

PerakTransit

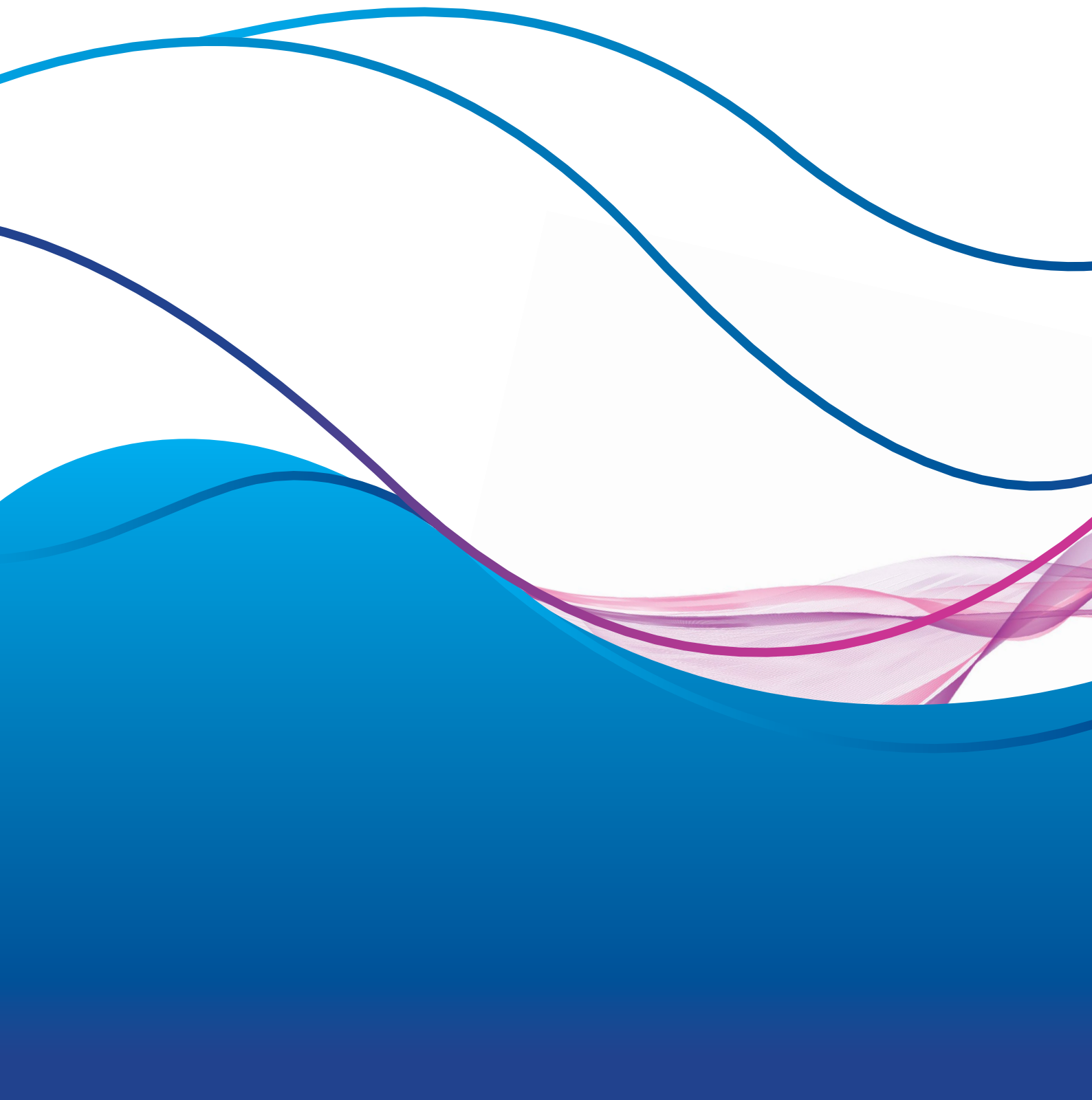
KEPUASAN ANDA, KEUTAMAAN KAMI
YOUR SATISFACTION, OUR PRIORITY

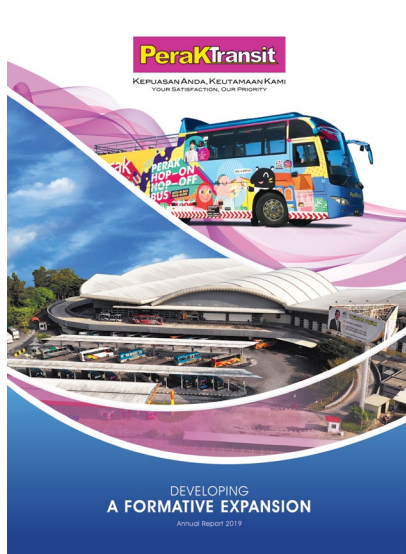


DEVELOPING A FORMATIVE EXPANSION

Annual Report 2019

DEVELOPING
A FORMATIVE EXPANSION





DEVELOPING A FORMATIVE EXPANSION

Perak Transit Berhad is consistently developing towards a formative direction, expanding throughout the whole Malaysia. As our mission is to serve the public, ensuring the safest, reliable and efficient services is essential. Perak Transit Berhad will continue to upgrade our services and systems, be the leading developer and operator of integrated terminal complex and transportation services provider.

Our Mission

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

Our Vision

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

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CORPORATE INFORMATION

Board of Directors

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

Dato' Cheong Peak Sooi
(Executive Director)

Ng Wai Luen
(Independent Non-Executive Director)

Dato' Sri Cheong Kong Fitt
(Managing Director)

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

Azian Binti Kassim
(Independent Non-Executive Director)

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Company Secretary

Cheai Weng Hoong (LS0005624)
SSM PC No.: 202008000575

Registered Office

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

Corporate Office

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

Share Registrar

Tricor Investor & Issuing
House Services Sdn Bhd
Registration No.: 197101000970 (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel No.: 03-2783 9299
Fax No.: 03-2783 9222

Auditors

Moore Stephens Associates PLT
Registration No.: 201304000972 (LLP0000963-LCA)
Chartered Accountants (AF002096)
Unit 3.3A, 3rd Floor, Surian Tower
No. 1, Jalan PJU 7/3
Mutiarra Damansara
47810 Petaling Jaya, Selangor
Tel No.: 03-7728 1800 (General); 7724 1033 (Assurance)
Fax No.: 03-7728 9800 (General); 7733 1033 (Assurance)

Principal Bankers

United Overseas Bank (Malaysia) Bhd
Registration No.: 199301017069 (271809-K)

Stock Exchange Listing

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

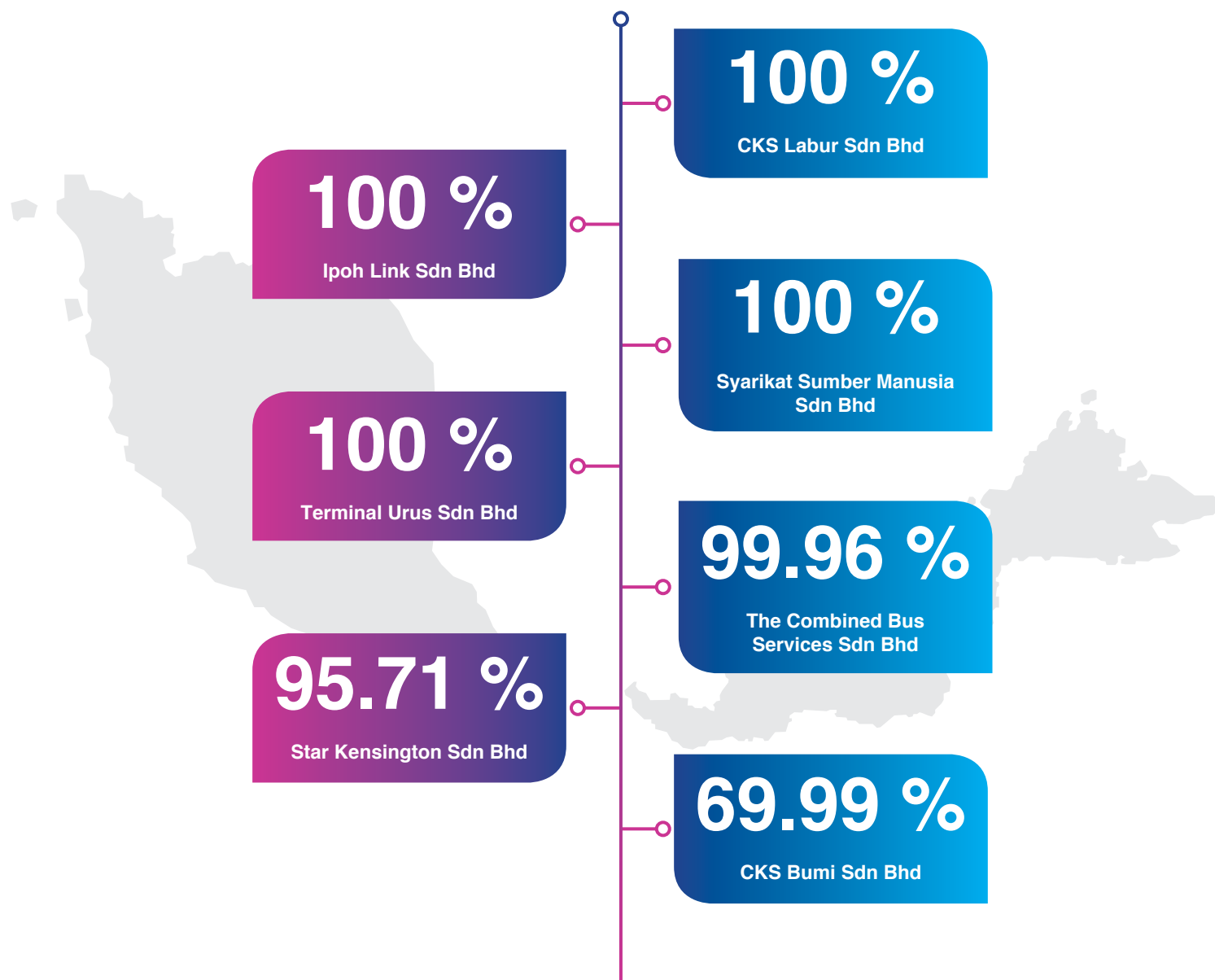
CORPORATE STRUCTURE



PerakTransit

PERAK TRANSIT BERHAD

Registration No.: 200801030547 (831878-V)



PROFILE OF DIRECTORS

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

Tan Sri Dato' Chang Ko Youn, Malaysian, male, aged 63, was appointed to the Board of Directors ("**Board**") on 25 August 2015 as an Independent Non-Executive Chairman. He also serves as the Chairman of the Nomination Committee and is a member of the Audit Committee and Remuneration Committee of the Company. He graduated with a Bachelor of Laws (Hons) from the University of Hull, England in 1981. In 1982, he was called to the English Bar as a Barrister-At-Law of Lincoln's Inn, London and was subsequently called to the Malaysian Bar in 1983.

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

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

Tan Sri Dato' Chang Ko Youn does not hold any shares in the Company or its subsidiaries, and has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and has not been imposed any penalty by the relevant regulatory bodies during the financial year ended 31 December 2019 ("**FYE 2019**"). He does not hold any directorship in any other public listed companies.

Dato' Sri Cheong Kong Fitt *Managing Director*

Dato' Sri Cheong Kong Fitt, Malaysian, male, aged 60, was appointed to the Board on 5 September 2008 and is responsible for the Company and its subsidiaries ("**Group**") day-to-day management as well as setting the corporate vision and direction, including planning and implementing strategic business plans for the Group. He graduated with a Diploma in Business from the School of Marketing, Ipoh, obtained in 1986 and was awarded Postgraduate Certificate in International Business from York St John University, England in 2017. He has approximately 27 years of working experience in the public bus terminal operations.

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

In 2008, he founded the Company, which was converted into a public company in 2010, and subsequently was listed on Bursa Malaysia Securities Berhad ("**Bursa Securities**") in 2016. Under his management, the Group successfully built and commenced operations of Terminal Meru Raya in 2012 followed by Phase 1 of Terminal Kampar Putra in 2019.

Dato' Sri Cheong Kong Fitt is the brother of Dato' Cheong Peak Sooi, an Executive Director of the Company. He does not have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and has not been imposed any penalty by the relevant regulatory bodies during the FYE 2019. He does not hold any directorship in any other public listed companies.

PROFILE OF DIRECTORS (Cont'd)



Dato' Cheong Peak Sooi *Executive Director*

Dato' Cheong Peak Sooi, Malaysian, male, aged 53, is an Executive Director of the Group. He was re-appointed to the Board on 1 October 2012. He was a member of the Remuneration Committee of the Company. He holds a Certificate in Business Management from MDIS Business School, Singapore, obtained in 1988.

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

Dato' Cheong Peak Sooi is the brother of Dato' Sri Cheong Kong Fitt, the Managing Director and a shareholder of the Company. He does not have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and has not been imposed any penalty by the relevant regulatory bodies during the FYE 2019. He does not hold any directorship in any other public listed companies.

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

Dato' Wan Asmadi Bin Wan Ahmad, Malaysian, male, aged 54, was appointed to the Board on 25 August 2015 as a Non-Independent Non-Executive Director and was redesignated as Independent Non-Executive Director on 18 July 2017. He also serves as the Chairman of the Remuneration Committee of the Company and is a member of the Audit Committee and Nomination Committee.

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

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

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

Dato' Wan Asmadi Bin Wan Ahmad does not hold any shares in the Company or its subsidiaries, and has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and has not been imposed any penalty by the relevant regulatory bodies during the FYE 2019. He does not hold any directorship in any other public listed companies.

PROFILE OF DIRECTORS (Cont'd)

Ng Wai Luen

Independent Non-Executive Director

Ng Wai Luen, Malaysian, male, aged 51, was appointed to the Board on 25 August 2015 as an Independent Non-Executive Director. He is the Chairman of the Audit Committee and is a member of the Nomination Committee and Remuneration Committee of the Company. He graduated with a Bachelor of Business (Accounting) with distinction from RMIT University, Australia, in 1992. He is a member of the Certified Public Accountant Australia, The Malaysian Institute of Certified Public Accountant and a Chartered Accountant registered with the Malaysian Institute of Accountants.

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

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

Ng Wai Luen does not hold any shares in the Company or its subsidiaries, and has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and has not been imposed any penalty by the relevant regulatory bodies during the FYE 2019. He does not hold any directorship in any other public listed companies.

Azian Binti Kassim

Independent Non-Executive Director

Azian Binti Kassim, Malaysian, female, aged 54 was appointed to the Board on 15 August 2017 as an Independent Non-Executive Director. She is a Fellow of the Association of Chartered Certified Accountants, United Kingdom and a Chartered Accountant registered with the Malaysian Institute of Accountants. She has approximately 27 years of experience in the capital market and managing investment portfolios.

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

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

In 2007, Azian Binti Kassim joined Syarikat Takaful Malaysia Berhad, which is now known as Syarikat Takaful Malaysia Keluarga Berhad, as a Chief Investment Officer and she had spearheaded investment division and played a pivotal role in developing a strong portfolio management capability for the division.

Azian Binti Kassim does not hold any shares in the Company or its subsidiaries, and has no family relationship with any director and/or major shareholder of the Company nor does she has any conflict of interest with the Company. She has not been convicted of any offences within the past five (5) years and has not been imposed any penalty by the relevant regulatory bodies during the FYE 2019. She does not hold any directorship in any other public listed companies.

KEY MANAGEMENT PERSONNEL



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

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

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

Jennifer Chin Yi Teng *Chief Financial Officer*

Jennifer Chin Yi Teng, Malaysian, female, aged 32, is the Chief Financial Officer of the Group. She graduated with a Bachelor of Science (Hons) in Applied Accounting from Oxford Brookes University, United Kingdom, in 2011. She is currently pursuing a professional qualification with the Association of Chartered Certified Accountants.

Jennifer Chin Yi Teng began her career as an Account Executive with Kin Kun Group Sdn Bhd in April 2010. Her responsibilities included the preparation of monthly financial statements, budget review as well as schedules for year-end audit exercises for Kin Kun Group Sdn Bhd and its subsidiaries.

In September 2012, Jennifer Chin Yi Teng left Kin Kun Group Sdn Bhd and joined the Group as an Account Executive and undertook the preparations of annual and monthly financial statements, as well as budget reviews. She was also responsible for liaising with the Group’s external auditors and tax agents. In July 2014, she was promoted to Administration and Finance Manager, and her responsibilities include performing financial analysis, reporting and management activities, reviewing financial forecasts and projections, managing cash flow and investments, as well as employees’ welfare. Subsequently, she was promoted to Chief Financial Officer of the Group in June 2019. As Chief Financial Officer, Jennifer Chin Yi Teng is responsible for all aspects of the Group’s finance, accounting and reporting functions.

Jennifer Chin Yi Teng does not hold any shares in the Company or its subsidiaries, and has no family relationship with any director and/or major shareholder of the Company nor does she have any conflict of interest with the Company. She has not been convicted of any offences within the past five (5) years and has not been imposed any penalty by the relevant regulatory bodies during the FYE 2019. She does not hold any directorship in any other public listed companies.

Narendran A/L Murgayai *Terminal Manager*

Narendran A/L Murgayai, Malaysian, male, aged 41, is the Terminal Manager of the Group. He obtained a Bachelor of Science in Mechanical Engineering with honours from Atlantic International University, United States of America in 2003.

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

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

Narendran A/L Murgayai does not hold any shares in the Company or its subsidiaries, and has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and has not been imposed any penalty by the relevant regulatory bodies during the FYE 2019. He does not hold any directorship in any other public listed companies.

KEY MANAGEMENT PERSONNEL (Cont'd)

Boon Sin Khoon *Head, Bus Operation*

Boon Sin Khoon, Malaysian, male, aged 53, is the Head, Bus Operation of the Group. He completed Certificate in Accounting with Business Computing at TAR College, Kuala Lumpur in 1988. He picked up his part time studies and obtained a UK Diploma in National Computing Centre, locally from Shen Jai School of Commerce, in 1995.

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

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

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

Boon Sin Khoon does not hold any shares in the Company or its subsidiaries, and has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the pass five (5) years and has not been imposed any penalty by the relevant regulatory bodies during the FYE 2019. He does not hold any directorship in any other public listed companies.

FINANCIAL HIGHLIGHTS

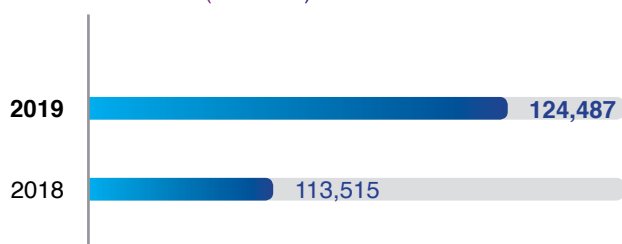


Group	2019 (RM'000)	2018 (RM'000)
Revenue	124,487	113,515
Profit before taxation	40,923	32,793
Profit for the year	40,010	36,030
Profit attributable to owners of the Company	39,759	35,840
Total equity attributable to owners of the Company	330,742	282,315
Total assets	660,698	518,755
Share Information	2019	2018
Basic earnings per share (sen) ⁽¹⁾	2.79	2.71
Dividends per share (sen)	1.00	0.95
Net asset per share (RM) ⁽¹⁾	0.23	0.21
Financial Ratios	2019	2018
Net profit margin	32%	32%
Return on equity attributable to owners of the Company	12%	13%
Return on total assets	6%	7%
Revenue growth rate	10%	6%

Notes:

- (1) Basic earnings per share and net asset per share for the FYE 2018 and FYE 2019 are calculated based on the Company's weighted average number of ordinary shares in Perak Transit issued as at 31 December 2018 and 31 December 2019 respectively.

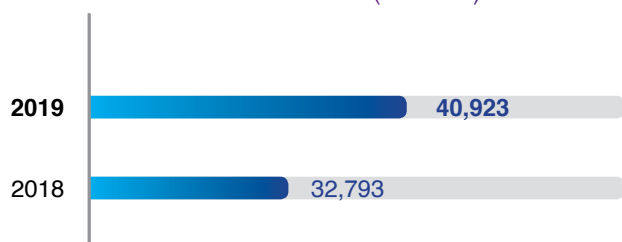
Revenue (RM'000)



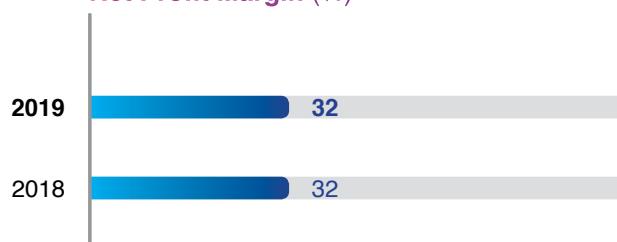
Basic Earnings Per Share (Sen) ⁽¹⁾



Profit Before Taxation (RM'000)



Net Profit Margin (%)



MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY OVERVIEW

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

In light of the shadow cast by the COVID-19 pandemic, our Company is closely monitoring the related risks and potential impact as well as implementing necessary measures to ensure our operations are running in a sustainable manner.

Mission and Vision

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

Principle activities of the Group

The Group's revenue is mainly derived from:

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

Strategies in creating value

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

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

	Audited				
	FYE 2015 (RM'000)	FYE 2016 (RM'000)	FYE 2017 (RM'000)	FYE 2018 (RM'000)	FYE 2019 (RM'000)
Revenue	74,123	90,180	106,766	113,515	124,487
Profit before taxation	19,251	25,268	30,482	32,793	40,923
EBITDA	33,461	40,441	46,915	51,551	63,829
Finance costs	7,464	7,296	7,119	7,599	10,623
Profit for the year	19,189	21,725	29,015	36,030	40,010
Equity attributable to owners of the Company	126,441	200,744	219,336	282,315	330,742
Total assets	267,359	343,326	408,066	518,755	660,698
Borrowings	117,339	120,268	169,699	207,305	301,412
Basic earnings per share (sen) ⁽¹⁾	3.27	2.23	2.29	2.71	2.79
Net asset per share (RM)	0.18	0.18	0.17	0.21	0.23

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)



COMPANY OVERVIEW (Cont'd)

Highlights of the Group's financial information for the past 5 financial years (Cont'd)

Notes:

- (1) Basic earnings per share for the FYE 2015, FYE 2016, FYE 2017, FYE 2018 and FYE 2019 are calculated based on the Company's weighted average number of ordinary shares in Perak Transit issued as at 31 December 2015, 31 December 2016, 31 December 2017, 31 December 2018 and 31 December 2019 respectively.

Financial Review

For FYE 2019, the Group is organised and managed into business units based on three reportable segments as follows:

- i. Integrated public transportation terminal operations – Engaged in the rental of A&P spaces, shops and kiosks, project facilitation and others such as bus and taxi entrance fee and car park fee in Terminal Meru Raya and Terminal Kampar Putra.
- ii. Bus operations - Engaged in the operation of stage and express buses.
- iii. Petrol stations operations - Involved in sale of petrol and mart.

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

Group Financial Performance

The Group's revenue of RM124.49 million for FYE 2019 increased by approximately 9.67% compared to the previous FYE 2018 of RM113.52 million. The major contributor to the Group's revenue during FYE 2019 was from the integrated public transportation terminal operations segment and bus operations segment.

The Group's profit before taxation had increased by 24.79% for FYE 2019 of RM40.92 million as compared to the previous FYE 2018 of RM32.79 million. The higher profit before taxation for FYE 2019 was mainly due to higher contribution from the integrated public transportation terminal operations segment and bus operations segment during FYE 2019.

Integrated Public Transportation Terminal Operations Segment

The Group recorded revenue from this segment of RM55.84 million which accounted for 44.85% of the total revenue recorded for FYE 2019. The Group's revenue from this segment improved by RM9.99 million or 21.79% compared to the previous FYE 2018 of RM45.85 million. This increase was mainly due to the commencement of operations at Terminal Kampar Putra, increase in rental of A&P spaces and higher project facilitation fee during FYE 2019.

