WCT Holdings Berhad
(930464-M)

BUILDING
VALUES

Annual Report
2016

CORE VALUES

Exceeding our best WINNING
COMMITMENT Passionate in all we do
All for one, one for all TEAMWORK
HUMILITY and RESPECT Our way of life

OUR VISION

We inspire and strive for excellence in areas of our expertise

OUR MISSION

We deliver quality products and services beyond customer expectations

We develop, train and reward passionate and committed employees

We leverage on technology and innovation for greater efficiency and productivity

We deliver sustainable return to our shareholders

We contribute to the betterment of the community

We actively participate in the nation's social and economic objectives

---

WCT means

Winning through **C**ommitment and **T**eamwork built upon the foundation of Humility and Respect

Contents

Awards & Achievements

Industry Awards

Awarded by the Construction Industry Development Board of Malaysia (CIDB)

High Qlassic Achievement Award - 2016
Ministry of International Trade & Industry Headquarters
Qlassic Excellence Awards 2016

International Achievement Award - 2010
Yas Marina Circuit, Abu Dhabi, U.A.E.
Malaysian Construction Industry Excellence Awards

Contractor of the Year Award - 2010
Kota Kinabalu International Airport, Sabah
Malaysian Construction Industry Excellence Awards

International Achievement Award - 2004
Bahrain International Circuit
Malaysian Construction Industry Excellence Awards

Builder of the Year - 2002
Malaysian Construction Industry Excellence Awards

Special Project Award - 2001
Sepang F1 Circuit
Malaysian Construction Industry Excellence Awards

Awarded by the Ministry of International Trade & Industry, Malaysia (MITI)

Industry Excellence Awards - 2004 & 2008
Export Excellence - Construction Services

Awarded by the Road Engineering Association of Malaysia

Road Engineering Excellence Award - 2007
Principal Contractor of Guthrie Corridor Expressway

Awarded by the Frost & Sullivan Malaysia

Malaysia Excellence Awards - 2011
Building Contracting Company of the year

Awarded by TripAdvisor

Certificate of Excellence Award - 2013
Première Hotel, Klang

Asia Pacific Property Awards

5-Star - Best Residential Development Malaysia 2016 - 2017
d'Laman Greenville, Klang South

Highly Commended - Architecture Multiple Residence Malaysia 2016 - 2017
d'Laman Greenville, Klang South

Highly Commended - Residential High-rise Architecture Malaysia 2015 - 2016
The Azure Residences, Paradigm PJ

Property Insight Prestigious Developer Awards (PIPDA)

Top 10 Developers Award 2016
WCT Land Sdn Bhd

Corporate Awards

The BrandLaureate Award - 2009

Winner of the Best Brands for the Engineering & Construction Category (2007/2008)

SI-KPMG Shareholder Value Awards - 2001

Winner for the Construction, Infrastructure and Property Category
Awarded by Smart Investor-KPMG

The Edge Billion Ringgit Club 2013

Construction Sector
Second under the "Most Profitable Company" Segment
Third under the "Best Performing Stock" Segment

Awards & Achievements

Client's Recognition

Putrajaya Holdings Sdn Bhd

HSE Certificate of Recognition - Gold Award
Excellent Achievement of 4 million Man Hours without Lost Time Injury (LTI) for Lot 2C5, Putrajaya, Malaysia
17 July 2013 - 9 November 2016

Environmental Best Practice (EBeP) 2015
Best Waste Minimisation Programme by Contractor for Lot 2C5, Putrajaya, Malaysia

Certificate of Award for Best Environmental Management System 2007
Design, Construction and Completion of the Office Building on Plot 3C4, Precinct 3, Putrajaya, Malaysia

Certificate of Award for Best Safety & Health Management System 2007
Design, Construction and Completion of the Office Building on Plot 3C4, Precinct 3, Putrajaya, Malaysia

Petronas Refinery & Petrochemical Corporation

Focused Recognition Award 2016 - Compliance to High HSE Standards
Petronas RAPID Pengerang Projects Package 14-0302/0303/1702/0401

KLCC Group of Companies HSE Awards - 2011 & 2013

Contractor-Building & Infra Category
Silver Award for Effective Health, Safety & Environment Management System - 2011
Gold Award for Excellent Health, Safety & Environment Management System - 2013

ISO & OHSAS Certifications

Quality Management System Certifications

ISO 9001 : 2008
Quality Management System for WCT Berhad (including WCT Construction Sdn Bhd)
Certification No. AR 2274

ISO 9001 : 2008
Quality Management System for WCT Machinery Sdn Bhd
Certification No. AR 4416

ISO 9001 : 2015
Quality Management System for WCT Land Sdn Bhd and its subsidiaries
Certification No. AR 3353

ISO 9001 : 2015
Quality Management System for WCT Malls Management Sdn Bhd
Certification No. AR 6523

Environmental Management System Certification

ISO 14001 : 2004
Environmental Management System for WCT Berhad (including WCT Construction Sdn Bhd)
Certification No. ER 0685

Occupational Health & Safety Management System Certifications

OHSAS 18001 : 2007
Occupational Health and Safety Management System for WCT Berhad (including WCT Construction Sdn Bhd)
Certification No. SR 0256

OHSAS 18001 : 2007
Occupational Health and Safety Management System for WCT Land Sdn Bhd and its subsidiaries
Certification No. SR 0263

OHSAS 18001 : 2007
Occupational Health and Safety Management System for WCT Machinery Sdn Bhd
Certification No. SR 0702

OHSAS 18001 : 2007
Occupational Health and Safety Management System for WCT Malls Management Sdn Bhd
Certification No. SR 0856

Core Businesses and Operating Units

ENGINEERING & CONSTRUCTION

MALAYSIA

WCT Berhad
WCT Construction Sdn Bhd
WCT Machinery Sdn Bhd
WCT Products Sdn Bhd
Intraxis Engineering Sdn Bhd
KKBWCT Joint Venture Sdn Bhd
(f.k.a. Esquire Palace Sdn Bhd)

OVERSEAS

WCT Qatar Branch
Cebarco-WCT W.L.L. (Bahrain)
WCT Dubai Branch
WCT Engineering Vietnam Co. Ltd

PROPERTY DEVELOPMENT

Atlanta Villa Sdn Bhd
Camellia Tropicana Sdn Bhd
Gabungan Efektif Sdn Bhd
Gemilang Waras Sdn Bhd
Labur Bina Sdn Bhd
One Medini Sdn Bhd
Pioneer Acres Sdn Bhd
Platinum Meadow Sdn Bhd
Urban Courtyard Sdn Bhd
WCT Acres Sdn Bhd
WCT OUG Development Sdn Bhd
WCT Realty Sdn Bhd

Core Businesses and Operating Units

PROPERTY INVESTMENT & MANAGEMENT

BBT Hotel Sdn Bhd
BBT Mall Sdn Bhd
Emas Expressway Pvt Ltd (India)
Jelas Puri Sdn Bhd
Labur Bina Management Sdn Bhd
Mapex Infrastructure Pvt Ltd (India)
Segi Astana Sdn Bhd
WCT Hartanah Jaya Sdn Bhd
WCT Hotel & Facilities Management Sdn Bhd
WCT Malls Management Sdn Bhd
WCT Properties Sdn Bhd
WCT Property Management Sdn Bhd

Corporate Information

BOARD OF DIRECTORS

Executive Chairman
Tan Sri Lim Siew Choon

Group Managing Director
Dato' Lee Tuck Fook

Deputy Managing Director
Goh Chin Liong

Executive Director
Choe Kai Keong
Liang Kai Chong

Independent Non-Executive Director
Tan Sri Marzuki Bin Mohd Noor
Datuk Ab Wahab Bin Khalil
Dato' Ng Sooi Lin
Ng Soon Lai @ Ng Siek Chuan

AUDIT COMMITTEE

Tan Sri Marzuki Bin Mohd Noor
(Chairman)
Datuk Ab Wahab Bin Khalil
Dato' Ng Sooi Lin
Ng Soon Lai @ Ng Siek Chuan

NOMINATION & REMUNERATION COMMITTEE

Datuk Ab Wahab Bin Khalil
(Chairman)
Tan Sri Marzuki Bin Mohd Noor
Dato' Ng Sooi Lin

OPTIONS COMMITTEE

Tan Sri Marzuki Bin Mohd Noor
(Chairman)
Dato' Lee Tuck Fook
Goh Chin Liong

COMPANY SECRETARIES

Loh Chee Mun (MAICSA 7025198)
Chong Kian Fah (MIA 17238)

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

B-30-01, The Ascent, Paradigm
No. 1, Jalan SS7/26A, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : +603-7806 6688
Fax : +603-7806 6610
E-mail : enquiries@wct.my
Web : www.wct.com.my

DIVISIONAL OFFICES

Engineering & Construction

WCT Berhad (66538-K)
B-30-01, The Ascent, Paradigm
No. 1, Jalan SS7/26A, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : +603-7806 6688
Fax : +603-7806 6677

Property

WCT Land Sdn Bhd (324888-H)
No. 63, Lorong Batu Nilam 1A
Bandar Bukit Tinggi
41200 Klang
Selangor Darul Ehsan, Malaysia
Tel : +603-3324 3255
Fax : +603-3324 3257

OVERSEAS CORPORATE OFFICES

Qatar

Al Rufaa Tower, Third Floor
Office No. 3, Building No. 54
Street No. 830, Zone 17
Al Mina Street, Old Salata
Doha, State of Qatar
Tel : +974-4427 9780
Fax : +974-4427 9781

Vietnam

B2-17, Ha Huy Tap, Nam Thien 2
Phu My Hung, District 7
Ho Chi Minh City, Vietnam
Tel : +848-5412 2474/75
Fax : +848-5412 2473

SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : +603-7841 8000
Fax : +603-7841 8151/52
Helpdesk Tel : +603-7849 0777

AUDITORS

Messrs Ernst & Young
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur, Malaysia

PRINCIPAL BANKERS

RHB Bank Berhad
AmBank (M) Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
HSBC Bank Malaysia Berhad
Standard Chartered Bank Malaysia Berhad
United Overseas Bank (Malaysia) Bhd
Doha Bank
Mashreqbank PSC
Al Khalij Commercial Bank (al khaliji) Q.S.C.

SOLICITORS

Adnan Sundra & Low
Anad & Noraini
Jeyaratnam & Chong
Lee Hishammuddin Allen & Gledhill
Mah-Kamariyah & Philip Koh
Mohanadass Partnership
Rahmat Lim & Partners
Raja Darryl & Loh
Soon Gan Dion & Partners
Yip & Co.

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market
Stock Name : WCT
Stock Code : 9679

Corporate Profile

WCT Group was first established with the incorporation of WCT Earthworks & Building Contractors Sdn Bhd on 14 January 1981 and subsequently changed to its current name, WCT Berhad ("WCTB"). WCTB made its debut on the Second Board of the then Kuala Lumpur Stock Exchange now known as Bursa Malaysia Securities Berhad ("Bursa Securities") on 16 February 1995 and was subsequently promoted to the Main Market of Bursa Securities on 7 January 1999. On 8 July 2013, WCTB successfully undertook an internal reorganisation and had transferred its listing status to WCT Holdings Berhad ("WCTH").

WCTH is an investment holding company which also provides management services to its subsidiaries and joint ventures. The three core businesses of WCT Group are:-

Engineering and Construction
- encompassing primarily the engineering works specialising in earthworks, construction of highways, building and related infrastructure works and provision of management services.

Property Development
- encompassing primarily the development of residential properties, integrated townships and commercial properties.

Property Investment & Management
- encompassing primarily the ownership and management of hotels, shopping malls and concession assets.

With a track record of over 36 years, WCT strongly believes in delivering product excellence and quality services in all our business ventures. To date, WCT has successfully completed and delivered more than 400 construction projects worth in excess of RM30.0 billion. WCT's scope of engineering and construction expertise covers:

- F1 Circuits
- Airports
- Dams and Water Supply Schemes
- Iconic Infrastructures
- Expressways and Highways
- Civil Works
- Interior Fit-Out Works
- Buildings

The Group's property development portfolio includes townships, luxury homes, high-rise residences, offices, integrated commercial developments, concessions, hotels and shopping malls. WCT is a reputable developer of three integrated townships in Klang known as Bandar Bukit Tinggi (BBT) 1 & 2 and Bandar Parklands. WCT has also spread its wings to Kota Kinabalu, Sabah with the successful launch of d'Banyan Residency @ Sutera at Kota Kinabalu as well as Johor with the launch of 1Medini and Medini Signature condominiums at Iskandar Malaysia. Since 1997, WCT has delivered in excess of 15,000 units of residential and commercial properties amounting to a Gross Development Value (GDV) of RM4.0 billion. WCT currently has a land bank of approximately 924 acres in Malaysia.

Currently, the Group owns 3 shopping malls – Bukit Tinggi Shopping Centre in Klang, Paradigm Mall in Petaling Jaya, and the integrated complex – gateway@klia2 in Sepang, Selangor. The modern gateway@klia2 is the Group's third retail project and is part of the long-term concession with Malaysia Airport Holdings Berhad. The Group's upcoming fourth shopping mall known as Paradigm Mall Johor Bahru in Johor is currently under development and is slated to open in the last quarter of 2017.

The Group also owns and operate a 4-star business hotel known as Première Hotel in Klang and is expected to open a new hotel known as New World Petaling Jaya Hotel at Paradigm in Petaling Jaya in the last quarter of 2017.

Our unwavering commitment to quality and excellence is reflected in all our developments, leading to numerous recognitions and accolades, locally and internationally including the International Achievement Award 2004 & 2010, Contractor of the Year Award 2010 and Special Project Award 2001 from the Construction Industry Development Board of Malaysia (CIDB); Road Engineering Excellence Award 2007 by the Road Engineering Association of Malaysia; Export Excellence Award 2004 & 2008 by the Ministry of International Trade & Industry, Malaysia (MITI); the Frost & Sullivan Excellence Award 2011 and KLCC Group of Companies Awards 2011 & 2013 among others.

As we continue to grow our portfolio, we remain committed to staying true to our core values of **W**inning, **C**ommitment, **T**eamwork, **H**umility and **R**espect.

Chairman's Statement

On behalf of the Board of Directors of WCT Holdings Berhad ("WCT"), I am pleased to present the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2016.

ECONOMIC OVERVIEW

In 2016, the Malaysian economy recorded a growth of 4.2% (2015: 5.0%) despite considerable external and domestic headwinds. The global economic landscape was challenging given the subdued global demand; low commodity prices; uncertain financial markets and political developments in advanced economies such as the UK and US. Domestically, the economy continued to face headwinds from the higher cost of living amid soft employment conditions. The business and consumer sentiments were affected by the increased volatility in the global financial markets and the significant underperformance of the ringgit.

Private consumption growth was sustained at 6.1% in 2016 (2015: 6%), mainly supported by continued wage and employment growth. As a result, core inflation was relatively stable in 2016, averaging 2.1% in 2016 (2015: 2.3%). Public consumption growth on the other hand, moderated to 1% (2015: 4.4%) following the expenditure rationalisation adopted by the Government in early 2016 due to lower petroleum revenue as a result of the global low crude oil prices.

On the supply side, the construction sector recorded moderate growth in 2016 (7.4%; 2015: 8.2%). The civil engineering and residential sub-sectors recorded faster pace of expansion. The growth in the civil engineering sub-sector is due to higher activity in existing multi-year projects, particularly in the petrochemical, transportation and utilities segment, while the residential sub-sector is driven by property launches in the past years. The non-residential sub-sector, however, was weighed down by slower activity in the commercial property segment following the oversupply of office and retail space in the market.

In 2017, the global economic activity is projected to improve, driven by an expansion in domestic demand in advanced and emerging market economies. The expected improvement in global growth, recovery in global commodity prices and the continued growth of the domestic demand are expected to collectively support Malaysia's growth in 2017, with a projected sustained growth of 4.3% to 4.8% in 2017. In addition, the roll-out-of large-scale infrastructure projects will support investment activity and private consumption will be sustained by continued wage growth.

(Source: Bank Negara Malaysia Annual Report 2016)


HOTEL
EL COSTA

Chairman's Statement

FINANCIAL REVIEW

In the financial year ended 31 December 2016 ("FY2016"), the Group registered revenue of RM1.93 billion, a significant 16% increase as compared to RM1.67 billion recorded in the previous corresponding year. The rise in revenue was mainly the result of higher contribution from the domestic construction sector.

The Group recorded a lower net profit of RM68.4 million as compared to RM209.4 million a year ago. The decrease was due to the share of losses of a joint venture arising from the revaluation of its investment assets, lower unrealised foreign exchange gain and the recognition of notional finance cost on trade receivables pursuant to FRS 139.

Excluding the said share of losses of the joint venture, unrealised foreign exchange gain and recognition of notional finance cost, the Group's net profit for 2016 financial year would have been higher at RM100 million.

The Engineering and Construction Division contributed positively to the revenue of the Group having recorded a revenue of RM1.57 billion or 81% of the Group's total revenue. In terms of operating profit, the division contributed RM74.0 million representing 41% of the Group's operating profit for 2016. The operating profit of the Property Development Division was higher at RM82.5 million (2015: RM69.0 million) representing 45% of the Group's operating profit for 2016, on the back of a revenue of RM303.2 million (2015: RM328.6 million). The Property Investment & Management Division registered operating profit of RM26.0 million (2015: RM32.5 million) on the back of revenue of RM61.8 million (2015: RM61.1 million).

The Group's overall performance for our 2016 financial year was satisfactory after taking into account the challenging macro-economic conditions throughout the year. Moving forward, with the Government's emphasis on infrastructure development and spending, we expect the Group's Engineering & Construction Division to continue to build on its strong order book and improve its overall construction margin.

CORPORATE AND BUSINESS DEVELOPMENTS

In 2016, the Group commemorated its 35 years in the engineering and construction, property development and investment and management businesses.

Among the 2016 corporate highlights was the Group's Engineering & Construction division securing new construction contracts worth in excess of RM2 billion and achieving another outstanding order book high of RM4.8 billion (2015: RM4.8 billion).

In April 2016, WCT Land added more accolades to its portfolio by winning two property awards at the Asia Pacific Property Awards 2016-2017; the 5-star – Best Residential Development Malaysia and Highly Commended – Architecture Multiple Residence Malaysia for the d'Laman Greenville, Klang development and emerging as the Top 10 Developers at the Property Insight Prestigious Developer Awards (PIPDA) 2016.

On 11 November 2016, Jelas Puri Sdn Bhd (JPSB), a subsidiary of WCT Land Sdn Bhd accepted a letter of offer from the Employees Provident Fund Board (EPF) to acquire retail lots, a concourse level and office space from Level 2 to Level 31 of WCT's corporate tower, The Ascent at Paradigm Petaling Jaya together with 865 car park bays for a total cash consideration of RM347 million. The offer comes with a leaseback arrangement following the completion of acquisition. Subsequently, on 23 February 2017, JPSB entered into a conditional sale and purchase agreement (SPA) with the EPF for the proposed sale and leaseback exercise.

CHANGE IN DIRECTORATE

On 2 November 2016, Mr Taing Kim Hwa stepped down as the Managing Director of WCT Holdings Berhad after holding the helm for 35 years but he remains as an advisor to the Company until June 2017. The Board also saw the departure of the Group's former Chairman, Dato' Capt. Ahmad Sufian; Mr Wong Yik Kae, the Executive Director of the Company as well as Mr Choo Tak Woh and Mr Andrew Lim Cheong Seng, both Independent Non-Executive Directors of the Company to pursue their personal interests.

Together with Dato' Lee Tuck Fook, we were appointed to the Board on 2 November 2016. The Board also welcome the appointment of four (4) new Independent Non-Executive Directors, namely Tan Sri Marzuki Bin Mohd Noor, Datuk Ab Wahab Bin Khalil, who were appointed on 2 November 2016 and Mr. Ng Soon Lai @ Ng Siek Chuan on 1 February 2017 and Dato' Ng Sooi Lin on 3 April 2017. The new Board members brings with them a wealth of industry and professional related experiences which places the Group on a strong footing to continue to drive sustainable growth.

On 3 April 2017, Dato' Lee Tuck Fook was redesignated as the Group Managing Director of WCT.

PROSPECTS

For 2017, the Group will continue to adopt a prudent approach in our tenders and execution of our construction jobs as well as in our planning and pricing strategies for our on-going property projects to maintain a sustainable growth in our revenue and earnings base.

Barring any unforeseen circumstances, the Board envisage the Group to achieve satisfactory results for the next financial year.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I wish to extend my sincere appreciation and thanks to the management team and staff of the Group for their commitment and continuous dedication that contributed to the Group's progress. I would also like to thank all our esteemed shareholders, investors, customers, business associates, media, various government agencies and local authorities for their relentless support.

Finally, I would like to take this opportunity to thank Mr. Taing Kim Hwa as well as the other Directors who have recently left the Board, namely Dato' Capt. Ahmad Sufian; Mr Wong Yik Kae, Mr Choo Tak Woh and Mr Andrew Lim Cheong Seng for their invaluable contributions in building the Group into this great organisation it has become today. I would also like to express my heartfelt gratitude to my fellow Directors on the Board for their valued insights and contributions.

TAN SRI LIM SIEW CHOON
Executive Chairman
18 April 2017

Management Discussion and Analysis

OPERATIONS REVIEW

For the financial year ended 31 December 2016, the Group registered revenue and net profit of RM1.93 billion and RM68.4 million respectively as compared to RM1.67 billion and RM209.4 million respectively in the previous financial year. The increase in revenue was mainly the result of higher contribution from the domestic construction sector while the lower net profit was due to the share of losses of a joint venture arising from the revaluation of its investment assets, lower unrealised foreign exchange gain and the recognition of notional finance cost on trade receivables pursuant to FRS 139.

The Engineering and Construction Division recorded revenue and operational profit of RM1.57 billion and RM74.0 million as compared to RM1.28 billion and RM129.9 million achieved in the previous financial year, respectively.

The Property Development Division registered revenue and operational profit of RM303.2 million and RM82.5 million as opposed to RM328.6 million and RM69.0 million reported in the preceding financial year. Meanwhile, the Property Investment and Management Division achieved revenue and operational profit of RM61.8 million and RM26.0 million as compared to RM61.1 million and RM32.5 million in the preceding financial year, respectively.

Management Discussion and Analysis

SEGMENTAL REVIEW

ENGINEERING & CONSTRUCTION

The Group's Engineering & Construction division ended 2016 strongly with RM4.8 billion worth of outstanding order book. During the financial year under review, the Group successfully secured new contracts worth in excess of RM2.0 billion comprising contracts for building and infrastructure-related projects.

On 31 March 2016, WCT was awarded a RM134 million contract by Mass Rapid Transit Corporation Sdn Bhd to re-develop two (2) blocks of existing police quarters located at Taman Keramat, Bandar Ulu Kelang, Gombak, Selangor.

On 26 July 2016, WCT Berhad together with a Sarawak-based company formed a joint venture and successfully secured a contract worth approximately RM1.3 billion from Lebuhraya Borneo Utara Sdn Bhd under Phase 1 of the proposed development and upgrading of Pan Borneo Highway in Sarawak, Malaysia which entails the construction of a 66km dual carriageway from Sungai Arip Bridge to Bintulu Airport Junction.

On 14 November 2016, WCT accepted an RM896 million contract from Mass Rapid Transit Corporation Sdn Bhd to undertake the construction and completion of the viaduct guideway and other associated works from Bandar Malaysia South Portal to Kampung Muhibbah. This project is part of the MRT 2: MRT Sungai Buloh-Serdang-Putrajaya (SSP) Line which includes the construction of viaduct long span crossings at seven locations and an underpass amongst others.

During the financial year, the Group successfully completed the construction of a government administrative building of the Ministry of Interior in Qatar and the MyTOWN Shopping Centre project at Jalan Cochrane in Kuala Lumpur was awarded the Certificate of Compliance and Completion in November 2016.

As a testament to the Group's commitment towards achieving a high level of quality control, the Group was awarded the High QLASSIC Achievement Award at the Quality Assessment System in Construction (QLASSIC) Excellence Awards 2016 with a QLASSIC score of 82% (above the minimum score of 70%) for the Ministry of International Trade and Industry (MITI) building project which was completed by the Group in 2015.

The Engineering and Construction Division will continue to drive the Group's activities through selective bidding for new contracts, in particular the Government's civil and infrastructural projects, private sector projects and special building projects to maintain a healthy and well balanced order book.

Engineering & Construction Concessions

Currently, the Group holds investments in two highway projects under Build-Operate-Transfer ("BOT") concessions in India. The concessions include the 64-km Panagarh-Palsit Expressway and Durgapur Expressway in West Bengal, India. The construction works were completed in 2004 and the concession agreements began in 2002 and run until 2019 and 2020 respectively. The concession companies for both the highway concessions are paid on a semi-annual basis by the National Highways Authority of India.

PROPERTY DEVELOPMENT

The Malaysian property market experienced a continued slowdown throughout 2016, reflecting the subdued macroeconomic outlook due to the drop in global oil prices, depreciating ringgit and the implementation of property-cooling measures which resulted in higher rejection rates for loan applications by end purchasers. In a property market report released by National Property Information Centre (Napic), the transaction value of the Malaysian property market declined 6.3% quarter-on-quarter (q-o-q) to RM30.8 billion in 3Q16. This is consistent with the fall in transaction volume by 8.5% q-o-q to 76,456 units. Against a similar quarter last year, the 3Q16 property market transaction value declined 17.9% mainly due to 11% decline in volume.

For the financial year under review, the Group's Property Development Division recorded lower property sales of RM285.3 million as compared to RM373.3 million achieved in the previous financial year, reflecting weaker property market condition.

Klang Valley

Townships Development in Klang, Selangor - Bandar Bukit Tinggi (BBT) 1 & 2, Bandar Parklands and Luxury Homes – d'Laman Greenville.

In 2016, the Group had undertaken several Rumah Selangorku projects in BBT 2 and Bandar Parklands and had achieved total property sales of RM113.1 million. Currently, the Group is constructing a total of 933 units of affordable homes under the Rumah Selangorku programme in line with its commitment to provide more affordable homes in BBT 2 and Bandar Parklands where the Group is currently operating.

The Group's gated and guarded residential development in Klang known as the d'Laman Greenville comprising luxury bungalows and semi-detached homes progressed well and is scheduled to be handed over to the purchasers in the second quarter of 2017. d'Laman Greenville won 2 property awards at the Asia Pacific Property Awards 2016-2017; the 5-star – Best Residential Development in Malaysia and highly Commended – Architecture Multiple Residence Malaysia.

