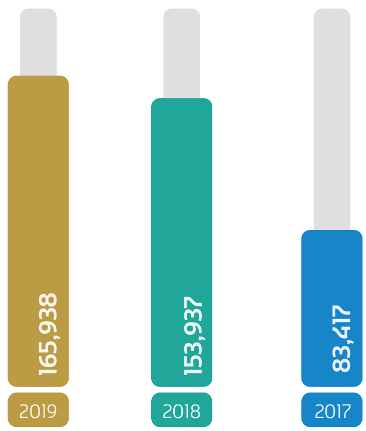
TOTAL BORROWINGS

142.9 Mil



SHAREHOLDER'S (EQUITY)

165.9 Mil



Discover Our
Strong Integrated Offering

As the Widad Group Berhad works hard to make meaningful contributions by way of nation-building and economic development activities throughout the region, we continue to leverage on our strong and holistic construction and integrated facility management offering as well as the Group's WISE Values (Worthiness, Ingenuity, Synergy and Efficient) to create and deliver intrinsic value to our stakeholders.

BUSINESS AND MACROECONOMICS TREND REVIEW

The previous global financial crisis was more than a decade ago. We have arrived at a full circle since then and are now facing full pressure again on the economic front. If 2019 is a year of slow economic growth, 2020 will see challenges with significant slowdowns and weak growth in world economics. Strong external headwinds such as the Covid 19 crisis and tumbling oil prices have collectively sent global stock exchanges into a spin. Consequently, our domestic industry and trading activities have come to a halt as well.

MANDATE AND OBJECTIVES

In FY 2019, we have successfully completed our mandates and delivered our objectives. We have continued to drive growth and innovation at Widad Group Berhad. Through the year, we accelerated business development efforts, intensified cross departmental innovation and enhanced our service driven approach in all our portfolios. Despite the increasing uncertainties and volatility throughout the world, we remain positive and confident in our vision. Widad Group Berhad will continue to build a strong business that emphasises growth, productivity and offers attractive financial values for our stakeholders.

Chairm
Statem

2019 PERFORMANCE

GROUP TOTAL REVENUE

RM187 MILLION

DESPITE THE INCREASING UNCERTAINTIES AND VOLATILITY THROUGHOUT THE WORLD, WE REMAIN POSITIVE AND CONFIDENT IN OUR VISION. WIDAD GROUP BERHAD WILL CONTINUE TO BUILD A STRONG BUSINESS THAT EMPHASIZES GROWTH, PRODUCTIVITY AND OFFERS ATTRACTIVE FINANCIAL VALUES FOR OUR STAKEHOLDERS.

DATO’ DR FEIZAL MUSTAPHA @ FEIZAL BIN MUSTAPHA
Executive Chairman

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Chairman's Statement

OUR VISION

We aspire to be at the forefront of nation building and economic development in South East Asia. We empower people in our organization to continually develop their skills and unleash their potential. Our people is groomed by our four values- Worthiness, Ingenuity, synergistic and efficiency.

Through people empowerment, we are confident to deliver direct benefits and values not just to our stakeholders, but also to the region at large.

OUR MISSION

Our stakeholders are key. We will endeavor to:

- Sustainably deliver contemporary solutions and build synergistic alliances.
- Further develop progressive skills and cultivate professionalism amongst our people.
- Further strengthen the capability and sustainability of our organisation.

2019 OBJECTIVES

In year 2019, our objectives are to ascertain how we stand out, how to create value for our investors and shareholders, how to mitigate operational cost and how to implement a more sustainable service-driven approach in our business practices. Our aim is to find new opportunities to drive engagement, and accelerate desired outcomes and distinctive results towards our sustainable growth.

2019 MARKED ANOTHER MILESTONE FOR WIDAD GROUP BERHAD WITH THE ESTABLISHMENT OF NEW SUBSIDIARIES WHICH INCLUDES WIDAD CONCESSION SDN BHD ACQUIRE IN 2020, WIDAD GREEN SDN BHD AND WIDAD RAIL SDN BHD AND ACQUISITION OF CONCESSIONAIRES.

OUR PERFORMANCE IN 2019

2019 marked another milestone for Widad Group Berhad with the establishment of new subsidiaries which includes Widad Concession Sdn Bhd acquire in 2020, Widad Green Sdn Bhd and Widad Rail Sdn Bhd and acquisition of concessionaires.

We trust our effort would better positioned the company in the future, embarking new strategies in leveraging our strengths especially in Integrated Facility Management segment, which currently is the biggest contributor for the company at about 50%. We believe that the decision we undertake will increase the social and economic values of our business, as well as the industry.

In line with our principal activities of construction and integrated facilities management (IFM), Widad Group Berhad had announced the acquisition of two UITM Campus concessions worth RM 1.7billion, through the acquisition of 100% equity interest in Innovatif Mewah Sdn Bhd (IMSB), who currently has remaining concession period of fourteen years ending January 2034 of maintenance works at UITM Campus, Seremban 3; and much earlier - the acquisition of 90% equity interest of Serendah Heights Sdn Bhd for development of infrastructure and facilities, as well as maintenance works at UITM campus in Jasin, Melaka.

As at 31st December 2019, Widad Group Berhad has a total order book of an estimated RM580 million.

PROSPECTS MOVING FORWARD AND LONG TERM OUTLOOK

Anticipating and responding to the global economic as well as Malaysia's stock Market Slowdown, we will be focusing on our diversification of IFM segments and services to the government, education and health industry.

We believe the demand and opportunities for the IFM market remains promising and we are aiming to expand our business through more acquisition of concessionaires, as this is the 'blue-ocean strategy' for our business sector.

With the Government's commitment to spur economic growth, we are optimistic to achieve our key-performance outcome and sustain financial performance this year.

OUR PEOPLE, OF COURSE, ARE THE MOST VITAL COMPONENT OF OUR SUCCESS. WITH SKILLED AND DEDICATED WORKFORCE, COMMITTED AND CONSTANTLY COMPETITIVE; PRODUCTIVITY AND QUALITY ARE ALWAYS AT A CONSISTENT AND HIGH LEVEL. OUR PEOPLE ARE THE BACKBONE OF OUR SUCCESS, AND I WOULD LIKE TO THANK THEM FOR THEIR TREMENDOUS EFFORTS.

APPRECIATION

As a listed company on Bursa Malaysia, professionalism and reliability are our key values. We have huge responsibility to our clients, shareholders and stakeholders. Our aim is to achieve our key performance outcome and continuing to deliver value to our stakeholders across the economic cycle.

I would like to thank our respective clients for their continued support and commitment; as well as our stakeholders for the trust and belief to grow and expand together with us.

Our people, of course, are the most vital component of our success. With skilled and dedicated workforce, committed and constantly competitive; productivity and quality are always at a consistent and high level. Our people are the backbone of our success, and I would like to thank them for their tremendous efforts.

Indeed, the outlook for 2020 is difficult to predict. The economic trend is still very demanding, which may lead to unprecedented repercussions to the world economy. For us at Widad Group Berhad nevertheless, with the expected completion of our acquisitions, and strong expected cash flow, we are optimistic to spearhead our business as a formidable player going ahead.

DATO' DR FEIZAL MUSTAPHA @ FEIZAL BIN MUSTAPHA
Executive Chairman

Discover Our Synergistic Advantages

By pooling together the strong track record, expertise and synergistic advantages of our diverse business segments, we are well primed to deliver high-quality projects, on time, within budget and in the safest manner possible. By ensuring our assets and resources operate in an optimal manner, we are according our clients peerless solutions and enriching experiences that keep them coming back to us time and time again.

Board of Directors

From left to right:

DATO' DR FEIZAL MUSTAPHA @ FEIZAL BIN MUSTAPHA Executive Chairman
DATO' DR MOHD RIZAL MOHD JAAFAR Managing Director
MS. CHENG MING FUI
MR. ONG KUAN WAH
MR. NOR ADHA YAHYA
MR. TUNG GHEE MENG
GEN (R) TAN SRI DATO' SRI ZULKIPLE KASSIM

Profile of **Directors**

DATO' DR FEIZAL MUSTAPHA @ FEIZAL BIN MUSTAPHA

Executive Chairman	Nationality : **Malaysian**	Gender : **Male**	Age : **53**

Dato' Dr Feizal was appointed to the Board of Widad Group Berhad as Executive Chairman on 23 November 2018.

He graduated from the University of Stirling, United Kingdom with a degree in Economics and also holds a Master's degree in Business Administration (Finance) from Cardiff University, United Kingdom. He is a Chartered Accountant member of the Malaysian Institute of Accountants, Fellow Member of Certified Practising Accountant Australia and a member of the Insolvency Practitioners Association of Malaysia.

Dato' Dr Feizal has served with the Securities Commission Malaysia (SC) in various capacities in different areas of capital markets regulation, including corporate finance, corporate governance and market oversight, for nearly two decades. His last post at the SC was as the Senior General Manager and Head, Market Development.

He has also served as the Chairman of BDO in Malaysia, a global firm providing professional services in audit, advisory and tax. He joined the firm in 2012 and provided leadership and strategic direction in developing the service streams and business areas of the firm as a whole.

Currently, he also serves as the chairman of Exim Bank Berhad. He has no family relationship with any Director and/or major shareholder of Widad Group Berhad and has no conflict of interest with Widad Group Berhad. He has not been convicted of any offences other than traffic offences, if any, within the past five (5) years and has not been imposed of any public sanction or penalty by the regulatory bodies during the financial year.

Profile of **Directors**

DATO' DR MOHD RIZAL MOHD JAAFAR

Non-Independent Executive Director/ Managing Director	Nationality : **Malaysian**	Gender : **Male**	Age : **46**

Dato' Dr Mohd Rizal was appointed as the Managing Director of Widad Group Berhad on 29 August 2018.

He graduated from the University of Malaya with a degree in Accountancy and he holds a Master of Business Administration, specializing in Islamic Banking and Finance from the International Islamic University Malaysia. Dato' Dr Mohd Rizal is also a Chartered Accountant, registered with Malaysian Institute of Accountants (MIA).

Dato' Dr Mohd Rizal started his career as a bank supervisor and served for 12 years at Bank Negara Malaysia, supervising the Islamic, Commercial and Investment Banking Institutions prior to joining Small Medium Enterprise Development Bank Malaysia Berhad ("SME Bank") in 2010 as Chief Strategy and Transformation Officer, he was involved in developing, driving and implementing transformation strategies and initiatives to rejuvenate and strengthen SME Bank. In 2013, he was promoted to the position of Group Chief Operating Officer of SME Bank, where he was responsible for the overall operations of SME Bank.

In 2015, he joined Widad Business Group Sdn Bhd as the Group Chief Executive Officer and is currently responsible for the strategic and day-to-day business direction and performance of the company.

Dato' Dr Mohd Rizal is also a Chairman of Dataprep Holdings Berhad. He is also an independent Non-Executive Board member and Chairman of Nomination and Remuneration Committee of Bank Simpanan Nasional (BSN) since October 2019. He has no family relationship with any Director and/ or major shareholder of Widad Group Berhad and has no conflict of interest with Widad Group Berhad. He has not been convicted of any offences other than traffic offences, if any, within the past five (5) years and has not been imposed of any public sanction or penalty by the regulatory bodies during the financial year.

Profile of Directors

MS. CHENG MING FUI

Independent Non-Executive Director	Nationality : **Malaysian**	Gender : **Female**	Age : **52**

Ms. Cheng was appointed to the Board of Widad Group Berhad as Independent Non-Executive Director on 4 September 2018. She is also a member of the Board's Nomination & Remuneration Audit Committee.

She graduated from the University of Sheffield, United Kingdom, with a degree in Law. She was admitted to the Malaysian Bar as an advocate and solicitor in 1999.

Ms. Cheng has served as the managing partner and founding partner of various legal firms in Kedah in the last sixteen years. Currently she is the managing partner of a Kedah-based legal firm providing consultation, litigation and drafting services for various complex transactions. Her current area of interests are matters involving land, corporate, commercial, banking, estate and taxation.

She does not hold any directorship in any other public company.

She has no family relationship with any Director and/or major shareholder of Widad Group Berhad and has no conflict of interest with Widad Group Berhad. She has not been convicted of any offences other than traffic offences, if any, within the past five (5) years and has not been imposed of any public sanction or penalty by the regulatory bodies during the financial year.

Profile of **Directors**

MR. ONG KUAN WAH

Independent Non-Executive Director	Nationality : **Malaysian**	Gender : **Male**	Age : **51**

Mr. Ong was appointed to the Board of Widad Group Berhad as Independent Non-Executive Director on 4 September 2018. He is also a member of the Board's Nomination, Remuneration Committee as well as chairman of the Audit Committee.

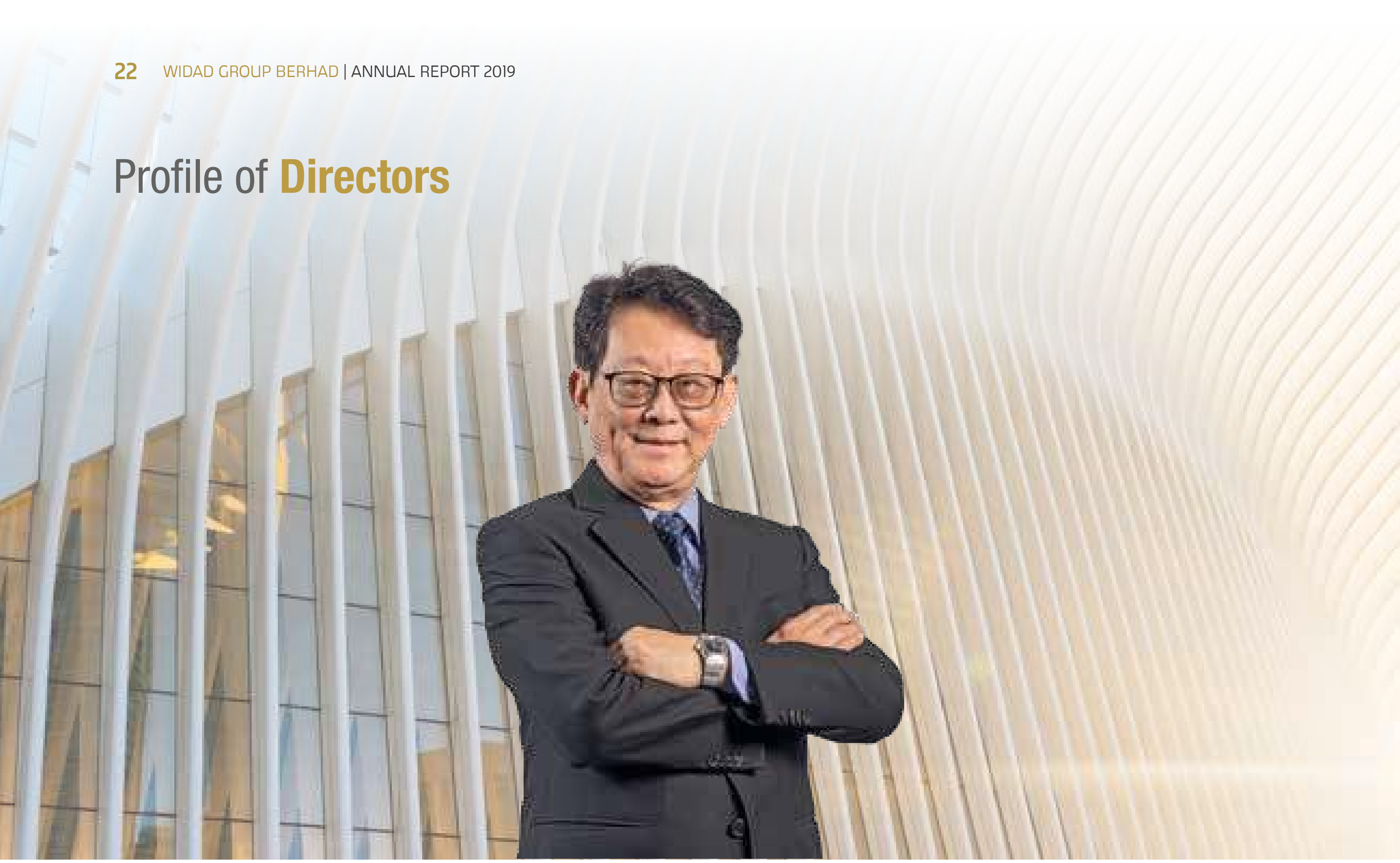
He graduated from Royal Melbourne Institute of Technology, Australia with a degree in Accounting and also holds a graduate diploma in Computing from Monash University, Australia. Mr. Ong is a Chartered Accountant member of the Malaysian Institute of Accountants and a member of the Chartered Tax Institute of Malaysia.

After graduating in 1991, Mr. Ong started his career at Kassim Chan & Co. and several other medium-sized accounting firms. He specialises in audit and tax works and has over twenty years of experience in financial management, accounting, secretarial, liquidation, internal and external audit and Malaysian tax related matters. He also owns a practice specialising in audit and tax.

He is a member of the Board of Directors of Dataprep Holdings Berhad.

He has no family relationship with any Director and/ or major shareholder of Widad Group Berhad and has no conflict of interest with Widad Group Berhad. He has not been convicted of any offences other than traffic offences, if any, within the past five (5) years and has not been imposed of any public sanction or penalty by the regulatory bodies during the financial year.

Profile of **Directors**



MR. TUNG GHEE MENG

Independent Non-Executive Director	Nationality : **Malaysian**	Gender : **Male**	Age : **65**

Mr. Tung was appointed to the Board of Widad Group Berhad as Independent Non-Executive Director on 4 September 2018. He also serves as a member of the Board's Nomination, Remuneration and Audit Committee.

He graduated from the University of London with a degree in Law and was called to the Malaysian Bar in 1995. Mr. Tung specialises in corporate and commercial law and also has wide-ranging experience in various capacities such as auditor, accountant and company secretary.

Mr. Tung has been intimately involved with business development of South African companies in Malaysia. He is one of the co-founders of Malaysian South African Business Council formed in 1996. He is also the resident director of Murray & Robert Marine Malaysia Sdn Bhd, the local subsidiary of Murray & Roberts Limited, a South African conglomerate listed in the Johannesburg Stock Exchange.

He does not hold any directorship in any other public company. He has no family relationship with any Director and/or major shareholder of Widad Group Berhad and has no conflict of interest with Widad Group Berhad.

He has not been convicted of any offences other than traffic offences, if any, within the past five (5) years and has not been imposed of any public sanction or penalty by the regulatory bodies during the financial year.

Profile of Directors

MR. NOR ADHA YAHYA

Independent Non-Executive Director	Nationality : **Malaysian**	Gender : **Male**	Age : **48**

Mr. Nor Adha was appointed to the Board of Widad Group Berhad as Independent Non-Executive Director on 26 November 2018. He also serves as the chairman of the Board's Nomination, Remuneration Committee and is a member of the Audit Committee.

He graduated from Universiti Putra Malaysia with a degree in Accounting and is a Chartered Accountant. Mr. Nor Adha is also a member of the Malaysian Institute of Accountants.

He has been Executive Director cum Chief Executive Officer of CKM Lands MRO Sdn Bhd. since 2014. Mr. Nor Adha Yahya served as Finance Director of Mizou Holdings Sdn Bhd from 2002 to 2012. Mizou Holdings was involved in providing maintenance services for projects under Dewan Bandaraya Kuala Lumpur (DBKL).

From 1994 to 1996, he started his career at Arthur Andersen & Co., an International Financial and Audit Services Firm principally involved in auditing and taxation services. From 1996 to 1999, he joined an international steel conglomerate as Finance & Accounts Executive and was initially based in Linz, Austria and in Ijmuiden, Netherlands. From 2000 to 2013, he served as Director of KPNA Corporate Services Sdn Bhd which is principally involved in the activities of providing accounting and secretarial services to small and medium enterprise/ companies in Klang Valley.

Currently, Mr. Nor Adha is a member of the Board of Directors of Dataprep Holdings Berhad. He has no family relationship with any Director and/ or major shareholder of Widad Group Berhad and has no conflict of interest with Widad Group Berhad.

He has not been convicted of any offences other than traffic offences, if any, within the past five (5) years and has not been imposed of any public sanction or penalty by the regulatory bodies during the financial year.

Profile of **Directors**

GEN (R) TAN SRI DATO' SRI ZULKIPLE BIN KASSIM

Independent Non-Executive Director	Nationality : **Malaysian**	Gender : **Male**	Age : **60**

Gen (R) Tan Sri Dato' Sri was appointed as an independent non-executive director of Widad Group Berhad in July 2019. Prior to this, He had just retire from his 42 year service in the Malaysian Army.

He started his career with Malaysian Army in January 1977 and received his military training as officer cadet at the Royal Military Academy Sandhurst United Kingdom. On 7 April 1978, he was commissioned into the Royal Malay Regiment as 2nd Lieutenant.

He has vast knowledge and experience in management, administration, leadership, training and logistic obtained from the various important positions held throughout the 42 years. Amongst the important positions held by him were as Director of Infantry at Army HQ, commander 4th brigade (mechanise), Director of Veteran Affairs, General Officer Commanding 4th Infantry Division, Commander Army Field Command and Chief of Army Malaysia.

Currently, Gen (R) Tan Sri Dato' Sri is a member of the Board of Directors of Pasdec Holdings Berhad. He has no family relationship with any Director and/or major shareholder of Widad Group Berhad and has no conflict of interest with Widad Group Berhad.

He has not been convicted of any offences other than traffic offences, if any, within the past five (5) years and has not been imposed of any public sanction or penalty by the regulatory bodies during the financial year.

People & Performance

TO CONTINUOUSLY NURTURE AND MAINTAIN A HIGHLY UNITED AND PROGRESSIVE GROUP OF PEOPLE WITH STRENGTH IN CHARACTER AND COMMITMENT TO EXCELLENCE.

Key Senior Managem

From left to right:

MS. SHUHILAWATI TAJUDDIN
MR. NOR AZLAN ZAINAL
IR MOHD SYASWAN SAMSUDIN
DATO' JULAINI JUSOH
DATO' DR MOHD RIZAL MOHD JAAFAR Managing Director
DATO' DR FEIZAL MUSTAPHA @ FEIZAL BIN MUSTAPHA Executive Chairman

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Profile of Key Senior Management

DATO' DR FEIZAL MUSTAPHA @ FEIZAL BIN MUSTAPHA

Executive Chairman	Nationality : **Malaysian**	Gender : **Male**	Age : **53**

Dato' Dr Feizal holds a Bachelor of Arts (Economics) from University of Stirling, UK, and a Master in Business Administration (Finance) from Cardiff University, UK. He is a Chartered Accountant member of the Malaysian Institute of Accountants, Fellow Member of Certified Practising Accountant Australia and a member of Insolvency Practitioners Association of Malaysia.

After nearly two decades with the Securities Commission Malaysia (SC) from 1999-2012, he served in various capacities in different areas of capital markets regulation, including corporate finance, corporate governance and market oversight. In 2012, Dato' Dr Feizal joined BDO in Malaysia, where he provided leadership and strategic direction as Chairman.

A seasoned capital markets practitioner in the regulatory, corporate finance and financial advisory fields, Dato' Dr Feizal was appointed to the board of Widad Group Berhad in 23 November 2018 as Executive Chairman.

Currently, he also serves as the chairman of Exim Bank Berhad. He has no family relationship with any Director and/or major shareholder of Widad Group Berhad and has no conflict of interest with Widad Group Berhad.

He has not been convicted of any offences other than traffic offences, if any, within the past five (5) years and has not been imposed of any public sanction or penalty by the regulatory bodies during the financial year.