Bus Operations Segment

The Group's revenue from bus operations segment improved from RM28.86 million during FYE 2018 to RM33.58 million in FYE 2019 mainly due to higher revenue recorded from bus fares and additional contracted services in FYE 2019.

Petrol Stations Operations Segment

The Group's revenue from petrol station operations decreased from RM38.81 million during FYE 2018 to RM35.07 million in FYE 2019. The decrease was mainly due to the lower sales volume and fuel price recorded during FYE 2019.

Consolidated Statement of Financial Position

The non-current assets consist of property, plant and equipment ("PPE"), investment properties, goodwill on consolidation and deferred tax assets. For FYE 2019, the non-current assets increased to RM552.39 million (FYE 2018: RM442.38 million) mainly due to the increase in PPE resulted from the revaluation of the Group's properties and investment properties and additional upgrading work at Terminal Kampar Putra.

The current assets of the Group consist of inventories, trade receivables, other receivables, contract assets, other assets, current tax assets, fixed deposits with licensed banks and cash and bank balances. The current assets for the FYE 2019 increased to RM108.31 million from RM76.37 million in FYE 2018, which was mainly due to the increase in fixed deposits with licensed banks and cash and bank balances to RM75.78 million (FYE 2018: RM24.13 million). Other assets mainly consist of the deposit paid for the acquisition of Bidor land.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

COMPANY OVERVIEW (Cont'd)

Consolidated Statement of Financial Position (Cont'd)

The non-current liabilities consist of non-current portion of bank borrowings, non-current portion of lease liabilities, non-current portion of deferred capital grant and deferred tax liabilities. The non-current portion of borrowings had increased to RM282.92 million (FYE 2018: RM161.39 million) mainly resulted from the drawdown of Sukuk Murabahah Programme to refinance the existing bank borrowings of the Group, to finance capital expenditure requirement of the Group at terminals and for working capital requirement.

The current liabilities of the Group consist of trade payables, other payables, current portion of bank borrowing, current portion of lease liabilities, current portion of deferred capital grant, other liabilities and current tax liabilities. The major contributor of the current liabilities is borrowings of RM18.49 million (FYE 2018: RM45.91 million).

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

DIVIDEND

In line with the good performance of the Group for FYE 2019, the Board had declared and paid the first interim single-tier dividend of RM0.0025 per share in respect of FYE 2019 on 31 January 2019. Combined with the second interim single-tier dividends of RM0.0075 per share paid on 18 December 2019, the total dividends declared and paid for FYE 2019 were approximately RM14.23 million.

ANTICIPATED OR KNOWN RISK

Operational, competition and business risks

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

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

Dependency on key personnel

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

OUTLOOK

Looking ahead, the Group's performance is expected to continue to grow especially upon the fully operational of Terminal Kampar Putra in year 2020. The Group will continue focusing on the enhancement and development of the integrated public transportation terminal sector to maintain the advantages that well-managed public transport terminal will provide people with the mobility that is essential to the economic and social needs connecting cities and town. The Group's operation ensures that the business is well-positioned to meet this challenge.

CORPORATE GOVERNANCE OVERVIEW STATEMENT



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

The Board is pleased to present to the shareholders the Corporate Governance Overview Statement which provides an overview of the Company’s commitment to apply the principles and practices with reference to the three (3) principles set out in the MCCG 2017, except where stated otherwise, during the FYE 2019 under the leadership of the Board.

This Statement is made in compliance with Bursa Securities’s Listing Requirements. The extent of the application of each practice encapsulated in the principles of the MCCG 2017 is further presented in the Corporate Governance Report which can be viewed on the Company’s website at www.peraktransit.com.my.

SECTION 1: BOARD LEADERSHIP AND EFFECTIVENESS

Board Roles and Responsibilities

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

As at the date of this Statement, the Board has six (6) members comprising two (2) executive directors, including the Managing Director, and four (4) independent non-executive directors. More than half of the Board members are independent directors as recommended under Practice 4.1 of the MCCG 2017.

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

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

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

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

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

Board Meetings

During the financial year 2019, the Board held four (4) scheduled meetings on 21 February 2019, 23 May 2019, 22 August 2019 and 21 November 2019. At the scheduled meetings, the Board reviewed and deliberated on the operational and financial performance, risk management, internal audit findings and internal control system.

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

Meeting attendance during their tenure in office in 2019	
Tan Sri Dato’ Chang Ko Youn (Chairman)	4/4
Dato’ Sri Cheong Kong Fitt	4/4
Dato’ Wan Asmadi Bin Wan Ahmad	4/4
Dato’ Cheong Peak Sooi	4/4
Ng Wai Luen	4/4
Azian Binti Kassim	3/4

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

The Board Chairman

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

Separation of Roles between the Chairman and the Managing Director

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

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

Company Secretary

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

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

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

Supply of Information

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

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

Board Charter

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

The Board reviews the Board Charter from time to time to ensure its relevance in assisting the Board to discharge its duties in accordance to the Listing Requirements and current regulations and any new regulations that may have an impact on the discharge of the Board's objectives and responsibilities.

The details of the Board Charter are available for reference on the Company's website at www.peraktransit.com.my.

Code of Conduct

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

The Board reviews the Code of Conduct when deemed necessary to ensure it remains relevant and appropriate and the Code of Conduct is available for reference on the Company's website at www.peraktransit.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)



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

Whistle Blowing Policy

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

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

The Board reviews the policy when deemed necessary to ensure it remains relevant and appropriate and the policy is available for reference on the Company's website at www.peraktransit.com.my.

Tenure of Independent Directors

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

All four (4) independent directors' tenure have yet to exceed the cumulative term of nine (9) years as at the end of the financial year 2019.

Board Diversity Policy

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

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

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

Sourcing and Nomination of Board Members

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

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

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

Nomination Committee

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

Nomination Committee (Cont'd)

In the financial year 2019, the Committee held two (2) meetings on 21 February 2019 and 21 November 2019.

The attendance of the members is as follows:

	Meeting attendance during their tenure in office in 2019
Tan Sri Dato' Chang Ko Youn (Chairman)	2/2
Dato' Wan Asmadi Bin Wan Ahmad	2/2
Ng Wai Luen	2/2

The activities carried out by the Nomination Committee during the financial year 2019, amongst others, included recommendations to the Board on the following matters:

- (a) Determined the process to perform annual evaluation of Board, Audit Committee and Individual Director Assessment;
- (b) Evaluated and assessed the individual directors, Board as a whole and the independent directors;
- (c) Evaluated and assessed the performance of the Audit Committee as a whole and each of its members;
- (d) Reviewed the eligibility of the retiring directors for the re-election at the Annual General Meeting ("AGM") of the Company; and
- (e) Reviewed the trainings attended by the directors to ensure all directors have received appropriate continuous training programmes.

Board, Audit Committee and Individual Director Assessment

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

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

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

Based on the results of the annual assessment, the Nomination Committee concluded that:

- The Audit Committee is competent and efficient in discharging and fulfilling their roles and responsibilities in accordance with its terms of reference;
- The Board structure is efficient and the performance of the Board is generally good;
- The Board is composed of directors with appropriate mix of skill and experience, has sufficient level of involvement and deliberation of relevant issues and has put in place adequate risk management procedures; and
- The independent directors have satisfied the criteria of independence as defined in the Listing Requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)



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

Directors' Training

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

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

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

Tan Sri Dato' Chang Ko Youn	<ul style="list-style-type: none"> • Executive Talk on Integrity and Governance • Cyber Security in the Boardroom
Dato' Sri Cheong Kong Fitt	<ul style="list-style-type: none"> • Global Market Corporate Seminar 2019
Dato' Cheong Peak Sooi	<ul style="list-style-type: none"> • Global Market Corporate Seminar 2019
Dato' Wan Asmadi Bin Wan Ahmad	<ul style="list-style-type: none"> • Corporate Liability Provision and Anti-Corruption • Art Expo Malaysia • Invest Malaysia Conference 2019 • LEAP Market for SMEs
Ng Wai Luen	<ul style="list-style-type: none"> • Accounting for Deferred Taxation (Advanced Level) • ACI-ASConference 2019 • Post Budget 2020
Azian Binti Kassim	<ul style="list-style-type: none"> • CITI Market Economic Seminar • Nomura Islamic Asset Management: 10th Anniversary Investment Forum • Invest Malaysia 2019 • MIDF Green Conference • Moody's 5th Annual Inside ASEAN – Spotlight on Malaysia • MIDF Investment Talk • Bursa – HLIB Stratum Focus Series Viii: "Sarawak : Journey In Transformation" • Affin-Hwang Outlook Conference • RHB Economy Conference • ESG CIMB Economy Conference • CIMB Bond Market Conference 2019 • Malaysia FINTECH Corporate Day • Property Market Outlook • CIMB ESG Conference • Malaysia Post Budget Forum 2020 • Isis Praxis Conference Malaysia Beyond 2020 • Bursa – HLIB Stratum Focus Series IX: Visit Malaysia Year 2020 • Affin Hwang Capital Forum Series 2019

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

Directors' Training (Cont'd)

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|----------------------------|--|
| Azian Binti Kassim (Con't) | <ul style="list-style-type: none"> • Women in Finance, Malaysia & Bloomberg – Capitalising on Digital Transformation • Meridian Berhad Investor & Analyst Briefing • CIMB Market Outlook Briefing • Axiata Investor Day • BNPP AM 2020 Investment Outlook |
|----------------------------|--|

Remuneration Policy and Procedure

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

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

Remuneration Committee

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

In the financial year 2019, the Committee held two (2) meetings on 21 February 2019 and 21 November 2019.

The attendance of the members is as follows:

	Meeting attendance during their tenure in office in 2019
Dato' Wan Asmadi Bin Wan Ahmad (Chairman)	2/2
Tan Sri Dato' Chang Ko Youn	2/2
Ng Wai Luen	2/2

The activities carried out by the Remuneration Committee during the financial year 2019, amongst others, include recommendations to the Board on the following matters:

- (a) Reviewed the discretionary bonus for the executive directors for the financial year 2019;
- (b) Reviewed the non-executive directors' fees and benefits packages; and
- (c) Reviewed the executive directors' remuneration and benefits packages.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)



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

Directors' Remuneration

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

Accordingly, the aggregate remuneration of the directors received/receivable from the Company and its subsidiaries, categorised into appropriate components, for the financial year 2019 is as follows:

Received from Company

(in RM)	Fees	Salaries and other emolument	Bonus	Benefit in kind	Meeting allowance	Total
Executive directors						
Dato' Sri Cheong Kong Fitt	-	94,590	-	-	4,000	98,590
Dato' Cheong Peak Sooi	-	74,430	-	5,300	4,000	83,730
Non-executive directors						
Tan Sri Dato' Chang Ko Youn	66,000	160	-	-	4,000	70,160
Dato' Wan Asmadi Bin Wan Ahmad	54,000	520	-	-	4,000	58,520
Ng Wai Luen	54,000	520	-	-	4,000	58,520
Azian Binti Kassim	54,000	390	-	-	3,000	57,390

Received on Group basis

(in RM)	Fees	Salaries and other emolument	Bonus	Benefit in kind	Meeting allowance	Total
Executive directors						
Dato' Sri Cheong Kong Fitt	-	610,605	70,500	16,619	4,000	701,724
Dato' Cheong Peak Sooi	-	479,022	63,000	22,700	4,000	568,722
Non-executive directors						
Tan Sri Dato' Chang Ko Youn	66,000	160	-	-	4,000	70,160
Dato' Wan Asmadi Bin Wan Ahmad	54,000	520	-	-	4,000	58,520
Ng Wai Luen	54,000	520	-	-	4,000	58,520
Azian Binti Kassim	54,000	390	-	-	3,000	57,390

Senior Management's Remuneration

The Board noted that the MCCG 2017 recommends the disclosure on a named basis the top five (5) senior management's remuneration components including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

The Board considered the information required of the top senior management's remuneration to be sensitive and proprietary in nature. The Board is of the view that the non-disclosure on named basis of the remuneration of the top senior management will not significantly affect the understanding and the evaluation of the Group's governance and will ensure the confidentiality of the remuneration of the top senior management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

SECTION 2: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

The Audit Committee comprises three (3) members, all of them are independent non-executive directors. The Audit Committee provides assistance to the Board in fulfilling its oversight responsibilities of the financial reporting process, the system of internal controls, the audit process and the process of monitoring compliance with laws and regulations.

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

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

Financial Reporting

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

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

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

Assessment of Suitability and Independence of External Auditors

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

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

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

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

Based on the annual assessment, the Audit Committee is satisfied as to the suitability, independence, objectivity, technical competency and professionalism demonstrated by Messrs Moore Stephens Associates PLT. Having regard to the outcome of the annual assessment of external auditors by the Audit Committee, the Board has agreed with the Audit Committee's recommendation to seek shareholders' approval at the forthcoming AGM on the appointment of Messrs Moore Stephens Associates PLT as external auditors of the Company for the financial year 2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)



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

Risk Management and Internal Control

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

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

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

Internal Audit Function

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

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

Communication with Shareholders and other Stakeholders

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

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

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

Conduct of General Meetings

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

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

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

At the AGM held on 23 May 2019, poll voting was conducted in respect of all resolutions and Asia Securities Sendirian Bhd was appointed as Scrutineers to verify the poll results. The outcome of the poll against the resolutions was announced at the same meeting and detailed results stating the votes cast were subsequently announced via Bursa LINK.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

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

(Cont'd)

Compliance Statement

The Board is satisfied that the Group has substantially complied with the practices of the MCCG 2017 throughout the financial year. In pursuit of safeguarding the interest of the shareholders and other stakeholders, the Board is committed and will continue to strengthen its application of the best practices in corporate governance.

ADDITIONAL DISCLOSURE REQUIREMENT



i) Utilisation of Proceeds

Private Placement

Pursuant to the private placement exercise in 2017, the Company has raised a total gross proceeds of RM30,186,900 by issuing 125,500,000 ordinary shares in 7 tranches. The details of the utilisation of the proceeds as at 31 December 2019 are as follows:

Purpose	Intended utilisation RM'000	Actual utilisation to-date RM'000	Deviation RM'000	%	Intended timeframe for utilisation (from date of listing of the Placement Shares)
Settlement of the Balance Purchase Price of Bidor Land and Tronoh Lands ("Balance Purchase Settlement")	9,480	7,174	2,306	24.32	Within 18 months
Repayment of bank borrowings	17,745	18,075	(330)	(1.86)	Within 6 months
Installation of terminal management system and Touch 'N Go system	2,500	2,500	-	-	Within 12 months
Estimated expenses for the Proposed Private Placement	462	132	330	71.43	Within 6 months
Working capital	-	2,306	(2,306)	100.00	
Total	30,187	30,187	-		

The utilisation of the proceeds as disclosed above should be read in conjunction with the Announcement of the Company dated 30 November 2017.

The actual expenses incurred for the Proposed Private Placement by the Company was only RM0.13 million, which was lower than the estimated expenses of RM0.33 million. This was mainly due to the actual placement fees and other incidental expenses incurred were lower than the budgeted amount allocated for the said corporate exercise. The unutilised funds were subsequently allocated towards the repayment of bank borrowings. The Company has reallocated the unutilised funds allocated for the Balance Purchase Settlement for working capital purposes.

The Company has fully utilised the proceeds of the Proposed Private Placement during the FYE 2019.

ii) Audit and Non-Audit Fees

The audit and non-audit fees to the external auditors and their affiliates for services rendered during the FYE 2019 are as follows:

FYE 2019	Company (RM'000)	Group (RM'000)
Audit	52	132
Non-Audit	11	50

The non-audit fees included review of Statement of Risk Management and Internal Control and tax services.

ADDITIONAL DISCLOSURE REQUIREMENT (Cont'd)

iii) Options, Warrants or Convertibles Securities

During the FYE 2019, the Company has not issued any options, warrants or convertibles securities.

iv) Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving directors' or major shareholders' interests that were still subsisting at the end of the FYE 2019 or, if not then subsisting, entered into since the end of previous financial year.

v) Recurrent Related Party Transactions

During the FYE 2019, the Company did not seek mandate from shareholders for the Company and its subsidiaries to enter into recurrent related party transactions of revenue or trading nature as there are no recurrent related party transactions which exceeded the materiality threshold stated in paragraph 10.09(1) of the Main Market Listing Requirements ("**Listing Requirements**").

SUSTAINABILITY STATEMENT



The Board of Perak Transit recognises that it is important to integrate sustainability practices into the businesses of our Group. Even though the Group's sustainability program is still in its early stage, the Group is aware that sustainability practices are crucial in order for the Group to achieve continuous sustainable long-term growth.

Our Board recognises that our shareholders and other stakeholders, other than evaluating the Group's financial performance, also place a growing emphasis on sustainability practices of the Group. This Sustainability Statement sets out the measures undertaken by the Group in its effort to continuously create value for our shareholders and other stakeholders.

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

<u>Economic</u>	<u>Environmental</u>	<u>Social</u>
We aspire to improve the quality of life of the local communities that we serve through the services provided by the Group and the positive externalities arising thereon due to the spillover effect.	We are aware of the Group's consumption of natural resources and have aimed to minimise the impact of our operations on the environment.	We are dedicated in ensuring customer satisfaction, upholding employee engagement and workplace dignity, as well as to be a continuous contributing partner to the local communities in which we operate.

Business Activities

One of the business activities of the Group is to manage and operate integrated public transportation terminals ("IPTT"), namely Terminal Meru Raya, located in Ipoh, and Terminal Kampar Putra, located in Kampar, both in the state of Perak. Terminal Meru Raya is a one-stop terminal that provides a more convenient and seamless public transit experience to commuters. Terminal Meru Raya derives its revenue through the rental of both indoor and outdoor advertising and promotional spaces, rental of shop lots and kiosks, entrance fees for express buses and taxis and car park charges. Leveraging on the Group's expertise in the construction of the IPTT, the Group also provides consultancy services to prospective clients.

Terminal Kampar Putra, a newly built IPTT has in May 2019 obtained a Phase 1 Certificate of Completion and Compliance for the ground floor of the terminal. Since then, Terminal Kampar Putra has commenced its operations on the ground floor of the terminal which comprises bus services, rental of advertising and promotional spaces and rental of shop lots and kiosks. Terminal Kampar Putra is expected to increase the revenue of the Group and boost the economy in the Kampar district.

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

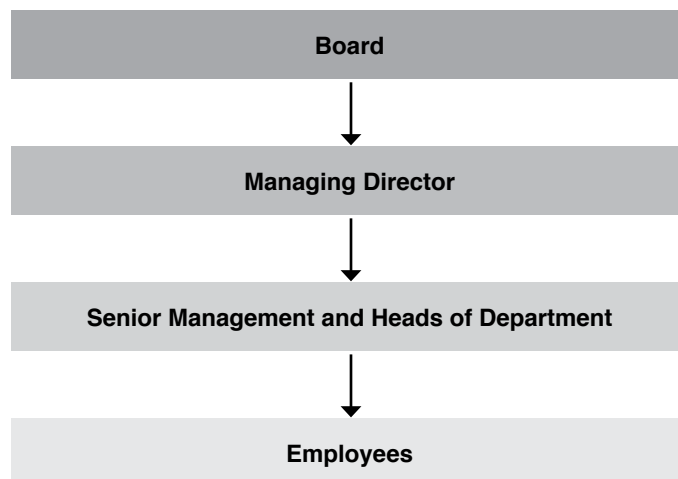
Scope

This Statement covers the activities carried out by the Group for the period from January 2019 to December 2019. Our sustainability reporting covers the sustainability initiatives carried out by the Group but does not include those of our joint ventures and partners.

SUSTAINABILITY STATEMENT (Cont'd)

Governance Structure

We recognise that any strategies of the Group, including those related to sustainability, could only be effectively implemented with a proper governance structure that clearly defines the role and responsibilities of all parties involved. The governance structure of the Group is presented as below:



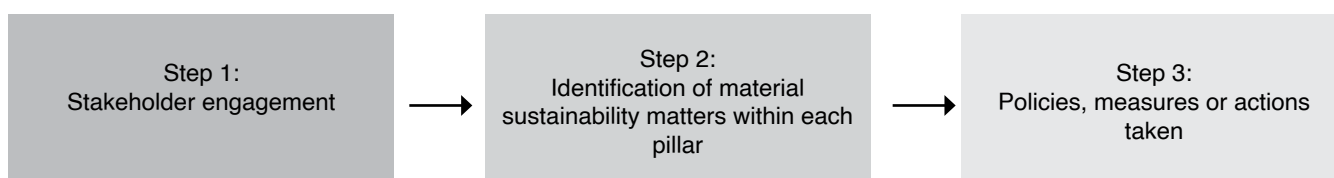
We are aware that our sustainability practices are not solely the responsibility of our top management, but should be an organisation-wide effort to embed sustainability practices into the daily activities of the Group. We further acknowledge that for our sustainability efforts to show results, it is important that our organisation has an inherent corporate culture that does not view sustainability practices as a burden but instead looks to promote, propagate and embrace these sustainability practices. In order to do that, strong leadership is required and our Board is responsible in spearheading the setting and endorses the overall strategies, plans and directions on sustainability practices of the Group. This will also fulfil the expectation imposed on our Board as outlined in the Malaysian Code on Corporate Governance.

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

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

Materiality

Upon recognising that economic, environmental and social will be the three (3) pillars of the Group’s sustainability practices, a three-step materiality process and analysis has been adopted as follows:



SUSTAINABILITY STATEMENT (Cont'd)



Materiality (Cont'd)

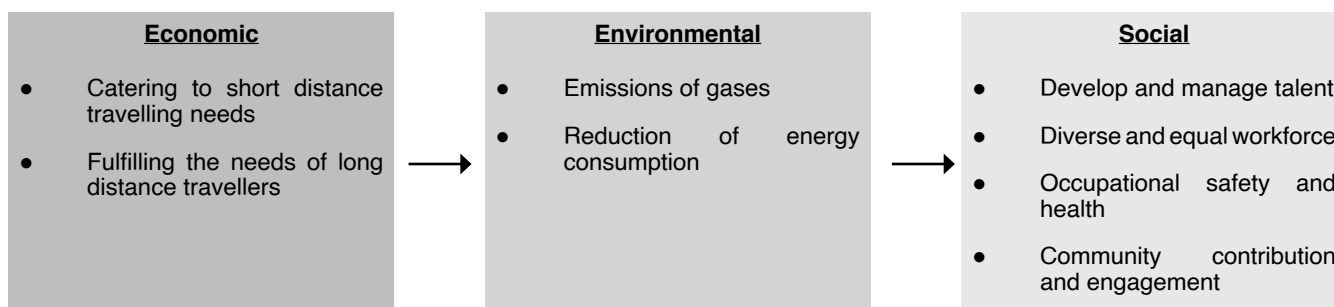
STEP 1: Stakeholder Engagement

We understand that different stakeholder groups have different needs from the Group. Their opinions and needs are highly valued by the Group and we believe that communication with our shareholders and other stakeholders are essential in recognising their concerns and issues. The Group has engaged, both formally or informally, with our shareholders and other stakeholders to interact with them in order to identify the material sustainability matters based on their expectations. Some of the Group's main stakeholders and their areas of interest are shown in the table below:

Stakeholder	Areas of Interest
Passengers and customers	<ul style="list-style-type: none"> • Short and long-distance travelling at an affordable rate • Punctuality and frequency of public stage buses • Convenient access to express buses • Comfort and safety
Employees	<ul style="list-style-type: none"> • Employment benefits • Equal treatment • Occupational health and safety • Training and development
Community	<ul style="list-style-type: none"> • Community support • Environmental impact
Governmental agencies and regulators	<ul style="list-style-type: none"> • Compliance with regulations • Transparent and adequate disclosures
Investors and shareholders	<ul style="list-style-type: none"> • Return of investment • Business performance and share value

STEP 2: Identification of Material Sustainability Matters Within Each Pillar

Our Company has identified eight (8) material matters that were categorised into the following three (3) pillars based on the engagement with our shareholders and other stakeholders, internal factors such as operational issues and external factors such as industry environment:



SUSTAINABILITY STATEMENT (Cont'd)

Materiality (Cont'd)

STEP 3: Policies, Measures or Actions Taken

Economic

Catering to Short Distance Travelling Needs

Public transportation is essential to the local communities for their daily transit in carrying out their daily activities. Affordable and efficient public transportation has always remained an issue among Malaysians. Many Malaysians, especially those living in the urban areas, are compelled to source for their own transport in the absence of an effective public transportation system. The increasing number of motor vehicles and motorcycles often causes congestion on the roads. Apart from wasting precious time of the road users, it increases the risk of road accidents as well.