Moving forward, the mature and established integrated townships under BBT 1, BBT 2 and Bandar Parklands are expected to transform into a Transit Oriented Township (TOT) with the commencement of the Light Rail Transit Line Three (LRT 3) project. The aforesaid townships will be served by three LRT stations namely, the Tesco Bukit Tinggi, AEON Bukit Tinggi and Johan Setia stations (opposite Bandar Parklands). The LRT3 project is expected to further enhance the connectivity and attractiveness of the townships.

The Paradigm, Petaling Jaya

The Paradigm is the Group's first integrated commercial development in Petaling Jaya comprising the Paradigm Mall, The Ascent corporate office tower, 2 blocks of high-rise residential towers – The Azure Residences and The Aerius Residences and the upcoming New World Petaling Jaya Hotel (New World Hotel). The first high-rise residence, The Azure Residences is expected to be completed by mid 2017. The Ascent, a Grade-A 32-storey corporate office tower built to MSC Cybercenter Status specified accreditation which was completed in April 2015 has since enjoyed good occupancy rate of 81%.

PROPERTY INVESTMENT & MANAGEMENT

Hospitality

The Group's 4-star Première Hotel in Klang continues to assert its position as the preferred corporate hotel in Klang. In order to further provide better experience for its guests, the hotel underwent refurbishment of its Executive Lounge, the Executive Rooms as well as its Grand Ballroom.

The Group's second hotel, New World Hotel at the Paradigm development is slated to be opened in the last quarter of 2017 and will be managed by the New World Hotels and Resorts. This hotel will have 300 guest rooms and suites, meeting rooms and a banquet facility which can cater for 1,200 pax.

Shopping Malls

WCT's maiden retail project, Bukit Tinggi Shopping Centre with a lettable area of 1,000,000 sq. ft. was opened in Klang in 2007. The shopping centre is currently leased to AEON CO. (M) BHD. and provides a steady recurring income base to the Group.

Paradigm Mall in Petaling Jaya has garnered strong and positive response since its opening in 2012. As at end of 2016, the occupancy rate of the mall was about 92%.

The Group's third retail venture, namely gateway@klia2 was officially opened in May 2014. This shopping mall is the "gateway" to the new low cost carrier terminal, klia2. To date, the mall has an occupancy rate of 80% and it forms an integral part of the klia2 terminal and it also houses the transportation hub connecting klia2 to the Kuala Lumpur City Centre via buses, taxis and the Express Rail Link.

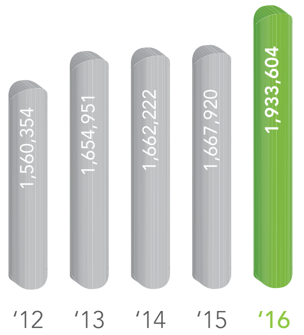
In 2017, the Group is excited about the prospects of its next shopping mall, Paradigm Mall Johor Bahru with approximately 1.3 million sq. ft of net lettable area as it will present an exciting platform for retailers to launch a strong regional entry into Johor.

OUTLOOK

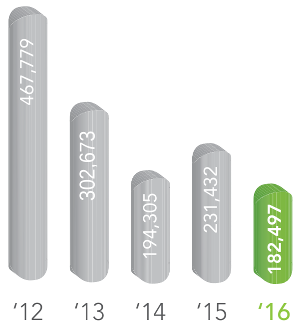
With the Government's continued emphasis on infrastructure development and spending in Malaysia, our Engineering & Construction division is expected to continue to build on its strong order book and improve our overall construction margins in 2017. We also expect the Group's Property Development division to continue to market its on-going property projects to sustain its performance while the Property Investment and Management division is expected to continue to provide a stable income stream to the Group with the expected opening of the Paradigm Mall Johor Bahru and New World Hotel.

Financial Highlights

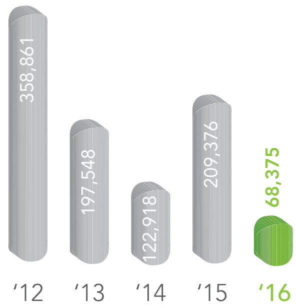
REVENUE
RM'000



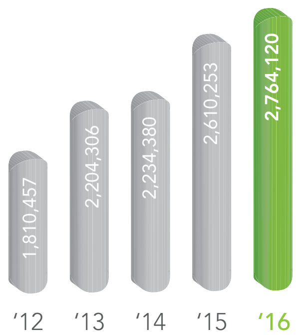
PROFIT FROM OPERATIONS
RM'000



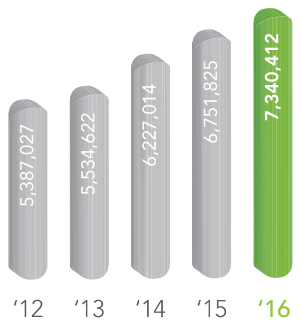
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY
RM'000



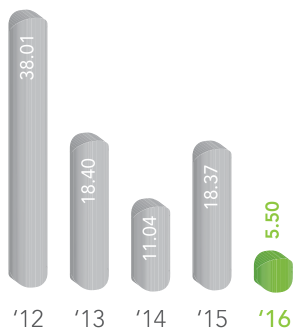
SHAREHOLDERS' FUND
RM'000



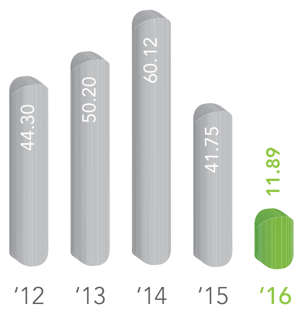
TOTAL ASSETS
RM'000



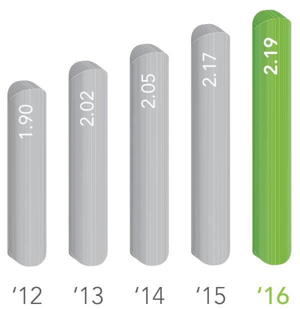
EARNINGS PER SHARE
SEN



DIVIDEND PAYOUT RATIO
%



NET ASSETS PER SHARE
RM



Financial Highlights

FINANCIAL YEAR ENDED 31 DECEMBER		2016	2015	2014	[2]2013	2012
Revenue	RM' 000					
Engineering and Construction		1,568,685	1,278,257	1,210,582	1,168,388	1,012,388
Property Development		303,164	328,553	391,722	425,070	462,975
Property Investment & Management		61,755	61,110	59,918	61,493	84,991
Profit From Operations	RM' 000					
Engineering and Construction		73,956	129,922	85,786	129,306	109,968
Property Development		82,457	68,974	73,529	93,623	117,452
Property Investment & Management		26,084	32,536	34,990	79,744	240,359
Profit attributable to equity holders of the Company	RM' 000	68,375	209,376	122,918	197,548	358,861
Issued Share Capital	RM' 000	631,061	600,410	546,276	546,231	475,820
Shareholders' Funds	RM' 000	2,764,120	2,610,253	2,234,380	2,204,306	1,810,457
Total Assets	RM' 000	7,340,412	6,751,825	6,227,014	5,534,622	5,387,027
Earnings Per Share	Sen	5.50	18.37	11.04 [1]	18.40	38.01
Net Assets Per Share	RM	2.19	2.17	2.05	2.02	1.90
Return on Total Assets	%	0.89	3.06	1.94	3.43	6.42
Net Gearing Ratio	Times	0.90	0.78	0.65	0.39	0.40
Price Performance						
Ordinary Share						
High	RM	1.95	1.78	2.37	2.74	2.80
Low	RM	1.45	1.10	1.38	1.99	2.17
Close	RM	1.73	1.61	1.59	2.05	[3]2.35
Warrants 2013/2017 (WCT-WD)						
High	RM	0.295	0.33	0.46	0.65	0.50
Low	RM	0.16	0.10	0.18	0.26	0.28
Close	RM	0.21	0.21	0.21	0.38	0.29
Warrant 2015/2020 (WCT-WE)[4]						
High	RM	0.225	0.28	-	-	-
Low	RM	0.165	0.13	-	-	-
Close	RM	0.185	0.19	-	-	-

Notes:

1. *Adjusted for the proportionate change in the number as if the rights issue of shares and bonus issue of warrants were issued on 1 January 2014.*
2. *The Securities Exchange and Transfer Listing made between WCT Berhad and WCT Holdings Berhad pursuant to a scheme of arrangement under Section 176 of the Companies Act, 1965 were completed during the financial year 2013.*
3. *Adjusted for the Bonus Issues of ordinary shares and WCT-WD.*
4. *Listed on 4 September 2015.*

Profile of Directors

Tan Sri Lim Siew Choon*
Executive Chairman
Malaysian/Male/Age: 56

Tan Sri Lim Siew Choon was appointed to the Board on 2 November 2016. He received his tertiary education in the United States of America and graduated with a Degree in Business Administration and Finance from University of Central Oklahoma.

He has more than 33 years of management experience in property development, construction, retail design, retail development as well as corporate management. He is the Non-Executive Chairman of Malton Berhad and the Chairman and Non-Independent Executive Director of Pavilion REIT Management Sdn Bhd, the Manager of Pavilion Real Estate Investment Trust. Both Malton Berhad and Pavilion Real Estate Investment Trust are listed on the Main Market of Bursa Malaysia Securities Berhad. He also sits on the board of directors and/or holds equity interests in several private limited companies which are involved in construction, property development, property investment, retail management and operations.

He is a major shareholder of the Company through his interest in Dominion Nexus Sdn Bhd via Legacy Pacific Limited.

Dato' Lee Tuck Fook*
Group Managing Director
Malaysian/Male/Age: 62

Dato' Lee Tuck Fook was appointed to the Board on 2 November 2016 as Non-Independent Non-Executive Director and subsequently re-designated as Group Managing Director of the Company on 3 April 2017. He is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. He also holds a Master Degree in Business Administration from the International Management Centre, Buckingham.

Dato' Lee began his career with KPMG in 1974 under articleship, was subsequenty admitted as a partner in 1985 until he left the practice in 1990. From 1990 to 1992, he was appointed the Vice President of Samling Group in Sarawak. He later joined the Renong Berhad Group as the Managing Director of Renong Overseas Corporation. Between 1994 and 2000, he was the Chairman of the Executive Committee of the board of Paremba-Kentz Ltd. He was the Managing Director of Cement Industries of Malaysia Bhd from 2001 to 2002.

From 2002-2006, he was the Managing Director of Paracorp Berhad. In 2003, he was appointed as an Executive Director of Malton Berhad and was re-designated as its Managing Director in December 2003. He resigned from the board of Malton Berhad in 2009.

He is currently an Executive Director of Pavilion REIT Management Sdn Bhd, the Manager of Pavilion Real Estate Investment Trust and a director of Pavilion REIT Bond Capital Berhad. He is also an Independent Non-Executive Director of SAM Engineering & Equipment (M) Berhad and the Independent Non-Executive Chairman of Pesona Metro Holdings Berhad.

Dato' Lee is a member of the Options Committee.

Goh Chin Liong*

Deputy Managing Director
Malaysian/Male/Age: 57

Goh Chin Liong was appointed to the Board on 21 January 2011. Mr Goh was the Deputy Managing Director of WCT Berhad before the WCT Group undertook an Internal Restructuring exercise where WCT Berhad had ceased listing on the Main Market in July 2013. A civil engineer by training, he graduated from the University of Malaya with a Bachelor in Engineering (Hons) Civil and has over thirty years of experience in the construction industry.

Mr Goh started his career as a project engineer/ manager and was involved in several construction projects before joining WCT Berhad in 1991 as a senior project manager. He became General Manager (Construction Division) in 1995 with expanded responsibilities for the Group's overall construction activities. He was promoted to Executive Director of WCT Berhad in 1996 and became its Deputy Managing Director in July 2001, responsible for the Group's strategic business direction, operational performance, strategic management of the Group's resources as well as project costfficiency and profitability.

Mr Goh chairs the Management Committee and is a member of the Options Committee.

Choe Kai Keong

Executive Director
Malaysian/Male/Age: 66

Choe Kai Keong was appointed to the Board on 30 May 2013. Mr Choe was the Executive Director of WCT Berhad before the WCT Group undertook an Internal Restructuring exercise where WCT Berhad had ceased listing on the Main Market in July 2013. He graduated from Sunderland Polytechnic (now known as the University of Sunderland), United Kingdom, in 1979 with a Bachelor of Science in Civil Engineering. Mr Choe has over thirty-five years of experience in engineering consultancy, project management and property development.

He joined WCT Group as a Project Manager in 1990 and progressed through a range of senior management positions culminating in his appointment as Executive Director of WCT Berhad in 2000. His responsibility over the Group's construction business was later extended to include the property development portfolio in 1998 in line with the Group's business diversification. Upon the listing of the Group's property development subsidiary, WCT Land Berhad ("WCTL"), on Bursa Malaysia Securities Berhad in 2004, Mr Choe was appointed as its Executive Director while remained as a Non-Executive Director of WCT Berhad. Following the privatisation of WCTL on 12 March 2008 (and assumed its current name, WCT Land Sdn Bhd), Mr Choe was re-designated as WCT Berhad's Executive Director effective 14 April 2008, focusing on the operations of WCT Group's Property Division.

Mr Choe is a member of the Management Committee.

Liang Kai Chong

Executive Director
Malaysian/Male/Age: 55

Liang Kai Chong was appointed to the Board on 21 January 2011. Mr Liang was the Executive Director of WCT Berhad before the WCT Group undertook an Internal Restructuring exercise where WCT Berhad had ceased listing on the Main Market in July 2013. He graduated in 1986 with a Bachelor of Science (Honours) in Mathematics from the University of Malaya and holds a postgraduate Diploma in Quantity Surveying from the Royal Institution of Surveyors, Malaysia. He is a member of the Royal Institution of Surveyors, Malaysia and the Royal Institution of Chartered Surveyor, United Kingdom.

Mr Liang has over thirty years of experience in the construction industry. He spent his early career with a prominent Malaysian construction group, where he was actively involved in the negotiation, tendering, construction and completion of many challenging projects in Malaysia. He was its Head of Contracts before he left to join WCT Group in 1997.

He started his career in WCT Group also as its Head of Contracts. With his extensive experience and in-depth knowledge in the construction industry, his role in WCT Group quickly expanded and he was entrusted with more and more responsibilities, first as General Manager in 2001 and not long thereafter as Executive Director of WCT Berhad in 2004. Presently he is responsible for WCT Group's Engineering & Construction Division operations for all local and overseas projects, ranging from contracts procurement to project implementation, execution and delivery. He also sits on the Executive Committees of all construction projects and is a member of the Management Committee.

Profile of Directors

Tan Sri Marzuki Bin Mohd Noor*
Independent Non-Executive Director
Malaysian/Male/Age: 68

Tan Sri Marzuki Bin Mohd Noor was appointed to the Board on 2 November 2016. He holds a Bachelor of Arts (Honours) Degree from the University of Malaya.

Tan Sri Marzuki started his career in the Administrative and Diplomatic Service of Malaysia in 1972 and retired in August 2006. From 1972, he served at various Malaysian Diplomatic Missions abroad before being appointed as Ambassador to Argentina with concurrent accreditation to Uruguay and Paraguay in 1992.

In 1996, he was appointed High Commissioner of Malaysia to India (concurrently accredited as Ambassador to Nepal). Prior to his retirement, he was the Ambassador of Malaysia to Japan from 1999 to July 2006. Subsequently, he was a Director in various companies within the DRB-Hicom Berhad Group until 2016.

Tan Sri Marzuki is the chairman of the Audit Committee and Options Committee, a member of the Nomination & Remuneration Committee and an Advisor to the Risk Management Committee. He is also the Senior Independent Non-Executive Director of the Company.

Datuk Ab Wahab Bin Khalil*
Independent Non-Executive Director
Malaysian/Male/Age: 67

Datuk Ab Wahab Bin Khalil was appointed to the Board on 2 November 2016. He is a holder of a M.Litt from Universiti Kebangsaan Malaysia and a Bachelor of Arts (Honours) in Anthropology and Sociology from University of Malaya. He also holds a Certificate in Education from the Teachers Training College, Singapore.

Datuk Ab Wahab started his career as a magement trainee in Lever Brothers (M) Sdn Bhd before moving to Warner Lambert (M) Sdn Bhd as a Product Manager. He subsequently joined Yardley of London as a Marketing and Sales Manager and subsequently Cold Storage (M) Bhd as a Business Manager where he rose to the position of General Manager of Bakeries, Ice & Meat Division. In 1990, he joined Perbadanan Perwira Niaga Malaysia (PERNAMA), a wholly-owned subsidiary of Lembaga Tabung Angkatan Tentera (LTAT) which specializes in the running of retail chain stores in military camps as the General Manager until 2015.

He is currently an Adjunct Professor at the Faculty of Business Management, Universiti Teknologi MARA (UiTM) and also lectures at the Arshad Ayub Graduate Business School, UiTM, Shah Alam. He is a business council member of Perbadanan Usahawan Nasional Berhad (PUNB).

Datuk Ab Wahab chairs the Nomination & Remuneration Committee and is a member of the Audit Committee.

Dato' Ng Sooi Lin*
Independent Non-Executive Director
Malaysian/Male/Age: 61

Dato' Ng Sooi Lin was appointed to the Board on 3 April 2017. He holds a Bachelor in Engineering from the University of Liverpool and a Full Technology Certificate from the City & Guild's London. He is also a member of the Institute of Electrical Engineers, U.K. (M.I.E.E.) Chartered Engineers.

Dato' Ng is an engineer by profession with extensive working experience in the field of property development and management. He started his career in the property consultancy in Kuala Lumpur before moving on to play key roles in various development companies in Malaysia, Singapore and Brunei.

He joined Berjaya Land Berhad in November 1994 and was the Senior General Manager (Group Properties & Development) prior to his appointment as Executive Director of Berjaya Land Berhad in March 2003. He was subsequently appointed the Chief Executive Officer of Berjaya Land Berhad from 21 December 2006 until 31 December 2016 and re-designated as Non-Independent and Non-Executive Director with effect from 1 January 2017. He also holds several directorships in Berjaya Corporation Group of Companies.

Dato' Ng is a member of the Audit Committee and Nomination & Remuneration Committee.

Ng Soon Lai @ Ng Siek Chuan*
Independent Non-Executive Director
Malaysian/Male/Age: 62

Ng Soon Lai @ Ng Siek Chuan was appointed to the Board on 1 February 2017. He is a fellow member of the Institute of Chartered Accountants in England & Wales.

Mr Ng has had several years of experience in the accounting profession with Coopers & Lybrand in London and Kuala Lumpur before moving on to the financial sector in 1980. Prior to joining Alliance Bank in July 1991 as General Manager of Credit, he had served in various positions in a leading local merchant bank and finance company. He was appointed as the Chief Executive Director of Alliance Bank Malaysia Berhad in 1994 and to the Board of Alliance Merchant Bank Berhad in 2002 until his resignation in 2005. Since then, he has held the post of Independent Director in several public listed companies.

He is currently an Independent Non-Executive Director of Hiap Teck Venture Berhad, Tune Protect Group Berhad and ELK-Desa Resources Berhad as well as a director of a public company, China Construction Bank (Malaysia) Berhad.

Mr Ng is a member of the Audit Committee.

Notes:

Save as disclosed in their respective profile, none of the Directors have:

(i) any family relationship with any Director and/or major shareholder of the Company.
(ii) any conflict of interest with the Company.
(iii) been convicted of any offences within the past 5 years other than traffic offences.
(iv) been imposed with any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

* *Directors who will be retiring at the forthcoming Annual General Meeting of the Company in accordance with the Company's Articles of Association and being eligible, are offering themselves for re-election.*

Profile of Key Senior Management

Ng Eng Keat

General Manager
Malaysian/Male/Age: 52

Mr Ng obtained his Diploma in Technology (Building) in 1990 from Tunku Abdul Rahman College, Kuala Lumpur, and a Bachelor of Applied Science degree in Construction Management and Economics from the Curtin University of Technology, Perth, Australia, in 2000.

He joined WCT Group as a Quantity Surveyor in 1990 and was successively promoted to the positions of Senior Quantity Surveyor in 1995, Contracts Manager in 1999, Senior Contracts Manager in 2004, Head of Contracts (Local Projects) in 2005, General Manager (Contract & Business Development – South East Asia) in 2007, Regional Director (South East Asia) in 2009 and subsequently assume the current position on 1 July 2011. Mr Ng primarily oversees the Group's Engineering and Construction Division and he is also a director of WCT Construction Sdn Bhd.

Chong Wah Hing

General Manager – Development
Malaysian/Male/Age: 44

Mr Chong joined WCT Group as Assistant Development Manager in April 2004 and was subsequently promoted to General Manager-Development on 1 January 2015. He graduated with a Bachelor of Architecture (Honour) from Deakin University, Melbourne, Australia in 1998.

Prior to joining WCT Group, he was an Architect with 2 architecture firms in Kuala Lumpur for 5 years. He is now responsible for the operation of the Development Department in WCT's Property Division and had been involved in several projects, including the Mixed Housing Development Project in Bandar Bukit Tinggi 1, 2 & 3, Première Hotel in Klang, Selangor, Paradigm Mall, Service Apartment & Hotel in Petaling Jaya, Selangor, Paradigm OUG Mixed Development (Residential & Commercial) in Kuala Lumpur, Medini Iskandar Condominium and Mixed Commercial Development in Johor and High end Landed Property in Kota Kinabalu, Sabah.

Selena Chua Kah Noi

Chief Executive Officer – Malls Management
Singaporean/Female/Age: 47

Ms Selena Chua joined WCT Group as the Chief Executive Officer for malls management on 3 April 2017. She holds a Bachelor of Science (Estate Management) (Honours) from the National University of Singapore.

Ms Selena Chua overseas all the malls in WCT portfolio i.e. Paradigm Mall in Petaling Jaya, gateway@klia2 in Sepang, Bukit Tinggi Shopping Centre in Klang and the upcoming Paradigm Mall in Johor Bahru. She has more than 20 years of retail leasing and operation experience. Prior to joining WCT Group, she was the Managing Director/Retail Director with Synergistic Retail Consultancy and Management Pte Ltd. She was also the General Manager of John Little Department Store ("John Little") and was responsible for the performance and growth of the business in Singapore and the region. Prior to joining John Little, she was the Head of Group Retail Leasing Singapore at CapitalLand Retail Limited for 9 years, the Leasing Manager of Scotts Shopping Centre and was also with CB Richard Ellis (Pte) Ltd's Retail Department for 4 years. She also took care of the operations of Parkway Parade Shopping Mall for 2 years.

Ng Chee Kiet

Director of Corporate Strategy
Malaysian/Male/Age: 47

Mr Ng joined the Company as the Director of Corporate Strategy on 1 December 2016. He graduated with a Bachelor of Economics (major in Accounting) from Monash University, Australia and is currently a Member of the Malaysian Institute of Accountants.

He has more than 25 years of experience in the field of tax, corporate, finance and investment banking. He started his career in tax advisory with Arthur Andersen before moving into corporate finance and investment banking with Aseambankers Malaysia Berhad, PM Securities Sdn Bhd and later MIMB Investment Bank Berhad. He left MIMB Investment Bank in 2012 as the Head of Investment Banking to join Malton Berhad as the Director of Corporate Finance until 30 November 2016.

Profile of Key Senior Management

Chong Kian Fah

Director of Finance and Accounts/Company Secretary
Malaysian/Male/Age: 48

Mr Chong joined WCT Group as Chief Accountant in 2008 and was promoted to the Director of Finance and Accounts on 1 January 2017. Currently, he is responsible for WCT Group's overall accounting and financial matters, including WCT Group's overseas interests in Vietnam, India and the Middle East. Mr Chong is also a Company Secretary of WCT Group. He is a Chartered Accountant by profession having completed his professional qualification with the Malaysian Institute of Certified Public Accountants in 1995 and is currently a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.

During his earlier tenure with Messrs Ernst & Young Malaysia from 1993 to 1999, his scope of work included audit, due diligence review and consultancy services. In 1999, he joined Degem Berhad as its Head of Accounts & Finance before moving on to Scomi Engineering Berhad in 2006 as its General Manager in charge of finance.

Khor Loke Yew

Director of Legal Affairs and Secretarial
Malaysian/Male/Age: 47

Mr Khor joined WCT Group as its Head of Legal Affairs in 2007 and has remained with WCT Group since where he was recently promoted to and appointed as the Director of Legal Affairs and Secretarial on 1 January 2017. He graduated with a Bachelor of Law (Honours) degree from the University of Malaya in 1993 and was called to the Malaysian Bar in 1994.

Prior to joining WCT Group, he was a practicing lawyer and a partner in an established law firm in Kuala Lumpur for 14 years. He is responsible for all WCT Group's legal matters, both locally and overseas, including all joint ventures and projects in Malaysia, Vietnam, India and the Middle East.

Wong Lim Fong

Head of Human Resources and Administration
Malaysian/Female/Age: 54

Ms Wong graduated from University Pertanian Malaysia with a degree of Bachelor of Science (Human Development) in 1988.

Ms Wong has 28 years of experience in Human Resource Management in the manufacturing, construction and property development industry. She started her career as a Personnel Officer with a Japanese Electronic Manufacturing company for 3 years and with a public listed construction company for 3 years. She joined WCT Group as a Personnel Manager in 1995 and she was re-designated as Personnel Cum Administration Manager in 2000 and successively promoted to the positions of Senior Human Resources And Administration Manager in 2004 and subsequently assume the current position on 1 January 2017. Ms Wong primarily oversees the Group's human resources and administration matter of Engineering and Construction Division.

Notes:

None of the Key Senior Management have:

(i) any directorship in public companies and listed issuers.
(ii) any family relationship with any Director and/or major shareholder of the Company.
(iii) any conflict of interest with the Company.
(iv) been convicted of any offences within the past 5 years other than traffic offences.
(v) been imposed with any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Corporate Diary 2016/2017

March 2016

- WCT Berhad was awarded its first contract of 2016 by Mass Rapid Transit Corporation Sdn. Bhd. to redevelop the Taman Keramat police quarters in Bandar Ulu Kelang, Gombak, Selangor. The contract is worth approximately RM134.0 million.

April 2016

- It was a proud night for WCT Land Sdn. Bhd. ("WCT Land") when they were awarded the Top 10 Developers Award at the Property Insight Prestigious Developers Awards (PIPDA) 2016 held on 1 April 2016 as this award seals WCT's position as a notable developer in Malaysia.