Profile of Key Senior Management

DATO' DR MOHD RIZAL MOHD JAAFAR

Non-Independent Executive Director/ Managing Director	Nationality : **Malaysian**	Gender : **Male**	Age : **46**

Dato' Dr Mohd Rizal holds a Bachelor of Accountancy (Hons) from Universiti Malaya and a Master of Business Administration in Islamic Banking and Finance from the International Islamic University Malaysia. He is also a Chartered Accountant under the Malaysian Institute of Accountants.

Dato' Dr Mohd Rizal started his career as a bank supervisor and served for 12 years at Bank Negara Malaysia, supervising the Islamic, Commercial, and Investment Banking Institutions Department prior to joining Small Medium Enterprise Development Bank Malaysia Berhad ("SME Bank") in 2010.

He was involved in developing, driving and implementing transformation strategies and initiatives to rejuvenate and strengthen SME Bank. In 2013, he was promoted to the position of Group Chief Operating Officer of SME Bank. In 2015, he joined Widad Business Group Sdn Bhd as the Group CEO and was appointed to the board of Widad Group Berhad on 29 August 2018 as the Managing Director.

Dato' Dr Mohd Rizal is also a member of the Board of Directors of Dataprep Holdings Berhad and Bank Simpanan Nasional ("BSN"). He has no family relationship with any Director and/ or major shareholder of Widad Group Berhad and has no conflict of interest with Widad Group Berhad.

He has not been convicted of any offences other than traffic offences, if any, within the past five (5) years and has not been imposed of any public sanction or penalty by the regulatory bodies during the financial year.

Profile of **Key Senior Management**

DATO' JULAINI JUSOH

Chief Operating Officer, Integrated Facilities Management	Nationality : **Malaysian**	Gender : **Male**	Age : **50**

Dato' Julaini holds a Mechanical Engineering graduate from University of Science Malaysia. He began his career as a mechanical engineer with Sharp-Roxy (M) Sdn Bhd from 1994-1997. Between 1997-2001, he later moved to BMES Maintenance Services Sdn Bhd as Area Manager, and then took on the role as General Manager at Gemilang Maintenance Services Sdn Bhd (GMS) in 2001. At GMS, Dato' Julaini was promoted to Chief Operating Officer in 2009, and was responsible for the company's daily operations and financials. After a decade at GMS, he joined Widad Builders Sdn Bhd ("WBSB") as Chief Operating Officer in 2011.

He was promoted to Managing Director at WBSB in 2012, where he was and still is actively involved in managing the facilities management for JB Sentral Building in Johor Bahru, and Istana Negara, Kuala Lumpur.

Under his direct management, WBSB has been awarded 'The Best Facilities Management (Building Category) 2014' by Public Works Department Malaysia for the JB Sentral Facilities Management Contract.

Dato' Julaini does not hold any directorship in any other public company. He has no family relationship with any Director and/or major shareholder of Widad Group Berhad and has no conflict of interest with Widad Group Berhad. He has not been convicted of any offences other than traffic offences, if any, within the past five (5) years and has not been imposed of any public sanction or penalty by the regulatory bodies during the financial year.

Profile of **Key Senior Management**

IR MOHD SYASWAN SAMSUDIN

Chief Operating Officer, Construction	Nationality : **Malaysian**	Gender : **Male**	Age : **39**

Ir Mohd Syaswan holds a Bachelor in Civil Engineering (Hons) in Universiti Teknologi Malaysia, Johor. Apart from being the Group's Construction division Chief Operating Officer, he is also the Executive Director of Widad Builders Sdn Bhd ("WBSB") since 2010 and the Executive Director of Group Technical and Quality Assurance Division for WBSB.

Prior to joining Widad Group Berhad, Ir. Mohd Syaswan worked at Cempaka Muda Sdn Bhd, where he served as a project engineer handling the day to day construction operations from 2003- 2005.

He then joined TN Perunding Consulting Engineers as Civil & Structural Design Engineer for two years (2005-2007), followed by Pembinaan BLT Sdn Bhd from 2007- 2010, a wholly owned company under the Ministry of Finance.

Ir Mohd Syaswan does not hold any directorship in any other public company. He has no family relationship with any Director and/or major shareholder of Widad Group Berhad and has no conflict of interest with Widad Group Berhad.

He has not been convicted of any offences other than traffic offences, if any, within the past five (5) years and has not been imposed of any public sanction or penalty by the regulatory bodies during the financial year.

Profile of **Key Senior Management**

MR. NOR AZLAN ZAINAL

Chief Financial Officer	Nationality : **Malaysian**	Gender : **Male**	Age : **50**

Mr. Nor Azlan holds a Bachelor of Accountancy (Hons) from Universiti Teknologi MARA in 1993. He is also a Chartered Accountant under the Malaysian Institute of Accountants. Mr. Nor Azlan began his career at Ernst & Young, until he was admitted to the Malaysian Institute of Accountants.

Subsequently, he joined Guolene Paper Products Sdn Bhd (a subsidiary of Hong Leong Group) Packaging Division in 1997 as an accountant before moving on to Golden Pharos Berhad in 1998 as Chief Financial Officer.

In 2004, he co-founded and assumed the role as Chief Executive Officer of Right Balance Sdn Bhd, a diversified group with interests in oil and gas, transportation, and trading of wood products. In 2018, he joined Widad Business Group Sdn Bhd as Group CFO.

Mr. Nor Azlan does not hold any directorship in any other public company.

He has no family relationship with any Director and/or major shareholder of Widad Group Berhad and has no conflict of interest with Widad Group Berhad. He has not been convicted of any offences other than traffic offences, if any, within the past five (5) years and has not been imposed of any public sanction or penalty by the regulatory bodies during the financial year.

Profile of **Key Senior Management**

MS. SHUHILAWATI TAJUDDIN

Company Secretary	Nationality : **Malaysian**	Gender : **Female**	Age : **45**

Ms. Shuhilawati is a licensed company secretary by the Companies Commission of Malaysia and also a member of the Institute of Chartered Secretaries and Administrators ("ICSA") with London Chamber of Commerce & Industry ("LCCI") qualification.

From 2003, she has been working as a Senior Assistant to the Company Secretaries at Alor Setar Business Centre Sdn Bhd before joining Alfaiz Holdings Sdn Bhd and its group of companies as Internal Company Secretary in 2017.

At present, she was hired as internal Company Secretary for Widad Business Group Sdn Bhd and its group of companies.

Ms. Shuhilawati does not hold any directorship in any other public company. She has no family relationship with any Director and/or major shareholder of Widad Group Berhad and has no conflict of interest with Widad Group Berhad.

She has not been convicted of any offences other than traffic offences, if any, within the past five (5) years and has not been imposed of any public sanction or penalty by the regulatory bodies during the financial year.

Discover Our
Robust Workforce

To maintain our competitive edge, we continue to empower our diverse functional workforce with the right skills and tools so they can unleash their true potential and perform to the best of their abilities. Thanks to our people's collective competencies and experiences, we are more than able to meet and exceed our clients' expectations as well as achieve business goals in a focused, cohesive and effective manner.

Our Solutio

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Construction, Civil & Engineering

Widad Group Berhad has a long-built experience in delivering quality services across a wide-range of construction and infrastructure works. Backed by our efficient processes, latest technologies and strong in-house talent, Widad Group Berhad offers end-to-end construction services for our clients from planning and designing to financing and completing a project.

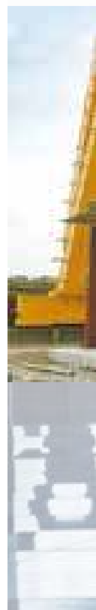
Over the years, we have successfully completed various construction and infrastructure works such as roads (single and dual carriageway), earthworks and water supply (rural and urban), to name a few - all complete with necessary mechanical and electrical systems.

Our strong track record in completing projects as scheduled and well within cost estimates, have earned the trust and support from our clients, among which include government agencies and well-known corporate names. Our ability to offer a diversified range of construction and civil engineering services, positions Widad Group Berhad as a one-stop centre for our existing and prospective clients.

Below are the work scope for our construction and civil engineering segments are as follows:

CIVIL ENGINEERING WORK SCOPE

- General Civil Engineering Work
- Bridges, Jetties & Marine Structures
- Water Retaining Structures
- Sewerage Systems
- Flood Mitigation Systems
- Irrigation & Drainage Systems
- Joint Boxes and Duct Construction
- Manholes for Cable Networks



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Services

PILING WORKS

- In situ concrete
- Precast reinforced concrete
- Steel
- Timber

BITUMINOUS ROAD SURFACE, ROAD SIGNS AND MARKINGS

- Guard Rail Barriers
- Milestones, etc

OTHERS

- Sub soil drainage
- Water distribution network
- Steel structural works
- Precast reinforced or non-reinforced concrete beams, kerbs, culverts & drains

CONSTRUCTION WORK SCOPE

- Jungle Clearing & Land Preparation Works
- Mechanical Sanitation & Water Engineering Works

Our Solutions & Services

Integrated Facilities Management

We are one of the leading Integrated Facilities Management ("IFM") services providers in Malaysia. With nearly 2 decades of experience in the domestic IFM scene, we have served various types of built environments that were in different stages of their asset lifecycle. The IFM services essentially emphasise on the coordination of space, infrastructure and people, often associated with the administration of among others, office blocks, schools, complexes, convention centres and hotels.

At Widad Group Berhad, we remain committed to deliver stellar, high quality IFM services to our clients from a diverse range of industries, while strictly complying to international quality management standards. The Group strives to sustain peak efficiency in our customers' facilities, by consistently exceeding customers' expectations, while maintaining the safety and comfort. Top-notch technologies and talent are central to our IFM services as we deliver a high level of competency across our services.

Widad Group Berhad's IFM services comprises 3 main categories as follows:

SCHEDULED MAINTENANCE | AD HOC MAINTENANCE | UPGRADING & RENOVATION

SCOPE OF SERVICES

Property Management
Interior & exterior building cleaning. Hard & soft landscaping. Security & monitoring. Pest & hygiene control. Garbage disposal services. Swimming pool maintenance.

Mechanical & Electrical
Air-conditioning system. Fire prevention system. Electrical & lighting system. Lifts, escalators & walkalators.

Civil & Structural
Civil engineering works. Building works. Mechanical sanitary & water engineering works. Jungle clearing & land preparation. Specialist civil engineering works.



TYPES OF MAINTENANCE

PROACTIVE MAINTENANCE	PREVENTIVE MAINTENANCE	PREDICTIVE MAINTENANCE	CORRECTIVE MAINTENANCE
Involves usage of specialised tools and equipment to identify, repair and solve equipment problems at an early stage.	Involves maintenance works performed on a planned schedule which includes inspection, servicing and cleaning.	Involves using high end monitoring tools to detect any malfunctions early before any breakdown can occur.	Involves immediate repair works due to equipment or machinery failure.

OTHER AREAS OF EXPERTISE

- Facilities Management
- Mobilisation and Demobilisation Management
- Transition Management
- Financial Management
- Utilities Management
- Quality Management
- Risk Management
- Health, Safety and Environmental Management
- Human Resource Management
- Customer Care Management
- Incident Response and Disaster Recovery Management
- Procurement Management
- Inventory Management
- Operation and Maintenance Management
- Information System Management
- Management Review and Reporting
- Warranty Management
- Energy Management and Conservation
- Waste and Redundant Materials
- Technical Library
- Security Management
- Event Management
- Asset Condition Appraisal



Management Discussion And Analysis

COMPANY OVERVIEW

Listed on the ACE Market of Bursa Malaysia Securities Berhad, Widad Group Berhad is an investment holding company with subsidiaries principally involved in construction and integrated facilities management ("IFM").

Widad Group Berhad has long-built experience in delivering quality services across a wide range of construction and infrastructure works. Widad Group Berhad offers end-to-end services from planning, designing, financing and completing a project. To-date, Widad Group Berhad has completed various projects such as roads, bridges, earthworks, sewerage treatment plants, water distribution system and dam.

With regards to facilities management, Widad Group Berhad is known to be one of a leading IFM service provider in Malaysia with nearly two decades of experience. We have served various type of built environments that were in different stages of their asset lifecycle. Our IFM services, which involves the provision of management, operations and maintenance services, are essentially an interdisciplinary field dedicated to the co-ordination of space, infrastructure, people and organisations, and is often associated with the administration of, among others, office blocks, complexes, schools, convention centres and hotels.

OPERATIONAL HIGHLIGHTS

Overall, 2019 was a challenging year for the construction sector, recording slower growth of 1.2% (2018 : 4.3%). The uncertainties in domestic political and macroeconomics environment slowed down the sector as there have been no new catalyst projects while existing mega projects were either cancelled or deferred. Competitions were very stiff as many players were battling for limited number of projects available for tender.

Construction

During the year, we have successfully completed a project to upgrade school laboratory for schools in the Northern Region. Our on-going projects comprise construction of sewerage treatment plants and pipe network in Northern Region, road and bridges works in Central Region and construction of 301 units of single storey terrace house for government servants in Papar, Sabah.

Despite the challenging business environment, our construction division managed to secure a contract to construct a 200-bed multidisciplinary private hospital in April 2019 worth RM190 million and a contract to design and build a new Waste Transfer Station in Central Region in September 2019 worth RM120 million. Our order book stood at RM 338.71 million as at 31 December 2019.

IFM

In March 2019, Widad Group Berhad completed a contract to provide IFM service to JB Sentral building in Bukit Chagar, Johor Bahru. This segment continues to serve the existing IFM services contract to National Palace in Central Region which will run until 2022.

Leveraging on our strong track record in maintaining an A-grade building, Widad Group Berhad IFM will continue pursuing new business prospects while strengthening our internal capabilities.

Corporate development

As part of our expansion strategy and in furtherance of our competitive position and sustainability, Widad Group Berhad embarked into strategic acquisitions of concessionaire companies during the year.

- On 19 February 2020, Widad Group Berhad entered into Conditional Share Sale Agreement with shareholders of Serendah Heights Sdn Bhd ("SHSB") for the proposed acquisition of 100% equity interest in SHSB for a purchase consideration of RM127 million. SHSB via its wholly-owned subsidiary, YBK Usahasama Sdn Bhd ("YBKU") holds a concession to construct facilities and infrastructure and to carry out maintenance of Universiti Teknologi MARA ("UiTM") campus in Jasin, Melaka. As at 31 December 2019, YBKU has a remaining concession period of another 14 years ending 2034 totalling RM861.58 million.
- On 27 November 2019, Widad Group Berhad entered into Head of Agreement ("HoA") with shareholders of Innovative Mewah Sdn Bhd ("IMSB") with a view to acquire 100% equity interest in IMSB for a purchase consideration of RM122 million. IMSB owns a concession to construct facilities and infrastructure and to carry out maintenance of a UiTM campus in Seremban, Negeri Sembilan. As at 31 December 2019, IMSB has a remaining concession period of another 14 years ending 2034 valued at RM838.76 million.

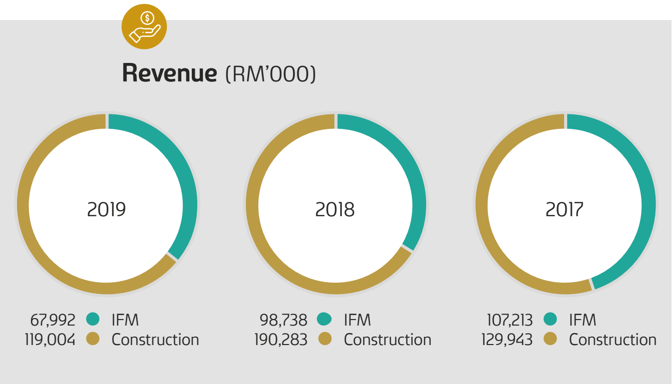
Both proposals are expected to provide the Group with a sustainable stream of recurring earnings and cashflow over the remaining concession period.

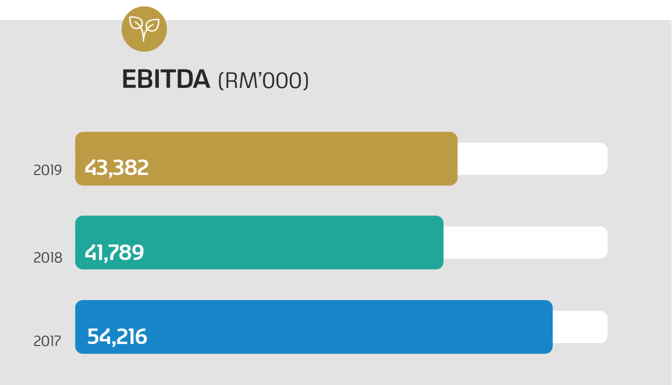
Management **Discussion And Analysis**

FINANCIAL REVIEW

Financial Results

For FYE2019, Widad Group Berhad registered a revenue of RM187.00 million, a decrease of 35.30% from RM289.02 million for the financial year ended 31 December 2018 ("FYE2018").





The Construction segment contributed RM119.00 million or 63.64% while IFM segment contributed RM67.99 million or 36.36% to the Group revenue. Both segments recorded lower revenue during FYE2019 due to completion of projects, namely upgrading of school laboratory for schools in Northern Region and JB Sentral facilities management in Southern Region.

In tandem with the decrease in revenue, gross profit decreased by RM10.78 million or 14.44% against preceding financial year. However, gross profit margin improved to 34.16% for FYE2019 against 25.83% in FYE2018. IFM segment contributed RM37.88 million or 59.31% of total gross profit while construction segment contributed RM25.99 million or 40.69%.

Despite recording lower revenue for FYE 2019, Widad Group Berhad managed to achieve higher EBITDA by 3.81% or RM 1.59 million and higher profit before tax by 8.61% or RM2.42 million against FYE2018 mainly due to better profit margin for both construction and IFM segment, reduction of finance costs by RM1.33 million as a result of repayment of Sukuk principal amounting RM20.00 million each in FYE2018 and FYE2019 and absence of one-off reverse acquisition expenses amounting RM7.10 million in FYE2018.

Income tax expense increased to RM18.53 million in FYE2019 from RM8.86 million in FYE2018 mainly due to additional tax expenses amounting RM7.55 million for the financial periods from 2014 to 2016. As a result, the Group recorded lower profit after tax of RM12.00 million as compared to RM19.26 million in FYE2018 and hence reduced earnings per share to 0.49 sen in FYE2019 against 0.92 sen in FYE2018.

Financial Position

The Group's liquidity position is upheld during FYE2019 despite of lower current ratio recorded in FYE2019. Current liabilities increased as at end of FYE2019 due to higher utilisation of overdraft and trade bills towards the year end and additional tax liability for financial years 2014 to 2016.

The Group's total borrowings decreased by 2.94% to RM142.90 million as at FYE2019 from RM147.23 million as at FYE2018 due mainly to repayment of Sukuk principal amounting RM20.00 million and increase utilisation of overdraft and trade bills. Consequently, the Group's gearing ratios improved against preceding financial year.

On the back of RM115.11 million in cash, bank and fixed deposit (FYE2018 : RM99.64 million), the Group is on the solid footing to meet its debt payment obligations. During the year, RAM Ratings has reaffirmed the AA2 rating of our Sukuk Murabahah Programme and revise the rating outlook from stable to positive.

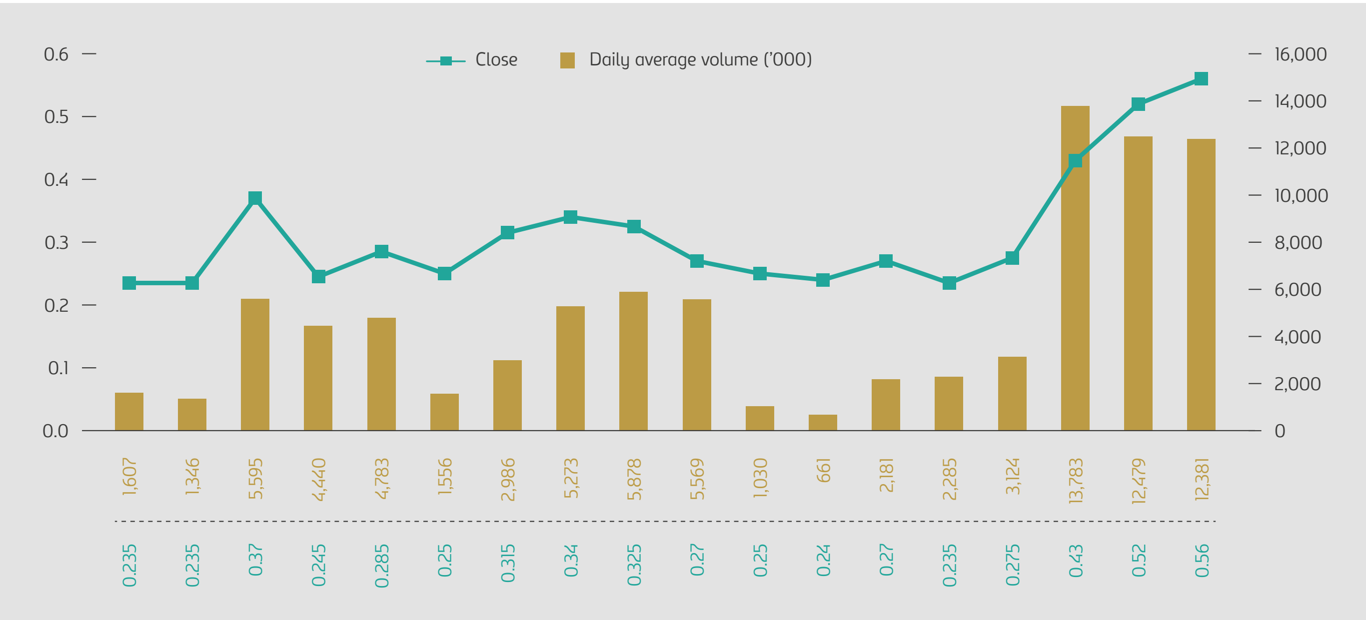
Management Discussion And Analysis

Cashflow

	2019 RM'000	2018 RM'000
Net cash flows from/(used in) operating activities	**26,754**	(46,281)
Net cash flows from investing activities	**914**	17,588
Net cash flows (used in)/from financing activities	**(16,571)**	39,475
Net increase in cash and cash equivalents	**11,097**	10,782

The Group generated net cash inflow from operating activities in FYE2019, a marked improvement from net outflow recorded in FYE2018. Overall, the Group net cashflow for FYE2019 exceeded FYE2018 by 2.92%.

SHARE PERFORMANCE



OUTLOOK AND PROSPECT

The global and domestic economy which was initially forecasted to record modest recovery in 2020 was jolted by the sudden outbreak of an unprecedented COVID-19 virus. On 31 March 2020, the World Bank revised its GDP target for Malaysia to -0.1% in 2020 from an earlier forecast of 4.5% growth. In early April 2020, Bank Negara Malaysia has forewarned that Malaysia will not be spared from the global growth contraction and forecast that the economy will grow between -2% to 0.5% in 2020, with output expected to decline across all sectors, except for the services sector.

In line with this, the domestic construction industry is forecast to encounter another challenging year with growth expected to drop dramatically to -1.9% in 2020 in comparison growth of 0.1% in 2019. Nonetheless, the unprecedented nature and scale of RM250 billion economic and monetary stimulus package announced by the Government, particularly the higher spending on infrastructure, is expected to cushion the disruptions in construction industry.

Management Discussion And Analysis

Despite the uncertainties, Widad Group Berhad is cautiously optimistic with its performance in 2020, on the back of its order book approximately RM 579.68 million and the proposed acquisition of concessions which will provide recurring earnings and cashflows for the next fourteen years. On 13 May 2020, Widad Group Berhad entered into a Collaboration Agreement with Stoika Sdn Bhd in relation to facilities management programme involving disinfectant coating treatment. This collaboration is expected to enhance integrated facilities management service offerings and potentially expand the revenue and customer base.