The Group, being a public transport provider, understands that a good public transport system could positively impact the lives of the local communities by providing an alternative means of transportation that is affordable and convenient. It is our aim to achieve exactly that. The Group is currently operating 105 public stage buses on 32 routes that are within a 32 kilometres radius from Ipoh city. The bus routes and schedules are designed such that they cover an extensive area of Ipoh city and its surrounding townships, while minimising the waiting and travelling time of the passengers. We strive to ensure that passengers within the vicinity of Ipoh city will be able to reach their desired destination within a reasonable time with the public bus transportation services provided by us. Besides providing connectivity to the local communities, we aim to utilise our public transportation network to support the economic and population growth of Ipoh city and other townships surrounding it.

In collaboration with Touch 'n Go and NEC Corporation of Malaysia, the Group has officially launched a cashless bus fare payment system for myBAS Ipoh, our public bus service operating in Ipoh, Perak in January 2020. myBAS Ipoh is the first bus network to offer a cashless commuting experience in Malaysia and has been operational since October 2019. With this cashless payment system, passengers of myBAS Ipoh are now able to pay for their trip by tapping any Touch 'n Go cards (including Touch 'n Go enabled IC) to the card readers installed inside the coaches. This system gives commuters a seamless boarding process, offering greater convenience and enhances our operations. The Group is able to obtain accurate information such as the number of passengers boarding and alighting at each stop at any time. With this data, we can improve our current services and plan for future routes more efficiently. Besides offering more convenience to passengers, the move is also part of the Malaysian Government's efforts towards digitalising the economy and creating a cashless society.

With the growing tourism industry in Ipoh, the Group has collaborated with the Government of Perak to launch the Perak Hop-On Hop-Off bus service which brings tourists to a total of twelve (12) stations within Ipoh city whereby all main attractions are within a short walking distance from the stations. In November 2019, the Perak Hop-On Hop-Off bus service has expanded to include new stations outside of Ipoh such as Tambun, Gopeng and Batu Gajah. This feeder bus service is enjoyed by local and overseas tourists alike, and it is an effective way to reduce traffic congestion in Ipoh city during weekends and long holidays. This service is expected to further boost the tourism industry in Perak, bringing economy growth and revenue to the state and creating more jobs for the local communities.

Fulfilling the Needs of Long-Distance Travelers

The Group currently operates 47 express buses, which operate on long-distance routes, i.e. more than 32 kilometres in distance from the IPTT. Below is the express bus route map connecting the IPTT to other cities and towns from Terminal Meru Raya. The express bus services provided serve the travelling needs of the local communities in the Perak state, especially during the festive seasons. Our express buses as public transportation also ferry passengers to destinations such as Cameron Highlands, Lumut and Teluk Intan, which could otherwise only be accessible by cars.

SUSTAINABILITY STATEMENT (Cont'd)

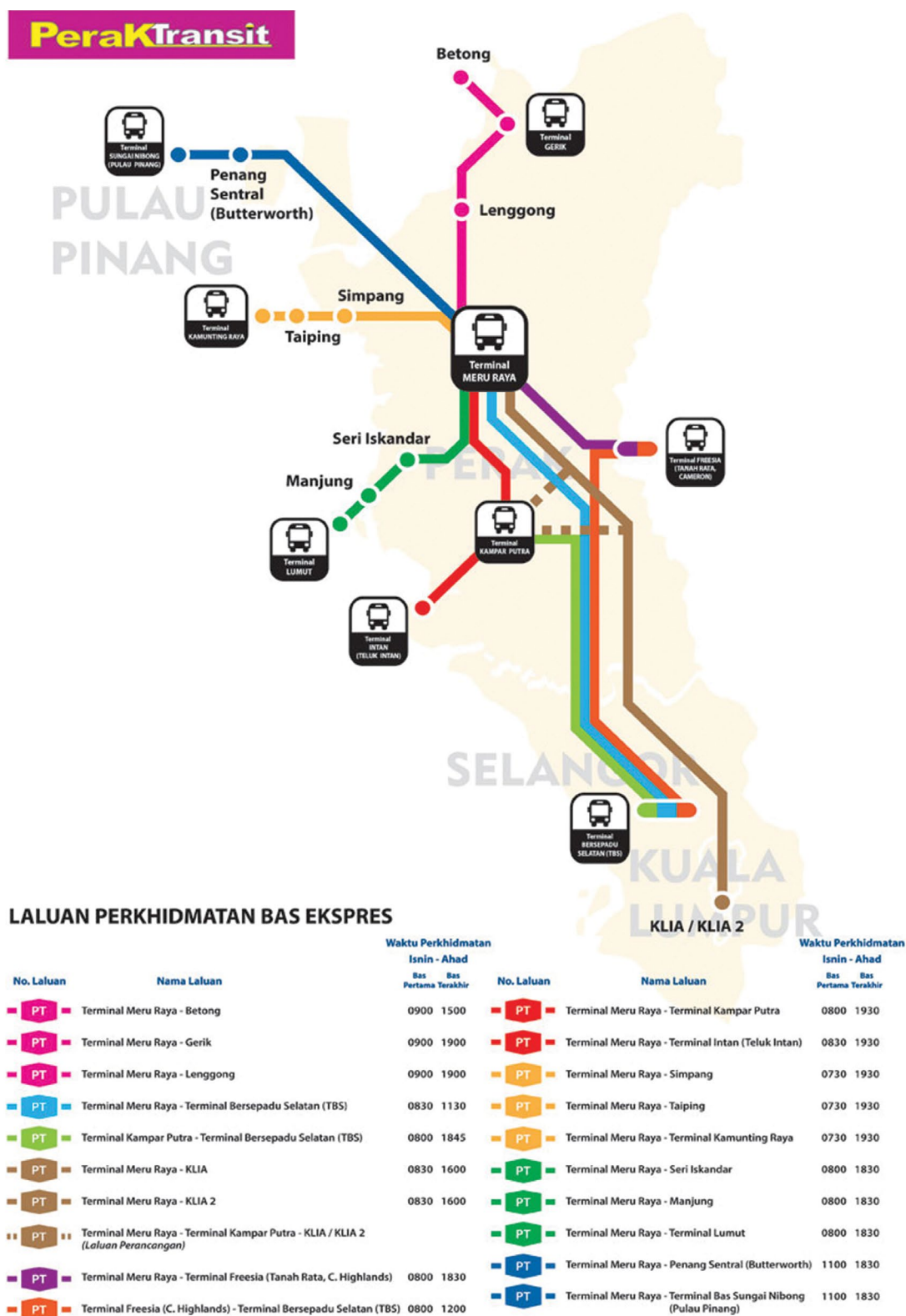


Materiality (Cont'd)

STEP 3: Policies, Measures or Actions Taken (Cont'd)

Economic (Cont'd)

Express Bus Route Map



SUSTAINABILITY STATEMENT (Cont'd)

Materiality (Cont'd)

STEP 3: Policies, Measures or Actions Taken (Cont'd)

Economic (Cont'd)

The operation of the IPTT benefits the Group, our customers and the surrounding local communities in various ways. Since the operation of Terminal Meru Raya in 2012, all express buses servicing in Ipoh have been mandated to pick up and drop off their passengers in Terminal Meru Raya. The same applies to passengers travelling to and from Kampar whereby they will board and alight the buses at Terminal Kampar Putra. The Group has installed the centralised ticketing system (“**CTS**”) and terminal operating system (“**TOS**”) in Terminal Meru Raya and Terminal Kampar Putra. The ticketing counters for sale of bus tickets have been replaced with the CTS solution and counters. The CTS solution entails installation and deployment of point-of-sale system for counters which are integrated with TOS solution. The TOS solution encompasses among others, bus schedule display system and real time monitoring of buses arrivals and departures to or from Terminal Meru Raya and Terminal Kampar Putra. These have essentially centralised the express bus operation in Terminal Meru Raya and Terminal Kampar Putra, which are expected to benefit the passengers in the following manner:

- Providing a centralised, well-connected, accessible, convenient and reliable transportation terminal;
- More effective dissemination of information pertaining to bus schedules or notification on bus schedule changes; and
- Improving the comfort and safety of passengers.

Terminal Meru Raya has serviced and benefited approximately two (2) million passengers and visitors in 2019 and the Group expects the number of passengers to continue growing in the future.

Terminal Kampar Putra is geared up to serve the student population as well as the local communities especially those staying in Kampar and its surrounding areas with the commencement of Phase 1 of Terminal Kampar Putra in May 2019. Upon its full-fledged operation, Terminal Kampar Putra is expected to accommodate and bring convenience to more passengers in Kampar as it is eight (8) times larger in size as compared with Terminal Meru Raya. The Group aims to bring the benefit of the IPTT to Bidor and Tronoh, and other regions in Malaysia in the future.

Environmental

Emissions of Gases

The Group is well aware that transportation activities have the potential to give an adverse impact to the environment through the emission of greenhouse gases such as carbon dioxide into the atmosphere due to the consumption of fossil fuels. We are committed to minimise the impact of our operations to the environment. One such example is through the continuous maintenance of vehicles and replacement of buses that have reached their useful life.

Currently, the stage buses operated by the Group have an average age of five (5) to seven (7) years, which is much lower than the normal useful life of 15 years for stage buses. Besides that, the express buses operated by the Group have an average age of three (3) years, which is also much lower than the normal useful life of ten (10) years for express buses. Through proper and regular maintenance, vehicles run cleaner and more efficiently. Most importantly, this can improve emission performance and reduce energy consumption by the buses. Improving emission performance will reduce the impact of carbon emission to the environment and also reduce the use of fossil fuels, which is a non-renewable resource. By playing a part in reducing the carbon emissions, this may align with our initiative to protect the environment and at the same time promote energy saving and cost saving.

Reduction of Energy Consumption

We are committed to reduce energy consumption in our operations, especially in the IPTT, which consume huge amount of energy due to the need for a large number of air conditioners to be installed in the terminals to provide comfort to the passengers and the public. We have undertaken several measures to reduce energy consumption while maintaining an ideal temperature in the terminals.

Several measures have been taken by the management in order to reduce the heat in the terminals:

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

SUSTAINABILITY STATEMENT (Cont'd)



Materiality (Cont'd)

STEP 3: Policies, Measures or Actions Taken (Cont'd)

Social

Develop and Manage Talent

We strongly believe that our employees are the key drivers for business growth and sustainability of our operations. Apart from retaining our existing talents, we have always been actively seeking out dynamic, talented and skilled individuals to contribute to the Group and share in its success. We strive to provide a safe and comfortable work environment for all our employees, and uphold to take care of their well-being and ensure job satisfaction. Furthermore, the Group also offers attractive remuneration package to all employees to reward them for their contributions to the Group.

Feedbacks from our employees are considered seriously in order to improve the working environment and increase employee engagement. The Group also empowers its workforce through training and skills development programmes for the employees, which include technical and operational skills training, so that employees are equipped with the necessary knowledge and skills to carry out their duties effectively.

Diverse and Equal Workforce

The Group has a diverse workforce and believes that the strength of a diverse workforce is essential for the success of the business. Despite having a diverse workforce, no employee is discriminated in any way and is treated equally with respect and dignity regardless of gender and background.

Occupational Safety and Health

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

The Group is aware of the dangers of having a fatigue driver on the road, especially one that is driving a bus. Thus, we have put in place guidelines on the permissible maximum number of driving hours for our bus drivers, and ensure that the guidelines are strictly complied with to prevent drivers' fatigue, which could lead to severe consequences. Furthermore, training has been given to our bus drivers to ensure that all traffic laws are adhered to at all times.

Community Contribution and Engagement

We strongly believe in giving back to the society and have engaged in various corporate social responsibilities practices for the benefit of the public communities. A library, namely Perpustakaan Komuniti 1Malaysia Terminal AmanJaya, has been set up at Terminal Meru Raya for use by the public. It is equipped with computers and is wi-fi enabled. With the library facilities provided, passengers and members of the public are able to spend their waiting time in a comfortable environment. The setting up of the library is also in line with the Education Ministry's initiatives to promote a reading culture among Malaysians.

Entrepreneurs from the local communities are encouraged and given the opportunity to start their own business with the rental spaces available in Terminal Meru Raya and Terminal Kampar Putra, where they could set up their kiosks and stores. The high traffic flow of passengers passing through the terminals throughout the day provides potential for a steady stream of income to the aspiring entrepreneurs.

In order to provide support to the local community, the Group has donated to several non-profit making, welfare and charitable community bodies. These include the Persatuan Amal Isteri Harapan Perak and Persatuan Kebajikan Masyarakat Harapan Perak.

The Group has participated in "WOW Kampar 2019" festival in collaboration with Universiti Tunku Abdul Rahman ("UTAR"), a co-organiser of the event together with Kampar District and Land Office, Kampar District Council, UTAR and Grand Kampar Hotel, to celebrate the 10th anniversary of Kampar as a district. In addition, the Group also contributed funds to Sekolah Menengah Yuk Choy (SUWA), Ipoh in the celebration of the school's 112th anniversary.

The Group also provides support to the development of sports in Malaysia and has donated to Kelab Sukan Majlis Daerah Kampar for organising its sport activities.

AUDIT COMMITTEE REPORT

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

COMPOSITION AND MEETING ATTENDANCE

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

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

The Audit Committee has convened four (4) meetings during the financial year 2019 on 21 February 2019, 23 May 2019, 22 August 2019 and 21 November 2019. The attendance of members in 2019 is as follows:

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

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

SUMMARY OF ACTIVITIES

The summary of the works and key activities undertaken by the Audit Committee during the financial year 2019 comprised the following:

1. Financial Reporting

a) Review of Quarterly Reports

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

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

b) Audited Financial Statements

The Audit Committee received and considered the 'Audit Committee Closing Presentation' presented by the external auditors, Messrs Moore Stephens Associates PLT ("**Moore Stephens**"), in respect of the audited financial results of the Company for the FYE 2018, outlining the major audit findings arising from the audit and the responses from the management.

AUDIT COMMITTEE REPORT (Cont'd)



SUMMARY OF ACTIVITIES (Cont'd)

1. Financial Reporting (Cont'd)

b) Audited Financial Statements (Cont'd)

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

c) Approval of Statements for inclusion into the Annual Report

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

2. External Audit

a) Suitability, Objectivity and Independence of External Auditors

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

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

The Audit Committee was satisfied as to the suitability, objectivity, independence, technical competency and professionalism demonstrated by Moore Stephens and recommended to the Board for the re-appointment of Moore Stephens as external auditors of the Company at the Annual General Meeting.

At the Annual General Meeting held on 23 May 2019, the shareholders have passed an ordinary resolution to re-appoint Moore Stephens as auditors of the Company to hold office until the conclusion of the next AGM.

b) 2019 Audit Planning Memorandum

The Audit Committee received and considered the Audit Planning Memorandum in respect of the audit of the financial statements of the Company for the FYE 2019, presented by the external auditors, Moore Stephens, outlining the audit scope of works, fraud consideration, areas of audit emphasis, audit approach and timeline. The Audit Committee deliberated and adopted the Audit Planning Memorandum before recommending to the Board for consideration and approval.

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

c) Independent Meeting Sessions

The Audit Committee has two (2) independent meeting sessions during the financial year 2019 with the external auditors, Moore Stephens without the presence of the executive personnel of the Company.

Moore Stephens reported that during the course of the audit of the financial statements for the FYE 2018, good cooperation had been provided by the management and staff of the Company and there were no major issues or concern as well as no sign of fraud identified that required them to report to the Audit Committee.

Moore Stephens also reported that they did not identify any non-compliances by the management and there were no immediate issues identified in respect of the audit of the financial statements for the FYE 2019 that required them to report to the Audit Committee.

AUDIT COMMITTEE REPORT (Cont'd)

SUMMARY OF ACTIVITIES (Cont'd)

2. External Audit (Cont'd)

d) Audit and Non-Audit Fees

The Audit Committee deliberated and reviewed the audit fees in respect of the FYE 2019 together with non-audit fees which comprises the review of Statement on Risk Management and Internal Control pursuant to the Listing Requirements of Bursa Securities, that were agreed upon earlier, and noted that there is a 7.87% increase in fees on a Group basis from that of the previous year's audit.

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

The amount of audit fees and non-audit fees payable to Moore Stephens in respect of the FYE 2019 are as follows:

	Audit fees (RM)	Non-Audit fees (RM)
Company	52,000	5,000
Group	132,000	5,000

3. Internal Audit

In its oversight of the internal audit process, the Audit Committee met with the internal auditors, representatives of JWC Consulting Sdn Bhd, three (3) times during the financial year 2019 on 23 May 2019, 22 August 2019 and 21 November 2019.

The Audit Committee received briefings on the following internal audit reports presented by the internal auditors during the Audit Committee meetings, namely:

- Financial quarter ended 31 March 2019
 - review on the systems of internal control on sales and marketing, and credit control of bus operations operated by The Combined Bus Services Sdn Bhd, Ipoh Link Sdn Bhd and Syarikat Sumber Manusia Sdn Bhd; and
 - readiness of Terminal Kampar Putra for operations;
- Financial quarter ended 30 June 2019
 - review on the systems of internal control on sales and marketing, and credit control of integrated public transportation terminal operations operated by The Combined Bus Services Sdn Bhd and Terminal Urus Sdn Bhd; and
- Financial quarter ended 30 September 2019
 - Follow up review on the systems of internal control reported in financial quarters ended 31 March 2019 and 30 June 2019 including the review of the development and construction cost of Terminal Kampar Putra.

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

The Audit Committee received the Internal Audit Plan for the financial year 2020, presented by the internal auditors outlining the audit scope of works and timeline. The Audit Committee deliberated and requested the internal auditors to review and develop the internal audit plan so as to ensure that the internal audit would be conducted to cover all areas of operation of the Group within a period of two (2) years. In the event it could not be achieved, the internal auditors should inform the Audit Committee on the areas that would be deferred and provide a revised audit plan, if needed, to the Committee at the next Audit Committee's meeting.

AUDIT COMMITTEE REPORT (Cont'd)



SUMMARY OF ACTIVITIES (Cont'd)

4. Risk Management Working Group Committee

The Audit Committee deliberated and reviewed two (2) minutes of the meetings of the Risk Management Working Group Committee held in the financial year 2019.

The Audit Committee received briefings on the risk factors highlighted by the Risk Management Working Group Committee in relation to the operations of the Group comprising Terminal Operation, Bus Operation, Construction of Terminal Kampar Putra, Petrol Station Operation and Human Resources and Finance. Most of the risk factors highlighted were rated minor or moderate and mitigation strategies in relation to the crisis management have been put in place by the management.

The Audit Committee deliberated on the new provisions that had been added into the Malaysian Anti-Corruption Commission Act 2009, as stated in the Malaysian Anti-Corruption Commission (Amendment) Act 2018, namely Section 17A on offences committed by commercial organisations and Section 41A on admissibility of documentary evidence, as reported by the Risk Management Working Group Committee, that would have an impact on the Group when they take effect from 1 June 2020. The Audit Committee considered and suggested the management to put in place a policy framework and adequate procedures to address and formalise the new requirements in order to prevent the occurrence of corruption and bribery practices in relation to the business activities within the Group.

5. Revaluation of Properties and Investment Properties

The Audit Committee deliberated and reviewed the valuation exercise conducted on the Group's properties and investment properties for impairment purposes as well as to reflect the fair value of the properties and investment properties in the financial statements of the Group for the financial period ended 30 September 2019. This revaluation is in line with the Malaysian Financial Reporting Standards ("MFRS") - MFRS 116 and MFRS 140.

The Audit Committee considered the revaluation exercise before recommending to the Board for consideration and approval prior to the announcements made to Bursa Securities.

INTERNAL AUDIT FUNCTION

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

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

During the financial year 2019, the internal auditors have conducted a series of audits of the major operating units of the Group. The internal audit activities have been carried out by the internal auditors in accordance with the Internal Audit Plan for the financial year 2019. The internal auditors also ensured, on a follow up basis, that recommendations to improve internal controls are implemented by the management. These initiatives, together with the management's adoption of the external auditors' recommendations for improvement on internal controls noted during their annual audit, provide reasonable assurance that control procedures are in place.

The cost incurred on the internal audit function for the FYE 2019 amounted to RM30,000.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

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

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

RESPONSIBILITY OF THE BOARD

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

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

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

RISK MANAGEMENT

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

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

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

- Internal Audit and Risk Management Function

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

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

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

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



RISK MANAGEMENT (Cont'd)

- Financial Performance Planning, Review and Monitoring

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

- Operational Monitoring and Controls

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

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

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

INTERNAL CONTROL

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

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

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

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

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

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

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITOR

As required under Paragraph 15.23 of the Listing Requirements, the External Auditor has reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Company for the FYE 2019 and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control of the Group.

CONCLUSION

Based on the internal audit reports for the FYE 2019, there is a reasonable assurance that the Group's system of internal controls are generally adequate and appear to be working satisfactorily. None of the identified weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Annual Report. The Board has received assurance from the Executive Director and Chief Financial Officer that the Company's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Company.

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

STATEMENT OF DIRECTORS' RESPONSIBILITY

IN RELATION TO THE FINANCIAL STATEMENTS



This Statement is prepared as required by the Listing Requirements of Bursa Securities.

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

The directors consider that in preparing the financial statements, the Group and the Company have:

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

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

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

This Statement was made in accordance with a resolution of the Board dated 25 February 2020.

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding.

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

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

RESULTS

	GROUP RM	COMPANY RM
Net profit for the financial year	40,009,507	14,447,079
Attributable to:		
Owners of the Company	39,758,574	14,447,079
Non-controlling interests	250,933	-
	40,009,507	14,447,079

DIVIDENDS

Since the end of the previous financial year, the Company has declared and paid the following dividends in respect of financial year ended 31 December 2019:

- (i) A first interim single tier dividend of RM0.0025 per ordinary share amounting to RM3,556,950, paid on 31 January 2019; and
- (ii) A second interim single tier dividend of RM0.0075 per ordinary share amounting to RM10,670,852, paid on 18 December 2019.

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

RESERVES AND PROVISIONS

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

ISSUANCE OF SHARES AND DEBENTURES

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

TREASURY SHARES

During the financial year, the Company repurchased 1,000,000 of its issued ordinary shares from the open market at an average price of RM0.23 per ordinary share. The total consideration paid for the shares repurchased was RM230,000. The shares repurchased are being held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016 in Malaysia.

As at 31 December 2019, the Company held a total of 1,000,000 ordinary shares of its 1,422,780,350 issued ordinary shares as treasury shares. Such treasury shares are held at a carrying amount of RM230,000. Further details are disclosed in Note 23 to the financial statements.

DIRECTORS' REPORT (Cont'd)



OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS OF THE COMPANY

The Directors in office since the beginning of the financial year up to the date of this report are as follows:

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

* Also a Director of certain subsidiaries

DIRECTORS OF SUBSIDIARIES OF THE COMPANY

Pursuant to Section 253(2) of the Companies Act 2016, the Directors who served in the subsidiaries (excluding Directors who are also Directors of the Company) since the beginning of the financial year up to the date of this report are as follows:

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

DIRECTORS' REPORT (Cont'd)

DIRECTORS' INTERESTS

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

	Number of ordinary shares			
	At 1.1.2019	Bought	Sold/ Ceased interest	At 31.12.2019
Name of Directors				
<i>Ordinary shares in the Company</i>				
Direct Interests:				
- Dato' Sri Cheong Kong Fitt	245,080,605	2,000,000	-	247,080,605
- Dato' Cheong Peak Sooi	20,406,595	-	-	20,406,595
Indirect Interests:				
- Dato' Sri Cheong Kong Fitt ^	292,223,801	-	-	292,223,801
- Ng Wai Luen *	155,000	-	(155,000)	-

	Number of Warrants			
	At 1.1.2019	Issue	Exercised/ Sold	At 31.12.2019
Direct Interests:				
- Dato' Sri Cheong Kong Fitt	89,533,775	-	-	89,533,775
- Dato' Cheong Peak Sooi	9,275,725	-	-	9,275,725
Indirect Interests:				
- Dato' Sri Cheong Kong Fitt ^	132,829,001	-	-	132,829,001

^ Indirect interest by virtue of shares held through his spouse and through a corporation by virtue of Section 8 of the Companies Act 2016 in Malaysia.