- On 8 April 2016, WCT Land was announced winners for two prestigious awards at the Asia Pacific Property Award (APPA) 2016 - 2017. Held at the Shangri-La Hotel, Kuala Lumpur, WCT Land took home the 5-star – Best Residential Development Malaysia and Highly Commended – Architecture Multiple Residence Malaysia for the d'Laman Greenville, Klang development. This year is WCT's second year at the awards. It had previously won the Highly Commended – Residential High-rise Architecture Malaysia for The Azure Residences Paradigm PJ in 2015.

May 2016

- gateway@klia2 celebrated its second anniversary with interesting activities and promotions for shoppers. The activities include free voucher booklets, limited edition Sticky candy jars, Instagram contest and a bazaar.

- A total of around 100 shareholders attended WCT's Fifth Annual General Meeting ("5th AGM") that was held on 27 May 2016 at Première Hotel, Klang. The 5th AGM saw all 10 proposed resolutions passed by the shareholders.

- The Construction Industry Development Board (CIDB) awarded WCT with the High QLASSIC Achievement Award for the Ministry of International Trade and Industry (MITI) building project at the 2016 QLASSIC Excellence Awards ceremony held on 31 May 2016. The QLASSIC (Quality Assessment System in Construction) is a scoring system that measures and evaluates the workmanship quality of a building construction work based on Construction Industry Standards (CIS 7:2006).

- WCT unveiled the Ascent Incubation Centre ("AIC"), an MSC Status Accredited Incubator located within the Grade A Corporate Tower of The Ascent, Paradigm PJ. Covering a total floor area of 2,136 square feet, the AIC comprises 10 mini offices ranging between 70 square feet to 120 square feet. These mini offices are complemented by a meeting room, discussion room, pantry and a reception counter with receptionist services during office hours. The AIC is aimed at technology-based start-up companies and SMEs who will benefit from The Ascent, Paradigm PJ's prestigious business address as their official registered and mailing address. These office spaces are also fully fitted and furnished with office equipments like printers, photocopiers and fax machines that are available at a special in-house rate. The AIC is also equipped with intelligent security system which includes a CCTV, smart card access and visitor management system.

July & August 2016

- WCT Berhad's 30:70 joint venture with Sarawak-based KKB Engineering Berhad secured a contract worth approximately RM1.3 billion from Lebuhraya Borneo Utara Sdn. Bhd. for Phase 1 of the proposed development and upgrading of Pan Borneo Highway in Sarawak, Malaysia (WPC-09 for the construction of the 66 km dual carriageway from Sungai Arip Bridge to Bintulu Airport junction).

- Over 100 hopeful applicants turned up at WCT Land's Sales Gallery in Klang for the Open Day of WCT's 'Rumah Selangorku' housing development projects in Bandar Bukit Tinggi, Klang. In collaboration with Lembaga Perumahan Hartanah Selangor, WCT Land featured Azaria Apartments, Asteria Apartments, Trifolis Apartments and Aronia Apartments.

- Première Hotel, Polis Diraja Malaysia (PDRM) Klang Selatan and Ibu Pejabat Polis Daerah (IPD) Kuala Langat once again played host to the Klang Première Century Ride (KPCR) which saw 1,200 competitive and recreational cyclists participating in the 135km competitive route and also a 18km Fun Ride route. This annual event is part of the hotel's on-going initiatives to position Klang as a destination of choice for both local and foreign tourists.

- WCT Land participated in two property showcases, namely the Investors' Hot Picks Property Showcase 2016 held at Mid Valley Exhibition Centre from 15 till 17 July 2016 and the Property Insight Property Showcase held at Paradigm Mall PJ from 12 till 14 August 2016. Properties on display were the Skyz Jelutong Residences, Azure Residences and Aerius Residences. Both events were organised by Property Insights Malaysia and participated by 30 top developers.

September 2016

- On 23 September 2016, WCT's founder and former Managing Director, Mr Taing Kim Hwa was recognised by the Construction Industry Development Board (CIDB) as CEO of the Year at the Malaysian Construction Industry Excellence Award (MCIEA) 2016. This prestigious annual award is awarded to individuals who have demonstrated excellence in steering, managing, directing and moulding their company to greater heights and contributed significantly to the development of the Malaysian construction industry.

Corporate Diary 2016/2017

November 2016

- WCT is pleased to welcome the appointment of Tan Sri Lim Siew Choon as the Executive Chairman of the Company on 2 November 2016.

  Following the divestment of WCT Shares by WCT Capital Sdn Bhd, Mr Taing Kim Hwa has stepped down as the Managing Director of the Company and remains as a Advisor to the Group until June 2017. The Board also saw the departure of the Chairman, Dato' Capt. Ahmad Sufian; Executive Director, Mr Wong Yik Kae and Independent Non-Executive Director, Mr Choo Tak Woh to pursue their personal interests. Subsequent to this, Tan Sri Marzuki Bin Mohd Noor, Datuk Ab Wahab Bin Khalil and Dato' Lee Tuck Fook were appointed to the Board. The new Board members brings with them a wealth of industry and professional related experiences which places the Group on a strong footing to continue to drive sustainable growth.

  WCT Group conveys its best wishes to the outgoing members of the Board of Directors and bids a warm welcome to the new Board members.

- WCT secured its first MRT viaduct work package when Mass Rapid Transit Corporation Sdn. Bhd. awarded a contract worth approximately RM896 million to WCT to undertake and complete Work Package V204. This contract, which is part of the MRT2: MRT Sungai Buloh-Serdang-Putrajaya (SSP) Line, is for the construction and completion of viaduct guideway and other associated works from Bandar Malaysia South Portal to Kampung Muhibbah.

- It was a proud day for WCT as the Group received the Focused Recognition Award at the Petronas' Utilities & Interconnecting (U&I) CEO Synergy Session for its involvement in the Petronas RAPID Pengerang projects in Johor, Malaysia. WCT was named Best Contractor for Health, Safety and Environment (HSE). The award was for the Group's compliance to the high HSE standards as required by the oil and gas industry. In an assessment conducted by Petronas on all RAPID Pengerang contractors, WCT scored top positions for all three project packages.

February 2017

- Various celebration and energetic traditional lion dance were held at WCT Group's offices, WCT Malls and Première Hotel to welcome the year of the Rooster.

- WCT hosted a signing ceremony on 23 February 2017 for the execution of the agreements in relation to the sale and leaseback of The Ascent tower and elevated car park between Jelas Puri Sdn. Bhd. ("JPSB"), Employees Provident Fund Board ("EPF") and WCT Properties Sdn. Bhd. ("WCT Properties"). The exercise was in line with the Group de-gearing initiatives and saw WCT, via its 70%-owned joint-controlled entity JPSB, disposing the office tower and elevated car park for a total cash consideration of RM347 million. Concurrently, the Group has also announced two 15-year leaseback agreements with EPF that included the leaseback of The Ascent to WCT Properties, a wholly-owned indirect subsidiary of WCT as well as the elevated car park to JPSB.

Sustainability Statement

WCT is a leading engineering and construction, property development and investment & management company contributing towards nation building activities. We strongly believe in integrating our business approach with key Economic, Environmental and Social aspects towards achieving and delivering long-term sustainable values to our stakeholders.

For the year 2016, we have adopted a more holistic approach in our disclosure of material sustainability matters covering the Economic, Environmental and Social ("EES") aspects through this Statement, which is in line with the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

WCT's sustainability strategy is determined by our Board which provides oversight of our corporate sustainability performance. Our Independent Non-Executive Director, Tan Sri Marzuki Bin Mohd Noor overseas the implementation of the organisation's sustainability approach and ensures that key targets are being met with the support of the Senior Management team from various departments.

Our sustainability reporting covers WCT's operations in Malaysia mainly within the Klang Valley area and includes business activities conducted by our Engineering and Construction, Property Development as well as Property Investment and Management division.

We have identified our material sustainability matters based on our corporate strategy taking into account the interest of our internal and external stakeholders. As we are committed to meet our stakeholders' sustainability expectations, we will continue to assess and prioritise the sustainability matters that are material to our Group in our annual reporting to our stakeholders. Our sustainability performance will be overseen by a Sustainability Committee and governed by internal policies and procedures to ensure sustainability is embedded across the organisation and thus, reducing sustainability related risks.

ECONOMIC

For the Economic aspect of the EES, we have identified **procurement processes** as one of the key sustainability opportunity. At WCT, our procurement standards are guided by ISO 9001 : 2008 Quality Management System where procurement of materials and services are controlled to ensure that purchased materials and services conforms to the specified requirements including 100% on-time delivery performance. This is achieved by maintaining an approved list of suppliers and subcontractors ("vendors") while potential new vendors are evaluated to ensure their ability to meet the specified requirements.

In addition, we also practice sustainable procurement by considering the social factors alongside financial factors in making procurement decisions. For example, we strive to support local businesses and ensure local materials and services are sourced, where possible.

ENVIRONMENTAL

Engineering and Construction is integral to WCT's business activities. After undertaking a materiality assessment for the Environmental aspect of the EES, we have identified **construction waste management** as one of the main areas of concern to our business. Through our 36 years of experience in successfully delivering over RM30 billion worth of construction projects, we are committed to drive environmental conservation through careful planning and continuous improvements to our environment management plan in our daily business operations.

Our environmental policy and compliance to the Environment Management System Certification – ISO 14001 : 2004 Certification guides our actions and aims to ensure our environment obligations are upheld in areas where we have influence and control.

We aim to minimise our environmental footprint in our daily business operations by practicing proper management and handling of construction wastes. Some of the examples include:

- Segregation of recyclable materials i.e. reusing of crushed pile waste to lay on soft soil for mobile crane access. On the other hand, materials that cannot be recycled/treated are sent to the landfills;
- Proper handling of scheduled waste (including scrap materials) by having a designated area for scheduled waste and chemical material storage;
- Installing dedicated silt trap systems at the construction sites; and
- Sending surplus materials to Department of Environment registered premises for treatment or recycling.

SOCIAL

For the Social aspect of the EES, we have identified **occupational safety and health (OSH)** as one of the key risk to our business. We are of the view that if there is a lack of good safety and health practices, it may lead to incidents that would affect the safety and health of our people and the general public; disruption of construction project activities and our reputation in the long-term, thus affecting our profitability. Therefore, we will continue to uphold the importance of site safety regulations and procedures in our daily operations.

Besides having appropriate plans to deal with emergencies, concerted efforts are made to create a fair working environment and to prevent accidents and injuries at our workplace. For example, the Project Team at every project site will ensure a Project Safety Plan is in place before the commencement of any construction work. This is to ensure compliance of proper occupational safety and health standards throughout the duration of the projects.

Following strict safety and health procedures, the Engineering and Construction division of WCT achieved a cumulative 6 million manhours without Lost Time Injuries (LTI) for all its project sites in the period between 26th December 2015 to 30th April 2016. In addition, WCT Construction Sdn. Bhd. was awarded the Gold Award for its impressive achievement of 4 million man hours of work at Lot 2C5, Putrajaya, Malaysia without any LTI in the period between 17th July 2013 to 9th November 2016. LTI is used as a measure of safety in workplace and it implies that there were no recordable cases of LTI during the said period.

Apart from the LTI achievements, WCT was awarded 5-star in the Safety and Health Assessment System in Construction (SHASSIC) evaluation held on 17th to 18th February 2016 for the MyTOWN Shopping Centre project, Jalan Cochrane, Kuala Lumpur. SHASSIC is a method to assess and evaluate the safety and health management and practices at the construction site. It covers three main components of assessment such as document check, site/workplace inspection and employees interview. Each of these components will cover the compliance of OSH policy; OSH organisation; Hazard Identification, Risk Assessment and Risk Control (HIRARC); OSH training and promotion; machinery and equipment management; materials management; emergency preparedness, accident investigation and reporting and records management and performance monitoring.

The achievements are a result of strong teamwork, timely and effective use of safety intervention tools (i.e. toolbox sessions, safety campaigns, safety management walkabout and safety rewards for all workers) and effective management of all sub-contractors. It is also a reflection of WCT's strong commitment to health and safety of its employees, sub-contractors and the environment (HSE) and a further confirmation of WCT's compliance to its OHSAS 18001:2007 (Occupational Health and Safety Management System) certification.

The other key sustainability opportunity we have identified is **community investment**. As an established property developer with presence predominantly in Klang Valley and Johor, WCT's property portfolio includes townships development, residential development, commercial development, hospitality, retail development and operations.

In developing these projects, the design and project goals are inspired by the needs of the local community surrounding the development. Similarly, WCT commits to enhancing the wellbeing of the local communities where we operate in through WCT Kids Sports School (WCT KIDSS), an annual corporate social responsibility (CSR) initiative fully funded by WCT.

With a commitment of RM250,000, approximately 180 participants of the programme were given the opportunity to take part in a month-long intensive training session led by nationally qualified and well-recognised local coaches. The programme aims to encourage Malaysian children aged between 9 to 12 years old within Klang Valley to embrace a healthy lifestyle while cultivating sports talent through the grassroots. The 2016 programme took place in February 2016.

Throughout 2016, the Group also carried out a broad range of community projects for the underprivileged. Amongst some of these initiatives are:

- An educational visit to gateway@klia2 by 20 special needs children and 14 teachers from the Program Kanak-kanak Khas Sekolah Kebangsaan Taman Sri Sinar Segambut;
- Various blood donation drives held at Paradigm Mall Petaling Jaya and Première Hotel Klang; and
- Spreading the Christmas cheer to 100 children aged between 2 to 18 from Rumah Charis Children Home, Mata Air Orphanage and Good Samaritan Home.

CSR is an integral component of our business activities and consistent with the Group's support to the local community.

Statement on Corporate Governance

The Board of Directors of WCT Holdings Berhad ("WCT" or "the Company") supports and is committed to the principles and recommendations set out in the Malaysian Code on Corporate Governance 2012 ("the Code") and the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") respectively to ensure that the principles and best practices of corporate governance are practised throughout the Group.

This statement outlines how the Group has applied the principles and recommendations set out in the Code. Except for matters specifically identified, the Board of Directors has generally complied with the recommendations set out in the Code.

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

➢ ***ROLES AND RESPONSIBILITIES***

The Group is led by a sound and experienced Board which plays an important role in the stewardship of its direction and operations. It focuses mainly on strategies, financial performance and critical business issues, including the following specific areas to ensure that the governance of the Group is firmly in its hands:

- Business plan and direction of the Group
- The Group strategic action plans
- Identifying principal risk and implement appropriate internal control system
- Acquisition and divestment policy
- Major investment decisions
- Monitoring the performance of the Management
- Group's adherence to high standards of conduct or ethics and corporate behaviour

The Board also has a well-defined framework on the various categories of matters that require the Board's approval, endorsement or notation as the case may be. The Board is supported by the Executive Directors and the Management, whose responsibility is to implement WCT Group's strategy and manage the operation of the Group, subject to an agreed authority limit.

Where appropriate, matters have been delegated to the following Board Committees, all of which have written terms of reference to assist the Board in discharging its duties and responsibilities. The Board receives the reports of their proceedings and deliberations at its scheduled Board Committees meetings:

(1) Audit Committee
(2) Nomination & Remuneration Committee
(3) Options Committee

The Board Charter which set out the roles, responsibilities, functions, compositions, processes and operations of the Board as well as those functions delegated to the Board Committees and the Management of WCT Group has been adopted by the Board to guide the Board to discharge its roles and responsibilities effectively.

The Board Charter, which is reviewed and updated periodically by the Board, is made available for reference in the Company's website at (www.wct.com.my).

➢ ***BOARD COMPOSITION AND BALANCE***

During the financial year 2016, there were several changes in the Board Composition of the Company. On 2 November 2016, Taing Kim Hwa and Wong Yik Kae resigned as Managing Director and Executive Director respectively. Two (2) Independent Non-Executive Directors, Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid and Choo Tak Woh also left the Board on the same date. Andrew Lim Cheong Seng later resigned as an Independent Non-Executive Director on 3 January 2017.

Tan Sri Lim Siew Choon was appointed as the Executive Chairman of the Company on 2 November 2016. The Board also saw the appointment of Dato' Lee Tuck Fook as the Non-Independent Non-Executive Director and Tan Sri Marzuki Bin Mohd Noor and Datuk Ab Wahab Bin Khalil as the Independent Non-Executive Directors of the Company on 2 November 2016. Dato' Lee Tuck Fook was subsequently re-designated as the Group Managing Director of the Company on 3 April 2017.

In order to further strengthen the governance of the Board, two (2) new Independent Non-Executive Directors were appointed, namely Ng Soon Lai @ Ng Siek Chuan on 1 February 2017 and Dato' Ng Sooi Lin on 3 April 2017.

As at the date of this Statement, the Board has nine (9) members comprising the Executive Chairman, four (4) Executive Directors and four (4) Independent Non-Executive Directors. Each Director's brief profile is presented under the section titled "Profile of Directors" of this Annual Report.

In addition to the Executive Directors who have day-to-day responsibilities for the Group's operations, the Independent Non-Executive Directors also play an important role in ensuring corporate governance and accountability, as they provide unbiased and independent views, advice, opinions and judgments to take into account the interests, not only of the Group but also of the shareholders, employees, customers, suppliers and the communities in which the Group conducts its business. The Board is satisfied that the current Board composition fairly reflects the interest of the minority shareholders of the Company.

The Independent Non-Executive Directors are actively involved in the various Board Committees. They provide broader views, independent assessments and opinions on management proposals, particularly any related party transactions.

The Board has reviewed and is satisfied that its current size and composition provides an effective blend of entrepreneurship, business and professional expertise in general management, finance and technical areas of the industries in which the Group is involved. The mixture of skills and experience is vital for the continued success and future direction of the Group. A key strength of this structure has been the speed of decision-making on critical matters.

➢ ***CODE OF CONDUCT***

The Board observes the Code of Ethics for the Company Director issued by the Companies Commission of Malaysia ("Regulatory Code of Ethics").

The Regulatory Code of Ethics provides the ground rules and guidance for proper standard of conduct and ethical behaviour for the Board, based on the principles of sincerity, integrity, responsibility and corporate social responsibility.

WCT Group has adopted a standard Code of Conduct and Ethics ("WCT Code of Ethics") relating to its business operations for all its employees. New Employees are briefed on the WCT Code of Ethics upon joining and are required to acknowledge in writing their acceptance and understanding thereof.

➢ ***WHISTLEBLOWING POLICY***

The Company has adopted the Whistleblowing Policy which provides an avenue and mechanism for any reporting individual to report concerns they may have on any suspected and/or known improper conduct, wrongdoings, corruption, fraud and/or abuse in accordance with the procedures as provided under the Policy.

The Whistleblowing Policy is made available in the Company's website at (www.wct.com.my), for reference and for ease of access for reporting by employees and associates of the Group.

➢ ***SUSTAINABILITY***

The Board is aware of the importance of the business sustainability. In conducting the Group's businesses, the impact of the Group's businesses on the economic, environmental and social aspects are taken into consideration. Details of which are disclosed in the Sustainability Statement set out in this Annual Report.

> *SUPPLY OF AND ACCESS TO INFORMATION*

All scheduled Board and Board Committee meetings held during the financial year were preceded by a formal agenda issued by the Company Secretary in consultation with the Chairman of the Meeting. The agenda for each of the meetings were accompanied by the minutes of preceding meetings of the Board and Board Committees, reports on group financial performance, operational performance of its business units including overall quality and delivery of products and services, market analysis, quarterly results for announcements, updates on material litigations (if any) and other relevant information. The Board papers, which are provided to the Board on a timely basis, are comprehensive and encompass all aspects of the matters being considered, enabling the Board to look at both quantitative and qualitative factors so that informed decisions may be made.

The Company Secretary will brief the Board on the proposed contents and timing of any material announcements before being released to Bursa Securities for public release.

The Directors have full and unrestricted access to the advice and services of the Management and Company Secretaries and to obtain all necessary external and independent professional advice, when required, at the Company's expense.

STRENGTHEN COMPOSITION

> *NOMINATION & REMUNERATION COMMITTEE*

The members of the Nomination & Remuneration Committee ("NRC"), consist of entirely Independent Non-Executive Directors, are as follows:

(i) Datuk Ab Wahab Bin Khalil
Chairman/Independent Non-Executive Director
(Appointed as member on 1 February 2017 and re-designated as Chairman of NRC on 3 April 2017)

(ii) Tan Sri Marzuki Bin Mohd Noor
Member/Independent Non-Executive Director
(Appointed on 2 November 2016)

(iii) Dato' Ng Sooi Lin
Member/Independent Non-Executive Director
(Appointed on 3 April 2017)

(iv) Dato' Lee Tuck Fook
Chairman/Non-Independent Non-Executive Director
(Appointed on 2 November 2016 and ceased on 3 April 2017)

(v) Dato' Capt. Ahmad Sufian @ Qurnain Bin Abdul Rashid
Chairman/Independent Non-Executive Director
(Resigned on 2 November 2016)

(vi) Choo Tak Woh
Member/Independent Non-Executive Director
(Resigned on 2 November 2016)

(vii) Andrew Lim Cheong Seng
Member/Independent Non-Executive Director
(Resigned on 3 January 2017)

The terms of reference, duties and responsibilities of the NRC are summarised below:

(a) Establish formal and transparent procedures for the appointment of new directors to the Board;
(b) Review the terms and conditions of employment and remuneration of the Executive Directors;
(c) Consider, assess and recommend new nominees to the Board as well as committees of the Board;
(d) Review and approve the remuneration packages (including annual increments and bonuses) of the Executive Directors;
(e) Assess and evaluate the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual director as well as the independence of the Independent Directors, through an annual evaluation process;
(f) Review annually the required mix of skills, experience and other qualities including core competencies which each director should bring to the Board; and
(g) Ensure that all reviews, assessments and evaluations are properly documented.

The NRC meets at least once a year and whenever required. In 2016, three (3) meetings were held and details of the attendance of the NRC members are as follows:

Name	Number of meetings attended
Dato' Lee Tuck Fook[@]	1/1
Tan Sri Marzuki Bin Mohd Noor*	1/1
Andrew Lim Cheong Seng[#]	3/3
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid^	2/2
Choo Tak Woh^	2/2

Notes:
[@] *Appointed on 2 November 2016 and ceased on 3 April 2017*
* *Appointed on 2 November 2016*
[#] *Resigned on 3 January 2017*
^ *Resigned on 2 November 2016*

During the financial year 2016, the NRC carried out the following activities:

(i) Reviewed and made recommendations to the Board on the new appointment of five (5) directors having regard to the balance of skills, knowledge and experience;
(ii) Reviewed and made recommendation to the Board on the remuneration package for the Executive Chairman;
(iii) Reviewed the retention of two (2) Independent Directors;
(iv) Reviewed the re-election of three (3) directors retiring by rotation at the 5th Annual General Meeting;
(v) The annual increment and bonuses of all executive directors;
(vi) Annual assessment and evaluation of the Board as a whole, committees of the Board, the individual directors and the independence of the Independent Directors; and
(vii) Annual review of the Board in respect of its size and the required mix of skills and experience.

All recommendations of the NRC are subject to endorsements by the Board.

➢ ***APPOINTMENTS AND RE-ELECTIONS TO THE BOARD***

The NRC is responsible for assessing and making recommendations on any new appointments to the Board. In making these recommendations, the NRC considers the required mix of skills, knowledge and professional experience which the Directors should bring to the Board. As part of the process of appointing new Directors, the Board ensures that the new Directors are provided with an orientation programme.

The Articles of Association ("Articles") of the Company provides that the number of directors of the Company shall not be less than three (3) and not more than twenty (20). The Board has the power under the Articles to appoint a director from time to time either to fill a casual vacancy or as an additional director. Article 75 of the Company's Articles provides that any director so appointed shall hold office only until the next following Annual General Meeting ("AGM") and shall then be eligible for re-election at the AGM.

For the re-election of Directors, Article 70 of the Company's Articles requires that the number of Directors nearest to, but not greater than one-third retire by rotation each year and being eligible, may offer themselves for re-election at the AGM. The Directors who are required to retire are those who have been longest in office since their last election. In addition, all the directors are required to retire from office once at least every three (3) years but shall be eligible for re-election.

The Directors who are seeking re-election at the forthcoming 6th AGM are stated in the notice of AGM. The NRC has assessed the performance of these Directors and recommended to the Board for their re-election to be tabled for shareholders' approval at the forthcoming 6th AGM. This provides an opportunity for the shareholders to renew their mandates for the said Directors to continue to serve on the Board. The re-election of each director will be voted on separately. To assist the shareholders in their decision, information such as their personal profile and shareholdings in the Group of each director standing for re-election will be furnished in the Annual Report.

Currently, the Board has no immediate plan to establish a policy or set any target on boardroom gender diversity including the diversity in ethnicity and age. The Board is of the view that the selection and appointment of new board member shall take into consideration the required mix of skill, knowledge and professional experience which the new director should bring to the Company and are not driven by any gender or racial bias.

➢ ***BOARD EVALUATION***

The NRC has reviewed and adopted the criteria used for the annual assessment and evaluation of each individual Director, the Board as a whole and the Board Committees as well as the independence assessment of the Independent Directors.

Each Director is required to review and appraise himself and the Board and/or the respective Committees of which he is a member based on the criteria as set out in the evaluation form. From the results, the NRC will draw conclusions on the Board's and Committees' effectiveness in discharging their duties and responsibilities. The results and conclusions will be escalated to the Board.

The annual review and evaluation of the Board as a whole, the Board Committees and the individual Directors which were conducted for year 2016 concluded that the Board and the Board Committees had continued to operate effectively towards fulfilling their duties and responsibilities as the members of the Board and Board Committees throughout the year under review.

➢ ***DIRECTORS' REMUNERATION***

The objective of the Group's Remuneration Policy is to attract and retain the Directors required to lead and control the Group effectively. Generally, the remuneration of each Director reflects the level of responsibility and commitment that goes with his Board and/or Board Committee memberships.

In the case of Executive Directors, the Group aims to strike a balance between a level of remuneration which is sufficient to act as an incentive to the Executive Directors while at the same time challenging them to drive the growth of the Group's business and to maximize the return to shareholders. There are three (3) components to the Executive Directors' remuneration:-

- Basic salary and benefits;
- Annual bonus which is a percentage of salary and is linked to individual and corporate performance; and
- Long-term incentives.