In strengthening its order book and to weather the potential adverse impact of COVID-19, Widad Group Berhad will remain steadfast in tendering for new projects, continuous identification of business partners for collaboration, identification of businesses for acquisitions and adopting the 'new normal' in doing business to remain relevant.

ANTICIPATED RISKS

Key Area	Risk	Description	Mitigation measures
EXTERNAL	Competition	In times of slow growth, many players compete for smaller number of jobs.	Continuous review of business strategies to enhance service offerings, quality and price competitiveness.
OPERATIONAL	Overreliance on public sector contracts	As 100% of revenue comes from contract with Government, Widad Group Berhad is susceptible to changes in government policies.	Participated in tenders from the government-linked companies, private sectors and commercial. Continuous identification of opportunities to collaborate and acquire businesses.
OPERATIONAL	Substandard performance by sub-contractors	Contractors' incompetency, technically and financially, may disrupt project delivery and cost overruns.	Widad Group Berhad project team continuously monitor, supervise and evaluate the work quality and progress of each contractor. Whenever necessary, induction and training will be provided while warning is issued from time to time to ensure contractors meets expectations.
OPERATIONAL	Post Covid-19	Slower pace of execution of construction works.	Progress of construction is largely at the advance stage. Widad Group Berhad has implemented relevant SOPs enforced by the government to avoid works stoppage.

DIVIDEND

Widad Group Berhad presently does not have any formal dividend policy. The ability to pay dividends to shareholders is subject to financial performance, cashflow position, availability of distributable reserves and capital expenditure plans.

Sustainability Report

INTRODUCTION

The Board of Directors acknowledges the importance of corporate social responsibility ("CSR") and strives to fulfil the expectation of its stakeholders by enhancing its social, environmental and economic performance while ensuring the sustainability and operational success of the company.

Sustainability is an integral part of the Group's business and the Group's corporate responsibility practices focus on five areas - Environment, Workplace, Services, Market Place and Community, which aims to deliver sustainable value to society at large.

(I) Environment

The Group recognises the impact of its day to day business on the environment. As such, the Group is committed by implementing environmentally friendly work processes while raising the environmental awareness among its staff. The Group adopts the environmental best practices in its construction and integrated facilities management processes. The Group strive towards compliance to Occupational, Safety, Health and Environment requirement as a testament to the Group's commitment to ensuring environmental sustainability. The subsidiaries of the Group's also hold the ISO certification issued by the Bureau Veritas Certification (Malaysia) Sdn. Bhd. (1) Provision of Comprehensive Building Facilities Management Services and (2) Head Office: Management and Administration Activities for Building Facilities Management Services which consists of ISO 50001:2011; ISO 9001:2015; ISO 14001:2015; and OHSAS 18001: 2007.

(II) Workplace

The greatest asset at Widad Group Berhad is the people – the talents. The Group believes that employees are key resources that drive long term and sustainable organisational successes. With this in mind, the Group places priority on employee rights and opportunities, occupational health and safety, as well as talent development. As an equal opportunity employer, the Group does not tolerate discrimination of any kind, and employee performance is assessed on merit basis. The Group also fully complies with the employment laws in Malaysia, including but not limited to, Employment Act 1955, Employment (Restriction) Act 1968, Minimum Retirement Age Act 2012, Minimum Wages Order 1966 and Occupational Safety and Health Act 1994.

On workplace diversity, the Group respects the different cultures, gender and religions of the employees as we understand that the diversity and differences give us broader range of competence, skills and experience to enhance the capabilities to achieve business results which is important for the overall business sustainability. Thus, the Group is committed to provide the staff an environment of equal opportunity to strive while promoting diversity in the workforce.

The health and safety of employees are of paramount importance to the Group. In compliance with the Occupational Safety and Health Act 1994, we have health and safety policy in place to create a safe, pleasant and conducive working environment for the employees. The policy is regularly reviewed and updated to reflect the latest best practices in the industry.

Continuous talent development is another critical aspect at the Group. In order to optimize employee talents and capabilities, various in-house trainings, external training programmes and seminars are provided periodically to all employees to enhance their knowledge and skill while promoting a motivated working team and fostering a closer relationship with each other.

The Group also encourages employees to participate in sports and fitness programmes outside working hours such as badminton, futsal and bowling.

(III) Services

As an investment company which principally involves in construction and integrated facilities maintenance activities, the quality services, guaranteed customer satisfaction and strategic partnership always played a pivotal role at Widad Group Berhad. The quality services has not only pushed Widad Group Berhad forward and become more competitive and efficient but it has also broken down the barriers of the industry field. The Group also recognises the crucial role of these capabilities could play in ensuring corporate and community sustainability. The Group's service team deliver at their best to be more efficient and effective. This in turn, allows the services to be marketed and well-known. This creates sustained excitement in the market for Widad Group Berhad's services and contributes toward the overall sustainability of the Group. Widad Group Berhad shall continue to invest in construction and integrated facilities management activities with the aim to create value for stakeholders, to remain competitive and ensure sustainability, as well as to benefit the society.

Sustainability **Report**

(IV) Market Place

The Group is committed to ensure that the interests of all its important stakeholders – shareholders, analysts, bankers, customers, suppliers, authority bodies and public are being taken care of. The Group emphasises on good corporate governance practices, transparency and accountability to meet shareholders' expectations.

The Group's corporate website, www.widadgroup.com, provides up-to-date and reliable information about the Group's business activities. Under the "Investor Relations" section, the stakeholders would find, amongst others, the Group's corporate information, latest financial information such annual reports, quarterly results, corporate governance, as well as announcements to Bursa Malaysia Securities Berhad and media articles.

(V) Community

The Group recognises the co-relationship between business growth and social well-being and welfare. Therefore, in fulfilling its corporate responsibility to the community in which it conducts its business, the Group is obligated to nourish and improve the quality of the society at large. The Group also strive towards the aim to ultimately create a sustainable integrated facilities management and construction activities. While the Group sustain for peak efficiency in customers' facilities as well as maintaining the safety and comfort, the integrated facilities management and construction provides job opportunity for the locals with the intention to introduce economic sustainability to the relevant public.

Over the years, Widad Group Berhad has embarked on several Corporate Social Responsibility ("CSR") initiatives that are meant to empower the liveability of the community and environment through the establishment of Yayasan Royal Widad and involvement in community welfare projects such as Kembara Widad which seeks to provide public awareness to the rural area community that needed support, Widad Life Savers Blood Donation drive, Kayuhan Amal Chefs Funride, as well as some of the CSR programmes via collaboration with Widad University College where the programmes emphasizes on the students' participation and their need to serve the community.

In summary, the Group shall continue to fulfill its corporate social responsibility to enhance the community sustainability.

Moving forward, we will tap more opportunities to build a robust portfolio by integrating material Economic, Environmental, Social ("EES") considerations into our operations. Meanwhile, we will continue to embrace sustainable practices, technologies and behavior at individual and organisational levels, motivating employees, our partners and our networks to support our commitment to minimise EES risks and impact, contributing to the welfare of all stakeholders.

Statement On Risk Management And Internal Control

INTRODUCTION

The Board is committed to maintaining a sound system of risk management and internal control of the Group and is pleased to present the following Risk Management and Internal Control Statement (the "Statement"), which outlines the nature and scope of risk management and internal control of the Group during the financial year ended 31 December 2019 and up to the date of approval of this statement by the Board. For the purpose of disclosure, this Statement takes into account the Guidelines for Directors of Listed Issuers ("Guidelines") issued by Bursa Malaysia Securities Berhad ("Bursa Securities") on the issuance of Risk Management and Internal Control Statement pursuant to ***Paragraph 15.26(b) of the ACE Market Listing Requirements.***

BOARD'S RESPONSIBILITY

The Board acknowledges its overall responsibility for the Group's internal control and risk management system to safeguard shareholders' investment and the Group's assets as well as reviewing the adequacy and effectiveness of the said system.

Due to the limitations inherent in any system of risk management and internal control, such system put into effect by Management is designed to manage rather than eliminate all risks that may impede the achievement of the Group's business objectives. Therefore, such a system can only provide reasonable and not absolute assurance against any material misstatement or loss.

The Group has an on-going process for identifying, evaluating and managing the significant risks it faces. The Board regularly reviews the results of this process, including measures taken by Management to address areas of key risks as identified. This process has been in place for the financial year under review and up to the date of approval of this Statement.

RISK MANAGEMENT

The Board is dedicated to strengthen the Group's risk management by managing its key business risks within the Group and to implement appropriate processes and controls to manage these key business risks. During the year, Senior Management reviews the existence of new risks and assesses the relevance of the Group's existing risk profile. Significant risks that may affect the Group's business objectives have been continually monitored and any new significant risk identified are subsequently evaluated and managed.

Whilst the Board maintains ultimate control over risk and control matters, it has been delegated to the Executive Management the implementation of a system of risk management and internal control within an established framework. Key management staff and Heads of Department are delegated with the responsibility to manage identified risks within defined parameters and standards. Monthly Management Meetings are held to discuss key risks and the appropriate mitigating control. Significant risks affecting the Group's strategic and business plans are escalated to the Board at their scheduled meetings. This ongoing process is undertaken at all the major subsidiaries of the Group, as well as collectively at the Group level.

INTERNAL AUDIT FUNCTION

The Group's Internal Audit Function assists the Board and Audit Committee by providing an independent assessment of the adequacy and effectiveness of the Group's internal control system. Further details of the Internal Audit Function are set out in the Audit Committee Report on page 57 of this Annual Report.

Statement On Risk Management And Internal Control

Other Key Elements of Internal Control

The key elements of the Group's internal control system are described below:

- Organisation Structure & Authorisation Procedures

  The Group maintains a formal organisation structure with clear lines of reporting to Board Committees and Senior Management including defined lines of accountability within which senior management operates, such as roles and responsibilities, authority limits, review and approval procedures, etc.

- Written policies and procedures

  Formal internal policies and procedures are regularly updated to manage changing business risks or to address operational deficiencies.

- Planning, monitoring and reporting

  - The External Auditors and Audit Committee reviews the Group's quarterly financial performance together with Management. These are subsequently reported to the Board; and
  - Comprehensive information, which includes the monthly management reports covering all key financial and operational indicators, is provided to Senior Management for the monitoring of performance against strategic plan.

ASSURANCE PROVIDED BY THE GROUP MANAGING DIRECTOR AND GROUP CHIEF FINANCIAL OFFICER

In line with the Guidelines, the Group Managing Director and Group Chief Financial Officer have provided assurance to the Board in writing stating that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the ACE Market Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the year ended 31 December 2019 and reported to the Board that nothing has come to their attention that caused them to believe that the statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the system of risk management internal control.

CONCLUSION

The Board is of the view that the risk management and internal control systems are adequate and effective and have not resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in the Group's annual report. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control systems in meeting the Group's strategic objectives.

Corporate Governance Overview Statement

The Board of Widad Group Berhad is dedicated to ensuring that good corporate governance practices are applied throughout the Group in order to safeguard stakeholders' interest as well as for enhancing shareholders' value.

PRINCIPLE A:
BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPONSIBILITIES

The Board shall strive to ensure that the Company and its subsidiaries ("Group") are managed to achieve these objectives. This responsibility of the Board would be an active and not passive responsibility. The Board shall ensure that the management has in place appropriate processes for risk management, internal control and the monitoring of performance against agreed benchmarks. The Board shall work with senior management as collaborators in advancing the interests of the Group. However, the Board shall not be too accepting of the management's views and shall test and question the management's assertions, monitor progress, evaluate management's performance and will, where warranted, take corrective action.

The Board delegates and confers some of its authorities and discretion to the Chairman, Executive Directors, and Management as well as on properly constituted Board Committees comprising mainly/exclusively Non-Executive Directors.

The Chairman is responsible for the Group's business and strategy plan, setting goal to achieve the mission and vision. He provides leadership and governance of the Board, ensuring its effectiveness and assumes the formal role as the leader in chairing all Board meetings and shareholders' meetings. He leads the Board in overseeing Management and principally ensures that the Board fulfils its obligations and as required under the relevant legislations.

Some of the specific responsibilities of the Chairman include:

(i) Leading the Board in setting its values and ethical standards of the Company;
(ii) Ensuring Board proceedings are in compliance with good conduct and best practices;
(iii) Ensure the whole Board plays a full and constructive part in developing and determining the Group's strategy and overall business and commercial objectives;
(iv) Arranging for regular evaluation of performance of Board Members, its Committees and individual Directors;
(v) Supply vision of the Group;
(vi) Giving emphasis on importance issues challenged by the Group at Board meetings;
(vii) In conjunction with the Managing Director, to represent the Company and/or Group to external parties such as major shareholders, creditors, consumer groups and other stakeholders;
(viii) Guide the Group on long term strategic opportunities and represent the Group with key industry, civic and philanthropic constituents; and
(ix) Promote the highest standards of integrity, probity and corporate governance on the Group.

The duties of Executive Director/Managing Director include implementation of decisions and policies approved by Board, overseeing and running the Group's day to day business, and also coordinating business and strategic decisions. Each Executive Director/Managing Director is responsible for the respective business unit that there is no overlapping of each role and duty.

The role of Management is to support the Executive Director/ Managing Director and implement the running of the general operations and financial business of the Group, in accordance with the delegated authority of the Board.

The Board Committees include the Audit Committee, Nomination Committee and Remuneration Committee. The Board Committees exercise transparency and full disclosure in their proceedings. Where necessary, issues deliberated by the Board Committees are presented to the Board with appropriate recommendations.

The Non-Executive Directors are independent from Management. Their roles are to provide a balance view, to constructively challenge Management, help develop on the Company's strategy and monitor the success of Management in delivering the approved targets and business plans within the risk appetite set by the Board. They have direct access to the Management at all levels, and they engage with the external and internal auditors to address matters concerning Management and oversight of the Company's business and operations.

Corporate Governance Overview Statement

The Board assumes the following key responsibilities:

- Review and approve the strategies, business plans and significant policies after satisfying themselves that management has taken into account all the relevant and appropriate considerations in establishing the strategies, plans and policies;
- Ensure a competent management by establishing policies for strengthening the performance of the Group with a view to proactively build the business through innovation, initiative, technology, new products and the development of its business capital;
- Monitor implementation, progress and performance of the strategies, policies, plans, legal and fiduciary obligations that affect the business by adopting performance appraisal measures;
- Evaluate whether the business is being properly managed and to ensure that the solvency of the Group and the ability of the Group to meet its contractual obligations and to safe guard the Company's assets;
- Ensure that the Group has appropriate business risk management process, including adequate control environment be it the internal control systems and management information systems, systems for compliance with applicable laws, regulations, rules, directives and guidelines and controls in areas of significant financial and business risks;
- Establish various Board Committees and ensure their effectiveness to address specific issues, by considering recommendations of the various board committees and acting on their reports;
- Ensure that the financial statements of the Company and Group are fairly stated and otherwise conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements;
- Ensure that the Group adheres to high standards of ethics and corporate behaviour including transparency in conduct of business.
- Ensure that there is in place an appropriate investor relation and communication policy;
- Ensure that the Company's corporate disclosure are in compliance with the disclosure requirements as set out in the Bursa Malaysia Listing Requirements; and
- Ensure wider usage of information technology in communicating with stakeholders including establishing a dedicated section for corporate governance on the Company's website.

There is a clear division of responsibility between the Chairman and the Managing Director ("MD") so as to ensure that there is a balance of power and authority. The Board is led by Dato' Dr. Feizal Mustapha who is the Chairman, whilst the executive management of the Company is helmed by Dato' Dr. Mohd Rizal Mohd Jaafar, the MD. The Chairman is primarily responsible for ensuring Board effectiveness whilst the MD is responsible for business plan and growth, operations and efficient management.

The Board is mindful of the importance of business sustainability and, in conducting the Group's business, the impact on the environmental, social, health and safety, staff welfare and governance aspects are taken into consideration.

Responsibility Statements By Directors

The Directors are required by the Companies Act, 2016 to prepare financial statements for each financial year which have been made out in accordance with Financial Reporting Standards so as to give a true and fair view of the financial position of the Group at the end of the financial year and the financial performance and cash flows of the Group for the financial year. The Directors are satisfied that in preparing the financial statements of the Group for the year ended 31 December 2019, the Group has adopted suitable accounting policies and applied them consistently, prudently and reasonably.

The Directors also consider that all applicable approved accounting standards have been followed in the preparation of the financial statements, subject to any material departures being disclosed and explained in the notes to the financial statements. The financial statements have been prepared on a going concern basis. The Directors are responsible for ensuring that the Group keeps sufficient accounting records to disclose with reasonable accuracy, the financial position of the Group and which enable them to ensure that the financial statements comply with the Companies Act, 2016.

Corporate Governance Overview Statement

Qualified and Competent Company Secretaries

The Directors have the unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively.

The Company Secretaries are qualified Chartered Secretaries, under the prescribed body as permitted by Companies Act, 2016. The appointment and removal of the Company Secretaries are under the purview of the Board of Directors.

The Company Secretaries update the Board on the changes to the statutory and regulatory requirements from time to time at Board meetings. The Company Secretaries also notified the Directors and Principal Officers on the closed period for trading in the Company's securities, in accordance with Chapter 14 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Company Secretaries play an important role in the annual general and extraordinary general meetings in ensuring that the due processes and proceedings are in place and properly managed. During the meeting, the Company Secretaries will assist the Chairman and the Board in the conduct of the meetings and ensure the minutes are properly recorded, particularly questions and issues raised by the shareholders.

Access to Information and Advice

The Directors have full and unrestricted access to all information pertaining to the Company's business and affairs so as to enable them to discharge their responsibilities. Prior to the Board meetings, the Directors are provided with the agenda together with the Board papers on issues to be discussed in a timely manner. The Board papers are sent out via emails or physical copies to all Directors at least 5 days before the Board Meetings. Exceptions may be made for certain ad-hoc or urgent instances when Directors consent to shorter notice.

To ensure effective functioning of the Board, the Directors are given access to information through the following means:

- Management may be invited to the Board and Board Committees' meetings to report or present areas within their responsibilities to ensure the Board is able to effectively discharge its responsibilities.

- Directors may obtain independent professional advice at the Company's expense, where necessary, after consulting with the Chairman, in furtherance of their duties.

- The Directors also have access to the advice and updates by the external auditors on any new Malaysian Financial Reporting Standards that would affect the Group's financial statements during the year.

A record of the Board's deliberation of issues discussed and conclusion reached are recorded in the minutes of the meeting by the company secretary. Every Director has unhindered access to the advice and services of the Company Secretaries as and when required to enable them to discharge their duties effectively.

Board Charter

The Board has formalised and uploaded its Board Charter in the website of the Company at www.widadgroup.com. The Board Charter sets out the Board roles and responsibilities.

The Board Charter was last reviewed on 10/06/2020.

Directors' Code of Ethics, Whistleblowing and Diversity Policy

The Board of Directors has conducted themselves in an ethical manner while executing their duties and functions and complied with the Company Directors' Code of Ethics. The said Code establish a standard of ethical behavior for the Directors to uphold sincerity, integrity, responsibility and social responsibility in line with the legislation, regulations and guidelines for administrating the Company.

The Group has also adopted Whistleblowing policy to safeguard the Company's interest and also to protect the whistleblower interest. The policy spells out the types of misconduct, malpractice and irregularity, and how the reporting and investigations will be carried out. The Group expects all employees to observe the policy in the conduct of day to day business.

In addition, the Group adopted Diversity Policy aims to set a framework to achieve the objective of ensuring its board of directors has the diversity of perspectives, experience and skills necessary for effective management of the Group. The Group aims to maintain the composition of its Board in a way that provides the best mix of experience and skills to verse ongoing business operations.

The Directors' Code of Ethics, Whistleblowing and Diversity policy are published at the Company's website at www.widadgroup.com.

Corporate Governance Overview Statement

BOARD COMPOSITION

The Board currently has seven (7) members, comprising five (5) Independent Non-Executive Directors and two (2) Non-Independent Executive Director. The presence of majority Independent Directors allow Board's deliberations and decisions to be made objectively in the best interest of the Company. The composition of the Board complies with Rule 15.02 of the ACE Market Listing Requirements of Bursa Securities.

The Group is led by an effective Board which comprises members with skills from a diverse blend of professional backgrounds ranging from business, legal, finance and accounting experience. The Board views its current composition encompasses a balance mix of skills and strength in qualities which are relevant to enable the Board to discharge its responsibilities in an effective and competent manner.

The Board Committees comprises of Audit Committee ("AC"), Nomination Committee ("NC") and Remuneration Committee ("RC"). The Board Committees exercise transparency and full disclosure in their proceedings. Where necessary, issues deliberated by the Board Committees are presented to the Board with appropriate recommendations.

The NC is responsible for identifying and recommending new nominees to the Board as well as committees of the Board. For new appointments to the Board, the NC shall consider diversity of skills, expertise, background and experience in evaluating the appointment of Directors. The Group believes in providing equal opportunity to all candidates based on merit. The Group has its Board Diversity policy in place for this purpose. There was a new appointment of Director during the financial year.

In addition, the NC assesses the effectiveness of the Board as a whole and the Board Committees, and also the contribution of each Director. The evaluation process is conducted via questionnaires and is based on self-review and peer assessment. The assessment of the Board is based on specific criteria, covering areas such as the Board structure, Board operations, roles and responsibilities of the Board, the Board Committee and the Chairman's role and responsibilities. The NC reviews the outcome of the assessment and report to the Board, in particular, areas for improvement and also used as the basis of recommending relevant Director for re-election at the Annual General Meeting. This assessment is done on yearly basis. (Practice & Guidance 5.1)

In accordance with the Widad Group Berhad's Constitution, an election of Directors shall take place each year at an Annual General Meeting ("AGM") and one-third (1/3) of the Directors are subject to retirement by rotation, in any event, each Director shall retire from office once in every three (3) years. The Directors to retire in each year are the Directors who have been longest in office since their last appointment or re-election. The Directors appointed by the Board during the financial year are subject to retirement at the next AGM held following their appointments in accordance with Widad Group Berhad's Constitution. All retiring Directors are eligible for re-election. The re-election of each Director is voted on separate resolution during the AGM of Widad Group Berhad.

The NC is empowered by its terms of reference to carry out duties and responsibilities as follows:

(a) Recommend to the Board, candidates for directorship and Board Committee membership take into consideration the candidates' skills, knowledge, expertise, experience, professionalism, integrity and women candidates shall be sought as part of its recruitment exercise;

(b) Consider candidates for directorships proposed by the Managing Director and within the bounds of practicality, by any other senior management or any director or shareholder;

(c) Determine the core competencies and skills required of Directors to best serve the business and operations of the Group as a whole and the optimum size of the Board to reflect the desired skills and competencies;

(d) Assess, review and recommend to the Board, candidates to fill the seats on Board Committees. In assessing suitability of candidates, the qualities to look for are competencies, commitment, contribution and performance;

(e) Regularly review the Board structure, size and composition and make recommendations to the Board with regards to any adjustment that are deemed necessary;

(f) Ensure that the positions of the Chairman and Managing Director are held by different individuals and the Chairman shall be a non-executive member of the Board. The NC shall ensure that the composition of the Board shall consist of at least a majority of independent directors should the Chairman be an executive member of the Board;

Corporate Governance Overview Statement

BOARD COMPOSITION (CONT'D)

(g) Review the size and core competencies of Non-Executive Directors, Board balance and determine if additional Directors are required and also to ensure that at least 50% of the Board is independent;

(h) Assist the Board to do an annual assessment of independence of its Independent directors and also ensure that the tenure of the Independent directors do not exceed a cumulative term of nine years. The Board is to recommend the director for shareholders' approval in the event it retains as an Independent director, the director who had served in that capacity for more than nine years;

(i) Assist the Board to implement a procedure to be carried out by the NC for annual assessment on the effectiveness of the Board as a whole, the Board Committee and the contribution of each individual Director;

(j) Establish a clear succession plan and periodically reporting to the Board on succession planning for the Board Chairman and Managing Director. The NC should work with the Board to evaluate potential successors;

(k) Recommend Directors who are retiring by rotation under the Constitution to be put forward for re-election;

(l) Have due regard to the principles of governance and code of best practice;

(m) Propose to the Board the responsibilities of non-executive Directors, including membership and Chairpersonship of Board Committees;

(n) Review its own performance, at least once a year, and recommend any necessary changes to its Terms of Reference.