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

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

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

DIRECTORS' REMUNERATION AND BENEFITS

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

DIRECTORS' REPORT (Cont'd)



DIRECTORS' REMUNERATION AND BENEFITS (Cont'd)

	Company RM	Subsidiaries RM
Salaries, allowances and bonuses	173,000	913,500
Fees	228,000	-
Contribution to defined contribution plan	20,610	140,607
Benefits-in-kind	5,300	34,019
Total fees and other benefits	426,910	1,088,126

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than Directors' emoluments received or due and receivable as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than the related party transactions disclosed in the financial statements.

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

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 13 to the financial statements.

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves there were no known bad debts and that no provision for doubtful debts was necessary; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their value as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would necessitate the writing off of bad debts or the provision for doubtful debts;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading;
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; and
 - (iv) not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements misleading.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

DIRECTORS' REPORT (Cont'd)

OTHER STATUTORY INFORMATION (Cont'd)

- (d) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable, or likely to become enforceable, within the period of twelve months after the end of the financial year, which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
 - (ii) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and
 - (iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.
- (e) The total amount paid to or receivable by the auditors as remuneration for their services as auditors for the current financial year from the Company is RM52,000 and its subsidiaries is RM80,000.
- (f) There was no amount paid to or receivable by any third party in respect of the services provided to the Company or any of its subsidiaries by any Director or past Director of the Company.
- (g) There was no indemnity given to or insurance effected for any Director, officer or auditor of the Group and of the Company.

AUDITORS

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

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 17 March 2020.

DATO' SRI CHEONG KONG FITT

DATO' CHEONG PEAK SOOI

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016



We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements as set out on pages 52 to 126 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.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 17 March 2020.

DATO' SRI CHEONG KONG FITT

DATO' CHEONG PEAK SOOI

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016

I, JENNIFER CHIN YI TENG, being the officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 52 to 126 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed at
Ipoh in the State of Perak Darul Ridzuan
on 17 March 2020.

JENNIFER CHIN YI TENG

Before me,

Commissioner for oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PERAK TRANSIT BERHAD

Registration No. 200801030547 (831878-V)

(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Perak Transit Berhad, which comprise the statements of financial position as at 31 December 2019, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 52 to 126.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key Audit Matters	Our audit performed and responses thereon
<u>Valuation of Property, Plant and Equipment ("PPE")</u>	
<p>As at 31 December 2019, as disclosed in Note 11 to the financial statements, the Group's and the Company's PPE amounted to RM537,397,648.</p> <p>We have identified valuation of PPE as a key audit matter as the Group adopts the revaluation model for certain of its PPE, comprising land, buildings and integrated public transportation terminal. The Group revalues its PPE once every 5 years or at shorter intervals where the fair value of the revalued assets is expected to differ materially from the carrying value.</p> <p>During the current financial year, the Group has revalued the properties based on the fair value reports by external independent professionally qualified valuers using the comparative, cost and profit methods.</p> <p>We consider this to be an area of audit focus as the estimation of revaluation involved significant estimates and judgement in determining the revalued amount of the PPE.</p>	<p>We have performed the audit procedures as follows:</p> <ul style="list-style-type: none">• Considered the objectivity, independence and expertise of the firms of independent valuer;• Obtained an understanding of the methodologies used and the appropriateness of the key assumptions used by the external valuers in estimating the fair values of the PPE;• Checked the accuracy and relevance of the input data used;• Discussed with the independent valuers to obtain an understanding of the property related data used as input to the valuation model;• Assessed the adequacy and appropriateness of the disclosures relating to the valuation methodology and estimation made in the financial statements; and• Recalculation of revaluation surplus, net of tax.

INDEPENDENT AUDITORS' REPORT (Cont'd)

TO THE MEMBERS OF PERAK TRANSIT BERHAD
Registration No. 200801030547 (831878-V)
(Incorporated in Malaysia)



Key Audit Matters (Cont'd)

Key Audit Matters	Our audit performed and responses thereon
<u>Valuation of Goodwill</u> <p>As at 31 December 2019, as shown in Note 15 to the financial statements, the Group's goodwill amounted to RM1,622,631.</p> <p>The Group is required to perform an annual impairment test on the goodwill which arose from the Group's acquisition of the four (4) subsidiaries in prior years. The Group applies the value-in-use ("VIU") method to estimate the recoverable amounts of the goodwill.</p> <p>We have identified the valuation of goodwill as a key audit matter as the impairment test involves significant management judgement in determining the allocation of goodwill to the cash-generating unit ("CGU") and in estimating the underlying assumptions to be applied in the discounted cash flow projections of the VIU calculation. The recoverable amount of the goodwill is highly sensitive to key assumptions applied in respect of future revenue growth rate, gross margin, the long-term growth rate and the pre-tax discount rate used in the cash flow projections. A small change in the assumption can have a significant impact on the estimation of the recoverable amount.</p>	<p>We have performed the following audit procedures to evaluate management's methodology and assumptions used in the VIU and for each CGU:</p> <ul style="list-style-type: none">• Assessed whether the recoverable amounts were prepared by management based on approved budgets by the Directors;• Compared the key assumptions including forecasted revenue, growth rates, gross margin and discount rates against our knowledge of the Group's historical performance, business and cost management strategies based on facts and circumstances currently available;• Performed sensitivity analysis by changing certain key assumptions used in the VIU calculations and assessed the impact of the recoverable amounts of the goodwill; and• Assessed the appropriateness of the disclosures concerning those key assumptions to which the outcome of the impairment test is most sensitive.
<u>Recognition of Deferred Tax Assets</u> <p>As at 31 December 2019, as disclosed in Note 16 to the financial statements, the Group has recognised deferred tax assets of RM7,033,289. The deferred tax assets derived mainly from the unutilised investment allowance.</p> <p>We identified the recoverability of deferred tax assets as a key audit matter due to the recognition of these assets involving judgement by management as to the likelihood of the realisation of these deferred tax assets, which is based on a number of factors, including whether there will be sufficient future taxable profits to support such recognition.</p>	<p>We have performed the following audit procedures to assess the management's assessment about the recognition of deferred tax assets:</p> <ul style="list-style-type: none">• Evaluating management's assessment on the sufficiency of future taxable profits in support of the recognition of deferred tax assets by comparing management's forecasts of future profits to historical results and evaluating the assumptions used in those forecasts;• Performed sensitivity analysis by changing certain key assumptions used in the forecast of future profits calculations and assessed the impact to the future profits; and• Assessed the reasonableness on the unutilised investment allowance to its latest tax positions.
<u>Borrowings</u> <p>As at 31 December 2019, as disclosed in Note 25 to the financial statements, the Group's and the Company's borrowings amounted to RM301,411,898 and RM300,000,000 respectively, representing 91.8% and 99.9% of the Group's and the Company's total liabilities respectively, out of which RM300,000,000 arose from the issuance of unrated Sukuk Murabahah.</p> <p>We have identified borrowings as a key audit matter as the Group and the Company have significant reliance on external borrowings for its working capital and long-term funding requirements. The compliance with loan covenants and the prompt servicing of borrowings as and when they fall due is a key focus of our audit matters.</p>	<p>We have performed the audit procedures as follows:</p> <ul style="list-style-type: none">• Requested bank confirmations;• Reviewed the contractual terms of the unrated Sukuk Murabahah and examined compliance with salient loan covenants;• Reviewed the ability to service loan repayments for the next twelve months;• Assessed the reasonableness of finance cost recognised; and• Reviewed the adequacy of disclosures in accordance with <i>MFRS 7 Financial Instruments</i> and <i>MFRS 132 Financial Instruments: Presentation</i>.

INDEPENDENT AUDITORS' REPORT (Cont'd)

TO THE MEMBERS OF PERAK TRANSIT BERHAD

Registration No. 200801030547 (831878-V)

(Incorporated in Malaysia)

Information other than the Financial Statements and Auditors' Report Thereon

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT (Cont'd)

TO THE MEMBERS OF PERAK TRANSIT BERHAD

Registration No. 200801030547 (831878-V)

(Incorporated in Malaysia)



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

- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other Matters

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

MOORE STEPHENS ASSOCIATES PLT

201304000972 (LLP0000963-LCA)

Chartered Accountants (AF002096)

LO KUAN CHE

03016/11/2020J

Chartered Accountant

Petaling Jaya, Selangor

Date: 17 March 2020

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
Revenue	4	124,487,312	113,515,485	18,707,143	16,048,817
Investment revenue	5	534,036	478,081	159,543	173,119
Amortisation of deferred capital grant	26	199,600	199,600	-	-
Other operating income	6	6,623,426	4,568,559	73,042	9,805
Purchase of trading goods		(33,174,768)	(36,694,385)	-	-
Changes in inventories of trading goods		71,058	(58,648)	-	-
Employee benefits expense	6	(11,981,869)	(10,477,381)	(96,735)	(176,231)
Directors' remuneration	7	(1,475,717)	(1,342,384)	(421,610)	(420,530)
Depreciation of property, plant and equipment and investment properties	11&12	(12,283,342)	(11,158,381)	-	-
Finance costs	8	(10,622,501)	(7,599,398)	(1,159,583)	(1,234,320)
Other operating expenses	6	(21,454,186)	(18,637,986)	(2,767,248)	(1,795,012)
Profit before tax		40,923,049	32,793,162	14,494,552	12,605,648
Tax (expenses)/credit	9	(913,542)	3,237,086	(47,473)	(21,359)
Profit for the financial year		40,009,507	36,030,248	14,447,079	12,584,289
Other comprehensive income, net of tax					
<i>Item that will not be reclassified subsequently to profit or loss</i>					
Revaluation surplus of land, buildings and integrated public transportation terminal, net of tax		23,356,273	-	-	-
Total comprehensive income for the financial year		63,365,780	36,030,248	14,447,079	12,584,289

STATEMENTS OF COMPREHENSIVE INCOME (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019



		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Profit net of tax, attributable to:					
Owners of the Company		39,758,574	35,840,139	14,447,079	12,584,289
Non-controlling interests		250,933	190,109	-	-
		40,009,507	36,030,248	14,447,079	12,584,289
Total comprehensive income attributable to:					
Owners of the Company		62,784,951	35,840,139	14,447,079	12,584,289
Non-controlling interests		580,829	190,109	-	-
		63,365,780	36,030,248	14,447,079	12,584,289
Earnings per ordinary share					
Basic (sen)	10	2.79	2.71		
Diluted (sen)	10	2.74	2.69		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		Group		Company	
		2019	Restated	2019	2018
	Note	RM	2018	RM	RM
		RM	RM		
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	537,397,648	424,339,139	1	1
Investment properties	12	6,338,882	6,500,024	-	-
Investment in subsidiaries	13	-	-	135,772,347	65,772,347
Amount due from subsidiaries	14	-	-	228,538,251	-
Goodwill	15	1,622,631	1,622,631	-	-
Deferred tax assets	16	7,033,289	9,918,341	-	-
		552,392,450	442,380,135	364,310,599	65,772,348
Current Assets					
Inventories	17	1,010,869	1,005,262	-	-
Trade and other receivables	18	28,436,134	35,182,984	-	5,157
Contract assets	19	1,009,000	5,709,000	-	-
Other assets	20	2,072,201	10,125,668	80,387	20,433
Amount due from subsidiaries	14	-	-	47,081,712	112,726,132
Tax recoverable		97	226,160	-	58,881
Fixed deposits with licensed banks	21	21,348,079	14,563,073	11,037,245	4,354,093
Cash and bank balances		54,429,532	9,562,318	44,999,399	1,716,955
		108,305,912	76,374,465	103,198,743	118,881,651
TOTAL ASSETS		660,698,362	518,754,600	467,509,342	184,653,999
EQUITY AND LIABILITIES					
Equity					
Share capital	22	167,092,924	167,092,924	167,092,924	167,092,924
Treasury shares	23	(230,000)	-	(230,000)	-
Property revaluation reserve	24	33,964,529	10,938,152	-	-
Retained earnings		129,915,013	104,284,117	436,476	217,199
Equity attributable to owners of the Company		330,742,466	282,315,193	167,299,400	167,310,123
Non-controlling interests		1,561,741	1,099,894	-	-
Total Equity		332,304,207	283,415,087	167,299,400	167,310,123

STATEMENTS OF FINANCIAL POSITION (Cont'd)

AS AT 31 DECEMBER 2019



			Group		Company
			Restated		
	Note	2019	2018	2019	2018
		RM	RM	RM	RM
Non-Current Liabilities					
Borrowings	25	282,923,210	161,392,931	282,000,000	1,590,672
Deferred capital grant	26	8,383,200	8,582,800	-	-
Deferred tax liabilities	16	2,661,864	1,240,062	-	-
		293,968,274	171,215,793	282,000,000	1,590,672
Current Liabilities					
Trade and other payables	27	8,075,065	12,267,242	55,261	241,492
Other liabilities	28	6,557,362	5,631,229	132,465	81,199
Borrowings	25	18,488,688	45,912,255	18,000,000	15,430,513
Deferred capital grant	26	199,600	199,600	-	-
Tax payable		1,105,166	113,394	22,216	-
		34,425,881	64,123,720	18,209,942	15,753,204
Total Liabilities		328,394,155	235,339,513	300,209,942	17,343,876
TOTAL EQUITY AND LIABILITIES		660,698,362	518,754,600	467,509,342	184,653,999

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	<----- Attributable to Owners of the Company ----->					<----- Non-distributable -----> Distributable				
		Share Capital	Treasury Shares	Property Revaluation Reserve	Retained Earnings	Total	Non-controlling Interests	Total	Equity		
		RM	RM	RM	RM	RM	RM	RM	RM		
Group											
At 1 January 2018		127,533,978	-	10,938,152	80,863,519	219,335,649	925,968	220,261,617			
Profit net of tax, representing total comprehensive income for the year		-	-	-	35,840,139	35,840,139	190,109	36,030,248			
Dividends paid to non-controlling interests		-	-	-	-	-	(16,183)	(16,183)			
Transactions with owners of the Company:											
Issuance of shares pursuant to:											
- Exercise of Warrants	22	9,372,046	-	-	-	9,372,046	-	9,372,046			
- Private placement	22	30,186,900	-	-	-	30,186,900	-	30,186,900			
Dividends paid to owners of the Company	29	-	-	-	(12,419,541)	(12,419,541)	-	(12,419,541)			
Total transactions with owners of the Company		39,558,946	-	-	(12,419,541)	27,139,405	-	27,139,405			
At 31 December 2018 / 1 January 2019		167,092,924	-	10,938,152	104,284,117	282,315,193	1,099,894	283,415,087			
Profit net of tax		-	-	-	39,758,574	39,758,574	250,933	40,009,507			
Revaluation surplus of land, buildings and intergrated public transportation terminal, net of tax		-	-	23,026,377	-	23,026,377	329,896	23,356,273			
Total comprehensive income for the financial year		-	-	23,026,377	39,758,574	62,784,951	580,829	63,365,780			
Dividends paid to non-controlling interests		-	-	-	-	-	(18,858)	(18,858)			
Effect of increase in stake in a subsidiary		-	-	-	100,124	100,124	(100,124)	-			
Transactions with owners of the Company:											
Own shares acquired	23	-	(230,000)	-	-	(230,000)	-	(230,000)			
Dividends paid to owners of the Company	29	-	-	-	(14,227,802)	(14,227,802)	-	(14,227,802)			
Total transactions with owners of the Company		-	(230,000)	-	(14,227,802)	(14,457,802)	-	(14,457,802)			
At 31 December 2019		167,092,924	(230,000)	33,964,529	129,915,013	330,742,466	1,561,741	332,304,207			

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019



	Note	Share Capital RM	Non- Distributable Treasury Shares RM	Distributable Retained Earnings RM	Total Equity RM
Company					
At 1 January 2018		127,533,978	-	52,451	127,586,429
Profit net of tax, representing total comprehensive income for the financial year		-	-	12,584,289	12,584,289
Transactions with owners of the Company:					
Issuance of shares pursuant to:					
- Exercise of Warrants	22	9,372,046	-	-	9,372,046
- Private placement	22	30,186,900	-	-	30,186,900
Dividends paid to owners of the Company	29	-	-	(12,419,541)	(12,419,541)
Total transactions with owners of the Company		39,558,946	-	(12,419,541)	27,139,405
At 31 December 2018 / 1 January 2019		167,092,924	-	217,199	167,310,123
Profit net of tax, representing total comprehensive income for the financial year		-	-	14,447,079	14,447,079
Transactions with owners of the Company:					
Own shares acquired	23	-	(230,000)	-	(230,000)
Dividends paid to owners of the Company	29	-	-	(14,227,802)	(14,227,802)
Total transactions with owners of the Company		-	(230,000)	(14,227,802)	(14,457,802)
At 31 December 2019		167,092,924	(230,000)	436,476	167,299,400

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Cash Flows from Operating Activities					
Profit for the financial year		40,009,507	36,030,248	14,447,079	12,584,289
Adjustments for:					
Amortisation of deferred capital grant		(199,600)	(199,600)	-	-
Depreciation of property, plant and equipment and investment properties		12,283,342	11,158,381	-	-
Finance costs		10,622,501	7,599,398	1,159,583	1,234,320
Interest income		(633,223)	(502,837)	(232,585)	(182,924)
Tax expenses/(credit)		913,542	(3,237,086)	47,473	21,359
Loss on disposal of property, plant and equipment		104,946	-	-	-
Property, plant and equipment written off		1,634	527,031	-	263,022
Operating profit before working capital changes		63,102,649	51,375,535	15,421,550	13,920,066
Changes in working capital:					
Inventories		(5,607)	54,516	-	-
Trade and other receivables		6,746,850	(10,983,674)	5,157	(5,157)
Contract assets		4,700,000	(5,709,000)	-	-
Other assets		(520,403)	(4,799,623)	(59,954)	379,119
Trade and other payables		(9,647,315)	5,441	(186,231)	199,615
Other liabilities		926,133	(117,423)	51,266	13,610
Cash generated from operating activities		65,302,307	29,825,772	15,231,788	14,507,253
Interest received on current account		99,187	24,756	73,042	9,805
Income tax paid		(3,072,788)	(2,816,608)	(25,184)	(37,776)
Income tax refunded		308,270	177,240	58,808	73,347
Net cash from operating activities		62,636,976	27,211,160	15,338,454	14,552,629
Cash Flows from Investing Activities					
Interest received on fixed deposits		528,756	443,760	154,263	138,798
Interest received on other investment		5,280	34,321	5,280	34,321
Advances to subsidiaries		-	-	(232,893,831)	(37,327,500)
Purchase of property, plant and equipment	(ii)	(79,864,624)	(81,353,339)	-	-
Proceeds from disposal of property, plant and equipment		2,750,000	-	-	-
Net cash used in investing activities		(76,580,588)	(80,875,258)	(232,734,288)	(37,154,381)
Balance carried forward		(13,943,612)	(53,664,098)	(217,395,834)	(22,601,752)

STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019



	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
Balance brought forward		(13,943,612)	(53,664,098)	(217,395,834)	(22,601,752)
Cash Flows from Financing Activities					
Dividends paid		(14,227,802)	(12,419,541)	(14,227,802)	(12,419,541)
Dividends paid to non-controlling interests		(18,858)	(16,183)	-	-
Drawdown of Al Bai' Bithaman Ajil facilities and Term Financing-i		1,581,417	42,770,414	-	-
Repayment of term loans, Al Bai' Bithaman Ajil facilities, Muamalat Term Financing, Commodity Murabahah Term Financing and Term Financing-i		(171,199,788)	(9,101,603)	(3,765,791)	(3,750,421)
Finance costs paid		(13,787,220)	(11,075,810)	(1,159,583)	(1,267,386)
Placement of fixed deposits pledged to banks		(7,096,494)	(1,681,760)	(6,654,012)	(138,798)
(Repayment to)/Proceeds from Cash Line-i		(36,066,085)	2,377,622	(13,255,394)	561,380
Proceeds from private placement		-	30,186,900	-	30,186,900
Proceeds from conversion of Warrants		-	9,372,046	-	9,372,046
Proceeds from Sukuk Murabahah		300,000,000	-	300,000,000	-
Purchase of treasury shares		(230,000)	-	(230,000)	-
Repayment of lease liabilities		(432,291)	(117,120)	-	-
Uplift of fixed deposits not forming part of cash and cash equivalents		11,479,987	-	2,248,754	-
Net cash from financing activities		70,002,866	50,294,965	262,956,172	22,544,180
Net increase/(decrease) in cash and cash equivalents		56,059,254	(3,369,133)	45,560,338	(57,572)
Cash and cash equivalents at beginning of the financial year		9,879,405	13,248,538	1,716,955	1,774,527
Cash and cash equivalents at end of the financial year	(i)	65,938,659	9,879,405	47,277,293	1,716,955

STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Note:

(i) Cash and cash equivalents comprise the following:

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Cash and bank balances		54,429,532	9,562,318	44,999,399	1,716,955
Short term deposits		-	340,628	-	-
Fixed deposits placed with licensed banks	21	21,348,079	14,222,445	11,037,245	4,354,093
		75,777,611	24,125,391	56,036,644	6,071,048
Less: Fixed deposits pledged to licensed banks	21	(9,838,952)	(14,222,445)	(8,759,351)	(4,354,093)
Bank overdraft	25	-	(23,541)	-	-
		65,938,659	9,879,405	47,277,293	1,716,955

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

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Cash purchases		79,864,624	81,353,339	-	-
Capitalised borrowing costs		3,164,719	3,539,890	-	-
Deposits paid		8,573,870	20,656,254	-	-
Lease liabilities		247,000	1,870,039	-	-
Other payables		5,455,138	9,744,149	-	-
	11	97,305,351	117,163,671	-	-

(iii) Total operating and financing cash outflows arising from leases as a lessee during the financial year was RM907,368.

STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019



Note: (Cont'd)

(iv) The reconciliation of movements of liabilities to cash flows arising from financing activities is as below:

	At 1.1.2019 RM	Drawdown of loans RM	Net cash changes RM	Other changes RM	At 31.12.2019 RM
Group					
Term loans*	169,618,371	1,581,417	(171,199,788)	-	-
Lease liabilities	1,597,189	247,000	(432,291)	-	1,411,898
Cash Line-i	36,066,085	-	(36,066,085)	-	-
Sukuk Murabahah	-	300,000,000	-	-	300,000,000
	207,281,645	301,828,417	(207,698,164)	-	301,411,898
Company					
Term loans*	3,765,791	-	(3,765,791)	-	-
Cash Line-i	13,255,394	-	(13,255,394)	-	-
Sukuk Murabahah	-	300,000,000	-	-	300,000,000
	17,021,185	300,000,000	(17,021,185)	-	300,000,000

	At 1.1.2018 RM	Drawdown of loans RM	Net cash changes RM	Other changes RM	At 31.12.2018 RM
Group					
Term loans*	135,949,560	42,770,414	(9,101,603)	-	169,618,371
Lease liabilities	87,026	1,870,039	(117,120)	(242,756)	1,597,189
Cash Line-i	33,688,463	-	2,377,622	-	36,066,085
	169,725,049	44,640,453	(6,841,101)	(242,756)	207,281,645
Company					
Term loans*	7,516,212	-	(3,750,421)	-	3,765,791
Cash Line-i	12,694,014	-	561,380	-	13,255,394
	20,210,226	-	(3,189,041)	-	17,021,185

* Term loans include Al Bai' Bithaman Ajil facilities, Muamalat Term Financing, Commodity Murabahah Term Financing and Term Financing-i.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at D-3-7, Greentown Square, Jalan Dato' Seri Ahmad Said, 30450 Ipoh, Perak Darul Ridzuan.