Generally, salaries are established in accordance with each Executive Director's level of responsibility and experience, having taken into account the remuneration and employment conditions within the construction and property industries. Long-term incentives are implemented through share-based schemes to align the Executive Directors' interest more closely to those of the shareholders.

The NRC also reviews and recommends for the Board's approval all other Directors' fees. In addition, the Company reimburses reasonable expenses incurred by these Directors in the course of their duties as Directors. Besides meeting attendance allowance, Independent Non-Executive Directors who are members of Board Committees are also paid committee fees.

➢ ***DISCLOSURE***

The Board has considered the disclosure of details of the remuneration of each Director. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to Directors' Remuneration are appropriately served by the "band disclosure" as required by the MMLR of Bursa Securities.

(1) The aggregate remuneration of Directors of the Company for the financial year ended 31 December 2016 are categorised into the following components:

The Company

Directorate	Directors' Fees (RM)	Salaries, Allowance & Other Emoluments (RM)	Benefits-in-kind & Perquisites (RM)	EPF contribution (RM)	Total (RM)
Executive	56,000	6,153,500	399,951	738,420	7,347,871
Non-Executive	160,000	124,500	56,735	-	341,235
Total	216,000	6,278,000	456,686	738,420	7,689,106

Group

Directorate	Directors' Fees (RM)	Salaries, Allowance & Other Emoluments (RM)	Benefits-in-kind & Perquisites (RM)	EPF contribution (RM)	Total (RM)
Executive	106,000	6,153,500	407,751	738,420	7,405,671
Non-Executive	160,000	124,500	56,735	-	341,235
Total	266,000	6,278,000	464,486	738,420	7,746,906

(2) The number of Directors of the Company whose remuneration on a group basis falls within the following bands for the financial year ended 31 December 2016 is as follows:

Range of remuneration	Number of Directors	
	Executive	Non-Executive
RM00,001 to RM50,000	-	3
RM50,001 to RM100,000	-	2
RM150,001 to RM200,000	-	1
RM200,001 to RM250,000	1	-
RM500,001 to RM550,000	1	-
RM900,001 to RM950,000	1	-
RM950,001 to RM1,000,000	1	-
RM1,800,001 to RM1,850,000	1	-
RM2,950,001 to RM3,000,000	1	-
Total	**6**	**6**

➢ ***AUDIT COMMITTEE***

The composition of the Audit Committee is in compliance with the MMLR of Bursa Securities, including the requirement that all its members are non-executive directors with independent non-executive directors forming the majority and one of the members being a qualified accountant.

The primary objective of the Audit Committee is to assist the Board of Directors in fulfilling its responsibilities relating to the Group's financial reporting and internal control systems. Details of the Audit Committee's terms of reference and activities during the financial year are disclosed in the Audit Committee Report.

The Audit Committee is able to obtain external professional advice and where necessary, invite advisers/consultants with relevant experience to attend its meeting to seek opinions, viewpoints and clarifications.

➢ ***OPTIONS COMMITTEE***

An Options Committee is established to administer the Company's Employees' Share Options Scheme 2013/2023 ("Scheme"), in accordance with the objectives and regulations thereof and to determine participation eligibility, option offers and share allocations and to attend to such other matters as may be required subject to the Scheme's Bye-Laws. The members of the Options Committee are as follows:-

(i) Tan Sri Marzuki Bin Mohd Noor
Chairman/Independent Non-Executive Director
(Appointed on 2 November 2016)

(ii) Dato' Lee Tuck Fook
Member/Group Managing Director
(Appointed on 2 November 2016)

(iii) Goh Chin Liong
Member/Deputy Managing Director

(iv) Choo Tak Woh
Chairman/Independent Non-Executive Director
(Resigned on 2 November 2016)

(v) Taing Kim Hwa
Member/Managing Director
(Resigned on 2 November 2016)

The Options Committee meets as and when required and no meeting was held during the financial year 2016.

REINFORCE INDEPENDENCE

➢ ***ASSESSMENT OF INDEPENDENT DIRECTORS***

The Board acknowledges the importance of independence and objectivity in decision-making process. Assessment on the independence of the Company's Independent Directors is taken annually, prior to any new appointment and when any new interest or relationship develops between the Independent Director and the Company.

The NRC reviews the independence of Directors in accordance with the criteria on independence as stipulated in the MMLR and Practice Notes of Bursa Securities as well as the Code. The Independent Directors were also assessed on their ability and commitment to continue to bring independence and objective judgement to the deliberation and decision making of the Board and Board committees.

The Board and the NRC are upon their annual assessment, satisfied with the level of independence demonstrated by all the three (3) Independent Directors of the Company and in compliance with the definition of "Independent Director" under the MMLR of Bursa Securities.

➢ ***TENURE OF INDEPENDENT DIRECTORS***

The Board notes and supports the recommendation of the Code that the tenure of an Independent Director should not exceed a consecutive or a cumulative term of nine (9) years. In the event the Board intends to retain any Director as an Independent Director who has served beyond a cumulative term of nine (9) years, approval from the shareholders will be sought.

Currently, none of the Independent Directors have served more than nine (9) years on the Board.

➢ ***ROLES OF THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER ("CEO")***

The Codes recommends that the position of the chairman and CEO should be held by different individuals, and the chairman must be a non-executive member of the board.

The Board also noted the recommendation of the Code that the Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director.

Although the Board does not comprise a majority of Independent Directors, the Board believes that balance of power and authority exists within its current composition and structure is sufficient to enable the Board to discharge its duties effectively and objectively.

The Board is also of the view that the interests of shareholders are best served by the Executive Chairman of the Company who will act in the best interests of shareholders as a whole. As the Executive Chairman has substantial interest in the Company, he is well placed to act on behalf of shareholders and in their best interests.

FOSTER COMMITMENT

➢ ***COMMITMENT OF THE BOARD***

The Board is satisfied with the level of time committed by the Board in discharging their duties and roles as Directors of the Company. All the Directors of the Company are in compliance with the MMLR of Bursa Securities on the number of directorships held in public listed companies.

As provided in the Board Charter, the members of the Board shall notify the Chairman before accepting any new directorship and shall include an indication of time that they will spend on the new appointment. The Chairman shall notify the Board before he accepts any new directorship in other public listed company.

An annual corporate meetings calendar is prepared in advance and sent to the Board before the beginning of every year which provides the scheduled meeting dates for the Board, Board Committees, the AGM and trainings/seminars to be organised by the Company to facilitate the planning of Directors' time.

The Board meets at least four (4) times a year, with additional meetings to be convened as and when necessary. Issues deliberated at such meetings and the relevant decisions made are duly minuted. During the financial year ended 31 December 2016, a total of five (5) meetings were held and details of the attendance of the Directors at the Board Meetings are as follows:

Directors	Number of meetings attended
Goh Chin Liong	5/5
Choe Kai Keong	5/5
Liang Kai Chong	5/5
Tan Sri Lim Siew Choon*	2/2
Dato' Lee Tuck Fook*	2/2
Tan Sri Marzuki Bin Mohd Noor*	2/2
Datuk Ab Wahab Bin Khalil*	2/2
Dato' Capt. Ahmad Sufian @ Qurnain Bin Abdul Rashid^	4/4
Taing Kim Hwa^	4/4
Wong Yik Kae^	4/4
Choo Tak Woh^	4/4
Andrew Lim Cheong Seng#	5/5

Notes:

* *Appointed on 2 November 2016*
^ *Resigned on 2 November 2016*
# *Resigned on 3 January 2017*

In the intervals between Board meetings, for exceptional matters requiring urgent Board decisions, Board approvals are sought via circular resolutions which are attached with sufficient and relevant information required for an informed decision to be made. Where a potential conflict arises in the Group's investment, projects or any transactions involving Director's interest, such Director is required to declare his interest and abstain from further discussion and the decision making process.

➢ ***DIRECTORS' CONTINUING TRAINING***

All the Directors have attended the Mandatory Accreditation Programme ("MAP") organised by Bursa Securities. Pursuant to MMLR of Bursa Securities, a newly appointed director (appointed for the first time in a listed issuer) is required to attend the MAP within four (4) months from his/her appointment. The newly appointed Director, Datuk Ab Wahab Bin Khalil has attended the MAP for Directors of Public Listed Companies on 20 and 21 February 2017.

The Directors will continue to undergo other appropriate training programmes to further enhance their professionalism and knowledge as directors of a public listed company and to keep abreast with new development within the business environment.

Besides the annual assessment conducted to assess the training needs of its Directors, each Director is required to identify any appropriate training that will enhance their effectiveness in discharging their duties as directors. The Company Secretary facilitates the organisation of the in-house training programme and the registration of external training programmes and seminars, if needed.

During the financial year under review, the Directors below have attended the following in-house training which was organised for the Directors and senior management of WCT Group:

Best Practices for Sustainability Reporting – What a company Director need to know (13 July 2016).

Directors	Attendance
1 Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	√
2 Taing Kim Hwa	√
3 Goh Chin Liong	√
4 Choe Kai Keong	√
5 Wong Yik Kae	√
6 Choo Tak Woh	√
7 Andrew Lim Cheong Seng	√

Besides that, the following Directors have also attended the following external seminars/trainings:

Tan Sri Lim Siew Choon
- Capital Market Director Programme (26 & 28-30 September 2016)

Choe Kai Keong
- ISO 9001:2015 Awareness for Top Management (28 January 2016)

Liang Kai Chong
- The inside story of the Annual Report: What Directors must know (27 October 2016)

Dato' Lee Tuck Fook
- SIDC Top 18 Lessons We Learn – Playing Detective with Financial Statements (26 February 2016)
- Invest Malaysia 2016 – The Capital Market Conversation (13 & 14 April 2016)
- Board Training Cyber Security (16 August 2016)

Tan Sri Marzuki Bin Mohd Noor*
- 8th Annual Corporate Governance Summit (21 & 22 March 2016)
- Sustainability Engagement Series for Directors/Chief Executive Officers (2 June 2016)

* *Denotes a member of the Audit Committee*

UPHOLD INTEGRITY IN FINANCIAL REPORTING

➢ ***FINANCIAL REPORTING***

The Board continually strives to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcements of results to shareholders as well as the Chairman's statement and review of operations in the annual report.

In preparing the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. All accounting standards that the Board considers to be applicable have been followed if required.

The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company as at the end of each financial year and of their results and their 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 such policies were consistently applied;
- reasonable and prudent judgements and estimates were made; and
- all applicable approved accounting standards in Malaysia have been followed.

The Directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Group and the Company, and which will enable them to ensure that the Financial Statements comply with the then Companies Act, 1965 and Companies Act, 2016.

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

➢ *SUITABILITY AND INDEPENDENCE OF EXTERNAL AUDITORS*

Through the Audit Committee, the Group has established a transparent and appropriate relationship with the Group's external Auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

The role of the Audit Committee in relation to the external Auditors can be found in the Audit Committee Report set out in this Annual Report.

The Audit Committee has obtained confirmation from the external Auditors that they are and have been independent throughout the conduct of the audit engagement in accordance with the Bye-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants. In addition, to the best knowledge of the Audit Committee, the provision of non-audit services by the external auditors during the year did not compromise the external Auditors' independence.

RECOGNISE AND MANAGE RISKS

➢ *SOUND FRAMEWORK TO MANAGE RISKS*

The Board acknowledges its responsibility for maintaining a sound system of internal controls to safeguard the shareholders' investment and the Group's assets. Due to limitations that are inherent in any system of internal controls, the system adopted by the Group is designed to manage rather than to eliminate the risk that may impede the attainment of the Group's objectives.

Information on the Group's internal control system during the year is presented in the Statement on Risk Management and Internal Control set out in this Annual Report.

➢ *INTERNAL AUDIT FUNCTION*

The internal audit function of WCT Group is carried out by the Group Internal Audit Department ("GIA") which reports directly to the Audit Committee. The role of the GIA is to provide independent and objective reports on the effectiveness of the system of internal controls within the business units and projects of WCT Group to the Audit Committee. Further details of the internal audit function and the activities are set out in the Audit Committee Report of this Annual Report.

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board recognises the importance of prompt and timely dissemination of accurate and sufficient information concerning the Company and its Group to the shareholders, investors and other stakeholders to enable them to make informed decisions.

The Company maintains the practice of releasing all required announcements as well as material and price sensitive information in a timely manner to Bursa Securities in compliance with the disclosure requirements set out in the MMLR of Bursa Securities. The Company also releases updates in a timely manner to the market and community through the Company's websites, media release and other appropriate channels. Price-sensitive information and information that may be regarded as undisclosed material information about the Group is, however, not disclosed until after the prescribed announcement to Bursa Securities has been made.

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

➢ ***THE AGM***

The AGM is used as a forum of communication with its shareholders. At the AGM, a presentation will be given to the shareholders on WCT Group's performance, strategy and major development programmes. The Board encourages participation from shareholders by having a question and answer session during the meeting whereby the shareholders may channel their queries to the Company's External Auditors and to discuss with the Directors on aspects of the Group's performance and its business activities. Each item of special business included in the notice of the meeting is accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman declares the number of proxy votes received, both for and against each separate resolution where appropriate.

Pursuant to Paragraph 8.29A of the MMLR of Bursa Securities, any resolution set out in the notice of any general meeting shall be voted by poll. As such, all resolutions proposed at the forthcoming AGM of the Company scheduled to be held on 1 June 2017 will be voted by poll. An Independent Scrutineer will be appointed to verify the results of the poll at the AGM.

➢ ***EFFECTIVE COMMUNICATION AND PROACTIVE ENGAGEMENTS WITH SHAREHOLDERS***

The Group values and strongly believes in the importance of good communication with shareholders, potential investors and the public. This is to ensure that all shareholders, both institutional and individual investors, have full access to the information disclosed by the Company. It does this through the Annual Report, AGM, the Company's website (www.wct.com.my) and timely release of all corporate announcements and financial results, thus providing shareholders and the investing public with an overview of the Group's performance and operations. All enquiries made are dealt with as promptly as practicable.

The Annual Report remains the Company's main source of information for shareholders and investors while the website, which has a dedicated investor relations section, is intended to provide comprehensive information about the Group to a wider segment of the investing public.

Shareholders and stakeholders may convey their concern to Tan Sri Marzuki Bin Mohd Noor, the Company's Senior Independent Non-Executive Director, who serves as a point of contact for shareholders and other stakeholders.

Another important channel of communication with shareholders, investors and the general investment community, both locally and internationally, is the Group's investor relations activities. The Company conducts regular briefings with financial analysts and fund managers from time to time as a means of maintaining and improving investor relationship. At least two (2) analyst briefings are held each year, usually to coincide with the release of the Group's half-year and year-end financial results to explain the results achieved and the Group's strategic business plans with the aim of fostering better understanding of the Group's objectives. Additional engagements with analysts and fund managers may be held via teleconferencing as and when required. A press conference is normally held after the AGM or any Extraordinary General Meeting of the Company.

In these exchanges, presentations based on permissible disclosures are made to explain the Group's performance and major development programmes.

Below is a summary of the investor relations activities undertaken in the financial year 2016:-

	Total
Meetings/Conference Calls with investors, analysts and fund managers	50
Investors briefings	4
Regional investors road shows/conferences	19
Press conferences/interviews	1

➢ ***INVESTORS SERVICE***

The Group's website (www.wct.com.my) has a section dedicated to investor relations and provides up-to-date information on the Group's business and operations. Presentations made to analysts and fund managers are posted on this section of the website. Further enquiries on all investor related matters may be directed to the following person:-

Ms Lo Wei Teing
Manager - Corporate Communications
Tel: +603 7806 6608
Email: wei-teing.lo@wct.my

(This Statement on Corporate Governance has been approved by the Board of Directors via a resolution dated 18 April 2017).

The following disclosures in respect of the financial year ended 31 December 2016 are provided for shareholders' information and in accordance with the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"):

1. UTILISATION OF PROCEEDS RAISED FROM ANY CORPORATE PROPOSALS

There were no proceeds raised from corporate proposals during the financial year ended 31 December 2016.

2. INFORMATION IN RELATION TO EMPLOYEES' SHARE OPTIONS SCHEME

(i) The Employees' Share Option Scheme ("ESOS") (2013/2023) which was established and implemented on 19 July 2013, is the only share scheme in existence during the financial year ended 31 December 2016.

(ii) No options had been offered and granted to the eligible employees of the Company for the financial year ended 31 December 2016. The total number of options granted, exercised and outstanding under the ESOS (2013/2023) since its commencement up to 31 December 2016 are as set out in the table below:

Description	Number of Options (Since commencement date up to 31 December 2016)	
	Grand Total	*Directors
(a) Granted	31,270,000	5,954,000
(b) Exercised & include forfeited options	8,788,000	1,359,000
(c) Outstanding	22,482,000	4,595,000

* *Including outgoing Directors who have resigned on 2 November 2016*

(iii) Percentages of options applicable to Directors and Senior Management under the ESOS (2013/2023):

Directors and Senior Management	FYE 2016	Since commencement date up to 31 December 2016
(a) Aggregate maximum allocation	-	28.30%
(b) Actual granted	-	27.03%

(iv) The table below sets out the options granted to and exercised by the Independent Non-Executive Director of the Company pursuant to ESOS (2013/2023) as well as the outstanding options in respect of the financial year ended 31 December 2016:

Name of Director	Options over Ordinary Shares of RM0.50 each			
	Balance as at 01.01.2016	Number of Options Granted	Number of Options Exercised	Balance as at 31.12.2016
Andrew Lim Cheong Seng*	69,000	-	69,000	-

* *Resigned on 3 January 2017*

Other Disclosures

3. AUDIT AND NON-AUDIT FEES

The amount of audit fees and non-audit fees paid or payable to the Company's external auditors, or a firm or corporation affiliated to the external auditors' firm by the Group and the Company for the financial year ended 31 December 2016 are as follows:

	Group (RM)	Company (RM)
Audit Fees	628,586	72,500
Non-Audit Fees	8,500	8,500
Total:	637,086	81,000

4. MATERIAL CONTRACTS INVOLVING DIRECTORS AND/OR MAJOR SHAREHOLDERS

There are no material contracts (not being contracts entered into in the ordinary course of business) which involved the interest of directors and/or major shareholders, either still subsisting at the end of the financial year or entered into by the Group since the end of the previous financial year.

5. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE

The Company did not seek any mandate from its shareholders on Recurrent Related Party Transactions of a revenue nature in year 2016.

Statement on Risk Management and Internal Control

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of risk management and internal control to safeguard shareholders' investment and the Group's assets. Pursuant to Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements and the Statement on Risk Management and Internal Control: Guidelines for Directors of the Listed Issuers ("SRMICG"), the Board of Directors of WCT Holdings Berhad ("the Board") is pleased to make the following statement which outlines the nature and scope of the risk management and internal control of the Group for the financial year ended 31 December 2016.

BOARD RESPONSIBILITY

The Board recognises that internal control is an integral part of managing risks in an effort to achieve corporate objectives. As such, the Board acknowledges its responsibilities in maintaining as well as reviewing the effectiveness, adequacy and integrity of the Group's system of risk management and internal control which provides reasonable assurance of effective and efficient operations, financial controls, and compliance with laws and regulations together with internally set procedures and guidelines in safeguarding shareholders' investment and the Group's assets.

The Group's system of risk management and internal control is designed to provide reasonable but not absolute assurance against risk of material errors, fraud or losses from occurring. In view of the limitations that are inherent in any system of risk management and internal control, the Group's system of risk management and internal control is applied to manage rather than eliminate the risk of failure in achieving the business objectives.

The Board confirms that there is continuous process for identifying, evaluating and managing the significant risks faced by the Group, which has been in place for the financial year under review.

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESS

Risk Management

Risk Management is regarded as an important aspect of the Group's operations with the objective of maintaining a sound internal control system. To this end, the Group has established an appropriate risk management framework that includes Risk Management Policy, Project Risk Management Manual/Guideline, Project Risk Management Process and Risk Management Committee to provide a structured and focused approach to managing risks.

Risk Management Committee ("RMC"), which comprises an Independent Non-Executive Director (as Advisor) and key management personnel from various divisions and/or departments are substantially entrusted with the responsibility of implementing and maintaining appropriate risk management.

Significant risks are recorded and discussed. RMC meets periodically to review and monitor risks affecting the Group including the proposal for control measures and/or mitigation plans. The minutes of the RMC meetings will circulate to the Board of Directors of the Company for their attention.

Audit Committee

The Audit Committee ("AC"), which is chaired by an Independent Non-Executive Director deliberates on findings and recommendations for improvement proposed by the internal and external auditors. With the assistance from Internal Audit Department ("IAD"), the AC also evaluates the efficiency and effectiveness of Group's risk management and system of internal control.

The Audit Committee meets periodically to deliberate on the internal audit reports prepared by IA on the adequacy, efficiency and effectiveness of the Group's system of internal control.

Further details on the AC are set out in the Audit Committee Report of this Annual Report.

Internal Audit Function

The Internal Audit Department assists the Board and Audit Committee in providing independent assurance of the effectiveness, adequacy and integrity of internal control system to manage risk across the Group by conducting regular audit and continuous assessment. IAD reports functionally to the Audit Committee.

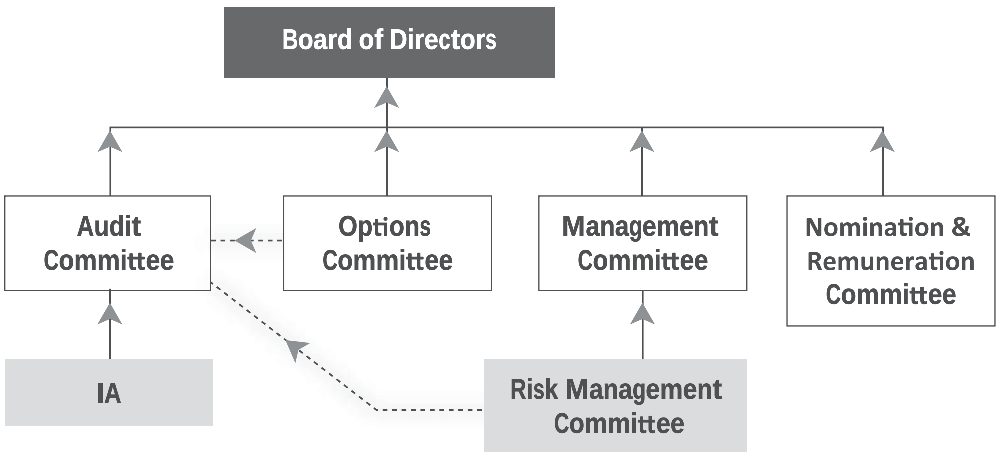
During the financial year ended 31 December 2016, internal audits were carried out in accordance with an Annual Audit Plan for the financial year that was approved by the AC. IAD would report to AC on risk and control matters of significant; including suspected fraud, illegal or irregular acts and material misstatements (if any) together with Management's response and proposed action plans to the AC for its review. Response from Management and action plans are regularly reviewed and followed up by IAD and AC.

Other Key Elements

Apart from the above, the other elements of the Group Risk Management and Internal Control System include:

- Organization structure with clearly defined delegation of responsibilities and appropriate authority limits have been established for the Committees of the Board. Various Board Committees have been established to assist the Board in discharging its duties, and the current structure is as follows:-

WCT Holdings Berhad Oversight Structure



- Defined levels of authority and lines of responsibility for operating units up to the Board level to ensure accountability for risk management and internal control;

- Policies, operational procedures and guidelines are documented to provide guidance to employees at all levels. These policies, procedures and guidelines are being reviewed regularly to ensure that they remain current and relevant;

- Where appropriate, certain companies have ISO accreditation for their operational process which includes:-

  – ISO 9001:2008 – Quality Management System
  – OHSAS 18001:2007 – Occupational Health and Safety Management System
  – ISO 14001:2004 – Environmental Management System

  The above are subject to regular assessment by SIRIM to ensure that the systems are adequately implemented and that the systems are continuously improved to manage and control the quality of the Group's products and services; and health, safety and environmental compliance at work place and project sites.

- Comprehensive operations and financial reviews by the Board vide quarterly financial report;
- Regular meetings are held at operational and management levels to identify and resolve business, financial, operational and management issues;
- Proper guidelines for hiring and termination of personnel, and annual appraisal system are in place;
- Training and development programmes are identified and scheduled to ensure that personnel are kept up to date with the necessary competencies to carry out their respective duties towards achieving the Group's objectives.
- Assets and resources of the Groups are adequately insured against risk of loss or damages;
- Regular visits by senior management, AC, finance personnel and IAD to project sites and other operating units to obtain updated and latest status on progress of projects and other operational/financial issues.
- Document Control System has been initiated to ensure that adequate data/records/documents are safe-guarded and could be adequately retrieved subsequent to a disaster.

The Board is generally satisfied with the Group's adequacy of the existing system of risk management and internal control which operates satisfactorily to prevent any significant breakdown or weaknesses that give rise to material losses incurred by the Group during the financial year under review or requires disclosure in the 2016 Annual Report. The monitoring, review and reporting systems are in place to give reasonable assurance that the controls are adequate and appropriate to the Group's operations and that risks are at an acceptable level. However, no systems provide absolute assurance due to the deliberate circumvention of control procedures by human and others and the occurrence of unforeseeable circumstances.

REVIEW OF THIS STATEMENT

The external auditors have performed limited assurance procedures on the Statement pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised 2015), Guidance for Auditors on Engagements to report on the Statement included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for the year ended 31 December 2016, and reported to the Board that nothing has come to their attention that causes them to believe the Statement intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the SRMICG, nor is the Statement factually inaccurate.

RPG 5 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and management thereon. The report from the external auditors was made solely for, and directed solely to the Board of Directors in connection with their compliance with the Listing Requirements of Bursa Malaysia Securities Berhad and for no other purposes or parties. The external auditors do not assume responsibility to any person other than the board of directors in respect of any aspect of this report.

CONCLUSION

The Board in consultation with the Audit Committee and Risk Management Committee is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system and has also received assurance from the Group Managing Director and Director of Finance & Accounts that the Group's risk management and internal control system is operating adequately and effectively.