The Committee is satisfied with the current size of the Board and with the mix of qualifications, skills and experience among the Board members.

The members of the Nomination Committee whom are Independent Non-Executive Directors are as follows:

	Position
Nor Adha Bin Yahya	Chairman
Ong Kuan Wah	Member
Tung Ghee Meng	Member
Cheng Ming Fui	Member

None of the Independent Non-Executive Directors had served the Company for more than 9 years.

FOSTER COMMITMENT

Time Commitment

All Board members are required to notify the Chairman or any new directorships notwithstanding that the Listing Requirements of Bursa Securities allow a Director to sit on the boards of 5 listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment. During the financial year ended 2019, the Board met 9 times to deliberate on a variety of matters of the Company. Additional meetings may be convened on an ad-hoc basis when urgent and important decisions are required to be made in between scheduled meeting. The attendance record of each Director is as follows:

	Attendance
Dato' Dr. Feizal Mustapha @ Feizal Bin Mustapha Executive Chairman / Non-Independent Executive Director	9/9
Dato' Dr. Mohd Rizal Bin Mohd Jaafar Managing Director / Non-Independent Executive Director	9/9
Nor Adha Bin Yahya Independent Non-Executive Director	9/9
Ong Kuan Wah Independent Non-Executive Director	9/9
Tung Ghee Meng Independent Non-Executive Director	9/9
Cheng Ming Fui Independent Non-Executive Director	9/9
Gen (R) Tan Sri Dato' Sri Zulkiple Bin Kassim Independent Non-Executive Director *(Appointed on 31/07/2019)*	5/6

Corporate Governance Overview Statement

The agenda for each Board meeting and papers relating to the agenda items are circulated to all Directors at least 5 days before the meeting so as to provide sufficient time for the Directors to review the Board papers and seek clarification, if any.

Directors' Training (Practice Note 5- Training for Directors of Listing Requirement)

All the Directors have completed the Mandatory Accreditation Programme within the stipulated timeframe required in the Listing Requirements.

The training programmes and seminars attended by the Directors during the financial year are:

Name	Training Course	Date
Dato' Dr. Feizal Mustapha @ Feizal Bin Mustapha	• Strategising Equity Portfolio for 2019 by CHK Consultancy Sdn. Bhd. • Psychology of Investing: Victory Over Your Thoughts by CHK Consultancy Sdn. Bhd. • Mandatory Accreditation Programme for Directors of Public Listed Companies	24 January 2019 16 January 2019 11 & 12 April 2019
Dato' Dr. Mohd Rizal Bin Mohd Jaafar	• Tax Seminar on Budget 2020 by Grant Thornton • How to Turnaround Companies by Malaysia Institute of Accountant (MIA)	30 October 2019 2-3 December 2019
Ong Kuan Wah	• Accounting for Equity by MIA • Performing Group Audit and What's New in ISA 600 by MIA • National Tax Conference 2019 by Chartered Tax Institute Malaysia (CTIM) • 2020 Budget Seminar by C	11 July 2019 19 July 2019 5 & 6 August 2019 24 October 2019
Nor Adha Bin Yahya	• Transfer Pricing- Enforcement and Documentation 24 June 2019 by MIA • MIA International Accountants Conference 2019 by MIA	24 June 2019 22 & 23 October 2019
Tung Ghee Meng	• Raising Defences - Section 17A, MACC Act by The ICLIF Leadershop & Governance Centre	17 October 2019
Cheng Ming Fui	• Thinking IN & OUT of the Conveyancing BOX by Penang Bar Committee	21 October 2019
Gen (R) Tan Sri Dato' Sri Zulkiple Bin Kassim	• Mandatory Accreditation Programme for Directors of Public Listed Companies	30 & 31 October 2019

The Directors are aware of their obligation and will continue to attend suitable training to equip and enhance themselves with the knowledge to facilitate themselves in discharging their duties and responsibilities diligently with integrity.

Corporate Governance Overview Statement

REMUNERATION

The RC reviews and proposes, subject to the approval of our Board the remuneration policy and term and conditions of service of each Director for his services as member of the Board as well as Committees of the Board. Nevertheless, the remuneration of Non-Executive Directors is a matter for the Board decision as a whole. Relevant Directors are required to abstain from deliberation and voting decisions in respect of his individual remuneration. The remuneration of Directors is generally based on market conditions, responsibilities held and the overall financial performance of our Group. Decisions and recommendations by RC shall be reported to our Board for approval.

The members of the RC comprise of all Independent Non-Executive Directors as follows:

	Position
Nor Adha Bin Yahya	Chairman
Ong Kuan Wah	Member
Tung Ghee Meng	Member
Cheng Ming Fui	Member

The Committee met three (3) times during the financial year, attended by all its members throughout the period.

Remuneration Policy and Procedures

The Executive Directors' remuneration package is linked to the experience, scope of duty and responsibility, seniority, performance and industrial practices. The remuneration of Executive Directors consists of basic salary, among others bonus whereby the Non-Executive Directors receive fixed director fees.

Name	Fee (RM)	Allowance (RM)	Salary (RM)	Company's Contribution (RM)	Total (RM)
Executive Director:					
Dato' Dr. Feizal Mustapha @ Feizal Bin Mustapha	-	5,000.00	600,000.00	72,923.40	677,923.40
Dato' Dr. Mohd Rizal Bin Mohd Jaafar	-	4,800.00	1,056,000.00	128,219.40	1,189,019.40
Independent Director:					
Gen (R) Tan Sri Dato' Sri Zulkiple Bin Hj Kassim	24,000.00	10,000.00			34,000.00
Ong Kuan Wah	48,000.00	37,000.00			85,000.00
Nor Adha Bin Yahya	48,000.00	32,500.00			80,500.00
Tung Ghee Meng	48,000.00	29,500.00			77,500.00
Cheng Ming Fui	48,000.00	29,500.00			77,500.00
	216,000.00	**148,300.00**	**1,656,000.00**	**201,142.80**	**2,221,442.80**

The RC reviews and recommends the Executive Directors' remuneration package by assessing their KPI and also refers to market of similar industry and its size as a benchmark. An appropriate remuneration package is designed to retain and attract calibre Directors to discharge their duty with integrity, to grow and lead the Company.

Corporate Governance Overview Statement

Details of the Senior Management's remuneration in aggregate for financial year ended 2019 are tabulated as below:

Category	Total (RM'000)
Salaries	1,902
Company's Contribution	283
Allowances	300

Remuneration Band	No. of Personnel
Below RM 100,000	1
RM 350,001 – RM 400,000	1
RM 450,001 – RM 500,001	1
RM1,500,001– RM 1,550,000	1
	4

Due to the confidentially and sensitivity of the remuneration package of Senior Management as well as security concerns, the Board opts not to disclose the Senior Management's remuneration components on named basis in the bands of RM 50,000.

The Board is of the view that the disclosure of Senior Management's remuneration components will not be in the best interest of the Company given the competitive human resources environment, as such disclosure may give rise to recruitment and talent retention issues.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT COMMITTEE

The AC is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control process, review of related party transactions as well as conflict of interest situations. The AC also undertakes to provide oversight on the risk management processes/framework of the Group.

The AC is chaired by an Independent Director and consists of all Independent Directors. The Chairman of AC is not the Chairman of the board. None of the members of the AC were former key audit partners.

The AC has full access to both the internal and external auditors who, in turn, have access at all times to the Chairman of the AC. The role of the AC and the number of meetings held during the financial year as well as the attendance record of each member are set out in the AC Report in the Annual Report.

The AC is responsible for assessing the capabilities and independence of the external auditors and to also recommend to the Board on their appointment, re-appointment or termination of their services to the Company.

The External Auditors, Grant Thornton Malaysia PLT ("GTM") presented to the AC's its 2019 Audit Planning Memorandum on 28 November 2019 which outlined its audit objectives, engagement and reporting responsibilities, audit approach, recent development, proposed reporting schedules and proposed fees and their focus on key audit matters with reference to the approved standards on auditing issued by the Malaysian Institute of Accountants. Subsequently, GTM will brief the AC on its audit findings and the Audited Financial Statements. This formed part of the AC's assessment of the suitability, objectivity and independence of GTM on an annual basis.

GTM has confirmed their independence to the AC in accordance with the Malaysian Institute of Accountants' By-Laws, International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants.

The AC and the Board are satisfied with the performance, competence and independence of GTM and the Board had recommended their re-appointment for the shareholders' approval at the forthcoming AGM.

The Chairman and members of the AC are financially literate and have carried out their duties and responsibilities in accordance with the terms of reference of the AC.

The Board is of the opinion that the AC has performed its functions satisfactorily as the Chairman and members have the required knowledge, experience and skills to understand and effectively deliberate on matters under the purview of the AC including the financial reporting process.

The AC assists the Board in overseeing the financial reporting process and ensuring that the results of the Company's operations are fairly presented in its financial statements.

Corporate Governance Overview Statement

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board has overall responsibility for maintaining a sound system of internal control and risk management that provide a reasonable assurance of effective and efficient operations, and compliance with the relevant laws and regulations as well as with internal procedures and guidelines. The Statement on Risk Management and Internal Control as included on pages 46 and 47 of this Annual Report provides the overview of the internal control framework adopted by the Company for the current financial year.

Due to the limitations that are inherent in any system of risk management and internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. The Board also recognises that a sound system of risk management and internal control can only reduce but not eliminate the possibility of poor judgement in decision making, human error, control process being deliberately circumvented by employees, management overriding controls and the occurrence of unforeseeable circumstances. Accordingly, the system provides only reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The internal audit function has been outsourced to an independent professional service firm to provide an independent assurance to the Board on the effectiveness and adequacy of the Group's system of internal control. Details of the internal audit function is set out in the Statement on Risk Management and Internal Control and AC Report.

The Internal Auditor attends and reports at each AC meeting on reviews conducted during each quarter. The audit personnel are free from any relationships or conflicts of interest, which could impair the objectivity and independence.

The Board has obtained assurance from the Group Managing Director that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review.

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

COMMUNICATION WITH STAKEHOLDERS

The Company values dialogues with the investors and is constantly striving to improve the communication with the public. The Board believes that an effective investor relation is essential in enhancing shareholders' value and therefore ensures that shareholders are kept well informed of major development of the Company. Such information is disseminated via the Company's Annual Report, various disclosures and announcements to Bursa Securities and the Company's website at www.widadgroup.com.

The AGM is the principal forum for dialogue between the Company and the shareholders. The Board provides the opportunity for shareholders to raise questions pertaining issues in the financial performance and business plan. The Board takes the opportunity to present a comprehensive review of the progress and performance of the Company, and provides answers to the questions raised by the shareholders during the meeting.

CONDUCT OF GENERAL MEETINGS

The Group is of the view that General Meetings are important platforms to engage with its shareholders as well as to address their concerns. The Group encourages shareholders to attend and participate in the AGM by providing adequate advance notice and holding the AGM at a readily accessible location. The location of the AGM is customarily nestled in one of the hotels in Klang Valley which is easily accessible through public transportation.

The Company does not have large number of shareholders and has less than 100 shareholders who attend their AGM. Shareholders who are unable to attend the AGM are allowed to vote via proxy. All resolutions set out in the notice of the General Meetings are conducted via poll voting.

The Board is satisfied that throughout the financial year ended 31 December 2019, the Company has applied the principles and recommendations of the corporate governance set out in the Malaysian Code on Corporate Governance, where necessary and appropriate.

The Corporate Governance Overview Statement was approved by the Board of Directors on 10 June 2020.

Audit Committee Report

AUDIT COMMITTEE REPORT

The principle objective of the Audit Committee is to assist the Board in discharging certain of its statutory duties and responsibilities in relation to financial, accounting and reporting practices and to ensure proper disclosure to the shareholders of the Company.

COMPOSITION AND DESIGNATION OF AUDIT COMMITTEE

The Audit Committee ("the Committee") comprises of the following members:

	Position
Ong Kuan Wah	Chairman; Independent Non-Executive Director
Tung Ghee Meng	Member; Independent Non-Executive Director
Nor Adha Bin Yahya	Member; Independent Non-Executive Director
Cheng Ming Fui	Member; Independent Non-Executive Director

TERMS OF REFERENCE

The Terms of Reference for the Audit Committee can be viewed at the Group's website at www.widadgroup.com.

AUTHORITY

The Committee shall have unlimited access to financial and other relevant information and documents, to the external and internal auditors and to senior management of the Company. The Committee shall also have the authority to investigate any matter within its term of reference.

MEETINGS

Meetings shall be held at least 4 times a year or a frequency to be decided by the Committee. The quorum for each meeting shall be majority of members attended are independent. The Committee may invite the senior management or professionals to the meeting whenever deems fit, to present their findings and views.

There were five (5) meetings held during the financial year ended 31 December 2019 and the attendance record is as follows:

	Attendance
Ong Kuan Wah	5/5
Tung Ghee Meng	5/5
Nor Adha Bin Yahya	5/5
Cheng Ming Fui	5/5

The key functions and responsibilities of the Committee are as follows:

- To review the quarterly and annual financial statements prior to submission to the Board, focusing on:
  - Any changes in or implementation of major accounting policies and practices;
  - Significant audit adjustments;
  - Going concern assumptions;
  - Compliance with accounting standards and other legal requirements.
- To oversee matters relating to external audit including the reviews of the audit plan, auditor's management letter and the audit report;
- To review the adequacy of the scope, functions, competency and resources of the internal audit functions;
- To review any related party transactions that may arise within the Company or the Group;
- To recommend to the Board the appointment of external auditors, review audit fee and any reasons of resignation or dismissal;
- To assess and review the capability and professionalism of the external auditors;
- To consider other issues, as authorised by the Board;
- To report to the Board of Directors all pertinent issues which are necessary to be reported;
- To review any significant transactions which are not within the normal course of business and any related party transactions that may arise within the Company or Group;
- Consider major findings of internal investigations and management's response; and
- To perform any other work as may be directed by the Board from time to time.

Audit **Committee Report**

SUMMARY OF ACTIVITIES DURING THE YEAR

The activities of the Committee for the financial year under review were as follows:

Financial Reporting

- Reviewed the unaudited quarterly reports and annual financial statements prior to submission to the Board for consideration and approval and subsequent release to Bursa Malaysia Securities Berhad; and

- Reviewed and assessed the appropriateness of the Group's accounting policies, adequacy of financial reporting and disclosure requirements and reasonableness of judgments and projections made in connection with the preparation of the financial statements.

External Audit

- Considered the appointment of the external auditors and audit fees by evaluating the external auditor's competence, independence, objectivity and the scope of work to be conducted;

- Reviewed the external auditor's audit plan and areas of audit emphasis for financial year prior to the commencement of audit; and

- Reviewed and discussed the auditing issues, where applicable the impact of material adjustments and recommendations arising from the final audit with the external auditors.

Internal Audit

- Considered and approved the appointment of the outsourced internal audit function and their fees by evaluating their competency, independence and performance; and

- Reviewed the internal audit plan and internal audit reports and discussed the findings and recommendations by the internal auditors.

Other activities

- Reviewed the related party transactions and the basis of pricing entered into by the Group and the Company and the disclosure of such transactions in the annual report of the Company;

- Reviewed the circular to shareholders in connection with recurrent related party transactions of a revenue or trading nature; and

- Reviewed and recommended to the Board for approval of the Audit Committee Report, and Statement on Risk Management and Internal Control for inclusion in the Annual Report.

INTERNAL AUDIT FUNCTION

The Company has outsourced the internal audit function of the Group to Afrizan Tarmili Khairul Azhar ("AFTAAS"). AFTAAS reports directly to the Committee. Its primary responsibility is to carry out periodic reviews of the systems of internal controls so as to provide reasonable assurance to the Audit Committee that such systems are adequate and effective.

During the financial year under review, a summary of the activities carried out by the internal audit function are as follows:

(a) Prepared the risk based internal audit plan for the review and approval of the Audit Committee.

(b) Carried out reviews in accordance with the risk based internal audit plan reviewed and approved by the Audit Committee. Details of the reviews carried out are as follows:

Entity	Business Process
Widad Group Berhad	Structural Management
Widad Group Berhad	Facilities Management
Widad Group Berhad	Procurement Management

Findings from the internal audit reviews conducted were discussed with Senior Management and subsequently presented, together with Management's response and proposed action plans, to the Audit Committee for their review and approval.

Notwithstanding the above, although a number of internal control deficiencies were identified during the internal audit reviews, none of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this Annual Report.

The total cost incurred for the outsourcing of the internal audit function for the financial year ended 31 December 2019 was RM68,375.00.

Financial Statements

Directors' **Report**

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding.

The principal activities of its subsidiaries are disclosed in Note 6 to the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Profit after tax for the financial year	12,000,700	565,894

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

HOLDING COMPANY

The holding company is Widad Business Group Sdn. Bhd., a private limited liability company, incorporated and domiciled in Malaysia.

Directors' **Report**

DIRECTORS

The name of the Directors of the Company in office during the financial year and during the period commencing from the end of the financial year to the date of this report are:-

Company:-

Dato' Dr. Feizal Mustapha @ Feizal Bin Mustapha	(Executive Chairman)
Dato' Dr. Mohd Rizal Bin Mohd Jaafar	(Chief Executive Officer/Managing Director)
Ong Kuan Wah	(Independent Non-Executive Director)
Cheng Ming Fui	(Independent Non-Executive Director)
Tung Ghee Meng	(Independent Non-Executive Director)
Nor Adha Bin Yahya	(Independent Non-Executive Director)
Gen Tan Sri Dato' Sri Zulkiple Bin Kassim	(Independent Non-Executive Director) (Appointed on 31 July 2019)

Subsidiaries:-

Name of subsidiaries	**Name of Directors**
Widad Builders Sdn. Bhd.	Tan Sri Muhammad Ikmal Opat Bin Abdullah Tan Sri Norazman Bin Hamidun Dato' Julaini Bin Jusoh Ir. Mohd Syaswan Bin Samsudin
Widad Capital Sdn. Bhd.	Tan Sri Muhammad Ikmal Opat Bin Abdullah Dato' Dr. Mohd Rizal Bin Mohd Jaafar
Widad Facility Management Sdn. Bhd.	Tan Sri Muhammad Ikmal Opat Bin Abdullah Dato' Julaini Bin Jusoh
Widad Green Sdn. Bhd.	Tan Sri Muhammad Ikmal Opat Bin Abdullah Dato' Dr. Feizal Mustapha @ Feizal Bin Mustapha Dato' Dr. Mohd Rizal Bin Mohd Jaafar
Widad Rail Sdn. Bhd.	Tan Sri Muhammad Ikmal Opat Bin Abdullah Dato' Dr. Feizal Mustapha @ Feizal Bin Mustapha Dato' Dr. Mohd Rizal Bin Mohd Jaafar

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016, the interests and deemed interests in the ordinary shares of the Company and its related corporations of those who were Directors as at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) are as follows:-

	Number of ordinary shares			
	At 1.1.2019	Bought	Sold	At 31.12.2019
Interest in the Company				
Dato' Dr. Mohd Rizal Bin Mohd Jaafar				
- Direct interest	-	1,850,000	-	1,850,000

Directors' **Report**

DIRECTORS' INTERESTS IN SHARES (CONT'D)

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016, the interests and deemed interests in the ordinary shares of the Company and its related corporations of those who were Directors as at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) are as follows (cont'd):-

	Number of ordinary shares (cont'd)			
	At 1.1.2019	**Bought**	**Sold**	**At 31.12.2019**
Interest in the Company (cont'd)				
Nor Adha Bin Yahya				
- Direct interest	550,000	-	(550,000)	-
- Indirect interest #	333,200	-	(333,200)	-

	Number of warrants			
	At 1.1.2019	**Bought**	**Sold**	**At 31.12.2019**
Dato' Dr. Mohd Rizal Bin Mohd Jaafar				
- Direct interest	-	39,670,000	-	39,670,000

deemed interest by virtue of shares held by spouse

Other than as disclosed above, none of the other Directors in office at the end of the financial year had any interest in shares of the Company or its related corporations during the financial year.

DIRECTORS' REMUNERATION AND BENEFITS

During the financial year, the fees and other benefits received and receivable by the Directors of the Company and its subsidiaries are as follows:-

	Incurred by the Company RM	**Incurred by the subsidiaries RM**	**Group RM**
Fees	216,000	-	216,000
Salaries and other emoluments	1,806,147	1,715,616	3,521,763
Defined contribution plans	199,296	205,657	404,953
	2,221,443	1,921,273	4,142,716

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects 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.

Directors' **Report**

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid up capital of the Company and no issuance of debentures during the financial year.

WARRANTS 2018/2023

On 6 August 2018, the Company issued 490,928,369 free warrants pursuant to the bonus issue of warrants undertaken by the Company on the basis of 1 free warrant for every 5 ordinary shares held in the Company. The Warrants 2018/2023 are listed on ACE Market of Bursa Malaysia Securities Berhad with effect from 10 August 2018.

Each Warrant carries the right to subscribe for 1 new ordinary share in the Company at any time from 10 August 2018 up to the expiry date on 5 August 2023, at an exercise price of RM0.35 for each new share. Any Warrant not exercised by the expiry of the exercise period will lapse and cease to be valid for all purposes.

The ordinary shares issued from the exercise of Warrants 2018/2023 shall rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new shares arising from the exercise of Warrants 2018/2023.

All 490,928,369 warrants issued were remained outstanding as at the end of the financial year.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains Directors' and Officers' liabilities insurance for the purpose of Section 289 of the Companies Act, 2016, throughout the financial year which provides appropriate insurance coverage for the Directors and Officers of the Company and its subsidiaries. The amount of insurance premium paid during the financial year amounted to RM13,175.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:-

(a) 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 that all known bad debts had been written off and no provision for doubtful debts was required; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

Directors' **Report**

OTHER STATUTORY INFORMATION (CONT'D)

At the date of this report, the Directors are not aware of any circumstances:-

(a) which would render it necessary to make any provision for doubtful debts in the financial statements of the Group and of the Company or the amount written off for bad debts inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

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

(a) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:-

(a) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

(b) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the current financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 27 to the financial statements.

EVENTS AFTER THE FINANCIAL YEAR

The events after the financial year are disclosed in Note 28 to the financial statements.

Directors' **Report**

AUDITORS

Details of Auditors' remuneration are disclosed in Note 19 to the financial statements.

The Group and the Company have agreed to indemnify the Auditors, Grant Thornton Malaysia PLT as permitted under Section 289 of the Companies Act, 2016.

The Auditors, Grant Thornton Malaysia PLT, have expressed their willingness to continue in office.

Signed on behalf of the Directors in accordance with a resolution of the Board of Directors.

DATO' DR. FEIZAL MUSTAPHA @ FEIZAL BIN MUSTAPHA	)	
	)	DIRECTORS
DATO' DR. MOHD RIZAL BIN MOHD JAAFAR	)	

Kuala Lumpur
13 May 2020

Statement by **Directors**

In the opinion of the Directors, the financial statements set out on pages 71 to 143 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 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Directors in accordance with a resolution of the Board of Directors.