The principal place of business of the Company has changed from Terminal AmanJaya, No.1, Persiaran Meru Raya 5, Meru Raya, 30020 Ipoh, Perak Darul Ridzuan to E-6-2A, SOHO Ipoh 2, Jalan Sultan Idris Shah, 30000 Ipoh, Perak Darul Ridzuan.

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

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 17 March 2020.

2. BASIS OF PREPARATION

(a) Statement of Compliance

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

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

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

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

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

Initial application of the above standards did not have any significant effect on the financial statements of the Group and of the Company, except as described below:

MFRS 16 Leases

MFRS 16 Leases introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance lease requirements and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact arising from the adoption of the standard is discussed below.

MFRS 16 requires lessees to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, except where the underlying asset is of low value. The right-of-use asset is depreciated and interest expense is recognised on the lease liability. The accounting requirements for lessors have not been changed substantially, and continue to be based on classification as operating and finance leases. Disclosure requirements have been enhanced for both lessors and lessees.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019



2. BASIS OF PREPARATION (Cont'd)

(a) Statement of Compliance (Cont'd)

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

(i) Adoption of new MFRS, Amendments/Improvements to MFRSs and IC Int (Cont'd)

Impact of the new definition of a lease

The change in definition of a lease mainly relates to the concept of control. *MFRS 16* determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies the definition of a lease and related guidance set out in *MFRS 16* to all the lease contracts existing or entered into or modified after that date (whether it is a lessor or a lessee in the lease contract).

In applying *MFRS 16* for all leases, the Group:

- (a) Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments;
- (b) Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss; and
- (c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows.

Under *MFRS 16*, right-of-use assets are tested for impairment in accordance with *MFRS 136 Impairment of Assets*. This replaces the previous requirement to recognise a provision for onerous lease contracts.

The Group applied the requirements of *MFRS 16* retrospectively with the cumulative effect recognised at the date of initial application i.e. 1 January 2019. As such, comparative information was not restated and continues to be reported under *MFRS 117* and related interpretations.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019

2. BASIS OF PREPARATION (Cont'd)

(a) Statement of Compliance (Cont'd)

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

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

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

Effective for financial periods beginning on or after 1 January 2020

Amendments to MFRS 2	Share-Based Payment
Amendments to MFRS 3	Business Combinations
Amendments to MFRS 6	Exploration for the Evaluation of Mineral Resources
Amendments to MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 134	Interim Financial Reporting
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 138	Intangible Assets
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to IC Int 12	Service Concession Arrangements
Amendments to IC Int 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Int 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to IC Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to IC Int 132	Intangible Assets – Web Site Costs

Effective for financial periods beginning on or after 1 January 2021

MFRS 17	Insurance Contracts
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Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
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Effective date to be announced

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The Group and the Company will adopt the above standards when they become effective in the respective financial periods. These standards are not expected to have any effect to the financial statements of the Group and of the Company upon their initial applications.

(b) Basis of Measurement

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019



2. BASIS OF PREPARATION (Cont'd)

(c) Functional and Presentation Currency

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

(d) Significant Accounting Estimates and Judgements

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

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

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

(i) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line method over the assets' useful lives. The Directors estimate the useful lives of these property, plant and equipment to be between 9.84 and 96 years.

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

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

(ii) Impairment of non-financial assets

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

(iii) Impairment of goodwill

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

(iv) Impairment of financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019

2. BASIS OF PREPARATION (Cont'd)

(d) Significant Accounting Estimates and Judgements (Cont'd)

(v) Deferred tax assets and liabilities

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

(vi) Revaluation of properties

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Consolidation

Consolidation

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019



3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of Consolidation (Cont'd)

Consolidation (Cont'd)

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

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

Business combination

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with *MFRS 9* either in profit or loss or a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of *MFRS 9*, it is measured in accordance with the appropriate *MFRS*.

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of Consolidation (Cont'd)

Subsidiaries

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

Non-controlling Interests

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

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

Transactions eliminated on consolidation

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

(b) Revenue and Other Income Recognition

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019



3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Revenue and Other Income Recognition (Cont'd)

Rental income

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

Dividend income

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

Interest income

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

Government grants

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

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

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

Subsidies income from the Government

Income from subsidies is recognised when services stipulated in the contracts entered are provided. Subsidies receivable is accrued on a timely basis, by reference to the contracts entered and is recognised as a contract asset on the statement of financial position.

(c) Employee Benefits

(i) Short term employee benefits

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

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

(ii) Defined contribution plans

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

(d) Borrowing Costs

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Borrowing Costs (Cont'd)

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

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

(e) Income Taxes

Current tax

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

Deferred tax

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

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

Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

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

(f) Leases

Current financial year

(i) Definition of a lease

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

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019



3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Leases (Cont'd)

Current financial year (Cont'd)

(i) Definition of a lease (Cont'd)

- The customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component, if any on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components, if any and will instead account for the lease and non-lease components as a single lease component.

(ii) Initial and subsequent measurement

As a lessee

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment as follows:

Leasehold land	Between 34 - 96 years
Motor vehicles	5 years
Plant and machinery	10 years

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The Group applies *MFRS 136* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 3(o)(ii).

The lease liability is initially measured at the present value of the future lease payments at the commencement date, discounted using the Group's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group is reasonably certain to exercise.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low value assets are those assets valued at RM20,000 or less for each new purchase.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Leases (Cont'd)

Current financial year (Cont'd)

(ii) Initial and subsequent measurement (Cont'd)

As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies *MFRS 15* to allocate the consideration in the contract based on the stand-alone selling prices.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue" or "other income".

Previous financial year

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

(i) Finance lease

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

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

(ii) Operating lease

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019



3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Leases (Cont'd)

Previous financial year (Cont'd)

(ii) Operating lease (Cont'd)

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

(g) Earnings Per Share

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

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

(h) Property, Plant and Equipment

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

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Property, Plant and Equipment (Cont'd)

(iii) Depreciation (Cont'd)

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

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

Leasehold land are amortised evenly over the remaining lease periods of 34 to 96 years. Buildings, including integrated public transportations terminal ("IPTT") are amortised evenly over the remaining useful lives of 9.84 to 48 years.

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

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

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

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

(iv) Derecognition

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

(i) Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both.

The Group uses the cost model to measure its investment properties after initial recognition. Accordingly, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Buildings are depreciated on straight line basis over its remaining useful life of 50 years.

An investment property is derecognised on its disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising from derecognition of such property is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019



3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Investment Properties (Cont'd)

Transfers are made to or from investment property only when there is a change in use. When an entity uses the cost model, transfers between investment property and owner-occupied property do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

(j) Goodwill

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

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

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

(k) Inventories

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

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

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

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

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

(l) Cash and Cash Equivalents

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

(m) Financial Instruments

(i) Initial recognition and measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Financial Instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement

Financial assets

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

Amortised cost

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

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

All financial assets are subject to impairment assessment in accordance with Note 3(o)(i).

Financial liabilities

Amortised cost

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

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

(iii) Offsetting of financial instruments

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

(iv) Derecognition

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019



3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Contract Assets and Contract Liabilities

Contract asset is the right to consideration in exchange for goods or services transferred to the customers. The Group's contract asset is the excess of cumulative revenue earned over the billings to-date.

When there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customer. The Group's contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities are recognised as revenue when the Group performs its obligation under the contract.

(o) Impairments

(i) Financial Assets

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

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

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

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

Simplified approach - trade receivables, lease receivables and contract assets

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

General approach - other financial instruments

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

At the end of each reporting period, the Group and the Company assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward looking information, where available.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(o) Impairments (Cont'd)

(i) Financial Assets (Cont'd)

General approach - other financial instruments (Cont'd)

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

The Group and the Company consider the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held); or
- The financial asset is more than 1 year past due.

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

Credit Impaired financial assets

At the end of each reporting period, the Group and the Company assess whether financial assets carried at amortised cost is credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

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

Write-off policy

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

(ii) Non-Financial Assets

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019



3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(o) Impairments (Cont'd)

(ii) Non-Financial Assets (Cont'd)

The recoverable amount of an asset or cash-generating units is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Except for goodwill, previously recognised impairment losses are assessed at the end of each reporting period whether there is any indication that the loss has decreased or no longer exist. An 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 assets 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 assets in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. An impairment loss recognised for goodwill is not reversed.

(p) Equity Instruments

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

Ordinary shares

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Treasury shares

When issued shares of the Company are repurchased, the consideration paid, including any attributable transaction cost is presented as a change in equity. Repurchased shares that have not been cancelled are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of treasury shares.

When treasury shares are re-issued by resale, the difference between the sales consideration and the carrying amount of the treasury shares is shown as a movement in equity.

(q) Provisions

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

(r) Operating Segments

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(s) Government Grants

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

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

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

(t) Fair Value Measurements

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

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019



4. REVENUE

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

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Income from:					
Operation of public transportation	(i)	33,580,416	28,855,914	-	-
Dividend income		-	-	18,707,143	16,048,817
IPTT operations	(ii)	55,837,292	45,845,544	-	-
Petrol station operations	(iii)	35,069,604	38,814,027	-	-
		124,487,312	113,515,485	18,707,143	16,048,817

(i) Operation of public transportation

	Note	Group	
		2019 RM	2018 RM
Bus fare income	(a)	10,902,833	9,652,280
Government support fund*	(b)	14,307,730	11,856,464
Bus charter and advertising income	(c)	8,369,853	7,347,170
		33,580,416	28,855,914

* Included in government support fund is government subsidy amounted to RM1,691,250 (2018: RM1,251,364).

(a) Bus fare income

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

(b) Government support fund

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

Performance obligation ("PO")

Each of the obligations are not distinct and is unable to be performed separately. Accordingly, contracts with customer are considered as a single PO and are not separately identifiable. The PO is satisfied upon completing the necessary bus routes and fulfilling the necessary requirements imposed, followed by the submission of the monthly report to the relevant government authority for its approval.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019

4. REVENUE (Cont'd)

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

(b) Government support fund (Cont'd)

Timing of recognition

Revenue recognition is based on the accrual basis. The Group has enforceable right to payment upon fulfilment of the PO. Any price differences will be adjusted against revenue in the period of approval.

(c) Bus charter and advertising income

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

Performance Obligation ("PO")

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

Timing of recognition

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

(ii) IPTT operations

		Group	
	Note	2019 RM	2018 RM
Rental income	(a)	25,537,195	23,327,961
Project facilitation fee	(b)	29,350,000	21,700,000
Entrance fee	(c)	81,579	317,638
Car park fee	(d)	495,543	499,945
Profit sharing from terminal management	(e)	372,975	-
		55,837,292	45,845,544

(a) Rental income

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

(b) Project facilitation fee

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019



4. REVENUE (Cont'd)

(ii) IPTT operations (Cont'd)

(c) Entrance fee

The Group is involved in bus terminal management. The Group derives entrance fee revenue from two sources which are collection of monthly charges from customers and sales of coupon tickets. Revenue recognition is based on the monthly charges collected from the customers and coupon tickets sold.

Performance Obligation ("PO")

The PO of the Group is to allow taxis and buses to enter the terminal and pick up passengers upon payment of the monthly charges and the presentation of coupon tickets respectively. The PO is satisfied upon the grant of the right to enter the terminal.

Timing of recognition

Revenue is recognised at a point in time for both the monthly charges and sales of coupon tickets whenever proceeds are collected and the rights to enter the terminal are granted.

(d) Car park fee

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

Performance Obligation ("PO")

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

Timing of recognition

(a) Parking tickets

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

(b) Monthly season pass

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

(e) Profit sharing from terminal management

The Group is involved in bus terminal management. During the current financial year, the Group has outsourced the operation and maintenance of terminal management systems to a third-party vendor. The Group derives revenue based on the pre-agreed profit-sharing rates.

Performance Obligation ("PO")

The PO of the Group is to manage the overall daily operation and activities of the terminals. The PO is satisfied over time as the services are provided.

Timing of recognition

Revenue is recognised over time based on the period for which services are rendered based on the pre-agreed profit-sharing rates.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019

4. REVENUE (Cont'd)

(iii) Petrol station operations

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

5. INVESTMENT REVENUE

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Interest income from:				
Fixed deposits	528,756	443,760	154,263	138,798
Other investments	5,280	34,321	5,280	34,321
	534,036	478,081	159,543	173,119

6. OTHER OPERATING INCOME/(EXPENSES) AND EMPLOYEE BENEFITS EXPENSE

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Auditors' remuneration:				
- Statutory audit	(132,000)	(122,000)	(52,000)	(50,000)
- Other services				
- Current year	(5,000)	(5,000)	(5,000)	(5,000)
- Over provision in prior year	-	3,000	-	3,000
Rental income	6,384,866	4,345,120	-	-
Interest received on current account	99,187	24,756	73,042	9,805
Expenses related to leases				
- short-term leases	(184,320)	-	-	-
- leases of low-value assets	(266,757)	-	-	-
Rental of:				
- Bus terminal	-	(180,000)	-	-
- Crane and equipment	-	(251,189)	-	-
- Premises	-	(57,564)	-	(24,000)
Property, plant and equipment written off	(1,634)	(527,031)	-	(263,022)
Loss on disposal of property, plant and equipment	(104,946)	-	-	-

Included in employee benefits expense of the Group and of the Company are contributions made to Employees Provident Fund ("EPF") of RM305,274 (2018: RM274,212) and RM10,260 (2018: RM18,709) respectively.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019



7. DIRECTORS' REMUNERATION

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Salaries, allowances and bonuses	1,086,500	971,631	173,000	172,000
EPF contributions	161,217	142,753	20,610	20,530
Fees	228,000	228,000	228,000	228,000
	1,475,717	1,342,384	421,610	420,530

The estimated monetary value of benefits-in-kind received and receivable by the Directors other than in cash from the Group and from the Company amounted to RM39,319 (2018: RM10,600) and RM5,300 (2018: RM5,300) respectively.

8. FINANCE COSTS

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Bank charges, commitment fees and commission charges	107,765	13,196	1,026	3,622
Bank guarantee charges	7,595	7,049	-	-
Cash Line-i interest	2,043,248	1,710,677	860,883	822,811
Bank overdraft interest	6,214	3,039	-	-
Al Bai' Bithaman Ajil Facilities interest	5,169,670	5,016,836	-	-
Muamalat Term Financing interest	110,457	386,972	30,848	247,081
Commodity Murabahah Term Financing interest	114,107	160,806	114,107	160,806
Term loan interest	149,215	193,916	-	-
Lease liabilities interest	108,393	106,907	-	-
Sukuk Murabahah interest	2,805,837	-	152,719	-
	10,622,501	7,599,398	1,159,583	1,234,320

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019

9. TAX (EXPENSES)/CREDIT

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM

Income tax (expenses)/credit comprise:

Current tax:

- Current year	(4,191,607)	(2,640,858)	(47,400)	(25,800)
- Over/(Under) provision in prior year	209,254	(16,132)	(73)	(1,059)
	<u>(3,982,353)</u>	<u>(2,656,990)</u>	<u>(47,473)</u>	<u>(26,859)</u>

Deferred tax (Note 16):

Relating to origination and reversal of temporary differences:

- Current year	2,496,130	3,122,251	-	436
- Over provision in prior year	417,937	2,672,991	-	5,064
	<u>2,914,067</u>	<u>5,795,242</u>	<u>-</u>	<u>5,500</u>

Relating to crystallisation of deferred tax liabilities on revaluation surplus of properties:

- Current year	154,744	98,834	-	-
	<u>3,068,811</u>	<u>5,894,076</u>	<u>-</u>	<u>5,500</u>
	<u>(913,542)</u>	<u>3,237,086</u>	<u>(47,473)</u>	<u>(21,359)</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019



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

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit before tax	40,923,049	32,793,162	14,494,552	12,605,648
Tax at the Malaysian statutory income tax rate of 24%	(9,821,532)	(7,870,000)	(3,478,692)	(3,025,000)
Non-taxable income	1,268	8,000	4,490,982	3,860,000
Expenses not deductible for tax purposes	(3,738,708)	(1,318,172)	(1,059,690)	(860,364)
Over provision of deferred tax expense in prior year	417,937	2,672,991	-	5,064
Over/(Under) provision of current tax expense in prior year	209,254	(16,132)	(73)	(1,059)
Utilisation of deferred tax assets not recognised previously	-	3,987	-	-
Utilisation of current and brought forward investment allowances	12,018,239	9,756,412	-	-
Income tax (expenses)/ credit for the financial year	(913,542)	3,237,086	(47,473)	(21,359)

The Group has estimated unutilised investment allowances of RM164,780,000 (2018: RM140,683,000) carried forward available for set off against future taxable profits.

10. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

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

	Group	
	2019	2018
Profit after tax attributable to the owners of the Company (RM)	39,758,574	35,840,139
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January	1,422,780,350	1,257,399,300
Effect of:		
Private placements during the year	-	65,630,493
Exercise of warrants	-	1,628,364
Share buyback	(60,440)	-
	(60,440)	67,258,857
Weighted average number of ordinary shares at 31 December	1,422,719,910	1,324,658,157
Basic earnings per ordinary share (sen)	2.79	2.71

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019

10. EARNINGS PER ORDINARY SHARE (Cont'd)

Diluted earnings per ordinary share

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

	Group	
	2019	2018
Profit after tax attributable to the owners of the Company (RM)	<u>39,758,574</u>	<u>35,840,139</u>
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January	1,422,780,350	1,257,399,300
Effect of:		
Private placements during the year	-	65,630,493
Exercise of warrants	-	1,628,364
Share buyback	(60,440)	-
	<u>(60,440)</u>	<u>67,258,857</u>
Effect of dilution:		
Conversion/exercise of warrants	<u>28,395,607</u>	<u>5,839,961</u>
Weighted average number of ordinary shares at 31 December	<u>1,451,115,517</u>	<u>1,330,498,118</u>
Diluted earnings per ordinary share (sen)	<u>2.74</u>	<u>2.69</u>

31 DECEMBER 2019



11. PROPERTY, PLANT AND EQUIPMENT

[illegible]

As at 31 December 2019, the title of a building of the Group with carrying amount of RM7,536,430 is in the process of being registered in the name of its subsidiary.

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

The remaining cost as at 31 December 2019 represents solely the cost of the bus terminal located at ground floor level instead of the entire building of Terminal Kampar Putra. No depreciation has been provided for the partially completed terminal as it does not meet the operating capability in the manner intended by the Group.

FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019

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

[illegible]

[^] As at 31 December 2018, the title of a building of the Group with carrying amount of RM7,593,026 was in the process of being registered in the name of its subsidiary.

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019



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

	Motor vehicle RM	Renovation, office equipment and CCTV RM	Total RM
Company			
2019			
At cost			
At 1 January / 31 December	<u>166,970</u>	<u>-</u>	<u>166,970</u>
Accumulated Depreciation			
At 1 January / 31 December	<u>166,969</u>	<u>-</u>	<u>166,969</u>
Carrying Amount			
At 31 December	<u>1</u>	<u>-</u>	<u>1</u>
Company			
2018			
At cost			
At 1 January	166,970	347,076	514,046
Written off	<u>-</u>	<u>(347,076)</u>	<u>(347,076)</u>
At 31 December	<u>166,970</u>	<u>-</u>	<u>166,970</u>
Accumulated Depreciation			
At 1 January	166,969	84,054	251,023
Written off	<u>-</u>	<u>(84,054)</u>	<u>(84,054)</u>
At 31 December	<u>166,969</u>	<u>-</u>	<u>166,969</u>
Carrying Amount			
At 31 December	<u>1</u>	<u>-</u>	<u>1</u>

Right-of-use assets

The Group leases several assets and the information about leases of the Group as lessee is presented below:

	Leasehold land RM	Motor vehicles RM	Plant and machinery RM	Total RM
Group				
Carrying amount				
At 1 January 2019	33,430,882	271,285	1,492,021	35,194,188
Addition	7,971,720	689,705	-	8,661,425
Depreciation	(619,853)	(112,738)	(162,904)	(895,495)
Revaluation	<u>20,957,517</u>	<u>-</u>	<u>-</u>	<u>20,957,517</u>
At 31 December 2019	<u>61,740,266</u>	<u>848,252</u>	<u>1,329,117</u>	<u>63,917,635</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019

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

Right-of-use assets (Cont'd)

The leasehold land generally have lease terms between 40 and 99 years. Motor vehicles and plant and machinery have lease terms between 4 to 10 years.

Assets held under finance leases

The carrying amounts of the Group's motor vehicles and machinery acquired under finance lease arrangement are RM848,252 (2018: RM271,285) and RM1,329,117 (2018: RM1,492,021) respectively and are pledged as security for the related finance lease liabilities.

Assets pledged as security

As at 31 December 2019, leasehold land, integrated public transportation terminal ("IPTT") and certain capital work-in-progress ("CWIP") of the Group with carrying amount of RM448,146,817 are pledged to financial institution for banking facilities granted to the Company as disclosed in Note 25. In prior year, the leasehold land, IPTT, buildings and certain CWIP with carrying amount of RM236,368,517 are pledged to financial institutions for banking facilities granted to the Group.

Assets held in trust

The Group has commercial vehicles with carrying amount of RM6,943,659 (2018: RM10,706,945) being registered under the names of other permit holders who hold the commercial vehicles in trust for the Group. The Group has been granted the rights to use the Operators' Licenses held by other permit holders to operate certain bus routes.

The Group's motor vehicle with a carrying amount of RM1 (2018: RM1) is held in trust by a former Director of a subsidiary.

Capitalisation of borrowing costs

Included in additions of the Group during the financial year are capitalised borrowing costs amounting to RM3,164,719 (2018: RM3,539,890).

Revaluation of land, buildings and IPTT

The valuation of the leasehold land, buildings and IPTT was updated on 31 July 2019. Their fair values were arrived at by reference to market evidence of transaction prices for similar properties and were performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

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

The fair values of the land, buildings and IPTT are categorised at Level 3 of the fair value hierarchy and were estimated using observable inputs for the properties.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019



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

Revaluation of land, buildings and IPTT (Cont'd)

If the land, buildings and IPTT currently carried at valuation were measured using the cost model, the carrying amounts would have been as follows:

	Group	
	2019 RM	2018 RM
Leasehold land:		
At cost	18,159,073	8,892,842
Less: Accumulated amortisation	(1,203,321)	(946,659)
	<u>16,955,752</u>	<u>7,946,183</u>
Buildings:		
At cost	13,796,516	2,904,836
Less: Accumulated depreciation	(1,301,998)	(660,414)
	<u>12,494,518</u>	<u>2,244,422</u>
IPTT:		
At cost	204,998,041	137,904,055
Less: Accumulated depreciation	(22,718,021)	(16,655,430)
	<u>182,280,020</u>	<u>121,248,625</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019

12. INVESTMENT PROPERTIES

	Note	Buildings	
		2019 RM	2018 RM
Group			
At cost			
At 1 January		6,636,056	-
Transfer from property, plant and equipment	(11)	-	6,636,056
At 31 December		6,636,056	6,636,056
Accumulated depreciation			
At 1 January		136,032	-
Charge for the financial year		161,142	-
Transfer from property, plant and equipment	(11)	-	136,032
At 31 December		297,174	136,032
Carrying amount		6,338,882	6,500,024
At fair value:			
Buildings		6,526,000	7,795,000

The investment properties are held to earn rental income and for capital appreciation.

As at 31 December 2019, investment properties of the Group with carrying amount of RM Nil (2018: RM6,500,024) are pledged to financial institution for banking facilities granted to the Group as disclosed in Note 25.

The strata titles of the properties are still in the process of registering in the name of the Group.