(This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board dated 18 April 2017)

Audit Committee Report

A. MEMBERSHIP AND ATTENDANCE OF MEETINGS

The Audit Committee comprises the following members:

(1) Tan Sri Marzuki Bin Mohd Noor
Chairman/Independent Non-Executive Director
(Appointed on 2 November 2016)

(2) Datuk Ab Wahab Bin Khalil
Member/Independent Non-Executive Director
(Appointed on 2 November 2016)

(3) Dato' Ng Sooi Lin
Member/Independent Non-Executive Director
(Appointed on 3 April 2017)

(4) Ng Soon Lai @ Ng Siek Chuan
Member/Independent Non-Executive Director
(Appointed on 1 February 2017)

(5) Dato' Lee Tuck Fook
Member/Non-Independent Non-Executive Director
(Appointed on 2 November 2016 and ceased on 1 February 2017)

(6) Choo Tak Woh
Chairman/Independent Non-Executive Director
(Resigned on 2 November 2016)

(7) Dato' Capt. Ahmad Sufian @ Qurnain Bin Abdul Rashid
Member/Independent Non-Executive Director
(Resigned on 2 November 2016)

(8) Andrew Lim Cheong Seng
Member/Independent Non-Executive Director
(Resigned on 3 January 2017)

For the financial year ended 31 December 2016, a total of five (5) Audit Committee meetings were held and the details of the attendance of the members are as follows:

Name	Number of meetings attended
Tan Sri Marzuki Bin Mohd Noor*	1/1
Datuk Ab Wahab Bin Khalil*	1/1
Dato' Lee Tuck Fook^	1/1
Choo Tak Woh[@]	4/4
Dato' Capt. Ahmad Sufian @ Qurnain Bin Abdul Rashid[@]	3/4
Andrew Lim Cheong Seng[#]	5/5

Notes:
* *Appointed on 2 November 2016*
^ *Appointed on 2 November 2016 and ceased on 1 February 2017*
@ *Resigned on 2 November 2016*
# *Resigned on 3 January 2017*

B. **TERMS OF REFERENCE**

The details of terms of reference of the Audit Committee are available on the Company's website at www.wct.com.my.

C. **SUMMARY OF ACTIVITIES**

The Audit Committee had worked closely with the external auditors, internal auditors and management to carry out its functions and duties in line with the term of reference of the Audit Committee.

During the financial year ended 31 December 2016, the Audit Committee carried out the following activities:

(1) Reviewed the quarterly unaudited Financial Statements of the Group, which were prepared in compliance with the Financial Reporting Standards (FRS) 134, Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), before recommended the same to the Board of Directors for approval and for release to Bursa Securities;

(2) Reviewed the annual audited financial statements for the financial year ended 31 December 2016, which were prepared in compliance with the applicable Financial Reporting Standards, together with the external auditors prior to submission to the Board for their consideration and approval;

(3) Reviewed the external auditors' report on their audit plan, scope of work and the audit procedures to be adopted in the annual audit;

(4) Held two (2) discussions with the external auditors on 25 February 2016 and 21 November 2016 without the presence of management and executive directors;

(5) Discussed with the internal auditors on their scope of work, adequacy of resources and co-ordination with the external auditors;

(6) Reviewed thirty five (35) internal audit reports on operational, financial and compliance audit for construction, property development, property management, hotel operation and mall operation for both local and overseas operation;

(7) Deliberated on the significant audit findings and management's responses in the internal audit reports and the follow-up action taken on the respective audit recommendations;

(8) Discussed and approved forty three (43) internal audit planned for year 2017 for both Construction and Property Divisions;

(9) Visited Paradigm Garden City OUG, TRX Project and MyTown Project and had discussions with multiple key personnel with regards to the progress of work, encumbrances faced and all other matters at project site;

(10) Reviewed the following report and statements and recommended the same to the Board for inclusion in the Annual Report:

    (a) Audit Committee Report
    (b) Statement on Risk Management and Internal Control
    (c) Statement on Corporate Governance and Other Disclosures
    (d) Corporate Social Responsibility Statement

(11) Reviewed the related party transactions entered into by the Company and its subsidiaries to ensure the transactions are conducted at arm's length and on normal commercial terms prior to submission for the Board's consideration and approval.

D. INTERNAL AUDIT FUNCTION

The internal audit function of the Group is performed in-house and undertaken by its Internal Audit Department which reports directly to the Audit Committee. The Internal Audit Department adopts a risk-based audit approach when preparing its annual audit plan which is approved by the Audit Committee. The annual audit plan covers a majority of the business units and projects of the Group.

The principle role of the Internal Audit Department is to provide independent and objective reports on the effectiveness of the system of internal controls within the business units and projects of the Group.

During the year, the Internal Audit Department has undertaken independent audit assignments on business units and projects of the Group in accordance with the approved annual audit plan. The resultant audit reports which include action plans as agreed with the operational level management, were presented to the Audit Committee for deliberation and forwarded to the Management for the necessary corrective actions to be taken.

E. ACTIVITIES OF THE INTERNAL AUDIT FUNCTION IN 2016

A summary of the Internal Audit activities during the financial year is as follow:-

1. Prepared the annual audit plan 2017 for the approval of the Audit Committee.

2. Performed operational audits on business units and projects of the Group to ascertain the adequacy and integrity of the internal control system and made recommendations for improvement. In 2016, Internal Audit Department completed thirty five (35) internal audit reviews which are categorised as follows:

Type of Review	Number of Completed Reviews
(a) On-going construction & property development project	13
(b) Completed construction & property development project	4
(c) Hotel operation	5
(d) Mall operation	9
(e) Compliance/Processes	4
Total:	**35**

3. Conducted follow-up reviews to determine the adequacy, effectiveness and timeliness of actions taken by the Management based on the audit recommendations and to provide updates on their status to the Audit Committee.

The total cost incurred in respect of the Group's internal audit function for the financial year ended 31 December 2016 was approximately RM616,000.00 (FY2015: RM728,564.80).

Financial Statements

Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and provision of management services to the subsidiaries and joint ventures.

The principal activities and other information relating to the subsidiaries, associates and jointly controlled entities are disclosed in Notes 7, 8 and 9 to the financial statements respectively.

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

RESULTS

	Group RM'000	Company RM'000
Profit after taxation	65,169	3,805
Attributable to:		
Equity holders of the Company	68,375	3,805
Non-controlling interest	(3,206)	-
	65,169	3,805

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

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

Dividends paid by the Company since 31 December 2015 were as follows:

	RM'000
In respect of the financial year ended 31 December 2015:	
Final dividend paid	
Single tier cash dividend of 2.00 sen per ordinary share on 1,249,065,049 ordinary shares of RM0.50 each, declared on 25 February 2016 and paid on 13 June 2016	24,981

At the forthcoming Annual General Meeting, a final single-tier share dividend in respect of the financial year ended 31 December 2016 of 1 treasury share for every 165 ordinary share held will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2017.

Directors' Report

DIRECTORS

The names of the Directors of the Company in office since the beginning of the financial year to the date of this report are:

Tan Sri Lim Siew Choon	(Appointed on 2 November 2016)
Dato' Lee Tuck Fook	(Appointed on 2 November 2016)
Tan Sri Marzuki Bin Mohd Noor	(Appointed on 2 November 2016)
Datuk Ab Wahab Bin Khalil	(Appointed on 2 November 2016)
Ng Soon Lai @ Ng Siek Chuan	(Appointed on 1 February 2017)
Dato' Ng Sooi Lin	(Appointed on 3 April 2017)
Goh Chin Liong	
Choe Kai Keong	
Liang Kai Chong	
Dato' Capt. Ahmad Sufian @ Qurnain Bin Abdul Rashid	(Resigned on 2 November 2016)
Taing Kim Hwa	(Resigned on 2 November 2016)
Wong Yik Kae	(Resigned on 2 November 2016)
Choo Tak Woh	(Resigned on 2 November 2016)
Andrew Lim Cheong Seng	(Resigned on 3 January 2017)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from warrants (Warrants 2013/2017 and Warrants 2015/2020) issued by the Company and share options granted under the Company's Employees' Share Option Scheme 2013/2023 ("ESOS 2013/2023").

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as disclosed in Note 35(c)) to the financial statements by reason of a contract made by the Company or a related corporation with any 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, except as disclosed in Note 39 to the financial statements.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in ordinary shares, warrants and options over ordinary shares in the Company during the financial year were as follows:

	WCT Holdings Berhad			
	← No. of ordinary shares of RM0.50 each →			
	1 January 2016/ Date of appointment	Acquired	(Disposed)	31 December 2016
Tan Sri Lim Siew Choon				
- deemed *	245,718,472	-	-	245,718,472
Goh Chin Liong				
- direct	7,726,186	1,100,000	-	8,826,186
Choe Kai Keong				
- direct	3,566,312	-	-	3,566,312
Liang Kai Chong				
- direct	4,135,468	126,545	(512,400)	3,749,613
- indirect (spouse)	265,223	-	-	265,223
Andrew Lim Cheong Seng				
- direct	-	69,000	(69,000)	-

* *Tan Sri Lim Siew Choon, by virtue of his substantial equity interest in Dominion Nexus Sdn. Bhd. via Legacy Pacific Limited is deemed interested in the shares in all the Company's subsidiaries to the extent the Company has an interest.*

	WCT Holdings Berhad				
	← Number of Warrants 2013/2016 →				
	1 January 2016	Acquired	(Disposed/ Exercised)	(Lapsed) ^	31 December 2016
Goh Chin Liong					
- direct	1,100,000	-	(1,100,000)	-	-
Liang Kai Chong					
- direct	326,545	-	(326,545)	-	-
- indirect (spouse)	40,699	-	-	(40,699)	-

The terms and conditions of Warrants 2013/2016 are disclosed in Note 27(d) to the financial statements.

^ *Warrants 2013/2016 had expired on 10 March 2016 and all unexercised Warrants 2013/2016 automatically lapsed after 10 March 2016.*

DIRECTORS' INTERESTS *cont'd*

	WCT Holdings Berhad Number of Warrants 2013/2017			
	1 January 2016	Acquired	(Disposed/ Exercised)	31 December 2016
Goh Chin Liong				
- direct	1,898,607	-	-	1,898,607
Choe Kai Keong				
- direct	1,516,800	-	-	1,516,800
Liang Kai Chong				
- direct	628,080	-	-	628,080
- indirect (spouse)	40,700	-	-	40,700

The terms and conditions of Warrants 2013/2017 are disclosed in Note 27(e) to the financial statements.

	WCT Holdings Berhad Number of Warrants 2015/2020			
	1 January 2016	Acquired	(Disposed/ Exercised)	31 December 2016
Goh Chin Liong				
- direct	1,529,938	-	-	1,529,938
Choe Kai Keong				
- direct	706,200	-	-	706,200
Liang Kai Chong				
- direct	818,904	-	-	818,904
- indirect (spouse)	52,519	-	-	52,519

The terms and conditions of Warrants 2015/2020 are disclosed in Note 27(f) to the financial statements.

	Number of options over ordinary shares of RM0.50 each pursuant to WCT Holdings Berhad's ESOS 2013/2023			
	1 January 2016	Granted	(Exercised)	31 December 2016
Goh Chin Liong	1,350,000	-	-	1,350,000
Choe Kai Keong	750,000	-	-	750,000
Liang Kai Chong	750,000	-	-	750,000
Andrew Lim Cheong Seng	69,000	-	(69,000)	-

Further information of the ESOS 2013/2023 are disclosed in Note 27(c) to the financial statements.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM600,409,719 to RM631,061,210 by way of issuance of:

(i) 6,040,000 new ordinary shares of RM0.50 each pursuant to the exercise of options under ESOS 2013/2023 at the exercise prices ranging between RM1.18 and RM1.63 per ordinary share;

(ii) 55,262,582 new ordinary shares of RM0.50 each pursuant to the conversion of Warrants 2013/2016 at an exercise price of RM1.54 per ordinary share for cash; and

(iii) 400 new ordinary shares of RM0.50 each pursuant to the conversion of Warrants 2013/2017 at an exercise price of RM1.71 per ordinary share for cash.

The new ordinary shares issued during the financial year ranked *pari passu* in all respects with the existing ordinary shares of the Company.

TREASURY SHARES

During the financial year, the Company repurchased a total of 899,300 of its issued ordinary shares from the open market at an average price of RM1.59 per share. The total consideration paid for the repurchase including transaction costs was RM1,433,124. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 December 2016, the Company held 8,720,071 treasury shares with a carrying amount of RM12,198,246. Further details of treasury shares are disclosed in Note 27(b) to the financial statements.

None of the treasury shares held were resold or cancelled during the financial year.

EMPLOYEES' SHARE OPTION SCHEME 2013/2023 ("ESOS 2013/2023")

Details of the ESOS 2013/2023 are disclosed in Note 27(c) to the financial statements.

WARRANTS 2013/2016

Details of the Warrants 2013/2016 are disclosed in Note 27(d) to the financial statements.

Warrants 2013/2016 had expired on 10 March 2016 and all unexercised Warrants 2013/2016 automatically lapsed after 10 March 2016.

WARRANTS 2013/2017

Details of the Warrants 2013/2017 are disclosed in Note 27(e) to the financial statements.

WARRANTS 2015/2020

Details of the Warrants 2015/2020 are disclosed in Note 27(f) to the financial statements.

OTHER STATUTORY INFORMATION

(a) Before the statements of financial position, statements of profit and loss and statements of other comprehensive income 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 allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and

  (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

  (i) it necessary to write off any bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent; and

  (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

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

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

(f) In the opinion of the Directors:

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

  (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

Details of significant events are disclosed in Note 46 to the financial statements.

SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 47 to the financial statements.

Directors' Report

MATERIAL LITIGATIONS

Details of material litigations are disclosed in Notes 42 and 48 to the financial statements.

AUDITORS AND AUDITORS' REMUNERATION

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 18 April 2017.

DATO' LEE TUCK FOOK
Group Managing Director

GOH CHIN LIONG
Deputy Managing Director

Statement by Directors
Pursuant to Section 169(15) of the Companies Act, 1965

We, Dato' Lee Tuck Fook and Goh Chin Liong, being two of the Directors of WCT Holdings Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 66 to 197 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 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 2016 and of the financial performance and the cash flows of the Group and of the Company for the financial year then ended.

The information set out in Note 50 on page 198 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 18 April 2017.

DATO' LEE TUCK FOOK
Group Managing Director

GOH CHIN LIONG
Deputy Managing Director

Statutory Declaration
Pursuant to Section 169(16) of the Companies Act, 1965

I, Chong Kian Fah, being the Officer primarily responsible for the financial management of WCT Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 66 to 198 are in my opinion 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 Chong Kian Fah at
Kuala Lumpur in the Federal Territory
on 18 April 2017

CHONG KIAN FAH

Before me,

ROSLIZA BT ARIFFIN, (No.: A-W 262)
Commissioner for Oath

Independent Auditors' Report
to the members of WCT Holdings Berhad
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of WCT Holdings Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, statements of profit and loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 66 to 197.

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 2016, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 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 audit 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 the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

<u>Arbitration award of the Nad Al Sheba Racecourse ("DRC") Project</u>
(Refer to Note 48 to the financial statements)

The Group, through a joint venture, was involved in the construction of the DRC Project in Dubai whereby Meydan Group LLC ("Meydan") was the employer of the project. Meydan terminated the contract and subsequently called upon the joint venture's bank guarantees comprising the Performance Security and Advance Payment Guarantee, of which the Group's share is approximately RM281,635,000 and RM47,194,000 respectively. The amounts are recorded as receivables from Meydan which are included in trade and other receivables of the Group.

On 8 July 2015, the arbitration tribunal has found and ruled, amongst other, that Meydan's termination of the contract was unlawful and Meydan was not entitled to call on the bank guarantees. Meydan has initiated legal action to annul the award and also challenged the jurisdiction of the court which has issued an order to recognise the award.

We focused on this area because of the realisability of the receivable from Meydan is dependent on the ability of the Group to successfully defend the award.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

Key audit matters *cont'd*

Arbitration award of the Nad Al Sheba Racecourse ("DRC") Project *cont'd*
(Refer to Note 48 to the financial statements)

In addressing this area of focus, we performed, amongst others, the following procedures:

- assessed the legal advice obtained by the Group and discussed with the Group's legal counsel with regards to the developments of the legal proceedings;

- considered the Group's exposure arising from the litigation by reviewing legal expert opinions vis-à-vis case law precedents and considering merits of the opinions received; and

- reviewed and assessed the Group's disclosures pertaining to the said litigation.

Validity and recoverability of an amount due from contract customer
(Refer to Notes 3.2(a) and 10(b) to the financial statements)

The Group has exposure in the form of an amount due from a contract customer of approximately RM241,163,000 (the "Claim") included in trade receivables. The amount due is in respect of contract work performed for a project in Qatar on behalf of a Qatari Governmental body. The amount due arose from variation orders, out of scope work and escalation costs arising from prolongation of the project and changes made to the project specifications by the customer. The Claim approximates 12% of the contract sum awarded by the customer and account for approximately 15% of trade receivable of the Group. At the date of this report, the Group has yet to submit the Claim to the customer.

The Directors have assessed the collectability of the amount due and concluded that the risk of default is minimal, as the customer is a Governmental body in Qatar, and that the Group has sufficient evidences to corroborate the Claim. In reaching this conclusion, the Directors have appointed an external claims consultant in Malaysia to report on the Claim, an independent claims auditor based in Qatar to assess the quality of the report by the Malaysian claim consultant, and a Qatari solicitor (collectively the "Experts") to report on the legality of the Claim. The Experts have unanimously concluded and opined that the grounds on which the Claims were made are valid, reasonable and legal. Based on the Experts' findings, the Directors have concluded that it is probable that the economic benefits of the Claim will flow to the Group and the recognition of the Claim is consistent with the requirements of FRS 111: Construction Contracts. The Group has discounted the amount receivable over 2 years, being the estimated timing of collection. We identified the Claim as an area requiring audit focus as significant management's judgement and estimates are involved in arriving at the validity of the Claim and its recoverability.

In addressing this area of focus, we performed, amongst others, the following procedures:

- perused significant contract terms and conditions of the project;

- with respect to variations in contract works and claims for costs not included in the contract price, agreed the amounts to approved variation order forms;

- assessed the Experts' objectivity and independence; and reviewed their credentials, qualifications, experience and reputation;

- assessed the Experts' reports and challenged the rationale, computation and basis for their opinions;

- interviewed the Experts to understand the basis of their opinions;

- interviewed the Directors and project management team to understand the basis and feasibility of the estimated timing of collection;

- interviewed the component auditors on their knowledge relating to such claims in general in Qatar; and

- reviewed and assessed completeness and accuracy of the Group's disclosures pertaining to the said Claim.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

Key audit matters *cont'd*

Revenue and cost of sales from construction and property development activities
(Refer to Notes 3.2(b), 3.2(d), 31 and 32 to the financial statements)

The Group is involved in construction contracts and property development projects for which the percentage of completion method ("POC") is applied. During the financial year, the Group recognized revenue of approximately RM1,482,183,000 and RM274,184,000 from construction and property development activities respectively and they account for approximately 77% and 14% of the Group's revenue. The related cost of sales from contract and property development activities were RM1,396,897,000 and RM176,692,000 respectively and they account for 82% and 10% of the Group's cost of sale.

The amount of revenue and profit recognised is based on the POC method which is primarily dependent on the extent of actual costs incurred bear to the total estimated costs. We have identified revenue and cost of sales from construction and property development activities as areas requiring audit focus as significant management's judgement and estimates are involved in estimating the total estimated costs of the individual construction and property development projects.

In addressing this area of focus, we performed, amongst others, the following procedures:

- evaluated the Group's processes and controls over revenue recognition, including controls performed by management in estimating the total estimated cost of the construction or property development projects;

- perused terms and conditions stipulated in agreements with customers and contractors for individually significant contract and assessed their relationship to the revenue and costs recognized;

- evaluated the appropriateness of the estimates made for significant projects and assessed whether or not these estimates showed any evidence of management bias, based on historical accuracy of management's estimates in prior periods. We also discussed changes in total estimated costs of individually significant construction and property development projects from prior periods with management; assessed the consistency of assumptions applied across projects;

- interviewed management's project team on the achievability of the forecasted costs to completion of the individually significant projects;

- assessed actual costs incurred by examining evidences such as contractors' progress claims and suppliers invoices; and

- reviewed and assessed the Group's disclosures relating to construction contracts and property development costs.

Valuation of investment properties
(Refer to Notes 3.2(h) and 6 to the financial statements)

Investment properties are stated at fair value and any gain or loss arising from changes in the fair value are included in profit or loss in the year in which they arise. As at 31 December 2016, the carrying amount of investment properties amounted to RM1,124,808,000, representing 24% and 15% of the Group's total non-current assets and total assets respectively.

The Group is required to perform fair value assessment of its investment properties annually and has appointed independent professional valuers. The valuations are based on assumptions, amongst others, estimated rental revenue, discount rates, occupancy rates, market knowledge, developers' risk and comparable historical transactions.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

Key audit matters *cont'd*

Valuation of investment properties *cont'd*
(Refer to Notes 3.2(h) and 6 to the financial statements)

We identified the valuation of the investment properties as an area of audit focus as such valuation involves significant judgement and estimates that are highly subjective.

In addressing this area of focus, we performed, amongst others, the following procedures:

- assessed the objectivity, independence, reputation and expertise of the external valuers;

- assessed the appropriateness of the data used by the external valuers as input into the valuations. We interviewed the external valuers, discuss and challenged their valuation process, the significant estimates and assumptions applied in their valuation model; and

- reviewed and assessed the Group's disclosures relating to investment properties.

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 directors' report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditors' report, 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

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 Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

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

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

- 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

Auditors' responsibilities for the audit of the financial statements *cont'd*

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 7 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 50 on page 198 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG
AF: 0039
Chartered Accountants

LOW KHUNG LEONG
02697/01/2019 J
Chartered Accountant

Kuala Lumpur, Malaysia
18 April 2017

Statements of Financial Position
as at 31 December 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Non-current assets					
Property, plant and equipment	4	328,295	288,359	4,478	3,507
Land held for property development	5(a)	1,437,443	1,130,245	-	-
Investment properties	6	1,124,808	882,986	-	-
Investments in subsidiaries	7	-	-	3,215,576	3,215,576
Investments in associates	8	147,969	149,659	-	-
Investments in joint ventures	9(b)	502,971	514,384	351	351
Trade receivables	10	827,821	698,723	-	-
Other receivables	11	362,691	360,931	289	564
Due from related parties	12	7,181	12,119	649,175	500,000
Deferred tax assets	13	20,334	11,453	282	436
		4,759,513	4,048,859	3,870,151	3,720,434
Current assets					
Property development costs	5(b)	633,067	555,945	-	-
Inventories	14	131,956	153,858	-	-
Trade receivables	10	832,991	919,520	-	-
Other receivables	11	248,351	223,027	664	685
Due from related parties	12	270,091	150,272	2,017,035	1,844,499
Tax recoverable		9,381	36,610	-	3,630
Cash and bank balances	15	455,062	523,804	92,692	174,849
		2,580,899	2,563,036	2,110,391	2,023,663
Non-current assets classified as held for sale	16	-	139,930	-	-
		2,580,899	2,702,966	2,110,391	2,023,663

		Group		Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
Current liabilities					
Trade payables	17	784,742	757,471	-	-
Other payables	18	183,183	175,645	20,421	21,103
Due to related parties	12	3,801	3,646	971,026	805,425
Borrowings	19	823,490	520,410	-	-
Tax payable		9,282	8,869	1,551	-
		1,804,498	1,466,041	992,998	826,528
Liabilities classified as held for sale	16	-	1	-	-
		1,804,498	1,466,042	992,998	826,528
Net current assets		776,401	1,236,924	1,117,393	1,197,135
		5,535,914	5,285,783	4,987,544	4,917,569
Financed by:					
Equity attributable to equity holders of the Company					
Share capital	27	631,061	600,410	631,061	600,410
Share premium	28	2,310,960	2,228,460	2,310,960	2,228,460
Reserves	29	(165,703)	(207,852)	307,721	349,464
Treasury shares, at cost	27	(12,198)	(10,765)	(12,198)	(10,765)
		2,764,120	2,610,253	3,237,544	3,167,569
Non-controlling interests	30	33,864	36,849	-	-
Total equity		2,797,984	2,647,102	3,237,544	3,167,569
Non-current liabilities					
Trade payables	17	173,518	132,083	-	-
Other payables	18	364,745	389,091	-	-
Borrowings	19	2,158,712	2,072,836	1,750,000	1,750,000
Deferred tax liabilities	13	40,955	44,671	-	-
		2,737,930	2,638,681	1,750,000	1,750,000
		5,535,914	5,285,783	4,987,544	4,917,569

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Profit and Loss
for the financial year ended 31 December 2016

		Group		Company	
		2016	**2015**	**2016**	**2015**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	31	1,933,604	1,667,920	153,584	207,415
Cost of sales	32	(1,694,798)	(1,475,575)	-	-
Gross profit		238,806	192,345	153,584	207,415
Other operating income	33	61,907	146,765	3,099	812
Administration expenses		(72,585)	(73,829)	(14,946)	(14,240)
Other expenses		(45,631)	(33,849)	(1,314)	(897)
Operating profit		182,497	231,432	140,423	193,090
Finance costs	34	(61,528)	(57,808)	(130,422)	(116,296)
Share of results of associates	8	8,257	9,226	-	-
Share of results of joint ventures	9(b)	(7,226)	78,982	-	-
Profit before taxation	35	122,000	261,832	10,001	76,794
Taxation	36	(56,831)	(54,945)	(6,196)	(866)
Profit after taxation		65,169	206,887	3,805	75,928
Attributable to:					
Equity holders of the Company		68,375	209,376	3,805	75,928
Non-controlling interests	30	(3,206)	(2,489)	-	-
		65,169	206,887	3,805	75,928
Earnings per share attributable to equity holders of the Company (sen)					
- Basic	37 (i)	5.50	18.37		
- Fully diluted	37 (ii)	5.49	18.33		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Other Comprehensive Income
for the financial year ended 31 December 2016

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Profit after taxation	65,169	206,887	3,805	75,928
Other comprehensive income:				
Foreign currency translation	19,750	67,014	-	-
Revaluation of freehold land and buildings	(207)	37,603	-	-
Other comprehensive income for the year, net of tax	19,543	104,617	-	-
Total comprehensive income for the year	84,712	311,504	3,805	75,928
Total comprehensive income for the year attributable to:				
Equity holders of the Company	87,697	308,831	3,805	75,928
Non-controlling interests	(2,985)	2,673	-	-
	84,712	311,504	3,805	75,928

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity
for the financial year ended 31 December 2016