DATO' DR. FEIZAL MUSTAPHA @ FEIZAL BIN MUSTAPHA

DATO' DR. MOHD RIZAL BIN MOHD JAAFAR

Kuala Lumpur
13 May 2020

Statutory **Declaration**

I, Dato' Dr. Mohd Rizal Bin Mohd Jaafar, being the Director primarily responsible for the financial management of Widad Group Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 71 to 143 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declaration Act, 1960.

Subscribed and solemnly declared by)
the above named at Kuala Lumpur in)
the Federal Territory this day of)
13 May 2020)

DATO' DR. MOHD RIZAL BIN MOHD JAAFAR
(MIA NO: CA21594)

Before me:

Commissioner for Oaths

Independent **Auditors' Report**

to the members of Widad Group Berhad

(Incorporated in Malaysia) Registration No: 200901014295 (857363-U)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Widad Group Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 71 to 143.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Impairment losses on trade receivables and contract assets

The risk

Refer to Notes 7 and 8 to the financial statements. We focused on this area because the Group has material amounts of trade receivables that are past due but not impaired and contract assets. The key associate risk is the recoverability of billed trade receivables due to management judgement is required in determining the completeness of the provision for trade receivables and contract assets and in assessing their adequacy through considering the expected recoverability.

Our response

We have reviewed the ageing of trade receivables in comparison to previous years, testing the integrity of ageing by calculating the due date for a sample of invoices and reviewing the level of bad debts written off in the current year against the prior years. Besides, we have reviewed the aging of the contract assets in comparison to previous years and reviewing the reversal of contract assets in the current year and prior year. We also assessed the reasonableness of assumptions and judgements made by the management regarding the expected credit losses and recoverability of outstanding receivables through examination of subsequent collections, billings and tested the operating effectiveness of the relevant control procedures that management has in place.

Independent **Auditors' Report**

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Revenue recognition

The risk

Refer to Note 17 to the financial statements. There are significant accounting judgements involved including determining the stage of completion, the timing of revenue recognition and the calculation under the percentage of completion method made by management in applying the Group's revenue recognition policy to construction contracts entered into by the Group. The nature of these judgements result in them being susceptible to management override.

Contract revenue should include the amount agreed in the initial contract, plus revenue from alterations in the original contract work, plus claims and incentive payments that are expected to be collected and that can be measured reliably.

Our response

We performed a range of audit procedures which included obtaining a sample of contracts or letter of awards, reviewing for change orders or variation orders, reviewing estimated profit and costs to complete and enquiry of key personnel regarding adjustments for job costing and potential contract losses.

There is no key audit matter to be communicated in respect of the audit of the financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As at the date of our report, except for the Directors' Report, the remaining other information has not been made available to us for our reading and accordingly we are unable to report in this regard.

However, if after reading the other information when available and we conclude there is a material misstatement therein, we will communicate same to the Directors of the Company.

Independent **Auditors' Report**

Report on the Audit of the Financial Statements (cont'd)

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

Independent **Auditors' Report**

Report on the Audit of the Financial Statements (cont'd)

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (cont'd):-

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicated 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 identified 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.

GRANT THORNTON MALAYSIA PLT
(NO: 201906003682 & AF 0737)
CHARTERED ACCOUNTANTS

FOO LEE MENG
(NO: 03069/07/2021(J))
CHARTERED ACCOUNTANT

Kuala Lumpur
13 May 2020

Statements of **Financial Position**
As at 31 December 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	**17,398,083**	64,073,228	**8,073**	13,497
Right-of-use assets	5	**44,257,334**	-	**-**	-
Investment in subsidiaries	6	**-**	-	**520,000,002**	520,000,000
Total non-current assets		**61,655,417**	64,073,228	**520,008,075**	520,013,497
Current assets					
Contract assets	7	**165,852,509**	136,489,832	**-**	-
Trade receivables	8	**38,292,685**	65,632,441	**-**	-
Other receivables	9	**8,521,746**	7,959,580	**27,264,381**	42,816,639
Tax recoverable		**2,816**	3,767,025	**-**	-
Fixed deposits with licensed banks	10	**82,801,732**	74,292,620	**-**	-
Cash and bank balances	11	**32,308,377**	25,349,896	**15,205,799**	255,045
Total current assets		**327,779,865**	313,491,394	**42,470,180**	43,071,684
Total assets		**389,435,282**	377,564,622	**562,478,255**	563,085,181
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company					
Share capital	12	**65,270,741**	65,270,741	**563,493,864**	563,493,864
Retained earnings/(Accumulated losses)		**100,667,010**	88,666,310	**(1,126,890)**	(1,692,784)
Total equity		**165,937,751**	153,937,051	**562,366,974**	561,801,080

Statements of **Financial Position**
As at 31 December 2019

		Group		Company	
	Note	2019	2018	2019	2018
		RM	RM	RM	RM
LIABILITIES					
Non-current liabilities					
Borrowings	13	**87,910,575**	114,700,722	**-**	-
Lease liabilities/Finance lease liabilities	14	**452,635**	787,786	**-**	-
Total non-current liabilities		**88,363,210**	115,488,508	**-**	-
Current liabilities					
Contract liabilities	7	**8,324,849**	17,462,111	**-**	-
Trade payables	15	**37,025,860**	34,302,160	**-**	-
Other payables	16	**13,451,151**	6,975,087	**111,281**	1,136,454
Borrowings	13	**54,198,150**	31,225,169	**-**	-
Lease liabilities/Finance lease liabilities	14	**343,812**	519,671	**-**	-
Tax payable		**21,790,499**	17,654,865	**-**	147,647
Total current liabilities		**135,134,321**	108,139,063	**111,281**	1,284,101
Total liabilities		**223,497,531**	223,627,571	**111,281**	1,284,101
Total equity and liabilities		**389,435,282**	377,564,622	**562,478,255**	563,085,181

The accompanying notes form an integral part of the financial statements of Widad Group Berhad and its subsidiaries.

Statements of **Profit or Loss and Other Comprehensive Income**

For the Financial Year Ended 31 December 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Revenue	17	**186,996,503**	289,020,543	**2,500,000**	5,505,558
Cost of sales		**(123,125,576)**	(214,364,388)	**-**	-
Gross profit		**63,870,927**	74,656,155	**2,500,000**	5,505,558
Other income		**2,235,929**	341,798	**3,006,160**	8,240,462
Administrative and operating expenses		**(27,766,452)**	(30,688,744)	**(5,079,261)**	(4,204,147)
Other expenses		**(13)**	(7,172,421)	**(13)**	(9,804,811)
Operating profit		**38,340,391**	37,136,788	**426,886**	(262,938)
Finance income	18	**1,896,251**	2,012,196	**801**	43,059
Finance costs	18	**(9,702,909)**	(11,034,660)	**-**	-
Profit/(Loss) before tax	19	**30,533,733**	28,114,324	**427,687**	(219,879)
Tax (expense)/income	20	**(18,533,033)**	(8,858,561)	**138,207**	(147,647)
Profit/(Loss) for the financial year		**12,000,700**	19,255,763	**565,894**	(367,526)
Other comprehensive income, net of tax		**-**	-	**-**	-
Total comprehensive income/(loss) for the financial year		**12,000,700**	19,255,763	**565,894**	(367,526)
Earnings per share (sen)					
- Basic	21	**0.49**	0.92		

The accompanying notes form an integral part of the financial statements of Widad Group Berhad and its subsidiaries.

Statements of **Changes in Equity**

For the Financial Year Ended 31 December 2019

	Attributable to owners of the Company			
		Non-distributable	Distributable	
	Share capital RM	ESOS reserve RM	Retained earnings/ (Accumulated losses) RM	Total RM
Group				
Balance at 1 January 2018	10,000,000	-	73,417,243	83,417,243
Issuance of ordinary shares				
- Acquisition of a subsidiary	31,762,741	-	-	31,762,741
- Public issue	23,508,000	-	-	23,508,000
Total transactions with owners	55,270,741	-	-	55,270,741
Adjustment arising from reverse acquisition	-	-	(4,006,696)	(4,006,696)
Total comprehensive income for the financial year	-	-	19,255,763	19,255,763
Balance at 31 December 2018	65,270,741	-	88,666,310	153,937,051
Total comprehensive income for the financial year	-	-	12,000,700	12,000,700
Balance at 31 December 2019	**65,270,741**	**-**	**100,667,010**	**165,937,751**

Statements of **Changes in Equity**
For the Financial Year Ended 31 December 2019

	← Attributable to owners of the Company →			
		Non-distributable	Distributable	
	Share capital RM	ESOS reserve RM	Retained earnings/ (Accumulated losses) RM	Total RM
Company				
Balance at 1 January 2018	21,189,342	115,007	(1,325,258)	19,979,091
Issue of ordinary shares				
- Acquisition of a subsidiary	408,440,000	-	-	408,440,000
- Public issue	133,508,000	-	-	133,508,000
Exercise of ESOS	356,522	(115,007)	-	241,515
Total transactions with owners	542,304,522	(115,007)	-	542,189,515
Total comprehensive loss for the financial year	-	-	(367,526)	(367,526)
Balance at 31 December 2018	563,493,864	-	(1,692,784)	561,801,080
Total comprehensive income for the financial year	-	-	565,894	565,894
Balance at 31 December 2019	**563,493,864**	**-**	**(1,126,890)**	**562,366,974**

The accompanying notes form an integral part of the financial statements of Widad Group Berhad and its subsidiaries.

Statements of **Cash Flows**

For the Financial Year Ended 31 December 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		**30,533,733**	28,114,324	**427,687**	(219,879)
Adjustments for:-					
Depreciation of property, plant and equipment		**1,765,621**	2,640,450	**5,789**	5,525
Depreciation of right-of-use assets		**1,378,895**	-	**-**	-
Dividend income		**-**	-	**(2,500,000)**	(5,505,558)
Interest expenses		**9,702,909**	11,034,660	**-**	-
Interest income		**(1,896,251)**	(2,012,196)	**(801)**	(43,059)
Gain on disposal of subsidiaries		**-**	-	**-**	(7,490,462)
Bad debts written off		**28,029**	-	**-**	4,242,628
Property, plant and equipment written off		**-**	55,000	**-**	-
Unrealised loss on foreign exchange		**13**	1,562	**13**	17,099
Loss on disposal of property, plant and equipment		**-**	10,775	**-**	-
Operating profit/(loss) before working capital changes		**41,512,949**	39,844,575	**(2,067,312)**	(8,993,706)
Changes in working capital:-					
Contract balances		**(38,499,939)**	(39,594,148)	**-**	-
Payables		**9,189,754**	(10,532,416)	**(1,025,173)**	284,635
Receivables		**26,577,451**	(25,429,297)	**(1,218,300)**	47,359
Cash generated from/(used in) operations		**38,780,215**	(35,711,286)	**(4,310,785)**	(8,661,712)
Tax paid		**(10,639,749)**	(10,237,788)	**(9,440)**	-
Tax refund		**6,559**	-	**-**	-
Interest received		**21,220**	597,293	**801**	-
Interest paid		**(1,414,635)**	(928,740)	**-**	-
Net cash flows from/(used in) operating activities		**26,753,610**	(46,280,521)	**(4,319,424)**	(8,661,712)

Statements of **Cash Flows**
For the Financial Year Ended 31 December 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Net cash from reverse acquisition plan	6(c)	**-**	28,036,284	**-**	(110,000,000)
Acquistion of subsidiaries		**-**	-	**(2)**	-
Transaction costs of an equity transaction		**-**	-	**-**	(1,560,000)
Purchase of property, plant and equipment	A	**(726,705)**	(11,863,450)	**(365)**	(7,093)
Proceed from disposal of subsidiaries		**-**	-	**-**	28,000,000
Advances from/(to) subsidiaries		**-**	-	**16,770,558**	(47,044,927)
Dividend income		**-**	-	**2,500,000**	5,505,558
Interest received		**1,641,062**	1,414,903	**-**	43,059
Net cash flows from/(used in) investing activities		**914,357**	17,587,737	**19,270,191**	(125,063,403)
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of borrowings		**59,962,534**	-	**-**	-
Repayment of borrowings		**(57,520,235)**	(6,037,018)	**-**	-
Repayment of SUKUK		**(20,000,000)**	(20,000,000)	**-**	-
Proceed from issuance exercise of ESOS		**-**	-	**-**	241,515
Proceed from issuance of shares pursuant to private placement		**-**	23,508,000	**-**	133,508,000
Withdrawal/(Placement) in Designated Bank Accounts		**17,879,117**	(4,500,149)	**-**	-
Advance from ultimate holding company		**868,786**	51,388,997	**-**	-
(Repayment to)/Advance from related companies		**(452,697)**	1,013,321	**-**	-
Repayment of lease payables		**(511,010)**	(555,923)	**-**	-
Interest paid		**(8,288,274)**	(10,105,920)	**-**	-
(Placement)/Withdrawal of fixed deposits		**(8,509,112)**	4,763,733	**-**	-
Net cash flows (used in)/from financing activities		**(16,570,891)**	39,475,041	**-**	133,749,515
CASH AND CASH EQUIVALENTS					
Net changes		**11,097,076**	10,782,257	**14,950,767**	24,400
Brought forward		**656,842**	(10,123,853)	**255,045**	247,744
Effects of exchange rate changes		**(13)**	(1,562)	**(13)**	(17,099)
Carried forward	B	**11,753,905**	656,842	**15,205,799**	255,045

Statements of **Cash Flows**
For the Financial Year Ended 31 December 2019

NOTES TO THE STATEMENTS OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Total purchase of property, plant and equipment	**(726,705)**	(12,263,450)	**(365)**	(7,093)
Acquired under finance lease	**-**	400,000	**-**	-
	(726,705)	(11,863,450)	**(365)**	(7,093)

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position items:-

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Fixed deposits with licensed banks	**82,801,732**	74,292,620	**-**	-
Cash and bank balances	**32,308,377**	25,349,896	**15,205,799**	255,045
Bank overdrafts	**(19,676,335)**	(5,935,800)	**-**	-
	95,433,774	93,706,716	**15,205,799**	255,045
Less: Fixed deposits pledged with licensed banks	**(82,801,732)**	(74,292,620)	**-**	-
Designated Bank Accounts	**(878,137)**	(18,757,254)	**-**	-
	11,753,905	656,842	**15,205,799**	255,045

Notes to the **Financial Statements**
- 31 December 2019

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur and the principal place of business of the Company is located at WBG Penthouse, Widad Semantan (WISE), No 3, Jalan Semantan, Damansara Heights, 50490 Kuala Lumpur.

The Company is principally engaged in investment holding.

The principal activities of its subsidiaries are disclosed in Note 6 to the financial statements.

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

The holding company is Widad Business Group Sdn. Bhd., a private limited liability company, incorporated and domiciled in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 13 May 2020.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 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 ("IFRSs") and the requirements of the Companies Act, 2016 in Malaysia.

2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would act in their economic best interest when pricing the asset or liability. A fair value measurement of a non-financial market 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.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes to the **Financial Statements**
- 31 December 2019

2. BASIS OF PREPARATION (CONT'D)

2.2 Basis of Measurement (cont'd)

All assets and liabilities for which fair value are measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

Level 1	-	Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2	-	Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
Level 3	-	Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.3 Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

2.4 MFRSs

2.4.1 Adoption of New Standards/Amendments/Improvements to MFRSs

The Group and the Company have consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

At the beginning of the current financial year, the Group and the Company adopted new standards/amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2019.

Initial application of the new standards/amendments/improvements to MFRSs did not have material impact to the financial statements, except for:-

MFRS 16 Leases

MFRS 16 supersedes MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statements of financial position.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 did not have an impact for leases where the Group is the lessor.

Notes to the **Financial Statements**
- 31 December 2019

2. BASIS OF PREPARATION (CONT'D)

2.4 MFRSs (cont'd)

2.4.1 Adoption of New Standards/Amendments/Improvements to MFRSs (cont'd)

MFRS 16 Leases (cont'd)

The Group adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying MFRS 117 and IC Interpretation 4 at the date of initial application.

The effect of adoption MFRS 16 as at 1 January 2019 (increase/(decrease)) is, as follows:

	Group RM
Assets	
Right-of-use assets	45,636,229
Property, plant and equipment	(45,636,229)
Net changes	-

The Group has lease contracts for various items of motor vehicles, office equipment and premises. Before the adoption of MFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Refer to Note 3.4 for the accounting policy prior to 1 January 2019.

Upon adoption of MFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 3.4 for the accounting policy beginning 1 January 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

- <u>Leases previously classified as finance leases</u>

  The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under MFRS 117). The requirements of MFRS 16 were applied to these leases from 1 January 2019.

- <u>Leases previously accounted for as operating leases</u>

  The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

Notes to the **Financial Statements**
- 31 December 2019

2. BASIS OF PREPARATION (CONT'D)

2.4 MFRSs (cont'd)

2.4.1 Adoption of New Standards/Amendments/Improvements to MFRSs (cont'd)

MFRS 16 Leases (cont'd)

The Group also applied the available practical expedients wherein it:

(i) Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
(ii) Relied on its assessment of whether leases are onerous immediately before the date of initial application;
(iii) Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application;
(iv) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; or
(v) Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 1 January 2019:

- Right-of-use assets of RM45,636,229 were recognised and presented separately in the statements of financial position. These are the lease assets recognised previously under finance leases that were reclassified from property, plant and equipment.
- Commitments relating to leases previously classified as finance lease of RM1,307,457 were recognised as lease liabilities in the statements of financial position.

2.4.2 Standards Issued But Not Yet Effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to MFRSs and IC Interpretation effective 1 January 2020:-

Amendments to MFRS 3	Definition of Business
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 7, MFRS 9 and MFRS 139	Interest rate Benchmark Reform

Amendments to Reference to Conceptual Framework on MFRS Standards (MFRS 2*, 3, 6*, 14*, 101, 108, 134*, 137, 138*, and IC Interpretation 12*, 19*, 20*, 22 and 132*)

Notes to the **Financial Statements**
- 31 December 2019

2. BASIS OF PREPARATION (CONT'D)

2.4 MFRSs (cont'd)

2.4.2 Standards Issued But Not Yet Effective (cont'd)

MFRS effective 1 January 2021:-

MFRS 17	Insurance Contracts*

Amendments to MFRS effective 1 January 2022:-

Amendments to MFRS 101	Classification of Liabilities as Current or Non-current

Amendments to MFRSs - effective date deferred indefinitely:-

Amendments to MFRS 10 and MFRS 128	Consolidated Financial Statements and Investments in Associate and Joint Ventures - Sale or Contribution of Assets between Joint Venture*

* Not applicable to the Group and the Company.

The initial application of the above standards, amendments and interpretations are not expected to have material financial impact to the financial statements.

2.5 Significant Accounting Estimates and Judgements

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.

2.5.1 Key Sources of Estimation Uncertainty

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Useful Lives of Depreciable Assets

Management estimates the useful lives of the property, plant and equipment to be within 5 to 50 years and reviews the useful lives of depreciable assets at end of each reporting year. At 31 December 2019, management assesses that the useful lives represent the expected utility of the assets to the Group and the Company. Actual results, however, may vary due to change in the expected level of usage and technological developments, which resulting the adjustment to the Group's and the Company's assets.

Notes to the **Financial Statements**
- 31 December 2019

2. BASIS OF PREPARATION (CONT'D)

2.5 Significant Accounting Estimates and Judgements (cont'd)

2.5.1 Key Sources of Estimation Uncertainty (cont'd)

<u>Impairment of Non-financial Assets</u>

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, the management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's and the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

<u>Revenue from Contracts with Customers</u>

Revenue is recognised when or as the control of the asset is transferred to our customers and, depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time. If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress, based on the physical proportion of contract work-to-date certified by the Group and the customers.

Significant judgment is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction based on actual costs incurred to date over the estimated total construction costs. The total estimated costs are based on approved budgets, which require assessments and judgments to be made on changes in, for example, work scope, changes in costs and costs to completion. In making these judgments, management relies on past experience and the work of specialists. A change in the estimate will directly affect the revenue to be recognised.

<u>Deferred Tax Assets</u>

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget or forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in which the Group operates are also carefully taken into consideration.

If a positive forecast of taxable income indicates the probable use of a deferred tax assets, especially when it can be utilised without a time limit, that deferred tax assets is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

<u>Income Taxes</u>

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognised tax liabilities based on estimates of whether additional taxes will be due. Where the final tax 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 period in which such determination is made.

Notes to the **Financial Statements**
- 31 December 2019

2. BASIS OF PREPARATION (CONT'D)

2.5 Significant Accounting Estimates and Judgements (cont'd)

2.5.1 Key Sources of Estimation Uncertainty (cont'd)

Provision for Expected Credit Losses ("ECLs") of Trade Receivables and Contract Assets

The Group and the Company use a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on the repayment pattern of the customers, customers type and coverage by letters of credit.

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

2.5.2 Significant Management Judgement

There is no significant management judgements in applying the accounting policies of the Group and of the Company that have the most significant effect on the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies, as summarised below, consistently throughout all periods presented in the financial statements, unless otherwise stated.

3.1 Consolidation

3.1.1 Subsidiaries

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

Investment in subsidiaries is stated at cost less any impairment losses in the Company's financial position, unless the investment is held for sale or distribution.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amounts is included in profit or loss.

Notes to the **Financial Statements**
- 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.2 Basis of Consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting period.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in asset, such as inventory and property, plant and equipment) are eliminated in full in preparing the consolidated financial statements. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Temporary differences arising from the elimination of profits and losses resulting from intragroup transactions will be treated in accordance to Note 3.13 of the financial statements.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes in the Company owners' 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 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 interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3.1.3 Business Combination and Goodwill

Business combinations 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. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

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 the 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 existing equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

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 9 either in profit or loss or as 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 9, it is measured in accordance with the appropriate MFRSs.

Notes to the **Financial Statements**
- 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.3 Business Combination and Goodwill (cont'd)

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income at the date of acquisition.

3.1.4 Reverse Acquisition upon Consolidation

Consolidated financial statements prepared following a reverse acquisition are issued under the name of the legal parent (accounting acquiree) but described in the notes as a continuation of the financial statements of the legal subsidiary (accounting acquirer), with one adjustment, which is to adjust retroactively the accounting acquirer's legal capital to reflect the legal capital of the accounting acquiree. That adjustment is required to reflect the capital of the legal parent (accounting acquiree). Comparative information presented in those consolidated financial statements also is retroactively adjusted to reflect the legal capital of the legal parent (accounting acquiree).

Because the consolidated financial statements represent the continuation of the financial statements of the legal subsidiary except for its capital structure, the consolidated financial statements reflect:

(a) The assets and liabilities of the legal subsidiary (accounting acquirer) recognised and measured at their pre-combination carrying amounts.

(b) The assets and liabilities of the legal parent (accounting acquiree) recognised and measured in accordance with the applicable accounting standard.

(c) The retained earnings and other equity balances of the legal subsidiary (accounting acquirer) before the business combination.

(d) The amount recognised as issued equity interests in the consolidated financial statements determined by adding the issued equity interest of the legal subsidiary (accounting acquirer) outstanding immediately before the business combination to the fair value of the legal parent (accounting acquiree) determined in accordance with the applicable accounting standard. However, the equity structure (i.e. the number and type of equity interests issued) reflects the equity structure of the legal parent (accounting acquiree), including the equity interests of the legal parent (accounting acquiree) issued to effect the combination. Accordingly, the equity structure of the legal subsidiary (accounting acquirer) is restated using the exchange ratio established in the acquisition agreement to reflect the number of shares of the legal parent (accounting acquiree) issued in the reverse acquisition.

(e) The non-controlling interest's proportionate share of the legal subsidiary's (accounting acquirer's) pre-combination carrying amounts of retained earnings and other equity interests.