The following are the operating income and expenses in respect of the investment properties:

	Group	
	2019 RM	2018 RM
Rental income	480,000	100,000
Direct operating expenses	80,931	82,264

The fair value of the buildings at 31 December 2019 were arrived at by reference to market evidence of transaction prices for similar properties and was performed by registered independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued, whereas the fair value of the said buildings in the previous financial year was determined based on the Directors' best estimate. The fair value is categorised at Level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019



13. INVESTMENT IN SUBSIDIARIES

	Company	
	2019 RM	2018 RM

Unquoted shares at cost:

At 1 January	65,772,347	65,772,347
Additions	70,000,000	-
At 31 December	135,772,347	65,772,347

Details of the subsidiaries are as follows:

Name of Company	Country of Incorporation	Effective equity interest		Principal activities
		2019 %	2018 %	
CKS Labur Sdn. Bhd. ("CKSL")	Malaysia	100	100	Petrol station operator.
Ipoh Link Sdn. Bhd. ("ILSB")	Malaysia	100	100	Providing management services for bus operation.
Syarikat Sumber Manusia Sdn. Bhd. ("SSM")	Malaysia	100	100	Providing human resource management services.
Terminal Urus Sdn. Bhd. ("TUSB")	Malaysia	100	100	Bus terminal management.
The Combined Bus Services Sdn. Bhd. ("TCBS")	Malaysia	99.96	99.90	Operators of bus terminal, petrol station, public transportation and leasing of plant and equipment.
Star Kensington Sdn. Bhd. ("SKSB")	Malaysia	95.71	95.71	Petrol station operator.
CKS Bumi Sdn. Bhd. ("CKSB")	Malaysia	69.99	69.99	Bus operator, operator of petrol station and providing management services.

The Company has on 30 December 2019 subscribed for an additional 70,000,000 new ordinary shares in TCBS as satisfaction of RM70,000,000 owing from TCBS. Consequently, the effective equity interest in TCBS has increased from 99.90% to 99.96%.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019

13. INVESTMENT IN SUBSIDIARIES (Cont'd)

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

	TCBS	SKSB	CKSB	Total
2019				
NCI percentage of ownership and voting interest	0.04%	4.29%	30.01%	
Carrying amount of NCI (RM)	118,694	138,501	1,304,546	1,561,741
Profit allocated to NCI (RM)	43,020	3,346	204,567	250,933
Total comprehensive income allocated to NCI (RM)	61,695	47,375	471,759	580,829
2018				
NCI percentage of ownership and voting interest	0.10%	4.29%	30.01%	
Carrying amount of NCI (RM)	175,981	91,126	832,787	1,099,894
Profit allocated to NCI (RM)	38,428	4,721	146,960	190,109

Summarised financial information before intra-group elimination

	TCBS RM	SKSB RM	CKSB RM
At 31 December 2019			
Non-current assets	526,093,922	3,573,928	10,414,864
Current assets	46,825,389	2,036,888	1,624,648
Non-current liabilities	(230,533,466)	(2,159,500)	(3,676,541)
Current liabilities	(58,924,474)	(164,004)	(3,956,577)
Net assets	283,461,371	3,287,312	4,406,394
For the financial year ended 31 December 2019			
Revenue	89,403,684	7,267,685	18,201,435
Profit for the financial year	43,019,514	78,000	681,887
Total comprehensive income	61,694,545	1,104,318	1,572,520
Cash flows from:			
Operating activities	63,974,948	358,016	1,066,181
Investing activities	(76,804,782)	19,605	37,774
Financing activities	21,464,298	706,002	(866,420)
Dividends paid to NCI	18,858	-	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019



13. INVESTMENT IN SUBSIDIARIES (Cont'd)

Summarised financial information before intra-group elimination (Cont'd)

	TCBS RM	SKSB RM	CKSB RM
At 31 December 2018			
Non-current assets	421,518,261	2,436,711	9,439,550
Current assets	64,977,925	1,525,796	2,531,656
Non-current liabilities	(164,973,609)	(756,077)	(1,418,356)
Current liabilities	(151,129,750)	(1,023,436)	(7,718,976)
Net assets	<u>170,392,827</u>	<u>2,182,994</u>	<u>2,833,874</u>
For the financial year ended 31 December 2018			
Revenue	74,667,086	8,170,670	19,912,359
Profit for the financial year	38,427,710	110,037	489,864
Total comprehensive income	38,427,710	110,037	489,864
Cash flows from:			
Operating activities	27,008,358	269,192	994,945
Investing activities	(80,470,887)	(274,641)	(161,500)
Financing activities	<u>50,019,949</u>	<u>(38,189)</u>	<u>(849,365)</u>
Dividends paid to NCI	<u>16,183</u>	<u>-</u>	<u>-</u>

14. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2019 RM	2018 RM
Interest bearing at KLIBOR + 1.85% per month	243,125,800	-
Non-interest bearing	32,494,163	112,726,132
	<u>275,619,963</u>	<u>112,726,132</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019

14. AMOUNTS DUE FROM SUBSIDIARIES (Cont'd)

	Company	
	2019 RM	2018 RM
Analysed as:		
Repayable within one year	47,081,712	112,726,132
Repayable between one and two years	24,312,580	-
Repayable between two and five years	116,700,384	-
Repayable more than five years	87,525,287	-
	<u>228,538,251</u>	<u>-</u>
	<u>275,619,963</u>	<u>112,726,132</u>

The interest bearing portion is related to the advances extended to certain subsidiaries for the purpose of redemption of the subsidiaries' borrowings and to finance a subsidiary's capital expenditure requirement at terminals and the subsidiary's working capital requirement by using the proceeds from issuance of Sukuk Murabahah (Note 25).

Non-interest bearing portion is repayable on demand whereas the interest bearing portion is repayable over 7 years. Both balances are non-trade and unsecured.

15. GOODWILL

	Group	
	2019 RM	2018 RM
At cost		
1 January/31 December	<u>1,622,631</u>	<u>1,622,631</u>

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019



15. GOODWILL (Cont'd)

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

- (i) Pre-tax discount rates ranging between 6.54% - 7.79% (2018: 9.91%);
- (ii) There will be no material changes in the structure and principal activities of the subsidiaries;
- (iii) Subsidiaries currently operating petrol stations will continue to operate under respective agreements entered with fuel producers for the duration of the forecast;
- (iv) Projected growth rate of 2% (2018: 5%) per annum;
- (v) There will not be any significant changes in the prices and supply of raw materials, wages and other related costs, resulting from industrial dispute, adverse changes in economic conditions or other abnormal factors, which will adversely affect the operations of the Group; and
- (vi) Receivables and payables turnover periods are estimated to be consistent with the current financial year.

During the financial year, the Group performed goodwill impairment testing and no impairment loss is required to be recognised as the recoverable amounts are higher than the respective carrying amounts.

16. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Deferred tax assets	7,033,289	9,918,341	-	-
Deferred tax liabilities	(2,661,864)	(1,240,062)	-	-
	<u>4,371,425</u>	<u>8,678,279</u>	-	-

The movement of net deferred tax assets/(liabilities) are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
At 1 January	8,678,279	2,784,203	-	(5,500)
Recognised in profit or loss (Note 9)	3,068,811	5,894,076	-	5,500
Revaluation surplus of properties	(7,375,665)	-	-	-
At 31 December	<u>4,371,425</u>	<u>8,678,279</u>	-	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019

16. DEFERRED TAX ASSETS/(LIABILITIES) (Cont'd)

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

	Unutilised investment allowances RM	Unutilised tax losses and unabsorbed tax capital allowances RM	Property, plant and equipment RM	Revaluation surplus on property RM	Total RM
Group					
At 1 January 2019	33,173,638	-	(17,899,797)	(6,595,562)	8,678,279
Recognised in profit or loss	6,373,463	-	(3,459,396)	154,744	3,068,811
Revaluation surplus of properties	-	-	-	(7,375,665)	(7,375,665)
At 31 December 2019	39,547,101	-	(21,359,193)	(13,816,483)	4,371,425

Group

At 1 January 2018	25,978,957	9,966	(16,510,324)	(6,694,396)	2,784,203
Recognised in profit or loss	7,194,681	(9,966)	(1,389,473)	98,834	5,894,076
At 31 December 2018	33,173,638	-	(17,899,797)	(6,595,562)	8,678,279

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

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

17. INVENTORIES

	Group	
	2019 RM	2018 RM
At cost:		
Spare parts	129,118	194,569
Trading goods:		
Petrol and diesel fuel	650,863	561,261
Groceries	230,888	249,432
	<u>1,010,869</u>	<u>1,005,262</u>

The Group recognised inventories as cost of sales amounted to RM33,324,239 (2018: RM36,946,357).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019



18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 RM	Restated 2018 RM	2019 RM	2018 RM
Trade receivables	26,548,984	30,937,447	-	-
Other receivables	1,887,150	4,245,537	-	5,157
	28,436,134	35,182,984	-	5,157

Trade receivables of the Group comprised amounts receivables for the sales of goods and services rendered. Other receivables comprised rental of equipment and GST receivables. Credit period granted for rental of space was 90 days (2018: 90 days).

The Group trades in cash term or credit terms which ranged from 60 to 120 days (2018: 30 to 180 days).

19. CONTRACT ASSETS

	Group	
	2019 RM	Restated 2018 RM
Government support fund	1,009,000	5,709,000

The contract assets relate to the Group's rights to the government support fund arising from the stage bus services provided up to the end of the reporting period but yet to be approved by the government.

20. OTHER ASSETS

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Deposits paid for:				
Construction of IPTT	-	1,668,450	-	-
Acquisition of land	256,184	7,147,904	-	-
Refundable deposits	799,927	820,789	6,500	6,500
Prepayments	1,016,090	488,525	73,887	13,933
	2,072,201	10,125,668	80,387	20,433

21. FIXED DEPOSITS WITH LICENSED BANKS

Included in the fixed deposits with licensed banks of the Group and of the Company were amount of RM8,759,351 (2018: RM13,179,652) and RM8,759,351 (2018: RM4,354,093) respectively, which are pledged to licensed banks as security for banking facilities granted to the Group and to the Company as disclosed in Note 25.

Included in the fixed deposits with licensed banks of the Group was amount of RM1,079,601 (2018: RM1,042,793) which are pledged to licensed banks as security for bank guarantee facilities granted to the Group.

In the previous year, the short term deposit of the Group had a maturity period of 1 day. The effective interest rate of the short-term deposit was 1.18% per annum.

The effective interest rates per annum of the Group's and of the Company's deposits range from 2.95% to 4.00% (2018: 1.88% to 4.00%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019

22. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2019 Units	2018 Units	2019 RM	2018 RM
Issued and fully paid:				
At 1 January	1,422,780,350	1,257,399,300	167,092,924	127,533,978
Private placement	-	125,500,000	-	30,186,900
Exercise of warrants	-	39,881,050	-	9,372,046
At 31 December	<u>1,422,780,350</u>	<u>1,422,780,350</u>	<u>167,092,924</u>	<u>167,092,924</u>

(a) Ordinary Shares

During the last financial year ended 31 December 2018, as approved by the shareholders, the paid-up share capital of the Company was increased from 1,257,399,300 shares to 1,422,780,350 shares by way of:

- (i) Private placement of 2,000,000 ordinary shares at an issue price of RM0.257 per ordinary share to selected investors through a Members' Resolution dated 21 February 2018.
- (ii) Private placement of 4,000,000 ordinary shares at an issue price of RM0.2701 per ordinary share to selected investors through a Members' Resolution dated 28 February 2018.
- (iii) Private placement of 4,000,000 ordinary shares at an issue price of RM0.25 per ordinary share to selected investors through a Members' Resolution dated 16 March 2018.
- (iv) Private placement of 50,000,000 ordinary shares at an issue price of RM0.23 per ordinary share to selected investors through a Members' Resolution dated 14 June 2018.
- (v) Private placement of 16,000,000 ordinary shares at an issue price of RM0.245 per ordinary share to selected investors through a Members' Resolution dated 10 July 2018.
- (vi) Private placement of 45,000,000 ordinary shares at an issue price of RM0.245 per ordinary share to selected investors through a Members' Resolution dated 20 July 2018.
- (vii) Private placement of 4,500,000 ordinary shares at an issue price of RM0.255 per ordinary share to selected investors through a Members' Resolution dated 25 July 2018.
- (viii) 39,881,050 ordinary shares pursuant to the exercise of Warrants 19/09/2020 at an exercise price of RM0.235 per ordinary share for cash.

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

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Group's and the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019



22. SHARE CAPITAL (Cont'd)

(b) Detachable Warrants 19/09/2020

All the Warrants 19/09/2020 issued are constituted under a Deed Poll executed by the Company.

The movement in the warrant is as follows:

	Group and Company	
	2019 Units	2018 Units
At 1 January	531,436,450	571,317,500
Exercised	-	(39,881,050)
At 31 December	531,436,450	531,436,450

The salient features of the warrants are as follows:

- (i) Each warrant entitles the registered holder, at any time during the exercise period to subscribe for one (1) ordinary share at an exercise price of RM0.235 each, subject to adjustments in accordance with the provisions of the Deed Poll;
- (ii) The warrants may be exercisable at any time within a period of three (3) years commencing from and including the date of issuance of the warrants and ending at 5pm on the expiry date i.e. 19 September 2020. The expiry date is a day falling immediately before the 3rd anniversary of the date of issuance of the warrant and if such date is not a market day, then on the preceding market day; and
- (iii) The warrant holders are not entitled to any voting rights or to participate in any form of distribution and/or offer of securities in the Company other than on winding-up, compromise or arrangement of the Company until and unless such warrant holders exercise their warrants into new ordinary shares of the Company.

23. TREASURY SHARES

This amount represents the acquisition cost of treasury shares.

The shareholders of the Company, by a resolution passed at the Annual General Meeting held on 23 May 2019, approved the renewal of the Company's plan and mandate to authorise the directors of the Company to buy back its own shares up to 10% of the existing total issued and paid-up share capital.

During the financial year, the Company has repurchased 1,000,000 of its issued ordinary shares from the open market at an average price of RM0.23 per ordinary share.

The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016.

As at 31 December 2019, the Company held a total of 1,000,000 treasury shares out of its 1,422,780,350 issued ordinary shares. The treasury shares are held at a carrying amount of RM230,000.

Treasury shares have no rights to voting, dividends and participation in other distribution.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019

24. PROPERTY REVALUATION RESERVE

	Group	
	2019 RM	2018 RM

Non-distributable reserve:

Property revaluation reserve	33,964,529	10,938,152
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The revaluation reserve represents increases in fair value of property, plant and equipment, net of tax and is non distributable by way of dividend payment.

25. BORROWINGS

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM

Secured:

Cash Line-i	(a)	-	36,066,085	-	13,255,394
Bank overdraft		-	23,541	-	-
Lease liabilities	(b)	1,411,898	1,597,189	-	-
Al Bai' Bithaman Ajil ("BBA")	(c)	-	154,449,013	-	-
Muamalat Term Financing ("MTF")	(c)	-	3,219,548	-	1,841,730
Term loans	(c)	-	2,856,018	-	-
Commodity Murabahah Term Financing ("CMTF")	(c)	-	1,924,061	-	1,924,061
Term Financing-i	(c)	-	7,169,731	-	-
Sukuk Murabahah ("Sukuk")	(d)	300,000,000	-	300,000,000	-
		301,411,898	207,305,186	300,000,000	17,021,185

Analysed as:

Current liabilities

- within one year	18,488,688	45,912,255	18,000,000	15,430,513
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Non-current liabilities

- one to two years	30,909,742	11,244,572	30,000,000	360,194
- two to five years	144,013,468	35,326,961	144,000,000	1,230,478
- more than five years	108,000,000	114,821,398	108,000,000	-
	282,923,210	161,392,931	282,000,000	1,590,672
	301,411,898	207,305,186	300,000,000	17,021,185

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019



25. BORROWINGS (Cont'd)

At the end of the reporting period, the effective profit/interest rates per annum of the borrowings are as follows:

	Group		Company	
	2019 %	2018 %	2019 %	2018 %
Cash Line-i	-	7.35 - 8.95	-	8.10 - 8.20
Bank overdraft	-	9.40	-	-
Lease liabilities	4.81 - 7.33	4.81 - 7.33	-	-
BBA	-	5.30 - 5.98	-	-
MTF	-	7.05 - 8.70	-	7.05
Term loans	-	4.77 - 7.97	-	-
CMTF	-	7.85	-	7.85
Term Financing-i	-	5.25 - 5.50	-	-
Sukuk	5.02	-	5.02	-

(a) Cash Line-i

Included in the Cash Line-i of the Group is an amount of RM Nil (2018: RM9,993,360) for the purpose of part financing the development of Kampar Putra Integrated Transportation Terminal Complex as disclosed in Note 11 and thereafter as normal working capital upon full collection of RM10,000,000 cash deposits.

(b) Lease liabilities

	Group	
	2019 RM	2018 RM
Minimum finance lease payments:		
Repayable within one year	567,781	463,712
Repayable between one and two years	969,664	461,484
Repayable between two and five years	13,568	902,606
	1,551,013	1,827,802
Less: Future finance charges	(139,115)	(230,613)
Present value of finance lease liabilities	1,411,898	1,597,189
Present value of finance lease liabilities:		
Repayable within one year (current)	488,688	362,693
Repayable between one and two years	909,742	389,449
Repayable between two and five years	13,468	845,047
Repayable after one year (non-current)	923,210	1,234,496
	1,411,898	1,597,189

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019

25. BORROWINGS (Cont'd)

(c) BBA, MTF, Term loans, CMTF and Term Financing-i

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Repayable within one year (current)	-	9,459,936	-	2,175,119
Repayable between one and two years	-	10,855,123	-	360,194
Repayable between two and five years	-	34,481,914	-	1,230,478
Repayable more than five years	-	114,821,398	-	-
Repayable after one year (non-current)	-	160,158,435	-	1,590,672
	-	169,618,371	-	3,765,791

The Group's and the Company's borrowings (except for Sukuk) were secured by the following:

- First legal charge over leasehold properties and IPTT of the subsidiaries as disclosed in Note 11;
- Upfront cash deposit in the form of Term Deposit-I (Tawarruq) (TDT-i) of RM5,000,000 on lien' to the bank with all profit generated from the account to be capitalised and form part of the security;
- Monthly sinking fund of RM100,000 in the form of TDT-i 'on lien' to the bank until it reaches RM5,000,000. The profit generated from the account to be capitalised and form part of the security;
- Pledge of fixed deposits as mentioned in Note 21, on lien against fixed deposits of RM15,160,249 inclusive capitalised interests of a Director of the subsidiary and fixed deposits of RM114,951 of certain Directors of the subsidiary;
- Pledge of fixed deposit of the subsidiary inclusive of capitalised interest as disclosed in Note 21 and a fixed deposit of RM500,000 of a Director of the Company and a Director of the subsidiary;
- Debenture covering fixed and floating assets of certain subsidiaries;
- Open assignment over rental proceeds to be derived from the existing and future IPTT;
- Open assignment over proceeds to be derived under Stage Bus Services Transformation ("SBST") Scheme;
- Corporate guarantee of the Company and a related party;
- Guaranteed jointly and severally by certain Directors of the Company and subsidiaries;
- First legal charged over the Company's building known as "SOHO IPOH" as disclosed in Notes 11 and 12;
- Open assignment over future rental proceeds to be derived from SOHO IPOH;
- Upfront placement of first party Fixed Term Account-I ("FTA-I") of RM2,000,000;
- Upfront placement of first or third-party Commodity Murabahah Deposit-I (CMD-i) of RM2,000,000 pledged under lien to Bank via Memorandum of Deposit and Letter of Set-off with profit on the deposit to be capitalised; and
- Fresh joint and several guarantee for RM6,000,000 by the Director of the Company.

BBA, MTF, Term loans, CMTF, Term Financing-i and Cash Line-i were fully settled during the financial year by the proceeds from the issuance of Sukuk.

(d) Sukuk

During the financial year, the Company has established a Sukuk Murabahah Programme ("Sukuk") with a total nominal value of RM500 million, which is structured based on the Shariah Principle of Murabahah (via a Tawarruq arrangement) and has a tenure of fifteen (15) years from the date of the first issuance of the Sukuk Murabahah. On 22 October 2019, the Company has issued the first tranche unrated Sukuk Murabahah in nominal value to the sole subscriber, United Overseas Bank (Malaysia) Bhd., totalling RM300 million.

The Sukuk is secured by the following:

- First legal charge over the assets pledged as security as disclosed in Note 11;
- Charge over the shares of TCBS;
- All monies debenture over present and future assets and properties of TCBS;
- Assignment over the first 50% proceeds received upon exercise of the remaining warrants to be utilised towards the repayment of the Sukuk;

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019



25. BORROWINGS (Cont'd)

(d) Sukuk (Cont'd)

The Sukuk is secured by the following: (Cont'd)

- (v) Assignment over the present and future rental proceeds from the customers of IPTT; and
- (vi) Assignment over the rights, titles, interests and benefits in and under the insurance policies taken up in relation to pledged assets as disclosed in Note 11.

26. DEFERRED CAPITAL GRANT

	Group	
	2019 RM	2018 RM
At 1 January	8,782,400	8,982,000
Less: Amortised for the financial year	(199,600)	(199,600)
At 31 December	8,582,800	8,782,400
Analysed as:		
Deferred capital grant	8,582,800	8,782,400
Less: Amount due within one year (shown under current liabilities)	(199,600)	(199,600)
	8,383,200	8,582,800

Deferred capital grant is in respect of a government grant provided to the Group for the construction of the integrated public transportation terminal. The grant is recognised in profit or loss on a systematic basis over the useful life of the integrated public transportation terminal, which is 50 years.

27. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Trade payables	971,316	675,037	-	-
Other payables	7,103,749	11,592,205	55,261	241,492
	8,075,065	12,267,242	55,261	241,492

Trade payables of the Group comprised amount outstanding for trade purchases. The term granted to the Group for trade purchases were cash terms or credit period ranged from 30 to 90 days (2018: 30 to 90 days). These amounts are non-interest bearing. The Group and the Company have financial risk management policies to ensure that all payables are paid within the pre-agreed credit terms.

The amounts owing to other payables of the Group and of the Company comprised mainly of additional costs for upgrading IPTT and service tax payables.

The amount owing to other payables are unsecured, interest-free and are payable upon demand.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019

28. OTHER LIABILITIES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Refundable deposits	5,407,704	4,681,249	-	-
Accruals	1,149,658	949,980	132,465	81,199
	<u>6,557,362</u>	<u>5,631,229</u>	<u>132,465</u>	<u>81,199</u>

Deposits received of the Group comprised mainly refundable deposits received from certain trade receivables of the Group as security deposits for trade transactions.

29. DIVIDENDS

	Per ordinary share Sen	Total amount RM	Date of payment
2019			
In respect of financial year ended 31 December 2019:			
- First interim single tier dividend	0.25	3,556,950	31 January 2019
- Second interim single tier dividend	0.75	10,670,852	18 December 2019
		<u>14,227,802</u>	
2018			
In respect of financial year ended 31 December 2018:			
- First interim single tier dividend	0.25	3,143,497	9 February 2018
- Second interim single tier dividend	0.35	4,435,897	13 June 2018
- Third interim single tier dividend	0.35	4,840,147	12 December 2018
		<u>12,419,541</u>	

30. RELATED PARTIES DISCLOSURES

(a) Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability to directly control the parties or exercise significant influence over the parties in making financial and operating decision, or vice versa, or where the Group and the Company and the parties are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Company have related party relationships with their subsidiaries, key management personnel and person related to the Directors of the Company. The subsidiaries balances are shown in Note 14. The related party transactions of the Group and of the Company are shown below.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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30. RELATED PARTIES DISCLOSURES (Cont'd)

(b) Related party transactions

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Transactions with subsidiaries:				
Dividends received / receivable	-	-	18,707,143	16,048,817
Transactions with a related party:				
Rental of premises paid/payable	-	(24,000)	-	(24,000)

(c) Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel include all the Directors of the Company and its subsidiaries, and certain members of senior management of the Group and of the Company.

The remuneration of the Directors of the Group and of the Company are disclosed in Note 7.