Group	Note	Share capital (Note 27) RM'000	Share premium (Note 28) RM'000	Treasury shares (Note 27) RM'000	Internal reorganisation reserve (Note 29) RM'000	Warrants reserve (Note 29) RM'000	Revaluation reserve (Note 29) RM'000	Other reserve (Note 29) RM'000	Capital reserve (Note 29) RM'000	Equity compensation reserve (Note 29) RM'000	Exchange reserve (Note 29) RM'000	General reserve (Note 29) RM'000	Retained profits (Note 29) RM'000	Total RM'000	Non-controlling interests (Note 30) RM'000	Total equity RM'000
		← Attributable to equity holders of the Company												→		
			← Non-distributable								→	← Distributable	→			
At 1 January 2016		600,410	2,228,460	(10,765)	(1,554,791)	53,023	61,273	77	2,846	8,645	(37,485)	1,438	1,257,122	2,610,253	36,849	2,647,102
Profit/(loss) for the financial year		-	-	-	-	-	-	-	-	-	-	-	68,375	68,375	(3,206)	65,169
Other comprehensive income		-	-	-	-	-	(207)	-	-	-	19,529	-	-	19,322	221	19,543
Total comprehensive income for the year		-	-	-	-	-	(207)	-	-	-	19,529	-	68,375	87,697	(2,985)	84,712
Dividends paid to shareholders	38	-	-	-	-	-	-	-	-	-	-	-	(24,981)	(24,981)	-	(24,981)
Arising from share buy-back	27(b)	-	-	(1,433)	-	-	-	-	-	-	-	-	-	(1,433)	-	(1,433)
Arising from share options exercised	27,28	3,020	4,460	-	-	-	-	-	-	-	-	-	-	7,480	-	7,480
Arising from conversion of warrants	27,28	27,631	57,473	-	-	-	-	-	-	-	-	-	-	85,104	-	85,104
Transfer within reserve for ESOS exercised	28	-	1,902	-	-	-	-	-	-	(1,902)	-	-	-	-	-	-
Transfer within reserve for warrants exercised	28	-	18,665	-	-	(18,665)	-	-	-	-	-	-	-	-	-	-
Transfer within reserve for unexercised warrants	29	-	-	-	-	(34,358)	-	-	-	-	-	-	34,358	-	-	-
Transfer within reserve		-	-	-	-	-	-	(23)	-	-	-	-	23	-	-	-
At 31 December 2016		631,061	2,310,960	(12,198)	(1,554,791)	-	61,066	54	2,846	6,743	(17,956)	1,438	1,334,897	2,764,120	33,864	2,797,984

		Attributable to equity holders of the Company														
			Non-distributable									Distributable				
		Share capital	Share premium	Treasury shares	Internal reorganisation reserve	Warrants reserve	Revaluation reserve	Other reserve	Capital reserve	Equity compensation reserve	Exchange reserve	General reserve	Retained profits	Total	Non-controlling interests	Total equity
		(Note 27)	(Note 28)	(Note 27)	(Note 29)	(Note 29)	(Note 29)	(Note 29)	(Note 29)	(Note 29)	(Note 29)	(Note 29)	(Note 29)		(Note 30)	
Group	**Note**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2015		546,276	2,174,151	(27,266)	(1,554,791)	53,023	23,670	140	2,846	5,169	(99,337)	1,438	1,109,061	2,234,380	52,762	2,287,142
Profit/(loss) for the financial year		-	-	-	-	-	-	-	-	-	-	-	209,376	209,376	(2,489)	206,887
Other comprehensive income		-	-	-	-	-	37,603	-	-	-	61,852	-	-	99,455	5,162	104,617
Total comprehensive income for the year		-	-	-	-	-	37,603	-	-	-	61,852	-	209,376	308,831	2,673	311,504
Dividends paid to shareholders	38	-	-	-	-	-	-	-	-	-	-	-	(22,580)	(22,580)	-	(22,580)
Dividends paid to non-controlling interest	30	-	-	-	-	-	-	-	-	-	-	-	-	-	(18,586)	(18,586)
Share dividends distributed to shareholders	38	-	-	38,798	-	-	-	-	-	-	-	-	(38,798)	-	-	-
Share options vested under ESOS	35(b)	-	-	-	-	-	-	-	-	3,467	-	-	-	3,467	-	3,467
Share options vested under ESOS included in investment in joint ventures		-	-	-	-	-	-	-	-	115	-	-	-	115	-	115
Arising from share buy-back	27(b)	-	-	(22,297)	-	-	-	-	-	-	-	-	-	(22,297)	-	(22,297)
Arising from share options exercised	27,28	167	226	-	-	-	-	-	-	-	-	-	-	393	-	393
Arising from conversion of warrants	27,28	4	14	-	-	-	-	-	-	-	-	-	-	18	-	18
Arising from rights issue	27,28	53,963	53,963	-	-	-	-	-	-	-	-	-	-	107,926	-	107,926
Transfer within reserve for ESOS exercised	28	-	106	-	-	-	-	-	-	(106)	-	-	-	-	-	-
Transfer within reserve		-	-	-	-	-	-	(63)	-	-	-	-	63	-	-	-
At 31 December 2015		600,410	2,228,460	(10,765)	(1,554,791)	53,023	61,273	77	2,846	8,645	(37,485)	1,438	1,257,122	2,610,253	36,849	2,647,102

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Changes in Equity
for the financial year ended 31 December 2016

		Non-distributable					Distributable	
		Share capital (Note 27)	Share premium (Note 28)	Treasury shares (Note 27)	Warrants reserve (Note 29)	Equity compensation reserve (Note 29)	Retained profits (Note 29)	Total equity
Company	**Note**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2016		600,410	2,228,460	(10,765)	53,023	7,915	288,526	3,167,569
Profit for the financial year		-	-	-	-	-	3,805	3,805
Total comprehensive income for the year		-	-	-	-	-	3,805	3,805
Dividends paid to shareholders	38	-	-	-	-	-	(24,981)	(24,981)
Arising from share buy-back	27(b)	-	-	(1,433)	-	-	-	(1,433)
Arising from share options exercised	27,28	3,020	4,460	-	-	-	-	7,480
Arising from conversion of warrants	27,28	27,631	57,473	-	-	-	-	85,104
Transfer within reserve for ESOS exercised	28	-	1,902	-	-	(1,902)	-	-
Transfer within reserve for warrants exercised	28	-	18,665	-	(18,665)	-	-	-
Transfer within reserve for unexercised warrants	29	-	-	-	(34,358)	-	34,358	-
At 31 December 2016		631,061	2,310,960	(12,198)	-	6,013	301,708	3,237,544
At 1 January 2015		546,276	2,174,151	(27,266)	53,023	5,169	273,976	3,025,329
Profit for the financial year		-	-	-	-	-	75,928	75,928
Total comprehensive income for the year		-	-	-	-	-	75,928	75,928
Dividends paid to shareholders	38	-	-	-	-	-	(22,580)	(22,580)
Share dividends distributed to shareholders	38	-	-	38,798	-	-	(38,798)	-
Share options vested under ESOS	35(b)	-	-	-	-	588	-	588
Share options vested under ESOS included in investment in subsidiaries		-	-	-	-	2,149	-	2,149
Share options vested under ESOS included in investment in joint ventures		-	-	-	-	115	-	115
Arising from share buy-back	27(b)	-	-	(22,297)	-	-	-	(22,297)
Arising from share options exercised	27,28	167	226	-	-	-	-	393
Arising from conversion of warrants	27,28	4	14	-	-	-	-	18
Arising from rights issue	27,28	53,963	53,963	-	-	-	-	107,926
Transfer within reserve for ESOS exercised	28	-	106	-	-	(106)	-	-
At 31 December 2015		600,410	2,228,460	(10,765)	53,023	7,915	288,526	3,167,569

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows
for the financial year ended 31 December 2016

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	122,000	261,832	10,001	76,794
Adjustments for:				
Interest income	(31,515)	(40,379)	(131,418)	(104,116)
Dividend income	-	-	(14,744)	(98,296)
Interest expense	46,300	57,808	130,422	116,296
Finance cost/(income) from loans and receivables	15,228	(224)	-	-
Net unrealised foreign exchange gains	(12,947)	(92,535)	-	-
Allowance for doubtful debts				
- third parties	9,414	4,401	-	-
Property, plant and equipment:				
- depreciation	14,960	8,052	900	619
- loss/(gain) on disposal	338	(199)	-	-
- written off	98	21	-	-
Bad debts written off	-	2,654	-	-
Reversal of allowance for impairment of trade and other receivables	(9,543)	-	-	-
Gain on disposal of properties held for sale	-	(29)	-	-
Net (write back)/write down in value of properties held for sale	(416)	109	-	-
Share options granted under ESOS	-	3,467	-	588
Fair value gain on investment properties	(320)	(11,918)	-	-
Provision of foreseeable losses for contract work in progress	137	258	-	-
Share of results of associates	(8,257)	(9,226)	-	-
Share of results of joint ventures	7,226	(78,982)	-	-
Operating profit/(loss) before changes in working capital	152,703	105,110	(4,839)	(8,115)
Development expenditure	(185,898)	(365,095)	-	-
Related parties	(101,779)	123,708	(156,110)	92,506
Joint ventures	4,187	(4,903)	-	-
Inventories	22,318	(63,228)	-	-
Receivables	(64,273)	(214,764)	296	(100)
Payables	50,288	(6,469)	(682)	(232)
Cash flows (used in)/ generated from operations	(122,454)	(425,641)	(161,335)	84,059
Taxation paid	(41,476)	(60,770)	(861)	(5,765)
Net cash (used in)/generated from operating activities	(163,930)	(486,411)	(162,196)	78,294

Statements of Cash Flows
for the financial year ended 31 December 2016

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities				
Dividend received	-	-	14,744	98,296
Interest received	31,515	40,379	131,418	104,116
Purchase of property, plant and equipment	(59,134)	(24,292)	(1,871)	(4,120)
Purchase of investment properties	(221,564)	(123,407)	-	-
Investment in an associate	(3,000)	-	-	-
Redemption of cumulative redeemable preference shares by an associate	3,088	7,787	-	-
Refund of share application monies from associates	-	3,194	-	-
Dividend received from associates	10,994	5,039	-	-
Placement in deposits in licensed banks	(4,514)	(105,854)	-	-
Proceeds from disposal of property, plant and equipment	4,062	1,883	-	-
Net cash (used in)/generated from investing activities	(238,553)	(195,271)	144,291	198,292
Cash flows from financing activities				
Dividends paid	(24,981)	(22,580)	(24,981)	(22,580)
Interest paid	(126,030)	(108,171)	(130,422)	(108,681)
Proceeds from rights issue of shares	-	107,926	-	107,926
Proceeds from share options exercised	7,480	393	7,480	393
Proceeds from conversion of warrants	85,104	18	85,104	18
Purchase of treasury shares	(1,433)	(22,297)	(1,433)	(22,297)
Payments to hire purchase payables	(541)	(7)	-	-
Proceeds from term loans	464,022	192,482	-	-
Proceeds from Sukuk Murabahah	-	150,000	-	150,000
Proceeds from revolving credits	255,164	300,000	-	-
Proceeds from trust receipts and bankers' acceptances	25,037	7,777	-	-
Repayment of term loans	(214,578)	(55,242)	-	-
Repayment of Islamic MTN	-	(100,000)	-	(100,000)
Repayment of Bonds	-	(300,000)	-	(300,000)
Repayment of revolving credits	(138,848)	(53,049)	-	-
Repayment of trust receipts and bankers' acceptances	(7,777)	-	-	-
Net cash generated from/(used in) financing activities	322,619	97,250	(64,252)	(295,221)
Net decrease in cash and cash equivalents	(79,864)	(584,432)	(82,157)	(18,635)
Exchange differences	17,361	38,412	-	-
Cash and cash equivalents at beginning of the financial year	398,462	944,482	174,849	193,484
Cash and cash equivalents at end of the financial year	335,959	398,462	92,692	174,849

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the statements of financial position date:

		Group		Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	15	455,062	523,804	92,692	174,849
Cash and bank balances attributable to discontinued operations	16	-	29	-	-
Bank overdrafts	24	(7,805)	(18,587)	-	-
		447,257	505,246	92,692	174,849
Less: Deposits with maturity more than three months	15	(161)	(6,784)	-	-
Less: Deposits with a licensed bank (restricted)	15	(111,137)	(100,000)	-	-
Total cash and cash equivalents		335,959	398,462	92,692	174,849

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. CORPORATION 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 ("Bursa Securities"). The registered office and principal place of business of the Company is located at B-30-01, The Ascent, Paradigm, No.1, Jalan SS7/26A, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company are that of investment holding and provision of management services to the subsidiaries and joint ventures. The principal activities of the subsidiaries, associates and jointly controlled entities are disclosed in Notes 7, 8 and 9 respectively.

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

The financial statements were authorised for issue in accordance with a resolution of the Directors on 18 April 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the requirements of the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted the new and revised FRSs which are mandatory for annual financial periods beginning on or after 1 January 2016 as described fully in Note 2.2.

The financial statements have been prepared on a historical cost basis except otherwise disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

2.2 Changes in accounting policies

On 1 January 2016, the Group and the Company adopted the following new and amended FRSs and IC Interpretations:

Description	**Effective for annual periods beginning on or after**
Annual Improvements to FRSs 2012-2014 Cycle	1 January 2016
Amendments to FRS 116 and FRS 138: *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 11: *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to FRS 127: *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 101: *Disclosure Initiatives*	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128: *Investment Entities: Applying the Consolidation Exception*	1 January 2016
FRS 14: *Regulatory Deferral Accounts*	1 January 2016

These new standards and amendments were applied for the first time in 2016. However, they did not have a material impact on these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Annual Improvements to FRSs 2014 - 2016 Cycle	1 January 2017
FRS 107: *Disclosures Initiatives (Amendments to FRS 107)*	1 January 2017
FRS 112: *Recognition of Deferred Tax for Unrealised Losses (Amendments to FRS 112)*	1 January 2017
FRS 2: *Classification and Measurement of Share-based Payment Transactions (Amendments to FRS 2)*	1 January 2018
FRS 9: *Financial Instruments*	1 January 2018
Amendments to FRS 140: *Transfers of Investment Property*	1 January 2018
Amendments to FRS 4: *Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts*	1 January 2018
IC Interpretation 22: *Foreign Currency Transactions and Advance Consideration*	1 January 2018
MFRS 15: *Revenue from Contracts with Customers*	1 January 2018
MFRS 16: *Leases*	1 January 2019
Amendments to FRS 10 and FRS 128: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Directors expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application except as discussed below:

FRS 107: *Disclosures Initiatives (Amendments to FRS 107)*

The amendments to FRS 107 Statement of Cash Flows requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of this amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosures to be provided by the Group and the Company.

FRS 112: *Recognition of Deferred Tax for Unrealised Losses (Amendments to FRS 112)*

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between retained earnings and other components of equity. Entities applying this relief must disclose that fact.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.3 Standards issued but not yet effective *cont'd*

FRS 112: *Recognition of Deferred Tax for Unrealised Losses (Amendments to FRS 112)* *cont'd*

These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies this amendments for an earlier period, it must disclose that fact. The Group is assessing the potential effect of the amendments on the financial statements.

FRS 2: *Classification and Measurement of Share-based Payment Transactions (Amendments to FRS 2)*

The amendments to MFRS 2 address three main areas:

(a) The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction;

(b) The classification of a share-based payment transaction with net settlement features for withholding tax obligations; and

(c) Accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Group is assessing the potential effect of the amendments on the financial statements.

FRS 9: *Financial Instruments*

In November 2014, MASB issued the final version of FRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 139: *Financial Instruments: Recognition and Measurement* and all previous versions of FRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. FRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of adopting FRS 9 and plans to adopt the new standard on the required effective date.

MFRS 15: *Revenue from Contracts with Customers*

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118: *Revenue*, MFRS 111: *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of adopting MFRS 15 and plans to adopt the new standard on the required effective date.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

2.3 Standards issued but not yet effective *cont'd*

MFRS 16: *Leases*

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

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

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

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group plans to assess the potential effect of MFRS 16 on its financial statements in year 2017.

Malaysian Financial Reporting Standards ("MFRS Framework")

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework"). The MFRS Framework comprises Standards as issued by the International Accounting Standards Board ("IASB") that are effective on 1 January 2012. It also comprises new/revised Standards that will be effective after 1 January 2012. All other Standards under the FRS framework where no new/revised Standards that will be effective after 1 January 2012 will transition to MFRS Framework with no further amendments.

The MFRS Framework is to be applied to all entities other than private entities with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estates including its parent, significant investor and venturer ("Transitioning Entities").

On 8 September 2015, the MASB announced that the effective date of MFRS 15 Revenue from Contracts with Customers will be deferred to annual periods beginning on or after 1 January 2018. As a result, the effective date for Transitioning Entities (TEs) to apply the Malaysian Financial Reporting Standards (MFRSs) will also be deferred to annual periods beginning on or after 1 January 2018.

The Group and the Company fall within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group and the Company considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2018.

The subsidiaries within the Group which do not fall within the scope of Transitioning Entities have adopted the MFRS Framework. As the Group and the Company fall within the scope of Transitioning Entities, adjustments (if applicable) have been made to reflect the consolidated financial statements under FRSs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.4 Basis of consolidation

Pursuant to the restructuring in 2013, the Company was introduced as a new parent company. The introduction of the Company constitutes a Group reconstruction and has been accounted for using merger accounting principles as the combination of the companies meet the relevant criteria for merger, thus depicting the combination of those entities as if they have been in the combination for the current and previous financial years.

Business combinations involving entities under common control are accounted for by applying the merger accounting method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the 'acquired' entity is reflected within equity as internal reorganisation reserve.

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

(i) power over the investee (i.e existing rights that give it the current ability to direct the relevant 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.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) the contractual arrangement with the other vote holders of the investee;

(ii) rights arising from other contractual arrangements; and

(iii) the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.4 Basis of consolidation *cont'd*

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of FRS 139 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain 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.

2.5 Transactions with non-controlling interest

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.5 Transactions with non-controlling interest *cont'd*

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

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

2.6 Foreign currencies

The Group's consolidated financial statements are presented in RM, which is also the Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

(a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

(b) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.7 Cash dividend and non-cash distribution to equity holders of the parent

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company.

A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

2.8 Property, plant and equipment

Construction in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. A revaluation deficit is recognised in the statement of profit and loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Freehold land has an unlimited useful life and is not depreciated. Building work-in-progress are also not depreciated as these assets are not available for use.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- Leasehold land: 99 years
- Buildings: 50 to 60 years
- Plant and machinery: 2 to 19 years
- Motor vehicles: 3 to 14 years
- Office equipment: 2 to 11 years
- Furniture and fittings: 5 to 11 years
- Renovations: 5 to 7 years

An item of property, plant and equipment and any significant part initially recognised 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 (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.9 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Investment property under construction ("IPUC") is measured at fair value (when the fair value is reliably determinable). When assessing whether the fair value of IPUC can be determined reliably the Company considers, among other things:

i) construction of the asset in a developed liquid market;
ii) signing of a construction contract with the contractor;
iii) obtaining the required building and letting permits; and
iv) the percentage of rentable area that has been pre-leased to tenants.

IPUC for which fair value cannot be determined reliably is measured at cost less impairment.

The fair value of IPUC were determined at the end of the reporting period based on the opinion of a qualified independent valuer and valuations were performed using either the residual method approach or disclosed cash flow approach, as deemed appropriate by the valuer. Each IPUC is individually assessed.

The estimated value of future assets is based on the expected future income from the project, using risk adjusted yields that are higher than the current yields of similar completed property. The remaining expected costs of completion plus margin are deducted from the estimated future assets value.

2.10 Impairment of non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.10 Impairment of non-financial assets *cont'd*

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

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

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.11 Non-current assets held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Such non-current assets classified as held for sale are measured at the lower of their carrying amounts and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale, excluding the finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statements of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.11 Non-current assets held for sale *cont'd*

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

2.12 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) power over the investee (i.e., existing rights that give it the current ability to direct the relevant 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.

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

2.13 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit and loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.13 Investments in associates and joint ventures *cont'd*

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit and loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.14 Investments in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group as a joint operator recognises in relation to its interest in a joint operation:

(i) its assets, including its share of any assets held jointly;

(ii) its liabilities, including its share of any liabilities incurred jointly;

(iii) its revenue from the sale of its share of the output arising from the joint operation;

(iv) its share of the revenue from the sale of the output by the joint operation; and

(v) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the FRSs applicable to the particular assets, liabilities, revenues and expenses.

Profits and losses resulting from transactions between the Group and its joint operation are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the joint operation.

2.15 Other non-current investments

Non-current investments other than investments in subsidiaries, associates and jointly controlled entities are stated at cost less impairment losses. On disposal of a non-current investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

When the range of reasonable fair value estimate is significant and the probabilities of the various estimates cannot be reasonably assessed, an entity is precluded from measuring the instrument at fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.16 Financial instruments – initial recognition and subsequent measurement

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

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale ("AFS") financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

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

Subsequent measurement

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

- Financial assets at fair value through profit or loss;
- Loans and receivables;
- Held-to-maturity investments; and
- AFS financial assets.

<u>Financial assets at fair value through profit or loss</u>

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by FRS 139. The Group has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in profit or loss.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

2.16 Financial instruments – initial recognition and subsequent measurement *cont'd*

(i) ***Financial assets*** *cont'd*

Subsequent measurement *cont'd*

Loans and receivables

This category is the most relevant to the Group. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ("EIR") method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in profit or loss. The losses arising from impairment are recognised in profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

This category generally applies to trade and other receivables.

AFS financial assets

AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to profit or loss in finance costs. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.16 Financial instruments – initial recognition and subsequent measurement *cont'd*

(i) Financial assets *cont'd*

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income (recorded as finance income in profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in profit or loss.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

2.16 Financial instruments – initial recognition and subsequent measurement *cont'd*

(i) ***Financial assets*** *cont'd*

Impairment of financial assets *cont'd*

AFS financial assets

For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from OCI and recognised in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

(ii) ***Financial liabilities***

Initial recognition and measurement

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

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

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.16 Financial instruments – initial recognition and subsequent measurement *cont'd*

(ii) ***Financial liabilities*** *cont'd*

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in FRS 139 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Financial guarantee contracts

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

Derecognition

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.16 Financial instruments – initial recognition and subsequent measurement *cont'd*

(iii) Offsetting of financial instruments

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

2.17 Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.18 Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total costs incurred on construction contracts plus recognised profits (less recognised losses) exceed progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

2.19 Land held for property development and property development costs

(i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.19 Land held for property development and property development costs *cont'd*

(ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within current asset and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within current liability.

2.20 Inventories

Inventories are valued at lower of cost and net realisable value.

Cost of property stocks is determined on the specific identification basis and comprises cost associated with the acquiring of land, direct construction cost and appropriate proportions of common cost.

Cost of consumable stocks is determined using the first in, first out method and comprises the cost of purchase plus the cost of bringing the goods to its present 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.

2.21 Provisions

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.22 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.23 Medium Term Notes ("MTN")

The MTNs were issued via bought deal basis and are initially recognised at the fair value of the consideration received less direct attributable transaction costs.

2.24 Sukuk Murabahah

Sukuk Murabahah Programme for the issuance of Sukuk ("Sukuk Murabahah") based on the Shariah principle of Murabahah involving Shariah-compliant commodities of up to RM1,500,000,000 in nominal value ("Sukuk Murabahah Programme").

The Sukuk Murabahah are issued under the Shariah principle of Murabahah based on commodity trading (via a Tawarruq arrangement), which is one of the Shariah principles and concepts approved by the Shariah Advisory Council of the Securities Commission Malaysia.

The Sukuk Murabahah's will be issued via book-building, private placement or bought deal basis and are initially recognised at the fair value of the consideration received less direct attributable transaction costs.

2.25 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees. 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. Short term non-accumulating compensated absences such as sick leave, maternity leave are recognised when the absences occur.

(b) Defined contribution plans

The Group participates in the national pension scheme as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension scheme are recognised as an expense in the period in which the related service is performed.

(c) Share-based compensation

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.25 Employee benefits *cont'd*

(c) Share-based compensation *cont'd*

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised.

2.26 Leases

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

(a) As lessee

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

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in profit or loss.

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

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

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.27 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at fair value of the consideration received or receivable, taking into account contractually defined terms payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and exposed to inventory and credit risks.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.27 Revenue recognition *cont'd*

The specific recognition criteria described below must also be met before revenue is recognised.

(a) ***Sale of goods***

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) ***Sale of properties***

Revenue from sale of properties is accounted for by the stage of completion method. Revenue from completed property units and land is recognised when risk and rewards associated to ownership have been transferred to purchasers.

(c) ***Construction contracts***

Revenue from construction contracts is accounted for by the stage of completion method.

(d) ***Interest income***

Interest income is recognised using the effective interest method.

(e) ***Management fees***

Management fees are recognised when services are rendered.

(f) ***Dividend income***

Dividend income is recognised when the Group's and the Company's right to receive payment is established.

(g) ***Rental income***

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(h) ***Hiring of machineries***

Rental income from hiring of machineries is recognised on a straight-line basis over the period of hire.

(i) ***Car park income***

Revenue from car park operations is recognised on accrual basis.

(j) ***Hotel income***

Room income is recognised based on an accruals basis unless collection is in doubt, in which case it is recognised based on receipt basis.

Revenue from the sales of food and beverage is recognised based on invoiced value of goods sold.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.28 Taxes

(a) *Current income tax*

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.28 Taxes *cont'd*

(b) ***Deferred tax*** *cont'd*

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

(c) ***Goods and services tax ("GST")***

Expenses and assets are recognised net of the amount of GST, except:

- when the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and

- when receivables and payables are stated with the amount of GST included.

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

2.29 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

2.30 Equity instrument

(a) ***Share capital and share issuance expenses***

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

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.

(b) ***Treasury shares***

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share premium.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.31 Contingencies

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

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

2.32 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within 12 months after the reporting period; or
- cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.33 Fair value measurement

The Group measures financial instruments, such as, derivatives and non-financial assets such as properties, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

2.33 Fair value measurement *cont'd*

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

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

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

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

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

Senior management determines the policies and procedures for both recurring fair value measurement, such as investment properties, unquoted AFS financial assets and for non-recurring measurement, such as assets held for distribution in discontinued operation.