Notes to the **Financial Statements**
- 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.5 Loss of Control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3.2 Foreign Currency Translation

The Group's consolidated financial statements are presented in RM, which is also the Company's functional currency.

3.2.1 Foreign Currency Transactions and Balances

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising in translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

3.3 Property, Plant and Equipment

Property, plant and equipment are initially stated at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All property, plant and equipment are subsequently stated at cost less accumulated depreciation and less any impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bring 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.

Notes to the **Financial Statements**
- 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, Plant and Equipment (cont'd)

Depreciation is recognised on the straight line method in order to write off the cost of each asset over its estimated useful lives. Property, plant and equipment are depreciated based on the estimated lifes of the assets shown as follows:-

Leasehold land and building	2%
Freehold land and building	2%
Furniture, fitting and office equipment	20%
Plant and machinery	10%
Renovation	10%
Motor vehicles	20%
Site cabin and signboard	10%

Capital work-in-progress consists of building under construction for intended use as office. The amount is stated at cost and includes capitalisation of interest incurred on borrowings related to property, plant and equipment under construction until the property, plant and equipment are ready for their intended use.

The residual values, useful life and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and expected pattern of consumption of future economic benefits embodied in the items 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 in the financial year in which the asset is derecognised.

3.4 Leases

As described in Note 2.4.1 to the financial statements, the Group has applied MFRS 16 using the modified retrospective approach and therefore, the comparative information has not been restated and still reported under MFRS 117 and IC Interpretation 4.

Accounting Policies applied from 1 January 2019:-

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Notes to the **Financial Statements**
- 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Leases (cont'd)

Accounting Policies applied from 1 January 2019 (cont'd):-

3.4.1 As a Lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use Assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line over the shorter of the lease term and the estimated useful lives of the assets, as follows:-

Leasehold land and building	2%
Motor vehicles	20%

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 3.7 Impairment of Non-financial Assets.

Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Notes to the **Financial Statements**
- 31 December 2019

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.4 Leases (cont'd)

Accounting Policies applied from 1 January 2019 (cont'd):-

3.4.1 As a Lessee (cont'd)

Short-term Leases and Leases of Low-value Assets

The Group applies the short-term lease recognition exemption to its short-term leases of office equipment and premises (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.4.2 As a Lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Accounting Policies applied until 31 December 2018:-

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

As a Lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group are classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value or, if lower, at the present value of the minimum lease payments. Lease payments 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.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the profit or loss on a straight-line basis over the lease term.

Finance Leases

Management applies judgement in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Group obtains ownership of the asset at the end of the lease term.

Notes to the **Financial Statements**
- 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Leases (cont'd)

3.4.2 As a Lessor (cont'd)

Accounting Policies applied until 31 December 2018 (cont'd):-

As a Lessee (cont'd)

Operating Leases

All other leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance are expensed as incurred.

3.5 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.5.1 Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at transaction price as disclosed in Note 3.11 to the financial statements.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

Notes to the **Financial Statements**
- 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial Instruments (cont'd)

3.5.1 Financial Assets (cont'd)

Subsequent Measurement

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

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); or
- Financial assets at fair value through profit or loss.

The Group and the Company only have financial assets at amortised cost on their statements of financial position.

Financial Assets at Amortised Cost

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's and the Company's financial assets at amortised cost includes trade and most of other receivables, cash and bank balances and fixed deposits with licensed banks.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

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

When the Group and the Company have transferred their rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

Notes to the **Financial Statements**
- 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial Instruments (cont'd)

3.5.1 Financial Assets (cont'd)

Impairment

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group and the Company consider the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The assessment considers available, reasonable and supportable forward-looking information.

The Group and the Company consider a receivable as credit impaired when one or more events that have a detrimental impact on the estimated cash flows have occurred. These instances include adverse changes in the financial capability of the debtor and default or significant delay in payments. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

To measure ECL, trade receivables and contract assets are grouped into categories. The categories are differentiated by the different business risks and are subject to different credit assessments. Contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts.

The Group considers the expected credit loss rates for trade receivables as a reasonable approximation of the loss rates for contract assets with similar risk characteristics.

Intercompany balances, trade and other receivables which is in default or credit impaired are assessed individually.

Notes to the **Financial Statements**
- 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial Instruments (cont'd)

3.5.2 Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent Measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:-

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

The Group's and the Company's financial liabilities include trade and most of other payables, lease liabilities and borrowings which are measured at amortised cost.

Financial Liabilities at Amortised Cost

This is the category most relevant to the Group and the Company. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the profit or loss. This category generally applies to interest-bearing borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

3.5.3 Offsetting of Financial Instruments

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

Notes to the **Financial Statements**
- 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial Instruments (cont'd)

3.5.4 Financial Guarantee Contracts

Financial guarantee contracts issued by the Group and the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specific debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

3.6 Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand, bank balances, fixed deposits with licensed banks and highly liquid investments which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Bank overdraft is shown in current liabilities in the statements of financial position.

For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdraft and pledged deposits.

For the purpose of the statements of financial position, cash and cash equivalents restricted to be used to settle a liability of 12 months or more after the reporting date are classified as non-current assets.

3.7 Impairment of Non-financial Assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

Note 2.5 - Significant assumptions estimates and judgements
Note 3.3 - Property, plant and equipment

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group and the Company base their impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's and the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of ten years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Notes to the **Financial Statements**
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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment of Non-financial Assets (cont'd)

Impairment losses are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group and the Company estimate the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

3.8 Equity, Reserves and Distribution to Owners

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Share capital are recorded at the proceeds from ordinary shares issued, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Retained earnings/Accumulated losses include all current and prior periods' accumulated profits/losses.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grants the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Final dividends proposed by the Directors are not accounted for in shareholders' equity as an appropriation of retained earnings, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

The distribution of non-cash assets to owners is recognised as dividend payable when the dividend was approved by shareholders. The dividend payable is measured at the fair value of the shares to be distributed. At the end of the financial year and on the settlement date, the Company reviews the carrying amount of the dividend payable, with any changes in the fair value of the dividend payable recognised in equity. When the Company settles the dividend payable, the difference between the carrying amount of the dividend distributed and the carrying amount of the dividend payable is recognised as a separate line item in profit or loss.

All transactions with owners of the Company are recorded separately within equity.

3.9 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group and the Company expect some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the profit or loss net of any reimbursement.

If the effect of the time of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes to the **Financial Statements**
- 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Employees Benefits

3.10.1 Short Term Employees Benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the 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 the absences occur.

A provision is made for the estimated liability for leave as a result of services rendered by employees up to the reporting date.

3.10.2 Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into independent entities of funds and will have no legal or constructive obligations to pay further contribution if any of the funds do not hold sufficient assets to pay all employees benefits relating to employee services in the current and preceding financial year.

Such contributions are recognised as expenses in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

3.11 Revenue

3.11.1 Revenue from Contracts with Customers

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 service (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 and the Company's customary business practices.

Revenue is measured at the amount of consideration to which the Group and the Company expects to be entitled in exchange for transferring the promised goods or services to the customer, 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 and the Company estimate 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 uncertainly associated with the variable consideration is subsequently resolved.

Notes to the **Financial Statements**
- 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Revenue (cont'd)

3.11.1 Revenue from Contracts with Customers (cont'd)

The control of the promised goods or services may be transferred over time or at a point in time. 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.

The control over the goods or services is transferred over time and revenue is recognised over time if:-

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

The Group and the Company recognise revenue from construction over time if it creates an asset with no alternative use to the Group and the Group and the Company have an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of the performance obligation is measured based on the Group's and the Company's effort or inputs to the satisfaction of the performance obligation (e.g. by reference to the contract costs incurred to date as a percentage of the estimated total contract costs of the contract, i.e. the stage of completion).

Performance obligations by segment are as follows:

Construction

Revenue from construction contract is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance creates and enhances an asset that the customer controls as the Group performs or the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on methods that best depict the Group's performance in satisfying the performance obligation, where the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the contract of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract).

Notes to the **Financial Statements**
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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Revenue (cont'd)

3.11.1 Revenue from Contracts with Customers (cont'd)

Services

Services are recognised in the accounting period in which the services are rendered and the customer receives and consumes the benefits provided by the Group, and the Group has a present right to payment for, the services.

3.11.2 Contract Balances

Contract Assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in Note 3.5.1.

Trade Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

3.11.3 Others Revenue Recognition

Revenue from other sources are recognised as follows:

Interest Income

Interest income is recognised on time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group and the Company.

Dividend Income

Dividend income from investment is recognised when the shareholder's right to receive payment has been established provided it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Notes to the **Financial Statements**
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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Revenue (cont'd)

3.11.3 Others Revenue Recognition (cont'd)

Rental Income

Rental income is accounted on a straight-line basis over the lease terms. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as revenue.

Management Fees Income

Management fees are recognised when services are rendered.

3.12 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.

All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

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

3.13 Tax Expense

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

3.13.1 Current Tax

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

Current tax for current and prior years is recognised in the statements of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

Notes to the **Financial Statements**
- 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Tax Expense (cont'd)

3.13.2 Deferred Tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

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

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.14 Goods and Services Tax

Goods and Services Tax ("GST") is a consumption tax based on the value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate. Input tax that a company pays on business purchases is offset against output tax.

Revenue, expenses and assets are recognised net of GST except:-

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

The net GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

The Malaysian Government has zero rated the GST effective from 1 June 2018. This mean the GST rate on the supplier of goods or services or on the importation of goods has been revised from 6% to 0%.

The GST has been replaced with Sales and Services Tax effective from 1 September 2018. The rate for sales tax is fixed at 5% or 10%, while the rate for services tax is fixed at 6%.

Notes to the **Financial Statements**
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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Sales and Services Tax

Expenses and assets are recognised net of the amount of sales and services tax, except:-

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

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

3.16 Operating Segments

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

3.17 Contingencies

3.17.1 Contingent Liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow 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 liabilities unless the probability of outflow of economic benefits is remote.

3.17.2 Contingent Assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

Notes to the **Financial Statements**
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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Related Parties

A related party is a person or entity that is related to the Group and the Company. A related party transaction is a transfer of resources, services or obligations between the reporting entity and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the reporting entity if that person:-

(i) Has control or joint control over the Group and the Company;
(ii) Has significant influence over the Group and the Company; or
(iii) Is a member of the key management personnel of the holding company of the Company, or the Group or the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:-

(i) The entity and the Group or the Company are members of the same group.
(ii) One entity is an associate or joint venture of the other entity.
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the same third entity.
(v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
(vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the Group or the entity.
(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

3.19 Earnings Per Share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company over the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company over the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares during the period.

Notes to the **Financial Statements**
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4. **PROPERTY, PLANT AND EQUIPMENT**

Group	Leasehold land and building RM	Freehold land and building RM	Furniture, fitting and office equipment RM	Plant and machinery RM	Renovation RM	Motor vehicles RM	Site cabin and signboard RM	Total RM
Cost								
At 1 January 2018	48,800,000	5,594,276	1,038,801	436,550	3,055,292	4,413,545	141,880	63,480,344
Additions	-	-	46,813	-	11,816,637	400,000	-	12,263,450
Property, plant and equipment from acquisition of Widad Group Berhad	-	-	9,265	-	-	-	-	9,265
Disposals	-	-	-	(431,000)	-	(438,477)	-	(869,477)
Written off	-	-	-	-	-	(285,000)	-	(285,000)
At 31 December 2018	48,800,000	5,594,276	1,094,879	5,550	14,871,929	4,090,068	141,880	74,598,582
Adjustment on initial application of MFRS 16	(48,800,000)	-	-	-	-	(2,956,323)	-	(51,756,323)
At 1 January 2019, restated	**-**	**5,594,276**	**1,094,879**	**5,550**	**14,871,929**	**1,133,745**	**141,880**	**22,842,259**
Reclassification	**-**	**-**	**998,517**	**-**	**(998,517)**	**-**	**-**	**-**
Additions	**-**	**-**	**66,583**	**-**	**660,122**	**-**	**-**	**726,705**
At 31 December 2019	**-**	**5,594,276**	**2,159,979**	**5,550**	**14,533,534**	**1,133,745**	**141,880**	**23,568,964**

Notes to the **Financial Statements**
- 31 December 2019

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

Group	Leasehold land and building RM	Freehold land and building RM	Furniture, fitting and office equipment RM	Plant and machinery RM	Renovation RM	Motor vehicles RM	Site cabin and signboard RM	Total RM
Accumulated depreciation								
At 1 January 2018	3,256,000	451,306	773,491	393,449	1,085,307	2,947,102	66,951	8,973,606
Charge for the financial year	976,000	111,885	138,654	32,326	732,819	637,857	10,909	2,640,450
Disposals	-	-	-	(420,225)	-	(438,477)	-	(858,702)
Written off	-	-	-	-	-	(230,000)	-	(230,000)
At 31 December 2018	4,232,000	563,191	912,145	5,550	1,818,126	2,916,482	77,860	10,525,354
Adjustment on initial application of MFRS 16	(4,232,000)	-	-	-	-	(1,888,094)	-	(6,120,094)
At 1 January 2019, restated	**-**	**563,191**	**912,145**	**5,550**	**1,818,126**	**1,028,388**	**77,860**	**4,405,260**
Reclassification	**-**	**-**	**41,604**	**-**	**(41,604)**	**-**	**-**	**-**
Charge for the financial year	**-**	**111,886**	**237,787**	**-**	**1,328,499**	**79,482**	**7,967**	**1,765,621**
At 31 December 2019	**-**	**675,077**	**1,191,536**	**5,550**	**3,105,021**	**1,107,870**	**85,827**	**6,170,881**
Net carrying amount								
At 31 December 2019	**-**	**4,919,199**	**968,443**	**-**	**11,428,513**	**25,875**	**56,053**	**17,398,083**
At 31 December 2018	44,568,000	5,031,085	182,734	-	13,053,803	1,173,586	64,020	64,073,228

Notes to the **Financial Statements**
- 31 December 2019

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

Furniture, fitting and office equipment

Company	Total RM
Cost	
At 1 January 2018	56,734
Additions	7,093
At 31 December 2018/1 January 2019	**63,827**
Additions	**365**
At 31 December 2019	**64,192**
Accumulated depreciation	
At 1 January 2018	44,805
Charge for the financial year	5,525
At 31 December 2018/1 January 2019	**50,330**
Charge for the financial year	**5,789**
At 31 December 2019	**56,119**
Net carrying amount	
At 31 December 2019	**8,073**
At 31 December 2018	13,497

Notes to the **Financial Statements**
- 31 December 2019

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

4.1 Assets held under finance lease

The net carrying amount of assets under finance lease are:-

	Group 2018 RM
Motor vehicles	1,068,229

4.2 Assets pledged as securities to financial institutions

The net carrying amount of assets pledged as securities for borrowings are:-

	Group	
	2019 RM	2018 RM
Leasehold land and building	-	44,568,000
Freehold land and building	**4,919,199**	5,031,085
	4,919,199	49,599,085

5. RIGHT-OF-USE ASSETS

As a lessee

The Group has leases for leasehold land and building and motor vehicles that run between 5 to 50 years.

The Group also has leases of premises, motor vehicles and office equipment with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemption for these leases.

	Motor vehicles RM	Leasehold land and building RM	Total RM
Group			
Adjustment on initial application of MFRS 16/At 1 January 2019, restated	1,068,229	44,568,000	45,636,229
Depreciation charge for the financial year	(402,895)	(976,000)	(1,378,895)
At 31 December 2019	665,334	43,592,000	44,257,334

The above motor vehicles are held under lease liabilities.

The leasehold land and building have been pledged as securities for bank borrowings as disclosed in Note 13 to the financial statements.

Notes to the **Financial Statements**
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5. RIGHT-OF-USE ASSETS (CONT'D)

As a lessor

The Group has entered into operating leases on its land and building. The lease is cancellable with 3 months prior written notice. Rental income recognised by the Group during the year is RM795,530.

6. INVESTMENT IN SUBSIDIARIES

(a) Investment in subsidiaries

	Company	
	2019	**2018**
	RM	**RM**
Unquoted shares, at cost		
- within Malaysia	**520,000,002**	520,000,000

Details of subsidiaries, all of which are incorporated and domiciled in Malaysia are as follows:-

Name of companies	Principal place of business	Effective ownership interest and voting interest		Principal activities
		2019	**2018**	
Direct interest:				
Widad Builders Sdn. Bhd. ("WBSB")	Malaysia	**100%**	100%	@@
Widad Green Sdn. Bhd.	Malaysia	**100%**	-	^
Widad Rail Sdn. Bhd.	Malaysia	**100%**	-	^
Indirect interest				
Widad Facility Management Sdn. Bhd. **	Malaysia	**100%**	100%	$
Widad Capital Sdn. Bhd. **	Malaysia	**100%**	100%	Δ

^ Dormant.

@@ The principal activity of this subsidiary is general trading, construction and providing full facility management and mechanical and electrical maintenance, care and improvement.

$ The subsidiary is principally engaged in landscaping work and general contractors.

Δ The principal activities of the subsidiary are construction, providing facility management services and fund raising vehicle.

** Direct subsidiaries of WBSB.

Notes to the **Financial Statements**
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6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Acquisition of subsidiaries

On 26 April 2019, the Company incorporated two wholly-owned subsidiaries namely Widad Rail Sdn. Bhd. and Widad Green Sdn. Bhd., with both having an initial share capital of 1 ordinary share of RM1 each.

(c) Reverse acquisition plan - Acqusition of subsidiaries and disposal of subsidiaries

In prior financial year, the Company acquired 10,000,000 ordinary shares representing the entire issued and paid-up capital of WBSB for a purchase consideration of RM520,000,000 satisfied through combination of cash of RM110,000,000 and the issuance of 1,782,608,695 new ordinary shares in the Company, at an issue price of RM0.23 per share.

Upon completion of acquisition of WBSB, on the same day, the Company disposed its subsidiaries IJHK and IJX (including its subsidiaries) ("China subsidiaries") to Oriental Dragon Incorporation Limited for a cash consideration of RM28,000,000.

The goodwill amounting to RM982,851 which arose from the reverse acquisition plan had been recognised and expensed off. This expense is derived as follows:-

The fair value of the identifiable assets and liabilities of the Company as at 10 July 2018:-

	2018 RM
Non-current assets	21,454,165
Current assets	34,665,069
Non-current liabilities	(36,457)
Current liabilities	(25,302,887)
Total identifiable net assets	30,779,890
Deemed purchase consideration of the Company by WBSB	(31,762,741)
Goodwill	(982,851)

Notes to the **Financial Statements**
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6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Reverse acquisition plan - Acqusition of subsidiaries and disposal of subsidiaries (cont'd)

The effect of the disposal of China subsidiaries on the financial position of the Group as at the date of disposal was as follows:-

	2018 RM
Non-current assets	21,444,900
Current assets	34,611,940
Non-current liabilities	(36,457)
Current liabilities	(24,996,538)
Total identifiable net assets	31,023,845
Goodwill	982,851
Loss on disposal	(4,006,696)
Consideration received	28,000,000

The net effect of the reverse acquisition plan on the financial position of the Group as at the date of completion was as follows:-

	2018 RM
Consideration received from disposal of China subsidiaries	28,000,000
Cash and cash equivalent acquired	36,284
Net cash from reverse acquisition plan	28,036,284

7. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2019 RM	2018 RM
Contract assets		
- construction contracts	**165,852,509**	136,489,832
Contract liabilities		
- customers deposits	**8,324,849**	17,462,111

Notes to the **Financial Statements**
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7. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

Construction contracts

The construction contracts represent the timing differences in revenue recognition and the milestone billings.

Contract assets primarily relate to the rights to consideration for work completed on construction contracts but not yet billed as at the reporting date.

Contract liabilities consist of advance billings in excess of revenue recognised, typically resulting from the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect the physical completion of the contracts.

Customers deposits

Customers deposit related to deposit made by customers for the construction projects which is partially performed or have yet to perform by the Group as at the reporting date.

Significant changes to the Group's contract assets and contract liabilities balances during the financial year are as follows:-

	Group	
	2019	2018
	RM	RM
Decrease in revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous period	-	4,832,544
Contract assets at the beginning of the year not transferred to the trade receivables due to change in time frame	**46,529,760**	6,329,815
Contract liabilities at the beginning of the year recognised as revenue	**9,137,262**	5,384,964

8. TRADE RECEIVABLES

	Group	
	2019	2018
	RM	RM
Trade receivables	**8,729,912**	29,149,296
Retention sum	**29,562,773**	26,841,117
Amount due from holding company	-	9,642,028
	38,292,685	65,632,441

Trade receivables bear no interest and the normal trade credit terms granted by the Group to the trade receivables ranging from 1 to 60 days (2018: 1 to 60 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Notes to the **Financial Statements**
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9. OTHER RECEIVABLES

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Non-trade receivables	**-**	28,103	**-**	-
Amount due from holding company	**2,124,446**	2,983,222	**-**	-
Amount due from subsidiaries	**-**	-	**26,043,381**	42,813,939
Amount due from a related company	**602,400**	149,703	**-**	-
	2,726,846	3,161,028	**26,043,381**	42,813,939
Deposits	**4,834,900**	3,418,501	**1,221,000**	2,700
GST recoverable	**-**	189,968	**-**	-
Prepayments	**960,000**	1,190,083	**-**	-
	8,521,746	7,959,580	**27,264,381**	42,816,639

The movement of provision for expected credit losses during the financial year is as follow:-

	Company	
	2019	2018
	RM	RM
At 1 January	**-**	6,254,890
Less: Written off	**-**	(6,254,890)
At 31 December	**-**	-
Individually impaired	**-**	-

Included in deposits is an amount of RM1,220,000 (2018: RM Nil) paid for acquisition of Innovatif Mewah Sdn. Bhd. from Menang Development Sdn. Bhd., Menang Industries (M) Sdn. Bhd. and Tentu Selesa Sdn. Bhd.. These transactions have not been completed as at reporting date.

Related company refers to members of Widad Business Group Sdn. Bhd.'s group of companies.

Amounts due from holding company, subsidiaries and a related company are unsecured, bear no interest and repayable on demand.

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10. FIXED DEPOSITS WITH LICENSED BANKS

Group

The fixed deposits with licensed banks have been pledged to banks for banking facilities, and hence, are not available for general use.

The average effective profit rates for fixed deposits with licensed banks are ranging from 2.75% to 4.00% (2018: 3.00% to 4.00%) per annum.

11. CASH AND BANK BALANCES

Group

Cash and bank balances of a subsidiary is maintained in Designated Bank Accounts amounting to RM878,137 (2018: RM18,757,254) for which utilisation is restricted for the payments of principal and interest or future profit in respect of the Sukuk Murabahah Programme.

12. SHARE CAPITAL

	No. of ordinary shares		Amount	
	2019	**2018**	**2019**	**2018**
Group	**Unit**	**Unit**	**RM**	**RM**
Issued and fully paid with no par value:-				
At 1 January	**2,454,641,845**	136,851,075	**65,270,741**	10,000,000
Shares issued at 27 March 2018 pursuant to exercise of ESOS	**-**	1,150,075	**-**	-
Issuance of ordinary shares				
- acquisition of WBSB	**-**	1,782,608,695	**-**	31,762,741
- private placement	**-**	534,032,000	**-**	23,508,000
At 31 December	**2,454,641,845**	2,454,641,845	**65,270,741**	65,270,741

Notes to the **Financial Statements**
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12. SHARE CAPITAL (CONT'D)

	No. of ordinary shares		Amount	
	2019	**2018**	**2019**	**2018**
	Unit	**Unit**	**RM**	**RM**
Company				
Issued and fully paid with no par value:-				
At 1 January	**2,454,641,845**	136,851,075	**563,493,864**	21,189,342
Shares issued at 27 March 2018 pursuant to exercise of ESOS	**-**	1,150,075	**-**	356,522
Issuance of ordinary shares				
- acquisition of WBSB	**-**	1,782,608,695	**-**	408,440,000
- private placement	**-**	534,032,000	**-**	133,508,000
At 31 December	**2,454,641,845**	2,454,641,845	**563,493,864**	563,493,864

In prior financial year, the private placement was used to raise a fund to enable the Company to satisfy the cash portion of the purchase consideration amounted to RM110,000,000.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction and rank equally to the Company's residual assets.