The remuneration of other members of key management personnel of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Salaries, allowances and bonuses	407,508	405,324	84,000	119,000
EPF contributions	47,853	47,749	10,260	14,485
Benefits-in-kind	-	2,100	-	-
	<u>455,361</u>	<u>455,173</u>	<u>94,260</u>	<u>133,485</u>

31. CAPITAL COMMITMENTS

As at 31 December 2019, the Group has commitments for the following capital expenditures:

	Group	
	2019 RM	2018 RM
Property, plant and equipment	<u>20,551,063</u>	<u>13,391,618</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019

32. SEGMENT INFORMATION

(a) Reporting format

Segment information is presented in respect of the Group's business segments. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

For management purposes, the Group is organised into the following four (4) operating segments:

- | | |
|--|--|
| (i) Operation of integrated public transportation terminal | - Operator of integrated public transportation terminal. |
| (ii) Operation of public transportation | - Operator of public transportation. |
| (iii) Operation of petrol station | - Operator of petrol station. |
| (iv) Others | - Investment holding or having principal activities unrelated to operators of integrated public transportation terminal, public transportation and petrol station. |

Segment revenue and results

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3 (r). Segment results represent profit or loss before finance costs and tax of the segment. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

Segment assets

Segment assets are measured based on all assets of the segment, excluding deferred tax assets and tax recoverable.

Segment liabilities

Segment liabilities are measured based on all liabilities of the segment, excluding deferred tax liabilities and tax payable.

(b) Allocation basis and transfers

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

(c) Geographical information

No geographical segment information is presented as the Group's activities and customers are all based in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019



32. SEGMENT INFORMATION (Cont'd)

(d) Major customer information

Revenue from external customers contributing more than 10% of the total revenue are as follows:

		Group	
		2019 RM	2018 RM
Customer A	- Operation of IPTT	29,350,000	21,700,000
Customer B	- Operation of IPTT	14,424,215	12,989,151
Customer C	- Operation of public transportation	14,307,730	11,856,464
		<u>58,081,945</u>	<u>46,545,615</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019

32. SEGMENT INFORMATION (Cont'd)

Information regarding the Group's reportable segments is presented below:

	Operation of integrated public transportation terminal RM	Operation of public transportation RM	Operation of petrol station RM	Others RM	Total RM	Elimination RM	Consolidated RM
2019							
Revenue							
External revenue	55,837,292	33,580,416	35,069,604	-	124,487,312	-	124,487,312
Inter-segment revenue	-	1,050,000	523,407	18,707,143	20,280,550	(20,280,550)	-
Total revenue	55,837,292	34,630,416	35,593,011	18,707,143	144,767,862	(20,280,550)	124,487,312
Results							
Segment result	48,823,816	4,048,662	1,325,442	15,421,550	69,619,470	(18,707,143)	50,912,327
Investment revenue	284,989	25,689	63,815	159,543	534,036	-	534,036
Interest income	16,232	8,456	1,457	73,042	99,187	-	99,187
Finance costs	(7,242,559)	(1,853,130)	(367,229)	(1,159,583)	(10,622,501)	-	(10,622,501)
Profit before tax	41,882,478	2,229,677	1,023,485	14,494,552	59,630,192	(18,707,143)	40,923,049
Tax expense							(913,542)
Profit for the financial year							40,009,507
Other information							
Capital expenditure:							
Property, plant and equipment	97,033,685	264,086	7,580	-	97,305,351	-	97,305,351
Depreciation of property, plant and equipment and investment properties	6,619,485	5,115,066	548,791	-	12,283,342	-	12,283,342
Amortisation of deferred capital grant	199,600	-	-	-	199,600	-	199,600

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019



32. SEGMENT INFORMATION (Cont'd)

Information regarding the Group's reportable segments is presented below: (Cont'd)

	Operation of integrated public transportation terminal RM	Operation of public transportation RM	Operation of petrol station RM	Others RM	Total RM	Elimination RM	Consolidated RM
2019							
Assets and liabilities							
Segment assets	517,271,956	57,056,310	21,207,132	196,969,621	792,505,019	(139,229,958)	653,275,061
Current and deferred tax assets							7,033,386
Unallocated corporate assets							389,915
Total assets							<u>660,698,362</u>
Segment liabilities	19,935,930	4,931,341	4,652,370	300,187,726	329,707,367	(5,080,242)	324,627,125
Current deferred tax liabilities							3,767,030
Unallocated corporate liabilities							-
Total liabilities							<u>328,394,155</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019

32. SEGMENT INFORMATION (Cont'd)

Information regarding the Group's reportable segments is presented below: (Cont'd)

	Operation of integrated public transportation terminal RM	Operation of public transportation RM	Operation of petrol station RM	Others RM	Total RM	Elimination RM	Consolidated RM
2018							
Revenue							
External revenue	45,845,544	28,855,914	38,814,027	-	113,515,485	-	113,515,485
Inter-segment revenue	-	1,050,000	253,160	16,048,817	17,351,977	(17,351,977)	-
Total revenue	45,845,544	29,905,914	39,067,187	16,048,817	130,867,462	(17,351,977)	113,515,485
Results							
Segment result	38,975,728	1,976,009	1,329,759	13,657,044	55,938,540	(16,048,817)	39,889,723
Investment revenue	201,521	37,828	65,613	173,119	478,081	-	478,081
Interest income	5,633	8,102	1,216	9,805	24,756	-	24,756
Finance costs	(3,906,423)	(2,054,882)	(403,773)	(1,234,320)	(7,599,398)	-	(7,599,398)
Profit before tax	35,276,459	(32,943)	992,815	12,605,648	48,841,979	(16,048,817)	32,793,162
Tax expense							3,237,086
Profit for the financial year							36,030,248
Other information							
Capital expenditure:							
Property, plant and equipment	112,503,776	3,770,987	888,908	-	117,163,671	-	117,163,671
Depreciation of property, plant and equipment and investment properties	5,403,954	5,325,443	428,984	-	11,158,381	-	11,158,381
Amortisation of deferred capital grant	199,600	-	-	-	199,600	-	199,600

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019



32. SEGMENT INFORMATION (Cont'd)

Information regarding the Group's reportable segments is presented below: (Cont'd)

	Operation of integrated public transportation terminal RM	Operation of public transportation RM	Operation of petrol station RM	Others RM	Total RM	Elimination RM	Consolidated RM
2018							
Assets and liabilities							
Segment assets	413,344,288	62,274,712	22,455,596	184,595,118	682,669,714	(177,510,269)	505,159,445
Current and deferred tax assets							10,144,501
Unallocated corporate assets							3,450,654
Total assets							518,754,600
Segment liabilities	154,584,510	47,232,733	6,904,133	17,343,876	226,065,252	(1,448,621)	224,616,631
Current and deferred tax liabilities							1,353,456
Unallocated corporate liabilities							9,369,426
Total liabilities							235,339,513

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019

33. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Group's and the Company's financial assets and financial liabilities are all categorised as amortised costs.

Financial Risk Management Objectives and Policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk and liquidity risk.

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and of the Company's operations whilst managing its financial risks, including credit risk, interest rate risk and liquidity risk. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit Risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries. There are no significant changes as compared to prior periods.

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is minimised and monitored via strictly limiting the Group's associations to business partners with good credit rating.

At the end of each reporting period, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

There are no significant changes as compared to the previous financial year.

Credit risk concentration profile

As at 31 December 2019, the Group has significant concentration of credit risk arising from the amounts owing from 4 customers (2018: 4 customers) constituting 88% (2018: 77%) of net trade receivables of the Group.

Exposure to Credit Risk

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statements of financial position.

In managing the exposure to credit risk, the Group receives deposits given by customers on the outstanding trade receivables from significant customers with a total balance amounting to RM4,487,525 (2018: RM3,875,925), which is 45% (2018: 25%) of the IPTT operating segment's gross trade receivables. The remaining balance or trade receivables are not secured by any collateral or supported by any other credit enhancement.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019



33. FINANCIAL INSTRUMENTS (Cont'd)

Financial Risk Management Objectives and Policies (Cont'd)

(i) Credit Risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Risk management objectives, policies and processes for managing the risk (Cont'd)

Recognition and measurement of impairment loss

The Group has applied the simplified approach in *MFRS 9* to measure the loss allowance at lifetime expected credit losses ("ECLs"). The Group determines the ECLs on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Consistent with the debt recovery process, invoices which are past due more than credit term granted will be considered as credit impaired.

The Group will initiate appropriate debt recovery procedures on past due balances which are monitored by the sales management team. Where necessary, the Group will also commence legal proceeding against the customers.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency.

Loss rates are based on actual credit loss experienced over the prior years. The Group also consider differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believe that these factors are immaterial for the purpose of impairment calculation for the year.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December 2019 which are grouped together as they are expected to have similar risk nature.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019

33. FINANCIAL INSTRUMENTS (Cont'd)

Financial Risk Management Objectives and Policies (Cont'd)

(i) Credit Risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Risk management objectives, policies and processes for managing the risk (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

	Contract Assets RM	Trade Receivables		
		Gross RM	Individual Impairment RM	Net RM
Group				
2019				
Neither past due nor impaired*	1,009,000	25,343,053	-	25,343,053
Past due but not impaired:				
Up to 30 days	-	956,623	-	956,623
31 to 60 days	-	11,810	-	11,810
61 to 90 days	-	153,375	-	153,375
More than 90 days	-	84,123	-	84,123
	-	1,205,931	-	1,205,931
	1,009,000	26,548,984	-	26,548,984
2018				
Neither past due nor impaired	5,709,000	22,603,539	-	22,603,539
Past due but not impaired:				
Up to 30 days	-	2,331,207	-	2,331,207
31 to 60 days	-	2,183,724	-	2,183,724
61 to 90 days	-	2,047,929	-	2,047,929
More than 90 days	-	1,771,048	-	1,771,048
	-	8,333,908	-	8,333,908
	5,709,000	30,937,447	-	30,937,447

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. These banks and financial institutions have low credit risks. Hence, a loss allowance is not necessary.

Other receivables and deposits

Other receivables and deposits are neither past due nor impaired. The Group believes that generally no allowance for doubtful debts is necessary in respect of other receivables and deposits that are neither past due nor impaired as these receivables and deposits are mainly arising from debtors that have good records of payment in the past.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019



33. FINANCIAL INSTRUMENTS (Cont'd)

Financial Risk Management Objectives and Policies (Cont'd)

(i) Credit Risk (Cont'd)

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the Company's statement of financial position. Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

Generally, the Company considers the loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded.

The Company determines the probability of default for these loans and advances individually using internal information available.

As at the year end, there were no indications of impairment loss in respect of these loans and advances.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides secured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to service their loans on an individual basis.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM Nil (2018: RM181,769,180) representing the outstanding banking facilities of the subsidiaries as at the end of the financial year. The financial guarantees are provided as credit enhancements to subsidiaries' secured loans.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiaries are unlikely to repay its credit obligation to the bank in full; or
- The subsidiaries are continuously loss making and is having a deficit in shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment. The financial guarantees have not been recognised since the fair value on initial recognition was not material.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019

33. FINANCIAL INSTRUMENTS (Cont'd)

Financial Risk Management Objectives and Policies (Cont'd)

(ii) Liquidity Risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations associated with financial liabilities. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. In addition, the Group and the Company maintain sufficient levels of cash and available banking facilities at a reasonable level to its overall debt position to meet their working capital requirement.

The Group and the Company practice prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of each reporting period based on contractual undiscounted repayment obligations.

Group	Carrying amount RM	Contractual cash flows RM	Contractual Cash Flows			
			On demand / Within 1 year RM	1 to 2 years RM	2 to 5 years RM	Over 5 years RM
2019						
Non derivative financial liabilities						
Trade and other payables	8,075,065	8,075,065	8,075,065	-	-	-
Other liabilities	6,557,362	6,557,362	6,557,362	-	-	-
Lease liabilities	1,411,898	1,551,013	567,781	969,664	13,568	-
Sukuk	300,000,000	361,803,971	32,569,209	43,339,447	171,122,029	114,773,286
	316,044,325	377,987,411	47,769,417	44,309,111	171,135,597	114,773,286

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019



33. FINANCIAL INSTRUMENTS (Cont'd)

Financial Risk Management Objectives and Policies (Cont'd)

(ii) Liquidity Risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities (Cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of each reporting period based on contractual undiscounted repayment obligations. (Cont'd)

Group	Carrying amount RM	Contractual cash flows RM	Contractual Cash Flows			
			On demand / Within 1 year RM	1 to 2 years RM	2 to 5 years RM	Over 5 years RM
2018						
Non-derivative financial liabilities						
Trade and other payables	12,267,242	12,267,242	12,267,242	-	-	-
Other liabilities	5,631,229	5,631,229	5,631,229	-	-	-
Cash Line-i	36,066,085	38,933,321	38,933,321	-	-	-
Bank overdraft	23,541	25,754	25,754	-	-	-
Lease liabilities	1,597,189	1,827,802	463,712	461,484	902,606	-
Al Bai' Bithaman Ajil	154,449,013	224,438,829	14,684,911	17,599,731	52,799,193	139,354,994
Muamalat Term Financing	3,219,548	3,401,456	2,562,473	671,821	167,162	-
Term loans	2,856,018	3,816,054	423,936	423,936	1,271,808	1,696,374
Commodity Murabahah Term Financing	1,924,061	2,312,960	469,956	469,956	1,373,048	-
Term Financing-i	7,169,731	10,527,171	735,324	735,324	2,205,972	6,850,551
	225,203,657	303,181,818	76,197,858	20,362,252	58,719,789	147,901,919

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019

33. FINANCIAL INSTRUMENTS (Cont'd)

Financial Risk Management Objectives and Policies (Cont'd)

(ii) Liquidity Risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities (Cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of each reporting period based on contractual undiscounted repayment obligations. (Cont'd)

Company	Carrying amount RM	Contractual cash flows RM	Contractual Cash Flows			
			On demand / Within 1 year RM	1 to 2 years RM	2 to 5 years RM	Over 5 years RM
2019						
Non-derivative financial liabilities						
Other payables	55,261	55,261		-	-	-
Other liabilities	132,465	132,465		-	-	-
Sukuk	300,000,000	361,803,971	32,569,209	43,339,447	171,122,029	114,773,286
	300,187,726	361,991,697	32,756,935	43,339,447	171,122,029	114,773,286
2018						
Non-derivative financial liabilities						
Other payables	241,492	241,492		-	-	-
Other liabilities	81,199	81,199		-	-	-
Cash Line-i	13,255,394	14,338,955	14,338,955	-	-	-
Muamalat Term Financing	1,841,730	1,890,652	1,890,652	-	-	-
Commodity Murabahah Term Financing	1,924,061	2,312,960	469,956	469,956	1,373,048	-
Financial guarantees*	-	181,769,180	181,769,180	-	-	-
	17,343,876	200,634,438	198,791,434	469,956	1,373,048	-

* This liquidity risk exposure is included for illustration purpose only as the related financial guarantees have not crystallised.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019



33. FINANCIAL INSTRUMENTS (Cont'd)

Financial Risk Management Objectives and Policies (Cont'd)

(iii) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's and Company's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities.

Exposure in interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Fixed rate instrument:				
Financial assets	28,800,885	22,650,979	11,128,021	6,071,048
Financial liabilities	(1,411,898)	(1,597,189)	-	-
	<u>27,388,987</u>	<u>21,053,790</u>	<u>11,128,021</u>	<u>6,071,048</u>
Floating rate instrument:				
Financial assets	-	-	243,125,800	-
Financial liabilities	(300,000,000)	(205,707,997)	(300,000,000)	(17,021,185)
	<u>(300,000,000)</u>	<u>(205,707,997)</u>	<u>(56,874,200)</u>	<u>(17,021,185)</u>

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets at fair value through profit or loss, and the Group does 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 period would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019

33. FINANCIAL INSTRUMENTS (Cont'd)

Financial Risk Management Objectives and Policies (Cont'd)

(iii) Interest Rate Risk (Cont'd)

Cash flow sensitivity analysis for variable rate instruments

The following table details the sensitivity analysis on the floating rate instruments to a reasonably possible change in the interest rates as the end of the reporting period, with all other variables held constant:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Effects on profit after tax				
Increase by 25 (2018: 10) basis points	(570,000)	(156,338)	(108,061)	(12,936)
Decrease by 25 (2018: 10) basis points	<u>570,000</u>	<u>156,338</u>	<u>108,061</u>	<u>12,936</u>
Effects on equity				
Increase by 25 (2018: 10) basis points	(570,000)	(156,338)	(108,061)	(12,936)
Decrease by 25 (2018: 10) basis points	<u>570,000</u>	<u>156,338</u>	<u>108,061</u>	<u>12,936</u>

34. FAIR VALUE INFORMATION

Assets and liabilities carried at fair value

The fair value measurement hierarchies used to measure non-financial assets at fair value in the statements of financial position are disclosed in Note 11.

There were no material transfer between Level 1, Level 2 and Level 3 during the financial year.

Financial instrument other than those carried at fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of the short term receivables and payable, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

The carrying amount of the long term floating rate loans approximates their fair value as the loans will be re-priced to market interest rate on or near the end of the reporting period.

The fair values of lease liabilities are determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019



34. FAIR VALUE INFORMATION (Cont'd)

Financial instrument other than those carried at fair value (Cont'd)

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value (Cont'd)

The following table provides the fair value measurement hierarchy of the Group's financial instruments:

Fair value of financial instruments not carried at fair value					
	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
2019					
Financial liability					
Lease liabilities (non-current)	-	-	783,080	783,080	923,210
2018					
Financial liability					
Lease liabilities (non-current)	-	-	1,007,393	1,007,393	1,234,496

35. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are to maintain a strong capital base and safeguard the Group's and Company's ability to continue as a going concern. The Group and the Company monitor and maintain optimal debt-to-equity ratio, gearing ratio and financial service coverage ratio ("FSCR") that complies with debt covenants and regulatory requirements.

(a) The net debt-to-equity and consolidated gearing ratios at end of the reporting period are as follows:

		Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
Borrowings	A	301,411,898	207,305,186	300,000,000	17,021,185
Less:					
Fixed deposits		(21,348,079)	(14,563,073)	(11,037,245)	(4,354,093)
Cash and bank balances		(54,429,532)	(9,562,318)	(44,999,399)	(1,716,955)
Net debts	B	225,634,287	183,179,795	243,963,356	10,950,137
Total equity	C	332,304,207	283,415,087	167,299,400	167,310,123
Debts-to-equity ratio	B/C	68%	65%	146%	7%
Consolidated gearing ratio [^]	A/C	0.91 times	NA	NA	NA

[^] The consolidated gearing ratio is an additional covenant newly imposed by a financial institution during the financial year following the issuance of Sukuk. It shall not at any time exceed 1.50 times.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2019

35. CAPITAL MANAGEMENT (Cont'd)

- (b) The FSCR is an additional covenant newly imposed by a financial institution during the financial year following the issuance of Sukuk. It shall not at any time be less than 1.25 times.

		Group
	2019 RM	2018 RM
Earnings before interest, tax, depreciation and amortisation	63,828,892	-
Opening cash and cash equivalents	9,879,405	-
	A 73,708,297	-
Total financial service	B 2,805,837	-
FSCR (A / B)	26.27 times	-

There were no changes in the Group's approach to capital management during the financial year other than the additional loan covenants imposed by a financial institution.

The Group and the Company are in compliance with all externally imposed capital requirements.

36. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current financial year's presentation.

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2020



Total number of issued shares	: 1,422,780,350
Number of treasury shares	: 3,000,000
Class of shares	: Ordinary shares
Voting rights	: One vote per ordinary share held

DISTRIBUTION OF SHAREHOLDERS

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 to 99	117	1.723	4,828	**
100 to 1,000	407	5.996	223,336	0.016
1,001 to 10,000	2,013	29.655	13,093,171	0.922
10,001 to 100,000	3,380	49.794	130,974,568	9.225
100,001 to 70,989,016	867	12.773	766,180,041	53.965
70,989,017* and above	4	0.059	509,304,406	35.872
	6,788	100.000	1,419,780,350	100.000

Notes:

* Denotes 5% of the issued shares.

** Negligible.

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct	No of shares held		
		%	Indirect	%
1. Dato' Sri Cheong Kong Fitt	248,080,605 ^{*1}	17.473	292,223,801 ^{*2}	20.582
2. CBS Link Sdn Bhd	209,000,001	14.720	-	-
3. Datin Sri Lim Sow Keng	83,223,800	5.862	457,080,606 ^{*3}	32.194

Notes:

*1 Shares held through nominee companies.

*2 Deemed interested through his spouse and his interest held in a corporation by virtue of Section 8 of the Companies Act 2016.

*3 Deemed interested through her spouse and her interest held in a corporation by virtue of Section 8 of the Companies Act 2016.

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct	No of shares held		
		%	Indirect	%
1. Dato' Sri Cheong Kong Fitt	248,080,605 ^{*1}	17.473	292,223,801 ^{*2}	20.582
2. Dato' Cheong Peak Sooi	20,406,595	1.437	-	-
3. Tan Sri Dato' Chang Ko Youn	-	-	-	-
4. Dato' Wan Asmadi Bin Wan Ahmad	-	-	-	-
5. Ng Wai Luen	-	-	-	-
6. Azian Binti Kassim	-	-	-	-

Notes:

*1 Shares held through nominee companies.

*2 Deemed interested through his spouse and his interest held in a corporation by virtue of Section 8 of the Companies Act 2016.

ANALYSIS OF SHAREHOLDINGS (Cont'd)

AS AT 31 MARCH 2020

THIRTY LARGEST SHAREHOLDERS

	No. of shares held	%
1. CBS Link Sdn Bhd	209,000,001	14.721
2. Kenanga Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Cheong Kong Fitt	137,080,605	9.655
3. Lim Sow Keng	82,123,800	5.784
4. Kenanga Capital Sdn Bhd • Pledged Securities Account for Cheong Kong Fitt	80,000,000	5.635
5. RHB Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Maksima Timur Sdn Bhd	58,845,900	4.145
6. Malacca Equity Nominees (Tempatan) Sdn Bhd • Exempt an for Phillip Capital Management Sdn Bhd	38,847,929	2.736
7. Malacca Equity Nominees (Tempatan) Sdn Bhd • Exempt an for Phillip Capital Management Sdn Bhd (EPF)	37,676,090	2.654
8. CGS-CIMB Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Koh Kin Lip (MY0502)	31,220,000	2.199
9. Alliancegroup Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Cheong Kong Fitt (6000149)	31,000,000	2.183
10. Fam Kwee Hin	28,500,000	2.007
11. CGS-CIMB Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Tan Kim Heung (MY1989)	25,300,100	1.782
12. Cheong Peak Sooi	20,406,595	1.437
13. Alliancegroup Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Koh Kin Lip (7003423)	19,600,000	1.380
14. Malacca Equity Nominees (Tempatan) Sdn Bhd • Exempt an for Phillip Capital Management Sdn Bhd	15,420,840	1.086
15. RHB Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Lai Chee Chong	14,229,000	1.002
16. Tiara Moden Sdn. Bhd.	11,254,700	0.793
17. Yayasan Guru Tun Hussein Onn	11,000,000	0.775
18. Yayasan Guru Tun Hussein Onn	11,000,000	0.775
19. Senandung Asas Sdn Bhd	10,145,600	0.715
20. Kenanga Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Chia Kee Siong	9,050,000	0.637
21. Gemas Perunding Sdn Bhd	7,709,020	0.543
22. CIMB Group Nominees (Tempatan) Sdn Bhd • Pembangunan Sumber Manusia Berhad	7,565,970	0.533
23. Lim Chian Peng	6,100,000	0.430
24. Chai Nyet Loong	5,654,280	0.398
25. Chan Kam Sooi	5,000,060	0.352
26. Alliancegroup Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Koh Kin Lip (8058900)	4,485,800	0.316
27. Lai Chee Chong	4,137,000	0.291
28. Universal Trustee (Malaysia) Berhad • KAF Core Income Fund	3,868,400	0.272
29. Rezeki Megajaya Sdn Bhd	3,867,000	0.272
30. RHB Capital Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Chia Kee Siong (CEB)	3,500,000	0.247
	933,588,690	65.755

ANALYSIS OF WARRANT HOLDINGS

AS AT 31 MARCH 2020



No. of warrants issued : 531,436,450
Exercise price of warrants : RM0.235
Expiry date : 19 September 2020

DISTRIBUTION OF WARRANT HOLDERS

Size of warrant holdings	No. of warrant holders	%	No. of warrants	%
1 to 99	107	6.045	5,149	**
100 to 1,000	132	7.458	65,800	0.012
1,001 to 10,000	423	23.898	2,459,300	0.463
10,001 to 100,000	686	38.757	31,410,800	5.911
100,001 to 26,571,821	419	23.672	275,132,625	51.772
26,571,822* and above	3	0.170	222,362,776	41.842
	1,770	100.000	531,436,450	100.000

Notes:

* Denotes 5% of the warrants issued.