External valuers are involved for valuation of significant assets, such as properties, AFS financial assets and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Senior management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the senior management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, senior management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Senior management, in conjunction with the Group's external valuers, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, senior management and the Group's external valuers present the valuation results to the audit committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in future periods.

3.1 Critical judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) Classification between investment properties and property, plant and equipment

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

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(b) Operating lease commitments - the Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

(c) Contingent liabilities

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and experts, internal and external to the Group, for matters in the ordinary course of business.

(d) Determination of functional currency

The Group has developed certain criteria based on FRS 121 in determining the functional currency of its foreign operations including its branch operations. Such determination requires significant judgement when it is apparent that functional currency of the entity is not the currency of the primary economic environment in which the entity operates. The Group considers various other factors including whether the entity is an extension of the parent's operation and the currency in which the funding requirements of the entity are met. The Group has applied this criteria consistently.

3. **SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS** *cont'd*

3.2 Key sources of estimation and uncertainty

The key assumptions concerning the future and other key sources of estimation and uncertainty at the statements of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Contract variations

Contract variations are recognised as revenue to the extent that it is probable that they will result in revenue which can be reliably measured. This requires the exercise of judgement by management based on prior experience, application of contract terms and relationship with the contract owners. The Group engages professional consultants to determine the quantum of contract variations to be recognised. The Group has exposure in the form of an amount due from a contract customer of approximately RM241,163,000 (2015: RM231,164,000) included in trade receivables for which the claim has yet to be presented to the customer.

(b) Percentage-of-completion

The Group recognises property development and construction contracts revenue and expenses in the statement of profit and loss by using the stage of completion method. The stage of completion is determined by the proportion of costs incurred for the work performed to date bear to the estimated total costs.

Significant judgement is required in determining the stage of completion, the extent of the costs incurred and the estimated total revenue and costs, as well as recoverability of the property development and construction contracts costs. In making the judgement, the Group evaluates based on past experience, external economic factors and by relying on the work of specialists.

(c) Impairment of loans and receivables

The Group recognises an allowance for doubtful debts when there is objective evidence that the Group will not be able to collect all amounts due according to the original term of receivables. Significant exposure to impairment includes the Group's share of receivable owing from the Nad Al Sheba Racecourse ("DRC") Project of approximately RM430,378,000 (2015: RM412,723,000) included in trade and other receivables as detailed in Note 48.

Significant judgement is required in the assessment of the recoverability of receivables. To the extent that actual recoveries deviate from management's estimates, such variances may have a material impact on the statements of profit and loss. Based on management's assessment, management believes that the current level of allowance for doubtful debts is adequate. In addition, management is also rigorously monitoring the recoverability of these receivables.

(d) Construction and property development costs

The Group uses internal quantity surveyors together with project managers to estimate the costs to complete construction and property development contracts. Factors such as escalation of material prices, labour costs and other costs are included in the construction and property development cost based on estimates.

(e) Expected losses on construction contracts

The Group recognises expected losses from a construction contract when it is probable that total contract costs exceed total revenue. In determining expected losses, the Group engages specialists to determine the total expected cost of a particular project (including total cost to complete) as well as the total revenue from the project (including any probable variation orders).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS *cont'd*

3.2 Key sources of estimation and uncertainty *cont'd*

(f) Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce cost of inventory to net realisable value, if required are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include change in demand, physical deterioration and quality issues.

(g) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

These losses relate to subsidiaries that have a history of losses, do not expire and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group were to recognise all unrecognised deferred tax assets, profit would have increased by RM2,111,000 (2015: RM2,747,000).

(h) Revaluation of property, plant and equipment and investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit and loss. The Group engaged independent valuation specialists to assess fair value as at 31 December 2016 for investment properties and at 31 December 2015 for land and buildings. For investment properties except for vacant lands, a valuation methodology based on a discounted cash flow ("DCF") was used, as there is a lack of comparable market data because of the nature of the properties. In addition, it measures land and buildings included in property, plant and equipment at revalued amounts with changes in fair value being recognised in OCI. Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the properties.

(i) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounting cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the discounting cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Renovations, office equipment, furniture and fittings RM'000	Building work in progress RM'000	Total RM'000
As at 31 December 2016								
Cost/valuation								
At 1 January 2016	39,946	15,513	132,904	210,080	46,548	45,974	18,951	509,916
Additions	-	-	24,677	33,710	10,921	4,652	6,780	80,740
Transferred to land held for development (Note 5(a))	-	(1,467)	-	-	-	-	-	(1,467)
Disposals	-	-	-	(8,384)	(4,616)	(415)	-	(13,415)
Written off	-	-	-	(4)	-	(259)	-	(263)
Revaluation surplus/ (deficit)	100	-	(1,066)	-	-	-	-	(966)
Exchange differences	-	-	-	3,439	180	361	-	3,980
At 31 December 2016	40,046	14,046	156,515	238,841	53,033	50,313	25,731	578,525
Accumulated depreciation and impairment								
At 1 January 2016	-	175	13,694	147,513	26,615	33,560	-	221,557
Depreciation charge for the financial year	-	110	7,699	19,717	3,361	4,689	-	35,576
Reclassification	-	-	(12)	12	-	-	-	-
Disposals	-	-	-	(5,807)	(2,890)	(318)	-	(9,015)
Written off	-	-	-	(3)	-	(162)	-	(165)
Restatement of accumulated depreciation on revaluation	-	-	(449)	-	-	-	-	(449)
Exchange differences	-	-	-	2,323	93	310	-	2,726
At 31 December 2016	-	285	20,932	163,755	27,179	38,079	-	250,230
Net carrying amount								
At 31 December 2016	40,046	13,761	135,583	75,086	25,854	12,234	25,731	328,295

4. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Group *cont'd*	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Renovations, office equipment, furniture and fittings RM'000	Building work in progress RM'000	Total RM'000
As at 31 December 2015								
Cost/valuation								
At 1 January 2015	27,958	15,513	88,114	189,302	44,742	38,009	20,468	424,106
Additions	-	-	834	12,903	2,849	6,503	3,063	26,152
Reclassification	-	-	4,580	-	-	-	(4,580)	-
Disposals	-	-	-	(3,708)	(1,931)	(5)	-	(5,644)
Written off	-	-	-	-	-	(56)	-	(56)
Revaluation surplus	11,988	-	39,376	-	-	-	-	51,364
Exchange differences	-	-	-	11,583	888	1,523	-	13,994
At 31 December 2015	39,946	15,513	132,904	210,080	46,548	45,974	18,951	509,916
Accumulated depreciation and impairment								
At 1 January 2015	-	104	7,478	128,047	24,266	28,555	-	188,450
Depreciation charge for the financial year	-	71	1,332	14,540	2,995	3,796	-	22,734
Disposals	-	-	-	(2,803)	(1,154)	(3)	-	(3,960)
Written off	-	-	-	-	-	(35)	-	(35)
Restatement of accumulated depreciation on revaluation	-	-	4,884	-	-	-	-	4,884
Exchange differences	-	-	-	7,729	508	1,247	-	9,484
At 31 December 2015	-	175	13,694	147,513	26,615	33,560	-	221,557
Net carrying amount								
At 31 December 2015	39,946	15,338	119,210	62,567	19,933	12,414	18,951	288,359

4. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Company	Renovations, office equipment, furniture and fittings, total RM'000
As at 31 December 2016	
Cost/valuation	
At 1 January 2016	4,127
Additions	1,871
At 31 December 2016	5,998
Accumulated depreciation and impairment	
At 1 January 2016	620
Depreciation charge for the financial year	900
At 31 December 2016	1,520
Net carrying amount	
At 31 December 2016	4,478
As at 31 December 2015	
Cost/valuation	
At 1 January 2015	7
Additions	4,120
At 31 December 2015	4,127
Accumulated depreciation and impairment	
At 1 January 2015	1
Depreciation charge for the financial year	619
At 31 December 2015	620
Net carrying amount	
At 31 December 2015	3,507

4. PROPERTY, PLANT AND EQUIPMENT *cont'd*

(a) Freehold land is carried at valuation whilst freehold buildings are carried at valuation less accumulated depreciation. All other categories of property, plant and equipment are carried at costs less accumulated depreciation. Freehold land and buildings in Malaysia were revalued on 31 December 2015 by the Directors based on the valuation performed by Henry Butcher Malaysia Sdn. Bhd. and PA International Property Consultants (KL) Sdn. Bhd., professional independent valuers and members of the Institution of Surveyors, Malaysia. Valuations were made using comparison method on the basis of open market value. This means that valuations performed by the valuers are based on active market prices, significantly adjusted for differences in the nature, location or condition of the specific property.

If the freehold land and buildings were measured using the cost model, the carrying amounts as at 31 December 2016 would have been as follows:

	Group	
	2016	2015
	RM'000	RM'000
Freehold land and buildings		
Cost	98,704	98,704
Accumulated depreciation	(10,167)	(8,850)
Net book value	88,537	89,854

Analysis of valuation of freehold land and buildings is as follows:

	Freehold land		Buildings	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Group				
Valuation	40,046	39,946	156,515	132,904
Accumulated depreciation	-	-	(20,932)	(13,694)
	40,046	39,946	135,583	119,210

Significant unobservable valuation input:	**Range**
Price per square feet	RM18 to RM437

Significant increases/(decreases) in estimated price per square feet in isolation would result in a significantly higher/(lower) fair value.

4. PROPERTY, PLANT AND EQUIPMENT *cont'd*

(a) *cont'd*

Reconciliation of fair value

	Group	
	2016	**2015**
	RM'000	**RM'000**
As at 1 January	159,156	108,594
Level 3 revaluation recognised	(517)	46,480
Additions during the year	24,677	834
Reclassification	12	4,580
Depreciation charge during the year	(7,699)	(1,332)
As at 31 December	175,629	159,156

Fair value hierarchy disclosures for freehold land and buildings are disclosed in Note 44(f)(i).

(b) During the financial year, the Group and the Company acquired property, plant and equipment by way of the following:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash	61,872	26,152	1,871	4,120
Hire purchase	17,259	-	-	-
Other payables	1,609	-	-	-
	80,740	26,152	1,871	4,120

(c) The carrying amounts of the property, plant and equipment held under hire purchase arrangements are as follows:

	Group	
	2016	**2015**
	RM'000	**RM'000**
Motor vehicles	6,931	1,305
Machineries	9,671	-
	16,602	1,305

(d) The freehold land, buildings and building work in progress with an aggregate carrying amount of RM119,421,000 (2015: RM113,837,000) are pledged to financial institutions for term loans obtained as disclosed in Note 23.

(e) Interest expense of RM2,738,000 (2015: RM1,860,000) were capitalised within building work in progress during the financial year as disclosed in Note 34.

5. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) *Land held for property development*

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Group				
Cost				
At 1 January 2015	578,316	258,697	154,540	991,553
Transferred to property development costs (Note 5(b))	(20,780)	-	(39,673)	(60,453)
Additions	273,284	981	64,781	339,046
Reclassified as held for sale (Note 16)	(133,834)	-	(6,067)	(139,901)
Reclassification	-	(10,389)	10,389	-
At 31 December 2015/1 January 2016	696,986	249,289	183,970	1,130,245
Transferred from property development costs (Note 5(b))	42,962	49,982	16,258	109,202
Transferred from property, plant and equipment (Note 4)	-	1,467	-	1,467
Additions	119	4,324	52,185	56,628
Reclassified from assets held for sale (Note 16)	133,834	-	6,067	139,901
Reclassification	(9,998)	-	9,998	-
At 31 December 2016	863,903	305,062	268,478	1,437,443

5. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS *cont'd*

(b) *Property development costs*

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Group				
At 31 December 2016				
Cumulative property development costs				
At 1 January 2016	173,173	150,990	1,078,936	1,403,099
Cost incurred during the financial year	707	-	365,042	365,749
Transferred to land held for property development (Note 5(a))	(42,962)	(49,982)	(16,258)	(109,202)
Reversal of completed projects	(8,690)	(75,080)	(365,752)	(449,522)
Unsold completed units transferred to inventories	-	(224)	(2,509)	(2,733)
Reclassification	10,024	294	(10,318)	-
At 31 December 2016	132,252	25,998	1,049,141	1,207,391
Cumulative costs recognised in statements of profit and loss				
At 1 January 2016	(37,013)	(80,346)	(729,795)	(847,154)
Recognised during the financial year (Note 32)	(8,999)	(4,268)	(163,425)	(176,692)
Reversal of completed projects	8,690	75,080	365,752	449,522
Reclassification	1,982	-	(1,982)	-
At 31 December 2016	(35,340)	(9,534)	(529,450)	(574,324)
Property development costs as at 31 December 2016	96,912	16,464	519,691	633,067

5. **LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS** *cont'd*

(b) ***Property development costs*** *cont'd*

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Group				
At 31 December 2015				
Cumulative property development costs				
At 1 January 2015	158,320	158,958	791,591	1,108,869
Cost incurred during the financial year	1,175	742	367,068	368,985
Transferred from land held for property development (Note 5(a))	20,780	-	39,673	60,453
Reversal of completed projects	(5,117)	-	(60,191)	(65,308)
Unsold completed units transferred to inventories	(589)	(6,902)	(62,409)	(69,900)
Reclassification	(1,396)	(1,808)	3,204	-
At 31 December 2015	173,173	150,990	1,078,936	1,403,099
Cumulative costs recognised in statements of profit and loss				
At 1 January 2015	(29,922)	(74,149)	(581,625)	(685,696)
Recognised during the financial year (Note 32)	(12,208)	(6,197)	(208,361)	(226,766)
Reversal of completed projects	5,117	-	60,191	65,308
At 31 December 2015	(37,013)	(80,346)	(729,795)	(847,154)
Property development costs as at 31 December 2015	136,160	70,644	349,141	555,945

The property development costs with a carrying amount of RM164,699,000 (2015: RM11,002,000) are pledged to a financial institution for a term loan obtained as disclosed in Note 23.

Interest costs of RM57,054,000 (2015: RM46,270,000) were capitalised within development costs during the financial year as disclosed in Note 34.

6. INVESTMENT PROPERTIES

	Group		
	Investment properties	Investment properties under construction	Total
	RM'000	RM'000	RM'000
	(At fair value)	(At cost)	
Fair value/cost			
At 1 January 2016	495,698	387,288	882,986
Additions	-	241,502	241,502
Gain from fair value adjustment (Note 33)	320	-	320
At 31 December 2016	496,018	628,790	1,124,808
At 1 January 2015	483,780	254,033	737,813
Additions	-	133,255	133,255
Gain from fair value adjustment (Note 33)	11,918	-	11,918
At 31 December 2015	495,698	387,288	882,986

Investment properties under construction ("IPUC") are measured at cost due to the fair value of the IPUC cannot be determined reliably prior to their completion.

Interest expense capitalised during the financial year under IPUC amounted to RM19,938,000 (2015: RM9,848,000) as disclosed in Note 34.

	Group	
	2016	2015
	RM'000	RM'000
Rental income derived from investment properties	36,987	35,616
Direct operating expenses (including repair and maintenance) of income generating properties (Note 35(a))	(5,078)	(8,575)
Profit arising from investment properties carried at fair value	31,909	27,041

Investment properties with an aggregate carrying amount of RM48,520,000 (2015: RM48,200,000) are held under lease terms.

Investment properties are stated at their fair value as at 31 December 2016. Valuations were performed by Henry Butcher Malaysia Sdn. Bhd. and PA International Property Consultants (KL) Sdn. Bhd., professional independent valuers and members of the Institution of Surveyors, Malaysia in accordance with International Valuation Standards using Investment Method and Comparison Method.

Investment properties with an aggregate carrying amount of RM1,070,683,000 (2015: RM834,787,000) are pledged as securities for borrowings as disclosed in Note 23.

6. INVESTMENT PROPERTIES *cont'd*

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Fair value hierarchy disclosures for investment properties are disclosed in Note 44(f)(i).

Reconciliation of fair value:

	Group			
	Investment properties			
	Office properties	Retail properties	Vacant lands	Total
	RM'000	RM'000	RM'000	RM'000
As at 1 January 2015	31,200	443,880	8,700	483,780
Remeasurement recognised in profit or loss (in other operating income)	6,700	3,618	1,600	11,918
As at 31 December 2015	37,900	447,498	10,300	495,698
Remeasurement recognised in profit or loss (in other operating income)	20	-	300	320
As at 31 December 2016	37,920	447,498	10,600	496,018

Description of valuation techniques used and key inputs to valuation of investment properties:

	Valuation technique	Significant unobservable inputs	Range (weighted average) 2016	2015
Retail properties	Investment method	Estimated rental value per square feet per month	RM2.42	RM2.24
		Rent growth per annum	7.41%	8.50%
		Long term vacancy rate	15%	5%
		Discount rate	6.00% - 6.50%	6.00% - 6.50%
Vacant lands	Comparison method	Difference in location, time factor, size, and tenure	-25.0% - 5.0%	-25.0% - 5.0%

Significant changes to the unobservable inputs would result in significant changes in fair value.

6. INVESTMENT PROPERTIES *cont'd*

Description of valuation techniques used and key inputs to valuation of investment properties: cont'd

Investment method

Using the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Significant increases/(decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher/(lower) fair value of the properties. Significant increases/ (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower/(higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long term vacancy rate.

Comparison method

Under the comparison method, a property's fair value is estimated based on comparable transactions. This approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold.

Highest and best use

For all investment property that is measured at fair value, the current use of the property is considered the highest and best use.

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2016	**2015**
	RM'000	**RM'000**
Unquoted shares, at cost	3,204,915	3,204,915
Arising from ESOS granted to subsidiaries' employees	10,661	10,661
	3,215,576	3,215,576

7. INVESTMENTS IN SUBSIDIARIES *cont'd*

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Principal activities	Proportion of ownership interest 2016 (%)	2015 (%)
WCT Berhad	Malaysia	Engineering, construction works and investment holding	100	100
WCT Land Sdn. Bhd.	Malaysia	Investment holding	100	100
Held by WCT Berhad:				
WCT Construction Sdn. Bhd.	Malaysia	Engineering and construction works	100	100
WCT Overseas Sdn. Bhd.	Malaysia	Investment holding	100	100
WCT Equity Sdn. Bhd.	Malaysia	Dormant	100	100
WCT Plantations Sdn. Bhd.	Malaysia	Dormant	100	100
WCT Green Sdn. Bhd.	Malaysia	Dormant	100	100
WCT Group Sdn. Bhd.	Malaysia	Dormant	100	100
WCT (Bahrain) W.L.L. (2) (Note 7(a))	Kingdom of Bahrain	Provision of project management services	-	100
Cebarco-WCT W.L.L. (1)	Kingdom of Bahrain	Construction works	50	50
WCT Engineering Vietnam Company Limited (1)	Vietnam	Dormant	100	100
WCT (S) Pte. Ltd. (1)	Singapore	Investment holding	100	100
Allied WCT L.L.C. (1)	Sultanate of Oman	Dormant	70	70
WCT Oman Roads L.L.C. (1)	Sultanate of Oman	Dormant	60	60
Held by WCT (S) Pte. Ltd.:				
WCT-DPN Company Limited (1)	Vietnam	Development and management	70	70
Held by WCT Construction Sdn. Bhd.:				
WCT Machinery Sdn. Bhd.	Malaysia	Hiring and repair of machineries	100	100
WCT Products Sdn. Bhd.	Malaysia	Trading of building materials	100	100
Intraxis Engineering Sdn. Bhd.	Malaysia	Construction work	60	60

7. **INVESTMENTS IN SUBSIDIARIES** *cont'd*

Details of the subsidiaries are as follows: *cont'd*

Name of company	Country of incorporation	Principal activities	Proportion of ownership interest 2016 (%)	2015 (%)
Held by WCT Land Sdn. Bhd.:				
Gemilang Waras Sdn. Bhd.	Malaysia	Property development	100	100
WCT Properties Sdn. Bhd.	Malaysia	Property investment and trading in properties	100	100
Gabungan Efektif Sdn. Bhd.	Malaysia	Property development	100	100
Labur Bina Sdn. Bhd.	Malaysia	Property development	100	100
WCT Land Resources Sdn. Bhd.	Malaysia	Investment holding	100	100
Camellia Tropicana Sdn. Bhd.	Malaysia	Property development	100	100
Atlanta Villa Sdn. Bhd.	Malaysia	Property development	100	100
WCT Hotel & Facilities Management Sdn. Bhd.	Malaysia	Property investment	100	100
WCT Property Management Sdn. Bhd.	Malaysia	Property management	100	100
Urban Courtyard Sdn. Bhd.	Malaysia	Property development	100	100
Platinum Meadow Sdn. Bhd.	Malaysia	Property development	100	100
WCT Premier Development Sdn. Bhd.	Malaysia	Investment holding	100	100
WCT Assets Sdn. Bhd.	Malaysia	Dormant	100	100
WCT Realty Sdn. Bhd.	Malaysia	Dormant	100	100
Pioneer Acres Sdn. Bhd.	Malaysia	Property development	100	100
WCT Acres Sdn. Bhd.	Malaysia	Property development	100	100
Jubilant Courtyard Sdn. Bhd. (Note 7(b))	Malaysia	Property development	100	100
WCT Hartanah Jaya Sdn. Bhd.	Malaysia	Property investment and development	100	100
One Medini Sdn. Bhd.	Malaysia	Property development	100	100
WCT Pioneer Development Sdn. Bhd.	Malaysia	Dormant	100	100

7. **INVESTMENTS IN SUBSIDIARIES** *cont'd*

Details of the subsidiaries are as follows: *cont'd*

Name of company	Country of incorporation	Principal activities	Proportion of ownership interest 2016 (%)	2015 (%)
Held by WCT Land Sdn. Bhd.: *cont'd*				
WCT Precious Development Sdn. Bhd.	Malaysia	Dormant	100	100
WCT Phenomenon Development Sdn. Bhd.	Malaysia	Dormant	100	100
WCT Malls Management Sdn. Bhd.	Malaysia	Malls management	100	100
WCT Land and Development (Australia) Pty Ltd	Australia	Dormant	100	100
Held by Labur Bina Sdn. Bhd.:				
Labur Bina Management Sdn. Bhd.	Malaysia	Maintenance and management services on developed property	100	100
Held by WCT Land Resources Sdn. Bhd.:				
BBT Mall Sdn. Bhd.	Malaysia	Building management in investment properties	100	100
BBT Hotel Sdn. Bhd.	Malaysia	Investment in hotel	100	100
Held by WCT Premier Development Sdn. Bhd.:				
WCT OUG Development Sdn. Bhd.	Malaysia	Property development	100	100
Held by WCT Overseas Sdn. Bhd.:				
WCT (International) Private Limited	Republic of Mauritius	Investment holding	100	100
Held by WCT (International) Private Limited:				
WCT (Offshore) Private Limited [(1)]	Republic of Mauritius	Investment holding	100	100

7. **INVESTMENTS IN SUBSIDIARIES** *cont'd*

Details of the subsidiaries are as follows: *cont'd*

Name of company	Country of incorporation	Principal activities	Proportion of ownership interest 2016 (%)	2015 (%)
Held by WCT (Offshore) Private Limited:				
IWM Constructions Private Limited [(1)]	India	Engineering, procurement and construction	61.9	61.9
WCT Infrastructure (India) Private Limited [(1)]	India	Investment holding	99.9	99.9

Subsidiaries are audited by Ernst & Young Malaysia except for:

(1) Audited by firms other than Ernst & Young

(2) Audited by member firms of Ernst & Young Global

(a) Dissolution of a subsidiary

On 3 May 2016, WCT (Bahrain) W.L.L., the Company's wholly-owned subsidiary in Bahrain completed all required formalities with the Ministry of Industry & Commerce ("MOIC") to strike off the Commercial Registration of WCT (Bahrain) W.L.L. from MOIC's records and WCT (Bahrain) W.L.L. is accordingly dissolved.

The dissolution of this subsidiary has no material impact to these financial statements.

(b) Rescission of subscription and shareholders agreement

On 1 December 2015, WCT Land Sdn. Bhd. ("WCTL") and Jubilant Courtyard Sdn. Bhd. ("JCSB"), a wholly-owned subsidiary of WCTL, which in turn is a wholly-owned subsidiary of the Company, had entered into a conditional subscription and shareholders agreement ("SSA") with Sunrise Berhad ("Sunrise") whereby WCTL and Sunrise were to cooperate and work together through JCSB as the special purpose incorporated joint venture company to develop the lands held by JCSB in the Mukim of Bandar Serendah, District of Ulu Selangor, Negeri Selangor.

Pursuant to the SSA, Sunrise was to subscribe for 1,000,000 new ordinary shares of RM1.00 each in JCSB ("Shares") representing 50% of the enlarged issued and paid up share capital of JCSB for a total subscription consideration of RM214,880,743 and the subscription of Shares by Sunrise was to result in a dilution of WCTL's equity interest in JCSB from 100% to 50% ("Proposed Dilution"). Pursuant to the Proposed Dilution, WCTL and Sunrise were to have equal proportion of interest i.e. 50% each in JCSB. Hence, JCSB was to cease to be a subsidiary of WCTL and of the Company upon the completion of the SSA.

On 30 June 2016, WCTL, JCSB and Sunrise have mutually agreed to rescind the SSA in light of the current weak property market conditions.

(c) Business combinations

There were no new business combinations during the financial year.