13. BORROWINGS

	Group	
	2019	**2018**
	RM	**RM**
Secured:		
Sukuk Murabahah Programme ("SUKUK")	**70,000,000**	90,000,000
Term loans	**40,285,712**	49,990,091
Revolving credit	**10,150,028**	-
Bank overdrafts	**19,676,335**	5,935,800
Bill purchase	**1,996,650**	-
	142,108,725	145,925,891

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13. BORROWINGS (CONT'D)

	Group	
	2019	2018
	RM	RM
Repayable		
- within 1 year	**54,198,150**	31,225,169
- more than 1 year but less than 5 years	**60,801,545**	89,620,953
- above 5 years	**27,109,030**	25,079,769
	87,910,575	114,700,722
	142,108,725	145,925,891

The interest rates of the Group for the borrowings (other than SUKUK) are 6.17% to 7.73% (2018: 6.85% to 7.01%) per annum.

The profit rates of the Group for the SUKUK are 4.70% to 5.20% (2018: 4.70% to 5.20%) per annum.

The SUKUK of the Group are secured by way of:-

(a) a pledge of fixed deposits and Designated Bank Accounts;
(b) corporate guarantee by a subsidiary;
(c) assignment of the proceeds receivables;
(d) fixed and floating charges over all assets; and
(e) shares of a subsidiary.

The borrowings of the Group (other than SUKUK) are secured by way of:-

(a) a pledge of fixed deposits;
(b) a first party legal charge over the freehold and leasehold land and buildings;
(c) a jointly and severally guarantee by the subsidiaries' directors, subsidiaries' ex-directors and a person connected to subsidiaries' director;
(d) corporate guarantee by the Company and holding company;
(e) assignment of the proceeds receivables; and
(f) assignment of the proceeds rentals.

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14. LEASE LIABILITIES/FINANCE LEASE LIABILITIES

	Group 2019 RM
Lease liability recognised based on the initial application of MFRS 16	1,307,457
Accretion of interest	35,976
Payments	(546,986)
At 31 December	796,447
Current	343,812
Non-current	
- more than 1 year but less than 5 years	446,367
- above 5 years	6,268
	452,635
	796,447

The effective interest rate of the Group for lease liabilities are ranging from 4.47% to 5.63% per annum.

The following are the amounts recognised in profit or loss:-

	Group 2019 RM
Depreciation expense of right-of-use assets	1,378,895
Interest expense on lease liabilities	35,976
Expense relating to variable lease payments not included in the measurement of lease liabilities	67,078
Total amount recognised in profit or loss	1,481,949

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14. LEASE LIABILITIES/FINANCE LEASE LIABILITIES (CONT'D)

Comparative information under MFRS 117

	Group 2018 RM
Minimum lease payments	
- within 1 year	568,799
- more than 1 year but less than 5 years	829,296
- above 5 years	25,582
	854,878
	1,423,677
Less: Future finance charges	(116,220)
	1,307,457
Present value:-	
- within 1 year	519,671
- more than 1 year but less than 5 years	770,428
- above 5 years	17,358
	787,786
	1,307,457

The effective interest rate for the finance lease liabilities were ranging from 4.47% to 5.63% per annum.

The finance lease liabilities of the Group were secured by legal charge over the assets of the Group as disclosed in Notes 4 and 5 to the financial statements and secured against personnel guarantee by:

	Group	
	2019 RM	**2018 RM**
Directors	**469,266**	755,776
Ex-director	**196,068**	291,351
	665,334	1,047,127

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15. TRADE PAYABLES

The normal credit terms granted by the suppliers are ranging from 30 to 90 days (2018: 30 to 90 days). However, the term varies according to negotiation with the suppliers.

16. OTHER PAYABLES

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Non-trade payables	**3,843,310**	1,730,849	**27,033**	1,035,454
Amount due to holding company	**18,368**	8,358	**-**	-
Accrual of expenses	**8,488,483**	5,171,426	**84,248**	101,000
Deposit received	**64,400**	64,400	**-**	-
GST payable	**1,036,590**	54	**-**	-
	13,451,151	6,975,087	**111,281**	1,136,454

Included in deposit received is an amount of RM64,400 (2018: RM64,400) due to a related company.

Amount due to holding company is unsecured, bears no interest and repayable on demand.

17. REVENUE

Revenue comprise the followings:-

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Revenue from contracts with customers	**186,996,503**	289,020,543	**-**	-
Revenue from other sources				
- dividend income from subsidiaries	**-**	-	**2,500,000**	5,505,558
	186,996,503	289,020,543	**2,500,000**	5,505,558

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17. REVENUE (CONT'D)

Disaggregation of the Group's revenue from contracts with customers:-

	2019 RM	2018 RM
Geographical market		
Malaysia	**186,996,503**	289,020,543
Major products and services line		
Constructions	**119,005,202**	190,282,532
Integrated facility management	**67,991,301**	98,738,011
	186,996,503	289,020,543
Timing of revenue recognition		
At a point in time	**67,991,301**	98,738,011
Over time	**119,005,202**	190,282,532
	186,996,503	289,020,543

Group

The remaining contractual billings to customer from its construction activities and intergrated facility management is amounted to RM118,850,940 and RM251,882,812 (2018: RM237,861,287 and RM321,495,344) respectively and will be billed progressively upon the fulfillment of contractual milestones not withstanding if control of the assets has not been transferred to the customers. The contractual billing period for construction activities and intergrated facility management is between 7 to 11 months (2018: 2 to 21 months) and 3 to 30 months (2018: 3 to 42 months) respectively.

18. FINANCE INCOME/FINANCE COSTS

Finance income

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Interest income:-				
- Fixed deposits profit	**1,875,031**	1,414,903	**-**	43,059
- Hibah	**21,220**	597,293	**801**	-
	1,896,251	2,012,196	**801**	43,059

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18. FINANCE INCOME/FINANCE COSTS (CONT'D)

Finance costs

	Group	
	2019	2018
	RM	RM
Interest expenses:-		
- bank overdraft	**1,414,635**	928,740
- lease liabilities/finance lease liabilities	**35,976**	64,421
- SUKUK coupon	**4,269,357**	5,361,140
- term loans	**3,982,941**	4,680,359
	9,702,909	11,034,660

19. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax has been determined after charging/(crediting), amongst other items, the following:-

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Auditors' remuneration:				
- Statutory audit	**165,000**	163,000	**45,000**	45,000
- Other services	**374,300**	24,300	**4,800**	4,800
Bad debts written off	**28,029**	-	**-**	4,242,628
Depreciation of property, plant and equipment	**1,765,621**	2,640,450	**5,789**	5,525
Expenses/(Income) arising from leases:-				
- Depreciation of right-of-use-assets	**1,378,895**	-	**-**	-
- Expenses relations to variable lease payments not included in the measurement of lease liability	**67,078**	-	**-**	-
- Rental of premises	**-**	268,131	**-**	-
- Rental of office equipment	**-**	13,060	**-**	-
- Rental of motor vehicle	**-**	35,470	**-**	-
- Rental income	**(795,530)**	(340,450)	**-**	-
(Gain)/Loss on foreign exchange				
- realised	**(4)**	-	**(4)**	-
- unrealised	**13**	1,562	**13**	17,099
Loss on disposal of property, plant and equipment	**-**	10,775	**-**	-
Property, plant and equipment written off	**-**	55,000	**-**	-
Gain on disposal of subsidiaries	**-**	-	**-**	(7,490,462)
Reverse acquisition expenses	**-**	7,105,084	**-**	5,545,084

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20. TAX EXPENSE/(INCOME)

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Current year provision	**10,982,664**	11,139,552	**-**	147,647
Under/(Over) provision in prior year	**7,550,369**	(2,280,991)	**(138,207)**	-
Total tax expense/(income)	**18,533,033**	8,858,561	**(138,207)**	147,647

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

The numerical reconciliation between the effective tax rate and the statutory tax rate of the Group and of the Company are as follows:-

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Profit/(Loss) before tax	**30,533,733**	28,114,324	**427,687**	(219,879)
Tax at Malaysian statutory tax rate of 24% (2018: 24%)	**7,328,097**	6,747,438	**102,645**	(52,771)
Tax effects in respect of:-				
Income not subject to tax	**(445)**	-	**(1,320,000)**	(3,119,045)
Expenses not deductible for tax purposes	**3,574,750**	4,370,828	**1,217,355**	3,319,463
Under/(Over) provision in prior financial year	**7,550,369**	(2,280,991)	**(138,207)**	-
Deferred tax assets not recognised	**80,262**	21,286	**-**	-
Total tax expense/(income)	**18,533,033**	8,858,561	**(138,207)**	147,647

<u>Deferred tax assets not recognised</u>

Deferred tax assets have not been recognised in respect of the following items (stated at gross) for certain subsidiaries due to uncertainty of future taxable income of the subsidiaries.

	Group	
	2019	**2018**
	RM	**RM**
Carrying amount of qualifying plant and equipment in excess of tax base	**(3,733)**	(9,315)
Unabsorbed business losses	**663,270**	355,490
Unutilised capital allowances	**40,504**	19,440
	700,041	365,615

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21. EARNINGS PER SHARE

Basic earnings per ordinary share

The calculation of basic earnings per share was based on the profit attributable to ordinary equity holders of the Company and a weighted average number of ordinary shares issued calculated as follows:-

	Group	
	2019	2018
Profit for the financial year attributable to ordinary equity holders of the Company (RM)	**12,000,700**	19,255,763
Weighted average number of ordinary shares in issue	**2,454,641,845**	2,102,975,183
Basic earnings per ordinary share (sen)	**0.49**	0.92

Diluted earnings per ordinary share

Diluted earnings per ordinary share equals basic earnings per ordinary share as there are no dilutive potential ordinary shares.

22. EMPLOYEES BENEFITS EXPENSE

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Salaries and other emoluments	**15,700,479**	14,811,338	**3,552,440**	1,024,844
Social security contribution	**122,407**	154,165	**8,207**	2,594
Defined contribution plans	**1,627,039**	1,759,583	**384,095**	101,710
	17,449,925	16,725,086	**3,944,742**	1,129,148

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22. EMPLOYEES BENEFITS EXPENSE (CONT'D)

Directors' remunerations

Included in the employees benefits expense are Directors' remuneration as follows:-

Group	2019 RM	2018 RM
Existing Directors		
Directors of the Company		
Directors' fees	**216,000**	56,000
Salaries and other emoluments	**1,804,490**	465,381
Defined contribution plans	**199,296**	55,840
Social security contribution	**1,657**	414
	2,221,443	577,635
Directors of the subsidiaries		
Directors' fee	**-**	27,440
Salaries and other emoluments	**1,713,768**	1,557,921
Defined contribution plans	**205,657**	184,088
Social security contribution	**1,848**	1,455
	1,921,273	1,770,904
Past Directors		
Directors' fee	**-**	92,439
	4,142,716	2,440,978

Company	2019 RM	2018 RM
Existing Directors		
Directors' fees	**216,000**	56,000
Salaries and other emoluments	**1,804,490**	465,381
Defined contribution plans	**199,296**	55,840
Social security contribution	**1,657**	414
	2,221,443	577,635
Past Directors		
Directors' fee	**-**	92,439
	2,221,443	670,074

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23. RELATED PARTY DISCLOSURES

Related party transactions

The Group and the Company have the following transactions with the following related parties at negotiated terms agreed between the parties during the financial year:-

Group	2019 RM	2018 RM
Management fees charged from holding company	**-**	10,826,894
IT services charged from a related company	**234,800**	-
Rental income charged to a related company	**772,800**	322,000
Rental charged from subsidiaries' directors	**-**	13,200
Company		
Dividend received from an ex-subsidiary	**-**	5,505,558
Dividend received from a subsidiary	**2,500,000**	-
Management fee charged to a subsidiary	**3,000,000**	750,000

Related party balances

The outstanding balances arising from related party transactions as at the reporting date are disclosed in Notes 8, 9 and 16 to the financial statements.

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 and entity that provides key management personnel services to the Group and the Company.

Key management includes all the Directors of the Company and its subsidiaries and certain members of senior management of the Group and of the Company.

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23. RELATED PARTY DISCLOSURES (CONT'D)

Compensation of key management personnel (cont'd)

The remuneration of key management personnel of the Group and of the Company are as follows:-

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Salaries and other emoluments	**502,351**	192,678	**416,095**	136,739
Defined contribution plans	**60,288**	23,148	**49,920**	16,404
Social security contribution	**1,751**	1,269	**828**	576
	564,390	217,095	**466,843**	153,719
Directors' remuneration (Note 22)	**4,142,716**	2,440,978	**2,221,443**	670,074
	4,707,106	2,658,073	**2,688,286**	823,793

24. OPERATING SEGMENT

Business segment

For management purposes, the Group is organised into business units based on their services, which comprises the following:-

(a) Integrated facility management — Scheduled maintenance, ad-hoc maintenance and upgrading and renovation to ensure optimum effectiveness and efficiency and cater to its customers' requirements and preferences.

(b) Constructions — Infrastructure and civil works such as construction of low and high-rise buildings for a variety of uses, sewerage treatments plants and etc.

(c) Other — Other non-reportable segments comprise operations related to investment holding.

The Group has aggregated certain operating segments to form a reportable segment due to the similar nature and operational characteristics of the products.

The management monitors the operating results of its business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on negotiated basis.

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24. OPERATING SEGMENT (CONT'D)

Business segment (cont'd)

Group 2019	Note	Integrated facility management RM	Constructions RM	Other RM	Elimination RM	Total RM
Revenue:-						
External customers		67,991,301	119,005,202	-	-	186,996,503
Inter-segment	(a)	69,370,336	-	2,500,000	(71,870,336)	-
Total revenue		137,361,637	119,005,202	2,500,000	(71,870,336)	186,996,503
Results:-						
Interest income						1,896,251
Finance costs						(9,702,909)
Depreciation						(3,144,516)
Other non-cash expenses	(b)					(28,042)
Tax expense	(c)					(18,533,033)
Segment profit						12,000,700
Assets:-						
Additions to non-current assets	(d)					726,705
Unallocated segment assets	(e)					389,435,282
Liabilities:-						
Unallocated segment liabilities	(e)					223,497,531

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24. OPERATING SEGMENT (CONT'D)

Business segment (cont'd)

Group 2018	Note	Integrated facility management RM	Constructions RM	Other RM	Elimination RM	Total RM
Revenue:-						
External customers		98,738,011	190,282,532	-	-	289,020,543
Inter-segment	(a)	59,994,739	-	5,505,558	(65,500,297)	-
Total revenue		158,732,750	190,282,532	5,505,558	(65,500,297)	289,020,543
Results:-						
Interest income						2,012,196
Finance costs						(11,034,660)
Depreciation						(2,640,450)
Other non-cash expenses	(b)					(67,337)
Tax expense	(c)					(8,858,561)
Segment profit						19,255,763
Assets:-						
Additions to non-current assets	(d)					12,263,450
Unallocated segment assets	(e)					377,564,622
Liabilities:-						
Unallocated segment liabilities	(e)					223,627,571

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24. OPERATING SEGMENT (CONT'D)

Business segment (cont'd)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:-

(a) Inter-segment revenues are eliminated on consolidation.

(b) Other non-cash expenses consist of the following items:-

	Group	
	2019	**2018**
	RM	**RM**
Unrealised loss on foreign exchange	**13**	1,562
Property, plant and equipment written off	**-**	55,000
Bad debts written off	**28,029**	-
Loss on disposal of property, plant and equipment	**-**	10,775
	28,042	67,337

(c) It was not practicable to separate out the segment results for its business segments as the Directors of the Company are of the opinion that excessive costs would be incurred.

(d) Additions to non-current assets consist of:-

	Group	
	2019	**2018**
	RM	**RM**
Property, plant and equipment	**726,705**	12,263,450

(e) Unallocated assets and liabilities were jointly used by all segments.

Geographical information

Revenue and non-current assets information by geographical segments are not presented as the Group's customers and activities are located and conducted principally in Malaysia.

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24. OPERATING SEGMENT (CONT'D)

Information about major customers

The followings are major customers with revenue equal or more than 10% of the Group's total revenue:-

	Revenue				Segments
	2019		2018		
	RM	%	RM	%	
- Customer A	67,991,301	36	98,738,011	34	Integrated facility management
- Customer B	92,672,886	50	110,094,675	38	Constructions
- Customer C	23,697,778	13	49,981,773	17	Constructions
	184,361,965	99	258,814,459	89	

25. FINANCIAL INSTRUMENTS

25.1 Categories of Financial Instruments

The table below provides an analysis of financial instruments measured at amortised cost ("AC"):-

Group 2019	Carrying amount RM	AC RM
Financial assets		
Trade receivables	**38,292,685**	**38,292,685**
Other receivables	**7,561,746**	**7,561,746**
Fixed deposits with licensed banks	**82,801,732**	**82,801,732**
Cash and bank balances	**32,308,377**	**32,308,377**
	160,964,540	**160,964,540**
Financial liabilities		
Trade payables	**37,025,860**	**37,025,860**
Other payables	**12,414,561**	**12,414,561**
Borrowings	**142,108,725**	**142,108,725**
	191,549,146	**191,549,146**

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25. FINANCIAL INSTRUMENTS (CONT'D)

25.1 Categories of Financial Instruments (cont'd)

The table below provides an analysis of financial instruments measured at amortised cost ("AC") (cont'd):-

Company **2019**	**Carrying amount** **RM**	**AC** **RM**
Financial assets		
Other receivables	**27,264,381**	**27,264,381**
Cash and bank balances	**15,205,799**	**15,205,799**
	42,470,180	**42,470,180**
Financial liability		
Other payables	**111,281**	**111,281**
Group **2018**		
Financial assets		
Trade receivables	65,632,441	65,632,441
Other receivables	6,579,529	6,579,529
Fixed deposits with licensed banks	74,292,620	74,292,620
Cash and bank balances	25,349,896	25,349,896
	171,854,486	171,854,486
Financial liabilities		
Trade payables	34,302,160	34,302,160
Other payables	6,975,033	6,975,033
Borrowings	145,925,891	145,925,891
Finance lease liabilities	1,307,457	1,307,457
	188,510,541	188,510,541

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25. FINANCIAL INSTRUMENTS (CONT'D)

25.1 Categories of Financial Instruments (cont'd)

The table below provides an analysis of financial instruments measured at amortised cost ("AC") (cont'd):-

Company 2018	Carrying amount RM	AC RM
Financial assets		
Other receivables	42,816,639	42,816,639
Cash and bank balances	255,045	255,045
	43,071,684	43,071,684
Financial liability		
Other payables	1,136,454	1,136,454

25.2 Financial Risk Management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. Financial risk management policy is established to ensure that adequate resources are available for the development of the Group's and of the Company's business whilst managing its credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group and the Company operate within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows:-

25.2.1 Credit Risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet their contractual obligations. It is the Group's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group and the Company do not expect to incur material credit losses of their financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's and the Company's total credit exposure. The Group's and the Company's portfolio of financial instrument is broadly diversified along industry, product and geographical lines, and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group and the Company do not offer credit terms without the approval of the head of credit control.

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25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 Financial Risk Management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

25.2.1 Credit Risk (cont'd)

Maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of financial assets recognised at reporting date summarised below:-

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Trade receivables	**38,292,685**	65,632,441	**-**	-
Other receivables	**7,561,746**	6,579,529	**27,264,381**	42,816,639
Contract assets	**165,852,509**	136,489,832	**-**	-
Fixed deposits with licensed banks	**82,801,732**	74,292,620	**-**	-
Cash and bank balances	**32,308,377**	25,349,896	**15,205,799**	255,045
	326,817,049	308,344,318	**42,470,180**	43,071,684

Trade receivables, other receivables and contract assets

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. The Group's debt recovery process are as follows:-

(a) Above 90 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the finance team; and
(b) The Group will commence a legal proceeding against the customers who having dispute or does not adhere to the restructure of the repayment scheme.

The Group uses an allowance matrix to measure ECLs for all the past due debts. Credit term which are past due more than 365 days and having dispute with the trade receivables will be considered as credit impaired.

The Group assessed the risk of loss based on the following factors:

(a) overall past trend payments of customers;
(b) financial performances of each individual customers; and
(c) cost of borrowings and interest income rate.

None of the Group's and the Company's financial assets are secured by collateral or other credit enhancements.

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25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 Financial Risk Management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

25.2.1 Credit Risk (cont'd)

Trade receivables, other receivables and contract assets (cont'd)

Recognition and measurement of impairment loss (cont'd)

The Group uses three categories to reflect its credit risk and how the loss allowance is determined for each of those categories for financial assets other than trade receivables. A summary of the assumptions underpinning the Group's expected credit loss model is as follows:-

Category	Definition of categories	Basis of recognising expected credit loss
Performing	Receivables have a low risk of default and a strong capacity to meet contractual cash flows.	12 months expected credit loss
Underperforming	Receivables for which there is a significant increase in credit risk due to actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations.	Lifetime expected credit loss
Non-performing	Receivables which are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows have occurred.	Lifetime expected credit loss

Based on the above, loss allowance is derived as follows:-

(i) the likelihood that the debtor would not be able to repay during the contractual period;
(ii) the percentage of contractual cash flows that will not be collected if default happens; and
(iii) the outstanding amount that is exposed to default risk.

Credit risk concentration

In respect of trade and other receivables, the Group has no significant concentration of credit risk with any single counterparty or any group of counterparties having similar characteristics, except below mentioned.

	2019		2018	
	RM	%	RM	%
Malaysia				
Group				
3 customers (2018: 4 customers)	**36,029,008**	**94**	59,164,750	90

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25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 Financial Risk Management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

25.2.1 Credit Risk (cont'd)

Trade receivables, other receivables and contract assets (cont'd)

Recognition and measurement of impairment loss (cont'd)

Credit risk concentration (cont'd)

The Group and the Company continuously monitor credit standing of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used.

Cash and bank balances and fixed deposits with licensed banks

The credit risk for cash and bank balances and fixed deposits with licensed banks is considered low, since the counterparties are reputable financial institutions with high quality external credit ratings and have no history of default. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Intercompany balances

The Group and the Company provide unsecured advances to the subsidiaries and holding company and monitors the ability of the subsidiaries and holding company to repay the advances on an individual basis.

Generally, the Group and the Company consider advances to subsidiaries and holding company to have low credit risk. The Group and the Company assume that there is a significant increase in credit risk when the subsidiaries', or holding company's financial position deteriorates significantly. As the Group and the Company are able to determine the timing of payments of the advances when they are payable, the Group and the Company consider the advances to be in default when the subsidiaries, and holding company are not able to pay when demanded. The Group and the Company consider the loan or advances to be credit impaired when the subsidiaries, and holding company are unlikely to repay their advance to the Group or the Company in full, the loan or advance is overdue for more than a year, or the subsidiaries and holding company are continuously loss making and having deficit in shareholders' funds.

The Group and the Company determine the probability of default for these advances individually using internal information available.

As at the end of the reporting period, there was no indication that the intercompany amounts are not recoverable.