** Negligible.

DIRECTORS' WARRANT HOLDINGS

Name of Directors	Direct	No of warrants held		%
		%	Indirect	
1. Dato' Sri Cheong Kong Fitt	89,533,775	16.848	132,829,001 ^{*1}	24.994
2. Dato' Cheong Peak Sooi	9,275,725	1.745	-	-
3. Tan Sri Dato' Chang Ko Youn	-	-	-	-
4. Dato' Wan Asmadi Bin Wan Ahmad	-	-	-	-
5. Ng Wai Luen	-	-	-	-
6. Azian Binti Kassim	-	-	-	-

Note:

^{*1} Deemed interested through his spouse and his interest held in a corporation by virtue of Section 8 of the Companies Act 2016.

ANALYSIS OF WARRANT HOLDINGS (Cont'd)

AS AT 31 MARCH 2020

THIRTY LARGEST WARRANT HOLDERS

	No. of warrants held	%
1. CBS Link Sdn Bhd	95,000,001	17.876
2. Cheong Kong Fitt	89,131,275	16.772
3. Lim Sow Keng	37,329,000	7.024
4. CGS-CIMB Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Tan Kim Heung (MY1989)	12,932,000	2.433
5. Senandung Asas Sdn Bhd	12,719,000	2.393
6. Alliancegroup Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Kong Kok Choy (8092812)	10,000,000	1.882
7. Cheong Peak Sooi	9,275,725	1.745
8. Maybank Nominees (Tempatan) Sdn Bhd • Chang Chung Yew	8,007,500	1.507
9. Maksima Timur Sdn Bhd	5,450,000	1.026
10. Ng Wai Kin	4,920,000	0.926
11. Fun Yoon Fah	4,400,000	0.828
12. AMSEC Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Tee Teow Chuan	4,110,000	0.773
13. Chu Beng Chin	3,847,500	0.724
14. Public Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Tan Kian Ju (E-KBU)	3,511,300	0.661
15. Chua Lik How	3,300,000	0.621
16. Chai Nyet Loong	3,285,400	0.618
17. Teo Kah Yeeng	3,192,500	0.600
18. Khairul Azuan Bin Othman	3,159,900	0.595
19. JF Apex Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Tee Jen Tong (STA1)	3,000,000	0.565
20. Ng Bi Yong	3,000,000	0.564
21. Chan Yit Fah	2,702,500	0.509
22. Tan Sin Keng	2,700,000	0.508
23. RHB Capital Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Sher Khan Bin Khan Mohamad (CEB)	2,500,000	0.470
24. Yayasan Guru Tun Hussein Onn	2,500,000	0.470
25. Loo Laik Keong	2,300,000	0.433
26. Low Bee Lan	2,300,000	0.433
27. Maybank Nominees (Asing) Sdn Bhd • Nattawut Chuakul	2,300,000	0.433
28. Kenanga Nominees (Tempatan) Sdn Bhd • Rakuten Trade Sdn Bhd for Chai King Joe	2,182,000	0.411
29. Alliancegroup Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Koh Kin Lip (8058900)	2,039,000	0.384
30. Lee Siew Lin	2,000,000	0.376
	343,094,601	64.560

LIST OF PROPERTIES

As at 31 December 2019



Registered owner	Location / postal address	Date of Acquisition/ Valuation	Description and existing use	Tenure	Age of Building	Land area (sq m)	Gross built up area (sq m)	Audited NBV as at 31 December 2019 (RM'000)
The Combined Bus Services Sdn Bhd	Lot 506802, PN 354609, Mukim Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan / No. 1, Persiaran Meru Raya 5, Meru Raya, 30020 Ipoh, Perak	31 July 2019 (Date of Valuation)	Commercial land with building (Terminal Meru Raya) and petrol station comprising: a three (3)-storey integrated public transportation terminal including a basement car park Petrol station with building comprising a petrol kiosk cum office with six (6) fuel islands and six (6) underground fuel storage tanks The buildings' Certificate of Fitness ("CF") was dated August 2012.	Leasehold for 99 years, expiring in 2109	8 years	33,740	19,398	225,967
The Combined Bus Services Sdn Bhd	Lot 407007 & 407008, PN 408550 & 408551, Mukim Kampar, Daerah Kampar, Perak Darul Ridzuan	31 July 2019 (Date of Valuation)	Commercial land with building pending for the buildings' full CF (Terminal Kampar Putra)	Leasehold for 99 years, expiring in 2115	-	15,033	-	54,473
The Combined Bus Services Sdn Bhd	Lot 107639, PN 395091, Bandar Ipoh (U), Daerah Kinta, Perak Darul Ridzuan / E-6-2A, SOHO Ipoh 2, Jalan Sultan Idris Shah, 30000 Ipoh, Perak	31 July 2019 (Date of Valuation)	Commercial land with building comprising: Three (3)-storey corporate office and six (6)-storey leased out The building's CF was dated March 2017.	Leasehold for 99 years, expiring in 2113	3 years	6,076	2,934	13,875

LIST OF PROPERTIES (Cont'd)

As at 31 December 2019

Registered owner	Location / postal address	Date of Acquisition/ Valuation	Description and existing use	Tenure	Age of Building	Land area (sq m)	Gross built up area (sq m)	Audited NBV as at 31 December 2019 (RM'000)
The Combined Bus Services Sdn Bhd	PT 18688 & 18689, Mukim Belanja, Daerah Kinta, Perak Darul Ridzuan	31 July 2019 (Date of Valuation)	Vacant commercial land. Intended to construct an integrated public transportation terminal	Leasehold for 99 years, expiring in 2115	-	67,327	-	10,818
CKS Bumi Sdn Bhd	Lot 3590, PN 341612, Mukim Lubok Merbau, Kuala Kangsar, Perak Darul Ridzuan / Lot 3590, Jalan Industrial Satu, Kawasan Perindustrial Miel, Lubok Merbau, 33010 Kuala Kangsar, Perak	31 July 2019 (Date of Valuation)	Petrol station with building comprising a petrol kiosk cum office with four (4) fuel islands and five (5) underground fuel storage tanks The building's CF was dated June 2015.	Leasehold for 99 years, expiring in 2101	5 years	4,092	926	5,459
CKS Bumi Sdn Bhd	Lot 207436, PN 115497, Mukim Hulu Kinta, Tempat Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan / Lot 207436, Jalan Chepor 11/5, Pusat Industri Seramik, 31200 Chemor, Ipoh, Perak	31 July 2019 (Date of Valuation)	Vacant industrial land. Intended to be used as headquarters for bus operation (control room), workshop and parking spaces for buses	Leasehold for 60 years, expiring in 2053	-	21,690	-	892

LIST OF PROPERTIES (Cont'd)

As at 31 December 2019



Registered owner	Location / postal address	Date of Acquisition/ Valuation	Description and existing use	Tenure	Age of Building	Land area (sq m)	Gross built up area (sq m)	Audited NBV as at 31 December 2019 (RM'000)
CKS Bumi Sdn Bhd	Lot 207437, PN 115498, Mukim Hulu Kinta, Tempat Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan / Lot 207437, Jalan Chepor 11/5, Pusat Industri Seramik, 31200 Chemor, Ipoh, Perak	31 July 2019 (Date of Valuation)	Vacant industrial land. Intended to be used for headquarters for bus operation (control room), workshop and parking spaces for buses	Leasehold for 60 years, expiring in 2053	-	12,338	-	508
CKS Bumi Sdn Bhd	Lot 207438, PN 115499, Mukim Hulu Kinta, Tempat Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan / Lot 207438, Jalan Chepor 11/5, Pusat Industri Seramik, 31200 Chemor, Ipoh, Perak	31 July 2019 (Date of Valuation)	Vacant industrial land. Intended to be used for headquarters for bus operation (control room), workshop and parking spaces for buses	Leasehold for 60 years, expiring in 2053	-	9,187	-	378
CKS Labur Sdn Bhd	Lot 397936, PN 346083, Mukim Ulu Kinta, Daerah Kinta, Perak Darul Ridzuan / PT 234516, Mukim Hulu Kinta, Lebuhraya Ipoh, Lumut, 31500 Lahat, Perak	31 July 2019 (Date of Valuation)	Petrol station with building comprising a petrol kiosk cum office with five (5) fuel islands and five (5) underground fuel storage tanks The building's CF was on July 2010.	Leasehold for 99 years, expiring in 2109	10 years	4,064	908	6,455

LIST OF PROPERTIES (Cont'd)

As at 31 December 2019

Registered owner	Location / postal address	Date of Acquisition/ Valuation	Description and existing use	Tenure	Age of Building	Land area (sq m)	Gross built up area (sq m)	Audited NBV as at 31 December 2019 (RM'000)
Ipoh Link Sdn Bhd	Lot 213097, PN 214575, Mukim Sungai Raya, Daerah Kinta, Perak Darul Ridzuan / Lot PT 3100, Jalan Industri 2/2, Gopeng Industrial Park, 31600 Gopeng, Perak	31 July 2019 (Date of Valuation)	Industrial land with building comprising: a single (1)-storey workshop factory with a double (2)-storey office The building's CF was on March 2001.	Leasehold for 60 years, expiring in 2055	19 years	8,124	1,368	3,509
Star Kensington Sdn Bhd	Lot 227884, PN 210177, Mukim Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan / PT 136632, Jalan Tambun, Taman Tanjung Mewah, 31250 Tanjung Rambutan, Perak	31 July 2019 (Date of Valuation)	Petrol station with building comprising a petrol kiosk cum office with five (5) fuel islands and five (5) underground fuel storage tanks The building's CF was on May 2009.	Leasehold for 60 years, expiring in 2056	11 years	2,244	652	3,207

NOTICE OF ANNUAL GENERAL MEETING



NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting (“**AGM**”) of the Company will be held at Mersawa & Rengas Hall, Level 2, MU Hotel, No. 18, Jalan Chung On Siew, 30250 Ipoh, Perak Darul Ridzuan on Wednesday, 20 May 2020 at 9.00 a.m. to transact the following businesses:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors and Auditors thereon. [Please refer to Note g]
2. To approve the payment of Directors’ fees and benefits up to an amount of RM264,000 to be paid on a monthly basis from 21 May 2020 until the conclusion of the next AGM. Resolution 1
3. To re-elect the following Directors who retire by rotation in accordance with Clause 19.3 of the Constitution of the Company and who being eligible offer themselves for re-election:
 - a) Tan Sri Dato’ Chang Ko Youn Resolution 2
 - b) Dato’ Sri Cheong Kong Fitt Resolution 3
4. To re-appoint Messrs Moore Stephens Associates PLT as Auditors of the Company for the financial year ending 31 December 2020 and to authorise the Directors to determine their remuneration. Resolution 4

AS SPECIAL BUSINESS

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

5. ORDINARY RESOLUTION

AUTHORITY TO ISSUE AND ALLOT SHARES

Resolution 5

“THAT, pursuant to Sections 75 and 76 of the Companies Act 2016 (“**Act**”), and subject always to the Constitution of the Company and the approval of the relevant authorities, the Directors be and are hereby authorised to issue and allot shares in the Company at any time until the conclusion of the next AGM and to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deemed fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company (excluding treasury shares, if any) for the time being and that the Directors are also empowered to obtain the approval from the Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing of and quotation for the additional shares to be issued.”

6. ORDINARY RESOLUTION

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

Resolution 6

“THAT subject to the Act, the provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Securities (“**Listing Requirements**”) and the approval of all relevant and/or regulatory authorities, the Company be and is hereby authorised to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities, upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company (“**Proposed Share Buy-Back**”), provided that:

- a) the aggregate number of ordinary shares which may be purchased and/or held by the Company as treasury shares shall not exceed 10% of the total number of issued shares of the Company as at the point of purchase; and
- b) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the Company’s audited retained profits at any point of time;

THAT upon completion of the purchase(s) of its own shares by the Company pursuant to the Proposed Share Buy-Back, the Directors be and are hereby authorised to deal with the shares purchased in their absolute discretion in the following manner:

- a) cancel all the shares so purchased; or
- b) retain the shares so purchased as treasury shares (of which may be dealt with in accordance with Section 127(7) of the Act); or
- c) retain part of the shares so purchased as treasury shares and cancel the remainder; or

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

6. ORDINARY RESOLUTION (Cont'd)

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY (Cont'd)

Resolution 6

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the Listing Requirements and any other relevant authority for the time being in force,

THAT such authority conferred by this resolution shall commence upon the passing of this resolution and shall continue to be in force until:

- a) the conclusion of the next AGM, at which time the said authority shall lapse, unless by an ordinary resolution passed at a meeting of members, the authority is renewed, either unconditionally or subject to conditions; or
- b) the expiration of the period within which the next AGM after that date is required by law to be held; or
- c) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in a meeting of members,

whichever occur first;

AND THAT the Directors be and are hereby authorised to take all such steps as are necessary or expedient in the interest of the Company to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities."

- 7. To transact any other business of which due notice shall have been given in accordance with the Act and the Constitution of the Company.

By order of the Board
CHEAI WENG HOONG
Company Secretary

Ipoh
21 April 2020

NOTES:

- a) A member of the Company entitled to attend and vote at the meeting may appoint any person to be his/her proxy to attend and vote in his/her stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy. A proxy shall have the same rights as the member to speak at the meeting.
- b) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of two (2) authorised officers of his attorney duly authorised.
- c) The appointment of a proxy may be made in hard copy form or by electronic form. In the case of an appointment made in hard copy form, the form of proxy must be deposited with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. In the case of electronic appointment, the form of proxy must be deposited via TIIH Online at <https://tiih.online>. Please refer to the Annexure to the Form of Proxy for further information on electronic submission. All form of proxy submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote.
- d) Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- e) Pursuant to Paragraph 8.29A of the Listing Requirements, all resolutions set out in the Notice of Eleventh AGM will be put to vote on a poll.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)



NOTES: (Cont'd)

- f) Only members whose names appear in the Record of Depositors as at 13 May 2020 will be entitled to attend and vote at the meeting.

g) **Audited Financial Statements for financial year ended 31 December 2019**

The audited financial statements under Agenda 1 are meant for discussion only, as the provision of Section 340(1)(a) of the Act does not require a formal approval of the members and hence, Agenda 1 is not put forward for voting.

h) **Resolution 1**

Resolution 1, if passed, will allow the Company to pay the Directors' fees and benefits as set out below in a timely manner, on a monthly basis at the end of each month, for services rendered during the course of the period from 21 May 2020 until the conclusion of the next AGM.

	Director's fee per month (RM)	Director's fee per annum (RM)
Non-Executive Chairman	5,500	66,000
Each Non-Executive Director	4,500	54,000

The benefits payable to the Directors up to the amount of RM36,000 comprise meeting allowances.

In the event the Directors' fees and benefits proposed are insufficient (e.g. due to enlarged Board size or additional Board meetings to be convened), approval will be sought at the next AGM for additional fees or benefits to meet the shortfall.

i) **Resolutions 2 to 3**

The profiles of the Directors standing for re-election are disclosed under the Profile of Board of Directors on pages 6 to 8 of the Annual Report and the details of their interest in the securities of the Company are disclosed under Analysis of Shareholdings and Warrant Holdings on pages 127 to 130 of the Annual Report.

j) **Resolution 4**

The Audit Committee and the Board having assessed and satisfied with the quality of audit and services, adequacy of resources, performance, competency and independence of the external auditors, Messrs Moore Stephens Associates PLT, which are in accordance with the Paragraph 15.21 of the Listing Requirements, had at their respective meetings on 25 February 2020 recommended the re-appointment of Messrs Moore Stephens Associates PLT.

Messrs Moore Stephens Associates PLT have indicated their willingness to continue their services for the ensuing year.

k) **Resolution 5**

Ordinary Resolution 5, if passed, will give authority to the Directors of the Company to allot and issue shares of the Company up to and not exceeding 10% of the total number of issued shares of the Company (excluding treasury shares, if any) for the time being for such purposes as the Directors consider would be in the best interest of the Company without convening a meeting of members. The general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital, repayment of bank borrowings and/or acquisition(s).

This general mandate, unless revoked or varied at a meeting of members, will expire at the conclusion of the next AGM.

l) **Resolution 6**

Ordinary Resolution 6, if passed, will allow the Company to purchase its own shares up to 10% of the total number of issued shares of the Company. Please refer to the Statement to Shareholders in relation to the Proposed Renewal of Share Buy-Back Authority dated 21 April 2020 which is enclosed together with the Annual Report of the Company for further details.

PERAK TRANSIT BERHAD

Registration No.: 200801030547 (831878-V)
(Incorporated in Malaysia)



KEPUASAN ANDA, KEUTAMAAN KAMI
YOUR SATISFACTION, OUR PRIORITY

Dear Valued Shareholders of **Perak Transit Berhad**,

PRECAUTIONARY MEASURES AT ANNUAL GENERAL MEETING

We would like to inform you that the Eleventh Annual General Meeting ("**AGM**") of the Company will be held as below:

Date : 20 May 2020, Wednesday
Time : 9.00 a.m.
Venue : Mersawa & Rengas Hall
Level 2, MU Hotel
No. 18, Jalan Chung On Siew
30250 Ipoh
Perak Darul Ridzuan

In view of the COVID-19 outbreak, the Company would like to introduce the following precautionary measures for the well-being and safety of the shareholders whilst attending the AGM of the Company and to be in line with the Government and/or relevant authorities' directives and guidelines on public gatherings or events which may be issued from time to time.

Before entering the AGM venue, all shareholders/proxies and the attendees are required to:

- wear a face mask;
- use the hand sanitiser as provided;
- undergo a compulsory body temperature screening at the venue entrance; and
- sign a health declaration form and provide their travel history and contact details (to facilitate contact tracing, if required).

For safety purposes, the Company has the right to:

- limit the number of physical attendees to be accommodated at the venue;
- refuse the entry of a shareholder/proxy with high body temperature or displaying any symptoms of being unwell; and
- require all shareholders/proxies and the attendees to wear a face mask throughout the AGM.

Having regard to the well-being and safety of the shareholders, if you have travelled overseas in the past 14 days, been in contact with a COVID-19 affected person or if you are unwell with sore throat, fever, cough, aches and pains, nasal congestion, runny nose, diarrhoea or shortness of breath, please seek medical attention and quarantine yourself at home.

To ensure social and physical distancing and as a measure to reduce crowds, there will be **no breakfast provided and no distribution of door gifts** for shareholders/proxies who attend or participate in the AGM.

THE COMPANY ADVISES ALL SHAREHOLDERS/PROXIES AND THE ATTENDEES TO ADHERE TO THE AFORESAID PRECAUTIONARY MEASURES AT THE AGM.

We would like to thank you for your understanding of the aforesaid requirements in view of the health crisis and your continued support to Perak Transit Berhad.

Yours faithfully,
Tan Sri Dato' Chang Ko Youn
Independent Non-Executive Chairman

21 April 2020



PERAK TRANSIT BERHAD

Registration No.: 200801030547 (831878-V)
(Incorporated in Malaysia)

PeraKTransit

KEPUASAN ANDA, KEUTAMAAN KAMI
YOUR SATISFACTION, OUR PRIORITY

FORM OF PROXY

(Before completing the form please refer to the notes below)

No. of shares held	CDS Account No. of Authorised Nominee

I/We NRIC/Passport/Co. No.

(FULL NAME IN BLOCK LETTERS)

of Tel No.

(ADDRESS)

being a member of **PERAK TRANSIT BERHAD**, hereby appoint:

Proxy 1 - Full Name in Block Letters	NRIC/Passport No.	No. of shares	% of shareholdings
Address:			

Proxy 2 - Full Name In Block Letters	NRIC/Passport No.	No. of shares	% of shareholdings
Address:			

or failing him/her, the Chairman of the Meeting, as my/our proxy(ies) to vote for me/us and on my/our behalf at the Eleventh Annual General Meeting of the Company to be held at Mersawa & Rengas Hall, Level 2, MU Hotel, No. 18, Jalan Chung On Siew, 30250 Ipoh, Perak Darul Ridzuan on Wednesday, 20 May 2020 at 9.00 a.m. or at any adjournment thereof. My/our proxy(ies) shall vote as follows:

Resolutions relating to:		For	Against
1.	Approve payment of Directors' fees and benefits		
2.	Re-elect Tan Sri Dato' Chang Ko Youn		
3.	Re-elect Dato' Sri Cheong Kong Fitt		
4.	Re-appoint Messrs Moore Stephens Associates PLT as Auditors and to authorise Directors to determine their remuneration		
5.	Authorise Directors to issue and allot shares		
6.	Proposed Renewal of Share Buy-Back Authority		

(Please indicate with an "X" in the space provided how you wish your vote to be cast on the resolutions specified in the Notice of the Eleventh Annual General Meeting. If you do not do so, the proxy(ies) will vote or abstain from voting at his/her/their discretion.)

Dated this _____ day of _____ 2020

Signature/Seal of Shareholder

NOTES:

- A member of the Company entitled to attend and vote at the meeting may appoint any person to be his/her proxy to attend and vote in his/her stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy. A proxy shall have the same rights as the member to speak at the meeting.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of two (2) authorised officers of his attorney duly authorised.
- The appointment of a proxy may be made in hard copy form or by electronic form. In the case of an appointment made in hard copy form, the form of proxy must be deposited with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. In the case of electronic appointment, the form of proxy must be deposited via TIH Online at <https://tiih.online>. Please refer to the Annexure to the Form of Proxy for further information on electronic submission. All form of proxy submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote.
- Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Pursuant to Paragraph 8.29A of the Listing Requirements, all resolutions set out in the Notice of Eleventh AGM will be put to vote on a poll.
- Only members whose names appear in the Record of Depositors as at 13 May 2020 will be entitled to attend and vote at the meeting.

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STAMP

The Share Registrar
Tricor Investor & Issuing House Services Sdn Bhd
Registration No.: 197101000970 (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Please fold across the line and close

ELECTRONIC SUBMISSION OF PROXY FORM VIA TIIH ONLINE

Dear shareholders,

We are pleased to inform that you as a shareholder can have the option to submit your proxy forms by electronic means through our system, TIIH Online (“e-Proxy”).

TIIH Online is an application that provides an online platform for shareholders (*individuals only*) to submit document/form electronically which includes proxy form in paperless form (“e-Submission”). Once you have successfully submitted your e-proxy form, you are no longer required to complete and submit the physical proxy form to the company or Tricor office.

To assist you on how to engage with e-Proxy, kindly read and follow the guidance notes which are detailed below:

1. Sign up as user of TIIH Online



Using your computer, access our website at <https://tiih.online>



Sign up as a user by completing the registration form, registration is free



Upload a softcopy of your MyKad (front and back) or your passport



Administrator will approve your registration within one working day and notify you via email



Activate your account by re-setting your password

- Notes:**
- (i) *If you are already a user of TIIH Online, you are not required to sign up again*
 - (ii) *An email address is allowed to be used once to register as a new user account, and the same email cannot be used to register another user account*
 - (iii) *At this juncture, only individual security holders are offered to register as user and participate in e-Proxy*

2. Proceed with submission of e-Proxy



After the release of the Notice of Meeting by the Company, login with your user name (i.e. e-mail address) and password



Select the corporate event: **“Submission of Proxy Form”**



Read and agree to the Terms & Conditions and confirm the Declaration



Select/insert the CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf



Appoint your proxy(s) or chairman and insert the required details of your proxy(s)



Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote



Review & confirm your proxy(s) appointment



Print e-proxy for your record

Should you need assistance on our e-Submission, please contact us. Thank you.

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A, Vertical Business Suite,
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur, Malaysia

Telephone No: 03-27839299
Fax No: 03-27839222
E-mail: is.enquiry@my.tricorglobal.com



PERAK TRANSIT BERHAD

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