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25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 Financial Risk Management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

25.2.1 Credit Risk (cont'd)

Corporate guarantee

The Company provides unsecured corporate guarantees to banks in respect of banking facilities granted to a subsidiary. The Company monitors on an ongoing basis the results of the subsidiary and repayments made by the subsidiary.

The maximum exposure to credit risk amounts to RM6,539,313 (2018: RM4,649,229) representing the outstanding banking facility of the subsidiary as at the end of the reporting year.

As at the end of the reporting year, there was no indication that the subsidiary would default on repayment.

The corporate guarantees have not been recognised since the fair value on initial recognition was not material.

25.2.2 Liquidity Risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due as a result of shortage of funds.

In managing their exposures to liquidity risk arises principally from their various payables and borrowings, the Group and the Company maintain a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet their liabilities as and when they fall due.

The Group and the Company aim to maintain a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

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25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 Financial Risk Management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

25.2.2 Liquidity Risk (cont'd)

Analysis of financial liabilities by remaining contractual maturity period

The following table shows the areas where the Group and the Company are exposed to liquidity risk:-

	Carrying amount RM	Total contractual cash flows RM	Current Within 1 year RM	Non-current 2 to 5 years RM	More than 5 years RM
Group					
2019					
Non-derivative financial liabilities					
Trade payables	**37,025,860**	**37,025,860**	**37,025,860**	**-**	**-**
Other payables	**12,414,561**	**12,414,561**	**12,414,561**	**-**	**-**
Borrowings	**142,108,725**	**150,121,225**	**58,666,900**	**64,345,295**	**27,109,030**
Lease liabilities	**796,447**	**857,975**	**373,464**	**478,171**	**6,340**
	192,345,593	**200,419,621**	**108,480,785**	**64,823,466**	**27,115,370**
2018					
Non-derivative financial liabilities					
Trade payables	34,302,160	34,302,160	34,302,160	-	-
Other payables	6,975,033	6,975,033	6,975,033	-	-
Borrowings	145,925,891	159,607,141	36,893,919	97,633,453	25,079,769
Finance lease liabilities	1,307,457	1,423,677	568,799	829,296	25,582
	188,510,541	202,308,011	78,739,911	98,462,749	25,105,351

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25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 Financial Risk Management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

25.2.2 Liquidity Risk (cont'd)

Analysis of financial liabilities by remaining contractual maturity period (cont'd)

The following table shows the areas where the Group and the Company are exposed to liquidity risk (cont'd):-

	Carrying amount RM	Total contractual cash flows RM	Current Within 1 year RM	Non-current 2 to 5 years RM	Non-current More than 5 years RM
Company					
2019					
Non-derivative financial liabilities					
Other payables	**111,281**	**111,281**	**111,281**	**-**	**-**
Financial guarantee*	**6,539,313**	**6,539,313**	**6,539,313**	**-**	**-**
2018					
Non-derivative financial liabilities					
Other payables	1,136,454	1,136,454	1,136,454	-	-
Financial guarantee*	4,649,229	4,659,229	4,659,229	-	-

* This exposure is included in liquidity risk for illustration only. No financial guarantee was called upon by the holder as at the end of the reporting year.

The above amounts reflect the contractual unsdiscounted cash flows, which may differ from the carrying values of the financial liabilities at the reporting date.

25.2.3 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's investments in fixed rate debt obligation, fixed deposits with licensed banks and lease liabilities are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Notes to the **Financial Statements**
- 31 December 2019

25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 Financial Risk Management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

25.2.3 Interest Rate Risk (cont'd)

The Group's and the Company's interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group and the Company maintain fixed rate borrowings and floating debt based on assessment of their existing exposure and desired interest rate profile. Thus, the interest rate risk exposure is minimal.

The Group's interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group targets a mix of fixed and floating debt based on assessment of its existing exposure and desired interest rate profile.

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 date were:-

	Group	
	2019	**2018**
	RM	**RM**
Fixed rate instruments		
Financial asset		
- Fixed deposits with licensed banks	**82,801,732**	74,292,620
Financial liabilities		
- Borrowings	**82,146,678**	90,000,000
- Lease liabilities/Finance lease liabilities	**796,447**	1,307,457
	82,943,125	91,307,457
Net financial liabilities	**(141,393)**	(17,014,837)
Floating rate instrument		
Financial liability		
- Borrowings	**59,962,047**	55,925,891

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting date would not affect profit or loss.

Notes to the **Financial Statements**
- 31 December 2019

25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 Financial Risk Management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

25.2.3 Interest Rate Risk (cont'd)

Fair value sensitivity analysis for floating rate instruments

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates of +/-25 (2018: +/-25) basis points ("bp"). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each year, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	(Decrease)/Increase on (loss)/profit/equity of the year	
	+25bp	**-25bp**
	RM	**RM**
Group and Company		
2019	**(149,905)**	**149,905**
2018	(139,815)	139,815

25.2.4 Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

To mitigate the Group's and the Company's exposure to foreign currency risk, the Group and the Company are exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currency of the Group and the Company. The currency giving rise to this risk is primarily Singapore Dollar ("SGD") and United State Dollar ("USD").

The Group's and the Company's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting year is as follows:-

	Denominated in	
	SGD	**USD**
Group and Company	**RM**	**RM**
2019		
Cash and bank balances	**286**	**427**
2018		
Cash and bank balances	290	432

Notes to the **Financial Statements**
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25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 Financial Risk Management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

25.2.4 Foreign Currency Risk (cont'd)

Foreign currency sensitivity analysis

There is no foreign currency sensitivity analysis as the foreign currency risk exposure is minimal.

25.3 Fair Values of Financial Instruments

The carrying amounts of financial assets and liabilities of the Group and of the Company at reporting date approximate their fair values due to their short term nature, insignificant impact of discounting or that they are floating rate instruments that are re-priced to market interest rate on or near the reporting date.

Fair Value Hierarchy

No fair value hierarchy had been disclosed for financial assets and financial liabilities as the Group and the Company do not have financial instruments measured at fair value.

25.4 Reconciliation of Liabilities Arising from Financing Activities

	1 January 2019 RM	New lease RM	Cash flows RM	31 December 2019 RM
Group				
Borrowings *	**139,990,091**	**-**	**(17,557,701)**	**122,432,390**
Amount due to holding company	**8,358**	**-**	**10,010**	**18,368**
Lease liabilities	**1,307,457**	**-**	**(511,010)**	**796,447**
	141,305,906	**-**	**(18,058,701)**	**123,247,205**

	1 January 2018 RM	New lease RM	Cash flows RM	31 December 2018 RM
Borrowings *	166,027,109	-	(26,037,018)	139,990,091
Amount due to holding company	-	-	8,358	8,358
Finance lease liabilities	1,463,380	400,000	(555,923)	1,307,457
	167,490,489	400,000	(26,584,583)	141,305,906

* The borrowings exclude bank overdraft as it related to operating activities.

Notes to the **Financial Statements**
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26. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholders' value.

The Group and the Company manage its capital structure and make adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new share capital. No changes were made in the objective, policies or processes during the financial year ended 31 December 2019 and financial year ended 31 December 2018.

27. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 26 April 2019, the Company incorporated two wholly-owned subsidiaries namely Widad Rail Sdn. Bhd. and Widad Green Sdn. Bhd. with both having an initial share capital of 1 ordinary share of RM1 each.

(b) The Company has entered into the following Heads of Agreements in respect of the proposed acquisition:

(i) On 17 October 2019, the Company had entered into a Heads of Agreement with Prihatin Ehsan Holdings Sdn. Bhd. and Training Camp Aabata Sdn. Bhd. in respect of the proposed acquisition of 90% equity interest or 4,500,000 ordinary shares in Serendah Heights Sdn. Bhd. for a Purchase Consideration of RM95,890,000. The Purchase Consideration is to be satisfied via cash of RM86,301,000 being the 90% of the Purchase Consideration and issuance of new ordinary shares in the Company with value of RM9,589,000 being 10% of the Purchase Consideration free from any encumbrances, subject to the terms and conditions of Share Sale Agreement to be entered into between the parties. Subsequently, the Company was granted an extension to submit the draft circular up to 15 June 2020 for this proposed acquisition.

(ii) On 27 November 2019, the Company had entered into a Heads of Agreement with Menang Development (M) Sdn. Bhd., Menang Industries (M) Sdn. Bhd. and Tentu Selesa Sdn. Bhd. in respect of the proposed acquisition of 100% equity interest or 69,300,100 ordinary shares in Innovatif Mewah Sdn. Bhd. for a purchase consideration of RM122,000,000 to be satisfied via cash, subject to the terms and conditions of Share Sale Agreement to be entered into between the parties.

28. EVENTS AFTER THE FINANCIAL YEAR

(a) On 19 February 2020, the Company had entered into the following Conditional Share Sale Agreements:

(i) The Conditional Share Sale Agreement with Prihatin Ehsan Holdings Sdn. Bhd. and Training Camp Aabata Sdn. Bhd. for the proposed acquisition of 4,500,000 ordinary shares in Serendah Heights Sdn. Bhd., representing 90% equity interest in the company, for a purchase consideration of RM114,620,000, subject to adjustment to be satisfied via a combination of RM103,160,000 in cash and RM11,460,000 in new Company shares, by the issuance and allotment of up to 24,131,150 new Company shares at an issue price of at least RM0.475 per consideration share, subject to the terms of the agreement.

(ii) The Conditional Share Sale Agreement with Just Wisdom Sdn. Bhd. for the proposed acquisition of the remaining 500,000 Serendah Heights Sdn. Bhd. shares, representing 10% equity interest in Serendah Heights Sdn. Bhd., for a purchase consideration of RM12,400,000 to be fully satisfied in cash.

Notes to the **Financial Statements**
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28. EVENTS AFTER THE FINANCIAL YEAR (CONT'D)

(b) On 27 February 2020, the Company had incorporated a wholly-owned subsidiary, Widad Concession Sdn. Bhd. with an initial share capital of 1 ordinary share of RM1.

(c) The recent outbreak of Coronavirus Disease 2019 ("COVID-19") since end 2019 has seen significant cases increased worldwide which prompted the World Health Organisation to declare it as a pandemic on 11 March 2020. A series of precautionary and control measures have been and continue to be implemented across the world. The Malaysian Government imposed the Movement Control Order ("MCO") from 18 March 2020 to 3 May 2020 and Conditional Movement Control Order ("CMCO") from 4 May 2020 to 9 June 2020. Consequently, the MCO is expected to have material adverse effects on the Malaysia's economy for year 2020. The deterioration of world economy has also prompted additional uncertainties to the business of the Group.

As at the date of this report, the management of the Group has assessed the overall impact of the situation on the Group's operations and financial position, and it is concluded that there are no material effects on the consolidated financial statements for the financial year ended 31 December 2019. The management is unable to reliably estimate the financial impact of COVID-19 on the Group's financial results for the year ending 31 December 2020 as the pandemic has yet to run its full course hence the current situation is still fluid. The Directors shall continuously assess the impact of COVID-19 on its operations as well as the financial position for the year ending 31 December 2020.

(d) On 23 April 2020, a wholly-owned subsidiary of the Company, Widad Concession Sdn. Bhd. had incorporated a wholly-owned subsidiary, Innovative City Holdings Sdn. Bhd. with an initial share capital of 1 ordinary share of RM1.

Analysis of **Shareholdings**
As at 4 June 2020

Total number of Issued Shares	:	2,454,641,845
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share

SIZE OF SHAREHOLDINGS
as at 4 June 2020

Size of Holdings	No. of Shareholders	Total Holdings	%
Less than 100 shares	8	127	0.00
100 – 1,000 shares	349	231,223	0.01
1,001 – 10,000 shares	678	4,250,100	0.17
10,001 – 100,000 shares	567	20,498,300	0.84
100,001 – below 5% of issued shares	190	1,059,765,850	43.17
5% and above of issued shares	4	1,369,896,245	55.81
	1,796	**2,454,641,845**	**100.00**

DIRECTORS' SHAREHOLDINGS
as at 4 June 2020

No.	Name	No. of Shares Held			
		Direct	%	Indirect	%
1.	Dato' Dr. Feizal Mustapha @ Feizal Bin Mustapha	-	-	-	-
2.	Dato' Dr. Mohd Rizal Bin Mohd Jaafar	4,350,000	0.18	-	-
3.	Tung Ghee Meng	-	-	-	-
4.	Ong Kuan Wah	-	-	-	-
5.	Cheng Ming Fui	-	-	-	-
6.	Nor Adha Bin Yahya	-	-	-	-
7.	Jen Tan Sri Dato' Sri Zulkiple Bin Hj Kassim (B)	-	-	-	-

SUBSTANTIAL SHAREHOLDERS
as at 4 June 2020

No.	Name	No. of Shares Held			
		Direct	%	Indirect	%
1.	Widad Business Group Sdn Bhd	1,408,682,695	57.39	-	-
2.	Tan Sri Muhammad Ikmal Opat bin Abdullah	100,597,300	4.10	1,408,682,695 [1]	57.39

Notes

[1] Deemed interest by virtue of his interest in Widad Business Group Sdn. Bhd. pursuant to Section 8(4) of the Companies Act, 2016.

Analysis of **Shareholdings**
As at 4 June 2020

THIRTY (30) LARGEST SHAREHOLDERS
as at 4 June 2020

No.	Name	No. of Shares Held	Percentage (%)
1.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EXEMPT AN FOR KENANGA INVESTORS BHD*	624,563,550	25.44
2.	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WIDAD BUSINESS GROUP SDN BHD*	356,280,000	14.51
3.	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB FOR WIDAD BUSINESS GROUP SDN BHD*	239,052,695	9.74
4.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WIDAD BUSINESS GROUP SDN BHD*	150,000,000	6.11
5.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *MAYBANK INVESTMENT BANK BERHAD FOR WIDAD BUSINESS GROUP SDN BHD*	122,500,000	4.99
6.	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB BANK FOR WIDAD BUSINESS GROUP SDN BHD*	122,500,000	4.99
7.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WIDAD BUSINESS GROUP SDN BHD*	115,800,000	4.72
8.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WIDAD BUSINESS GROUP SDN BHD*	70,000,000	2.85
9.	MAYBANK INVESTMENT BANK BERHAD	64,202,700	2.62
10.	BI NOMINEES (TEMPATAN) SDN BHD *WIDAD BUSINESS GROUP SDN BHD*	52,000,000	2.12
11.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT-KENANGA INVESTORS BERHAD FOR WIDAD BUSINESS GROUP SDN BHD*	48,750,000	1.99
12.	JF APEX NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WIDAD BUSINESS GROUP SDN BHD*	46,800,000	1.91
13.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR MUHAMMAD IKMAL OPAT BIN ABDULLAH*	42,140,000	1.72
14.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR MUHAMMAD IKMAL OPAT BIN ABDULLAH*	21,962,500	0.89
15.	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WIDAD BUSINESS GROUP SDN BHD*	20,000,000	0.81

Analysis of **Shareholdings**
As at 4 June 2020

THIRTY (30) LARGEST SHAREHOLDERS
as at 4 June 2020 (cont'd)

No.	Name	No. of Shares Held	Percentage (%)
16.	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TAN SRI MUHAMMAD IKMAL OPAT BIN ABDULLAH*	19,341,200	0.79
17.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR TEDDY ROBIN LOJIKIM*	17,923,600	0.73
18.	CITIGROUP NOMINEES (ASING) SDN BHD *EXEMPT AN FOR KENANGA INVESTORS BHD*	17,293,450	0.70
19.	AMANAHRAYA TRUSTEES BERHAD *PMB SHARIAH AGGRESSIVE FUND*	16,000,000	0.65
20.	JAIN CONSULTANCY SDN. BHD.	15,261,600	0.62
21.	SJ SEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WIDAD BUSINESS GROUP SDN BHD*	15,000,000	0.61
22.	SJ SEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WIDAD BUSINESS GROUP SDN BHD*	15,000,000	0.61
23.	SJ SEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WIDAD BUSINESS GROUP SDN BHD*	15,000,000	0.61
24.	SJ SEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WIDAD BUSINESS GROUP SDN BHD*	15,000,000	0.61
25.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LIAN THIM POOI*	10,675,000	0.43
26.	HSBC NOMINEES (TEMPATAN) SDN BHD *HSBC (M) TRUSTEE BHD FOR AFFIN HWANG AIIMAN GROWTH FUND*	10,000,000	0.41
27.	FOO CHONG LEE	10,000,000	0.41
28.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TAN SRI MUHAMMAD IKMAL OPAT BIN ABDULLAH*	9,387,000	0.38
29.	CARTABAN NOMINEES (ASING) SDN BHD *EXEMPT AN FOR BARCLAYS CAPITAL SECURITIES LTD*	8,297,000	0.34
30.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHIN KEAN PING*	7,385,100	0.30

Analysis of **Warrantholdings**
As at 4 June 2020

No. of Warrants in issue	:	490,928,369
Exercise price of the Warrants	:	RM0.35
Expiry date of the Warrants	:	5 August 2023

SIZE OF WARRANTHOLDINGS
as at 4 June 2020

Holdings	No. of Warrantholders	Total Holdings	%
Less than 100 warrants	109	3,965	0.00
100 – 1,000 warrants	295	115,330	0.02
1,001 – 10,000 warrants	415	2,056,520	0.42
10,001 – 100,000 warrants	307	12,825,295	2.61
100,001 – below 5% of issued warrants	188	214,185,059	43.63
5% and above of issued warrants	4	261,742,200	53.32
	1,318	**490,928,369**	**100.00**

DIRECTORS' WARRANTHOLDINGS
as at 4 June 2020

No.	Name	No. of Warrants Held			
		Direct	%	Indirect	%
1.	Dato' Dr. Feizal Mustapha @ Feizal Bin Mustapha	-	-	-	-
2.	Dato' Dr. Mohd Rizal Bin Mohd Jaafar	39,670,000	8.08	-	-
3.	Tung Ghee Meng	-	-	-	-
4.	Ong Kuan Wah	-	-	-	-
5.	Cheng Ming Fui	-	-	-	-
6.	Nor Adha Bin Yahya	-	-	-	-
7.	Jen Tan Sri Dato' Sri Zulkiple Bin Hj Kassim (B)	-	-	-	-

SUBSTANTIAL WARRANTHOLDERS
as at 4 June 2020

No.	Name	No. of Warrants Held			
		Direct	%	Indirect	%
1.	Widad Business Group Sdn Bhd	232,472,200	47.35	-	-
2.	Tan Sri Muhammad Ikmal Opat bin Abdullah	5,000,000	1.02	232,472,200[1]	47.35
3.	Dato' Dr. Mohd Rizal Bin Mohd Jaafar	39,670,000	8.08	-	-
4.	Chin Kean Ping	41,570,320	8.47	-	-

Notes

[1] Deemed interest by virtue of his interest in Widad Business Group Sdn Bhd by Pursuant to Section 8 (4) of the Companies Act, 2016.

Analysis of **Warrantholdings**
As at 4 June 2020

THIRTY (30) LARGEST WARRANTHOLDERS
as at 4 June 2020

No.	Name	No. of Warrants Held	Percentage (%)
1.	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WIDAD BUSINESS GROUP SDN BHD*	156,527,700	31.88
2.	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WIDAD BUSINESS GROUP SDN BHD*	40,800,000	8.31
3.	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' DR. MOHD RIZAL BIN MOHD JAAFAR*	39,670,000	8.08
4.	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WIDAD BUSINESS GROUP SDN BHD*	24,744,500	5.04
5.	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHIN KEAN PING*	17,538,200	3.57
6.	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR CHEW BEN BEN*	13,022,300	2.65
7.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHIN KEAN PING*	12,056,900	2.46
8.	CHIN KEAN PING	11,975,220	2.44
9.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LEE YEN YEN*	11,672,640	2.38
10.	BI NOMINEES (TEMPATAN) SDN BHD *WIDAD BUSINESS GROUP SDN BHD*	10,400,000	2.12
11.	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHEW BEN BEN*	7,856,100	1.60
12.	WIDAD BUSINESS GROUP SDN. BHD.	6,495,439	1.32
13.	GAN BO TAN	6,355,000	1.29
14.	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TAN SRI MUHAMMAD IKMAL OPAT BIN ABDULLAH*	5,000,000	1.02
15.	GOH WAN JUN	4,500,000	0.92
16.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LEE YEN YEN*	4,184,580	0.85

Analysis of **Warrantholdings**
As at 4 June 2020

THIRTY (30) LARGEST WARRANTHOLDERS
as at 4 June 2020 (cont'd)

No.	Name	No. of Warrants Held	Percentage (%)
17.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LEE CHIN LOONG*	3,665,000	0.75
18.	LEE KIAN KAH	3,400,000	0.69
19.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHUAH CHIN SIM*	3,160,000	0.64
20.	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR JOHNSON HII CHANG HIUM*	3,104,100	0.63
21.	HLB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TAY TECK HWA*	2,910,100	0.59
22.	CHAN CHONG MING	2,726,500	0.55
23.	LOOI HOOI MING	2,330,200	0.47
24.	BENNIE HOO WEI CHUAN	2,230,000	0.45
25.	LOONG YEE KOH	2,220,000	0.45
26.	LEE AUN CHEE	2,023,600	0.41
27.	MAYBANK NOMINEES (TEMPATAN) SDN BHD EYO SZE GUAN	2,004,100	0.41
28.	LEE KUAN HOCK	2,000,020	0.41
29.	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR MORNING PARADISE SDN BHD*	2,000,000	0.41
30.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *WONG JEN WEY*	1,932,000	0.39

Other **Disclosure**

REQUIREMENTS

1) **Audit Fees and Non-Audit Fees**

During the financial year ended 31 December 2019, the amount of audit fees and non-audit fees paid or payable to the Company and the Group are as follows:

	Group (RM)	Company (RM)
Audit Fees	165,000	45,000
Non-Audit Fees	374,300	4,800

2) **Material Contracts and Contracts relating to Loans.**

There were no material contracts entered into by the Group which involved directors' interest during the financial year.

3) **Revaluation of Landed Properties**

Not applicable.

4) **Profit Guarantee**

The Company did not provide any profit guarantee during the financial year.

5) **Recurrent Related Party Transactions**

During the financial year ended 31 December 2019, there were some related party transaction which are summarised as follows:

	Group	
	2019 (RM'000)	2018 (RM'000)
Rental of premises charged by Widad Builders Sdn Bhd ("WBSB") (1) to Dataprep Holding Berhad (2)	773	322
Management Fee charge by Widad Business Group Sdn Bhd ("WBG") to WBSB as a provision of administrative and project related services and any other services such as human resources services, finance and administrative.	-	10,826
ICT consultation and services charged by Dataprep Holding Berhad to Widad Builders Sdn Bhd	235	-

Notes :

1. Widad Builders Sdn Bhd is a subsidiary of Widad Group Berhad. The principal activities of this subsidiary is general trading, construction and providing full facility management and mechanical and electrical maintenance, care and improvement.
2. Dataprep Holding Berhad is a subsidiary of Widad Business Group Sdn Bhd which is an ultimate holding Company for Widad Group Berhad. The principal activities of the Company are investment holding and provision of management services to subsidiaries.

Summary of **Group Properties**
As at 31 December 2019

Description	Existing Use	Location	Built-up/ Land Area	Tenure	Age of Building (Years)	Date of Acquisition	Net Book Value As at 31 December 2019 (RM'000)
12 storey office building	Office	Jalan Semantan, Damansara Heghts, Kuala Lumpur	132,945 sqft /17,305 sqft	Leasehold for 99 years expiring on 30 January 2073	22	18 October 2013	43,592
5-storey shop-office	Vacant	Alam Avenue 2, Section 16, Shah Alam	9,220 sqft /1,856 sqft	Leasehold for 99 years	5	30 January 2014	4,919

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