7. INVESTMENTS IN SUBSIDIARIES *cont'd.*

(d) Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests are provided below:

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	Group 2016	Group 2015
Intraxis Engineering Sdn. Bhd. ("IESB")	Malaysia	40%	40%
Cebarco-WCT W.L.L. ("Cebarco WCT Bahrain")	Kingdom of Bahrain	50%	50%

	Group 2016 RM'000	Group 2015 RM'000
Accumulated balances of material non-controlling interests:		
IESB	23,085	20,644
Cebarco WCT Bahrain	10,327	14,287
Other individually immaterial non-controlling interests	452	1,918
	33,864	36,849
Total comprehensive income/(loss) allocated to material non-controlling interests:		
IESB	2,441	54
Cebarco WCT Bahrain	(3,960)	2,398
Other individually immaterial non-controlling interests	(1,466)	221
	(2,985)	2,673

7. **INVESTMENTS IN SUBSIDIARIES** *cont'd*

(d) *Material partly-owned subsidiaries* *cont'd*

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of comprehensive income for 2016:

	IESB	**Cebarco WCT Bahrain**	**Total**
	RM'000	**RM'000**	**RM'000**
Cost of sales	8,965 [1]	(800)	8,165
Other income	139	(109)	30
Administrative expenses	(780)	-	(780)
Other expenses	-	(7,528)	(7,528)
Profit/(loss) before tax	8,324	(8,437)	(113)
Income tax	(2,222)	-	(2,222)
Profit/(loss) for the year	6,102	(8,437)	(2,335)
Other comprehensive income for the year, net of tax	-	517	517
Total comprehensive income/(loss)	6,102	(7,920)	(1,818)
Attributable to:			
Non-controlling interests	2,441	(3,960)	(1,519)
Other individually immaterial non-controlling interests	-	-	(1,466)
	2,441	(3,960)	(2,985)

[1] *Pertains to reversal of project costs following the receipt of the final account.*

7. **INVESTMENTS IN SUBSIDIARIES** *cont'd*

(d) ***Material partly-owned subsidiaries*** *cont'd*

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations. *cont'd*

Summarised statement of comprehensive income for 2015:

	IESB RM'000	Cebarco WCT Bahrain RM'000	Total RM'000
Cost of sales	-	(4,627)	(4,627)
Other income	181	-	181
Finance costs	-	(234)	(234)
Profit/(loss) before tax	181	(4,861)	(4,680)
Income tax	(46)	-	(46)
Profit/(loss) for the year	135	(4,861)	(4,726)
Other comprehensive income for the year, net of tax	-	9,657	9,657
Total comprehensive income	135	4,796	4,931
Attributable to:			
Non-controlling interests	54	2,398	2,452
Other individually immaterial non-controlling interests	-	-	221
	54	2,398	2,673

Summarised statement of financial position as at 31 December 2016:

	IESB RM'000	Cebarco WCT Bahrain RM'000	Total RM'000
Tax recoverable (current)	2,100	-	2,100
Trade receivables (non-current)	-	14,650	14,650
Trade and other receivables (current)	48	33,439	33,487
Cash and bank balances (current)	4,288	7,936	12,224
Trade and other payables (non-current)	-	(31,055)	(31,055)
Trade and other payables (current)	(1,417)	(1,342)	(2,759)
Amount due from/(to) related parties (current)	52,693	(2,974)	49,719
Total equity	57,712	20,654	78,366
Attributable to:			
Non-controlling interest	23,085	10,327	33,412
Other individually immaterial non-controlling interests	-	-	452
Total non-controlling interest	23,085	10,327	33,864

7. **INVESTMENTS IN SUBSIDIARIES** *cont'd*

(d) ***Material partly-owned subsidiaries*** *cont'd*

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations. *cont'd*

Summarised statement of financial position as at 31 December 2015:

	IESB RM'000	Cebarco WCT Bahrain RM'000	Total RM'000
Tax recoverable (current)	1,327	-	1,327
Trade and other receivables (current)	2,073	54,767	56,840
Inventories and cash and bank balances (current)	5,100	8,394	13,494
Trade and other payables (current)	(13,064)	(31,791)	(44,855)
Amount due from/(to) related parties (current)	56,174	(2,796)	53,378
Total equity	51,610	28,574	80,184
Attributable to:			
Non-controlling interest	20,644	14,287	34,931
Other individually immaterial non-controlling interests	-	-	1,918
Total non-controlling interest	20,644	14,287	36,849

	IESB RM'000	Cebarco WCT Bahrain RM'000	Total RM'000
Summarised cash flow information for year ended 31 December 2016:			
Operating	(951)	(458)	(1,409)
Investing	139	-	139
Financing	-	-	-
Net decrease in cash and cash equivalents	(812)	(458)	(1,270)
Summarised cash flow information for year ended 31 December 2015:			
Operating	(7,000)	(4,962)	(11,962)
Investing	181	-	181
Financing	-	-	-
Net decrease in cash and cash equivalents	(6,819)	(4,962)	(11,781)

8. INVESTMENTS IN ASSOCIATES

	Group 2016 RM'000	Group 2015 RM'000
Unquoted shares, at cost	60,108	60,196
Group's share of post acquisition profit and reserves	100,679	103,416
	160,787	163,612
Exchange difference	(12,818)	(13,953)
	147,969	149,659
Represented by:		
Group's share of net identifiable assets	147,969	149,659

In prior financial year, certain associates of the Group, namely, Mapex Infrastructure Private Limited and Emas Expressway Private Limited, issued redeemable and non-convertible debentures with a carrying amount of RM340,398,000 to repay existing term loan facilities on 25 May 2010 and 14 September 2010. The debentures were secured by way of first charge in favour of the debenture trustee on the moveable assets of the associates, both present and future. As at the reporting date, the carrying amount of these investment in associates were RM50,123,000 (2015: RM58,787,000). The associates must maintain escrow accounts and liquidity reserve accounts until all the debentures are fully redeemed. The debentures were subject to certain financial covenants, which include requirements to maintain debt equity ratio of 1:1 and debt service coverage ratio of 1.2 times. The debentures are redeemable in 9 installments over 5 years based on scheduled maturity dates commencing from 12 months after the date of allotment. The debentures were fully redeemed during the previous financial year.

Details of the associates are as follows:

Name of company	Country of incorporation	Principal activities	Proportion of ownership interest 2016 (%)	Proportion of ownership interest 2015 (%)
Held by WCT Berhad:				
Khalid Abdulrahim Group WCT W.L.L.	Kingdom of Bahrain	Construction works	50	50
KKBWCT Joint Venture Sdn. Bhd. (Note 8(a)) (1)	Malaysia	Construction works	30	-

8. INVESTMENTS IN ASSOCIATES *cont'd*

Details of the associates are as follows: *cont'd*

Name of company	Country of incorporation	Principal activities	Proportion of ownership interest 2016 (%)	2015 (%)
Held by WCT (International) Private Limited:				
Gamuda-WCT (Offshore) Private Limited and its subsidiary (Note 8(b))	Republic of Mauritius	Investment holding: holding company to the concessionaire holder of an expressway	30	30
- Mapex Infrastructure Private Limited ("Mapex")	India	Highway concessionaire	30	30
Suria Holding (Offshore) Private Limited and its subsidiary	Republic of Mauritius	Investment holding: holding company to the concessionaire holder of an expressway	30	30
- Emas Expressway Private Limited ("Emas")	India	Highway concessionaire	30	30
Held by WCT (Offshore) Private Limited:				
Gamuda-WCT (India) Private Limited	India	Engineering, procurement and construction works	30	30
Held by WCT Infrastructure (India) Private Limited:				
Perdana Highway Operations Private Limited	India	Investment holding	50	50

[1] *Audited by Ernst & Young Malaysia. All other associates are audited by firms other than Ernst & Young.*

All associates have financial year end of 31 March, other than those incorporated in Republic of Mauritius, which have financial year end of 31 July and those incorporated in Malaysia and the Kingdom of Bahrain, which have financial year end of 31 December. For the purpose of applying the equity method of accounting for associates with financial year ends of 31 March and 31 July, the last audited financial statements available and the management financial statements to the end of the accounting period of the associates have been used.

All associates require the shareholders' consent to distribute its profits. The shareholders does not foresee giving such consent at the reporting date.

These associates have no material capital commitments as at 31 December 2016 or 2015.

8. INVESTMENTS IN ASSOCIATES *cont'd*

These associates have reported a combined contingent liabilities of RM96,839,000 (2015: RM15,110,000) as at reporting date. The Group's share of these contingent liabilities approximate RM29,052,000 (2015: RM4,533,000) as disclosed in Note 42(d).

(a) Incorporation of an associate

On 22 August 2016, KKBWCT Joint Venture Sdn. Bhd. ("KKBWCT"), was incorporated to undertake and complete the proposed development and upgrading of Pan Borneo Highway in the State of Sarawak, Malaysia - Phase 1.

KKBWCT was incorporated in Malaysia with an issued and paid-up share capital of RM10,000,000 divided into 10,000,000 ordinary shares of RM1.00 each. WCT Berhad, a wholly-owned subsidiary of the Company, had subscribed for 30% of the issued and paid-up share capital of KKBWCT for a total cash consideration of RM3,000,000 and the remaining 70% was subscribed by KKB Engineering Berhad.

(b) Redemption of cumulative redeemable preferences shares ("CRPS")

During the financial year, Gamuda-WCT (Offshore) Private Limited has redeemed CRPS held by WCT (International) Private Limited for a total cash consideration of RM3,088,000 (2015: RM7,787,000).

The following table summarises the information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates.

	Mapex	Emas	Other individually immaterial associates	Total
	RM'000	RM'000	RM'000	RM'000
2016				
(i) Summarised statements of financial position				
Non-current assets	157,023	109,490	276,796	543,309
Current assets	117,455	67,111	53,321	237,887
Total assets	274,478	176,601	330,117	781,196
Non-current liabilities	4,553	436	-	4,989
Current liabilities	64,495	35,918	7,449	107,862
Total liabilities	69,048	36,354	7,449	112,851
Net assets	205,430	140,247	322,668	668,345

8. **INVESTMENTS IN ASSOCIATES** *cont'd*

The following table summarises the information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates. *cont'd*

	Mapex RM'000	Emas RM'000	Other individually immaterial associates RM'000	Total RM'000
2016 *cont'd*				
(ii) Summarised statements of profit and loss and other comprehensive income				
Revenue	6,092	5,938	47,536	59,566
Finance income	28,239	19,324	-	47,563
Profit for the year	17,770	8,290	48,843	74,903
(iii) Group's share of net assets, representing carrying amount of Group's interest in associates	61,629	42,074	34,236	137,939
Foreign exchange effect on investments in subsidiaries of associates	-	-	10,030	10,030
	61,629	42,074	44,266	147,969
(iv) Group's share of results of associates				
Profit for the year	5,331	2,487	14,653	22,471
Dividend received from subsidiaries of associates	-	-	(14,214)	(14,214)
	5,331	2,487	439	8,257
(v) Dividend received from associates	-	-	10,994	10,994

8. INVESTMENTS IN ASSOCIATES *cont'd*

The following table summarises the information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates. *cont'd*

	Mapex RM'000	Emas RM'000	Other individually immaterial associates RM'000	Total RM'000
2015				
(i) Summarised statements of financial position				
Non-current assets	167,204	138,955	262,922	569,081
Current assets	129,301	59,913	40,702	229,916
Total assets	296,505	198,868	303,624	798,997
Non-current liabilities	11,724	887	-	12,611
Current liabilities	65,544	45,823	4,058	115,425
Total liabilities	77,268	46,710	4,058	128,036
Net assets	219,237	152,158	299,566	670,961
(ii) Summarised statements of profit and loss and other comprehensive income				
Revenue	7,783	7,570	53,418	68,771
Finance income	32,166	22,057	-	54,223
Profit for the year	24,167	9,647	54,958	88,771
(iii) Group's share of net assets, representing carrying amount of Group's interest in associates	65,771	45,647	27,261	138,679
Foreign exchange effect on investments in subsidiaries of associates	-	-	10,980	10,980
	65,771	45,647	38,241	149,659
(iv) Group's share of results of associates				
Profit for the year	7,250	2,894	16,823	26,967
Dividend received from subsidiaries of associates	-	-	(17,741)	(17,741)
	7,250	2,894	(918)	9,226
(v) Dividend received from associates	-	-	5,039	5,039

9. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

(a) Investments in joint operations

Details of the incorporated/unincorporated joint operations are as follows:

Name of joint operations	Country of operations	Principal activities	Proportion of ownership interest 2016 (%)	Proportion of ownership interest 2015 (%)
Held by WCT Berhad:				
Malaysia - China Hydro Joint Venture	Malaysia	Construction work	7.7	7.7
Gamuda Berhad - WCT Engineering Berhad Joint Venture [1]	Qatar	Engineering and construction of a new highway from the town of Shahaniya to the existing Zekreet interchange near the Dukhan Industrial area in the state of Qatar	49	49
Sinohydro Corporation - Gamuda Berhad - WCT Engineering Berhad Joint Venture ("Sino-Gamuda-WCT") [1]	Qatar	Design and construction of the airfield facilities,tunnel and detention pond of the New Doha International Airport ("NDIA") in the state of Qatar	49	49
Gamuda Berhad - WCT Engineering Berhad Joint Venture New Doha International Airport ("NDIA") Project	Qatar	Design and construction of the airfield facilities, tunnel and detention pond, which forms part of the project comprising the design, construction and completion of the NDIA for Sino-Gamuda-WCT	49	49
AES - WCT Joint Venture	United Arab Emirates	Engineering and construction of infrastructure works	50	50
Arabtec Construction L.L.C. - WCT Engineering Joint Venture	United Arab Emirates	Construction work	50	50
AES - WCT Contracting L.L.C.	United Arab Emirates	Road, bridges and dam contracting	49	49
WCT Berhad - Al-Ali Joint Venture [1]	Qatar	Execution of Lusail City Development Project, Construction Package CP07-C-1B, Commercial Boulevard Road D3, Road A4, Internal Roads, Utilities and Underground Car Parks 2, 3, 4 and 5	70	70

[1] *Audited by member firms of Ernst & Young Global. All other joint operations are audited by firms other than Ernst & Young.*

All joint operations are unincorporated except for AES - WCT Contracting L.L.C..

9. **INVESTMENTS IN JOINTLY CONTROLLED ENTITIES** *cont'd*

(a) **Investments in joint operations** *cont'd*

The Group's aggregate share of the current assets, non-current assets, current liabilities, non-current liabilities, income and expenses of the joint operations are as follows:

	Group	
	2016	**2015**
	RM'000	**RM'000**
Assets and liabilities		
Current assets	95,922	96,585
Non-current assets	817,601	829,167
	913,523	925,752
Current liabilities	(671,402)	(622,477)
Non-current liabilities	(300,084)	(389,699)
	(971,486)	(1,012,176)
	(57,963)	(86,424)
Results		
Revenue	256,469	135,427
Expenses	(227,184)	(135,971)
Other income	-	-
Profit/(loss) before tax	29,285	(544)
Taxation	-	-
Profit/(loss) after tax	29,285	(544)

(b) **Investments in joint ventures**

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Unquoted shares, at cost	412,648	412,648	-	-
Group's share of post acquisition profits and reserves	86,656	93,882	-	-
Unrealised loss	3,316	7,503	-	-
Arising from ESOS granted to joint ventures' employees	351	351	351	351
	502,971	514,384	351	351
Represented by:				
Group's share of net identifiable assets	502,971	514,384	351	351

9. **INVESTMENTS IN JOINTLY CONTROLLED ENTITIES** *cont'd*

(b) **Investments in joint ventures** *cont'd*

Details of the joint ventures are as follows:

Name of joint ventures	Country of incorporation	Principal activities	Proportion of ownership interest 2016 (%)	Proportion of ownership interest 2015 (%)
Held by WCT Land Sdn. Bhd.:				
Segi Astana Sdn. Bhd. ("Segi Astana")	Malaysia	Concession holder of an integrated complex	70	70
Jelas Puri Sdn. Bhd. ("Jelas Puri")	Malaysia	Property investment and development	70	70

All joint ventures are audited by Ernst & Young Malaysia.

Distribution of profits are subject to consents from the joint venture partners. The shareholders does not foresee giving such consent at the reporting date.

The following table summarises the information of the Group's material joint ventures, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the joint ventures.

	Jelas Puri RM'000	Segi Astana RM'000	Total RM'000
2016			
(i) Summarised statements of financial position			
Non-current assets	865,569	589,310	1,454,878
Current assets	677,280	99,741	777,021
Total assets	1,542,848	689,051	2,231,899
Non-current liabilities	668,823	427,035	1,095,858
Current liabilities	284,208	133,304	417,511
Total liabilities	953,031	560,338	1,513,369
Net assets	589,818	128,713	718,530

9. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES *cont'd*

(b) Investments in joint ventures *cont'd*

The following table summarises the information of the Group's material joint ventures, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the joint ventures. *cont'd*

		Jelas Puri RM'000	Segi Astana RM'000	Total RM'000
	2016 *cont'd*			
(ii)	Summarised statements of profit and loss and other comprehensive income			
	Revenue	99,610	121,068	220,678
	(Loss)/profit for the year	(30,550)	20,227	(10,323)
(iii)	Group's share of net assets, representing carrying amount of Group's interest in joint ventures	412,872	90,099	502,971
(iv)	Group's share of results of joint ventures	(21,385)	14,159	(7,226)
(v)	Share of capital commitment	10,068	-	10,068
	2015			
(i)	Summarised statements of financial position			
	Non-current assets	1,183,457	606,743	1,790,200
	Current assets	290,818	73,922	364,740
	Total assets	1,474,275	680,665	2,154,940
	Non-current liabilities	704,770	459,061	1,163,831
	Current liabilities	143,157	113,118	256,275
	Total liabilities	847,927	572,179	1,420,106
	Net assets	626,348	108,486	734,834
(ii)	Summarised statements of profit and loss and other comprehensive income			
	Revenue	104,254	119,669	223,923
	Profit for the year	99,939	12,893	112,832
(iii)	Group's share of net assets, representing carrying amount of Group's interest in joint ventures	438,444	75,940	514,384
(iv)	Group's share of results of joint ventures	69,957	9,025	78,982
(v)	Share of capital commitment	53,345	-	53,345

10. TRADE RECEIVABLES

	Group	
	2016	2015
	RM'000	RM'000
Current		
Trade receivables	446,231	368,815
Accrued billings in respect of property development	118,182	108,236
Retention sum on contracts receivable within 1 year	187,786	85,371
Due from contract customers	101,235	378,894
	853,434	941,316
Less: Allowance for doubtful debts	(20,443)	(21,796)
	832,991	919,520
Non-current		
Trade receivables	22,887	36,361
Retention sum on contracts receivable after 1 year	329,467	364,714
Due from contract customers	475,467	297,648
	827,821	698,723
Total	1,660,812	1,618,243

Details of the Group's trade receivables subject to enforcement of the Award are disclosed in Note 48.

(a) Credit risk

The Group's primary exposure to credit risk arises from its trade receivables. The normal credit term ranges from 30 to 90 days (2015: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest bearing, except for certain receivables amounting to RM67,559,000 (2015: RM14,667,000) which bear interest at rates ranging from 6.78% to 7.75% (2015: 7.50%) per annum.

In determining the recoverability of contract customers and trade receivables, the Group considers any change in the credit quality of the contract and trade receivables from the date the credit was initially granted up to the reporting date. As at the reporting date, management has taken the current market conditions into account when assessing the credit quality of contract and trade receivables. The project directors also hold regular meetings with contract customers to renegotiate payment terms and to ensure the credit-worthiness of the ultimate end-users.

In view of the aforementioned and the fact that the Group's trade receivables are unrelated and in large number, there is no significant concentration of credit risk except as discussed below and in Note 48. Accordingly, after taking all pertinent considerations, the Directors believe that no further allowance is required in excess of the allowance for doubtful debts already made.

10. TRADE RECEIVABLES *cont'd*

(a) Credit risk *cont'd*

The ageing of trade receivables as at the end of the financial year was:

	Gross RM'000	Individual impairment RM'000	Net RM'000
Group			
2016			
Not past due	862,929	-	862,929
Past due 0-30 days	46,951	-	46,951
Past due 31-120 days	5,050	-	5,050
Past due more than 120 days	71,441	(20,443)	50,998
	986,371	(20,443)	965,928
2015			
Not past due	673,648	-	673,648
Past due 0-30 days	63,240	-	63,240
Past due 31-120 days	60,613	-	60,613
Past due more than 120 days	57,760	(21,796)	35,964
	855,261	(21,796)	833,465

Movements of the allowance accounts are as follows:

	Group	
	2016 RM'000	2015 RM'000
At 1 January	21,796	21,146
Charge for the year	7,528	4,104
Written off	-	(3,454)
Reversal of impairment losses	(9,500)	-
Exchange differences	619	-
At 31 December	20,443	21,796

Receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired are related to customers with good track records with the Group or those with ongoing transactions or progressive payments.

10. TRADE RECEIVABLES *cont'd*

(b) Due from contract customers

Details of the amounts due from/(to) contract customers are as follows:

	Group	
	2016	2015
	RM'000	RM'000
Aggregate costs incurred to date	11,867,279	9,218,823
Add: Attributable profits	374,729	238,892
Less: Foreseeable losses	(432)	(295)
	12,241,576	9,457,420
Less: Progress billings	(11,758,620)	(8,821,232)
	482,956	636,188
Represented by:		
Due from contract customers	576,702	676,542
Due to contract customers (Note 17)	(93,746)	(40,354)
	482,956	636,188
Contract revenue recognised during the financial year (Note 31)	1,482,183	1,153,196
Contract cost recognised during the financial year (Note 32)	(1,396,897)	(1,098,314)

The costs incurred to date on construction contracts include the following charges made during the financial year:

	Group	
	2016	2015
	RM'000	RM'000
Wages and salaries	69,039	65,388
Staff costs	24,462	27,226
Hiring of machineries	55,346	44,136
Rent of premises	2,392	2,442
Depreciation of property, plant and equipment	20,616	14,682

11. OTHER RECEIVABLES

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Current				
Sundry receivables	39,045	25,823	252	278
Deposits	14,521	12,827	4	4
Payment for land acquisition and related costs (Note (i))	22,300	22,300	-	-
Advances to sub-contractors (Note (ii))	155,378	143,299	-	-
Prepayments	1,543	1,286	408	403
Advances to non-controlling interest of subsidiaries (Note (iii))	24,149	24,158	-	-
	256,936	229,693	664	685
Less: Allowance for doubtful debts	(8,585)	(6,666)	-	-
	248,351	223,027	664	685
Non-current				
Deposits	9,883	5,676	1	1
Sundry receivables	19,989	19,168	-	-
Advances to sub-contractors	60,487	75,300	-	-
Prepayments	875	563	288	563
Performance security deposit (Note 48)	271,457	260,224	-	-
	362,691	360,931	289	564
	611,042	583,958	953	1,249

(i) In the previous financial year, WCT Precious Development Sdn. Bhd., a wholly-owned subsidiary, entered into a supplemental sale and purchase agreement with KLIFD Sdn. Bhd. for the acquisition of a freehold land identified as a part of Lot 20014 held under Geran 75981 and a part of Lot 20022 held under Geran 76430, with a total land area measuring approximately 71,986 square feet in area, located in Section 67, Bandar Kuala Lumpur, for a total purchase consideration of RM223,000,000. A deposit of RM22,300,000 was paid.

The acquisition has yet to be completed. Upon the completion of the acquisition, these payments for land acquisition and related costs will be reclassified to land held for property development.

(ii) The Group's outstanding advances to sub-contractors in excess of 1 year as at 31 December 2016 amounted to RM30,314,000 (2015: RM27,912,000). These advances mainly comprise payment for purchase of project materials on behalf of sub-contractors. The Directors, having considered all available information, are of the opinion that these debts are collectible in full and require no further allowance for doubtful debts. These advances will be recouped through deduction from work to be performed by sub-contractors.

(iii) Advances to non-controlling interest of subsidiaries are unsecured, non-interest bearing and the repayment term is repayable on demand.

11. OTHER RECEIVABLES *cont'd*

Credit risk

Movements of the allowance accounts are as follows:

	Group	
	2016	**2015**
	RM'000	**RM'000**
At 1 January	6,666	9,461
Charge for the year	1,886	297
Written off	-	(3,217)
Reversal of impairment losses	(43)	-
Exchange differences	76	125
At 31 December	8,585	6,666

As at the reporting date, the Group's maximum exposure to credit risk is represented by carrying amount of each class of financial assets recognised in the statements of financial position.

Details of other receivables of the Group subject to enforcement of the Award are disclosed in Note 48.

12. DUE FROM/(TO) RELATED PARTIES

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Due from related parties:				
Current				
Subsidiaries				
- current accounts				
- interest bearing	-	-	1,985,509	1,698,223
- non-interest bearing	-	-	31,131	146,222
Associates				
- current accounts				
- interest bearing	3,852	-	-	-
- non-interest bearing	198	167	-	-
Joint ventures				
- trade accounts				
- interest bearing	138,078	76,368	-	-
- non-interest bearing	21,363	4,836	-	-
- current accounts				
- interest bearing	106,073	67,791	-	-
- non-interest bearing	527	1,110	395	54
	270,091	150,272	2,017,035	1,844,499

12. DUE FROM/(TO) RELATED PARTIES *cont'd*

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Due from related parties: *cont'd*				
Non-current				
Subsidiaries				
- current accounts				
- interest bearing	-	-	649,175	500,000
Joint ventures				
- trade accounts				
- non-interest bearing	7,181	12,119	-	-
	7,181	12,119	649,175	500,000
	277,272	162,391	2,666,210	2,344,499
Due to related parties:				
Current				
Subsidiaries				
- current accounts				
- interest bearing	-	-	(971,026)	(805,425)
Associates				
- current accounts				
- non-interest bearing	(3,801)	(3,646)	-	-
	(3,801)	(3,646)	(971,026)	(805,425)

Further details on related party transactions and information on financial risks are disclosed in Notes 39 and 44 respectively.

Balances with related parties are unsecured, bear interest ranging from 4.853% to 6.40% (2015: 4.733% to 6.35%) per annum during the financial year with credit terms of 90 days (2015: 90 days) and are to be settled in cash.

13. DEFERRED TAXATION

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
At 1 January	33,218	13,955	(436)	(4,262)
Recognised in the profit or loss (Note 36)	(12,287)	10,386	154	3,826
Recognised in equity	(310)	8,877	-	-
At 31 December	20,621	33,218	(282)	(436)
Presented after appropriate offsetting as follows:				
Deferred tax assets	(20,334)	(11,453)	(282)	(436)
Deferred tax liabilities	40,955	44,671	-	-
	20,621	33,218	(282)	(436)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group:

	Provision for foreseeable losses RM'000	Other payables RM'000	Unused tax losses and unabsorbed capital allowances RM'000	Others RM'000	Total RM'000
At 1 January 2016	(65)	(2,135)	(8,041)	-	(10,241)
Recognised in the profit or loss	(25)	(1,081)	(5,992)	(209)	(7,307)
At 31 December 2016	(90)	(3,216)	(14,033)	(209)	(17,548)
At 1 January 2015	(4)	(6,903)	(8,373)	-	(15,280)
Recognised in the profit or loss	(61)	4,768	332	-	5,039
At 31 December 2015	(65)	(2,135)	(8,041)	-	(10,241)

13. DEFERRED TAXATION *cont'd*

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows: *cont'd*

Deferred tax liabilities of the Group:

	Land held for property development and property development costs RM'000	Asset revaluation RM'000	Accelerated capital allowances RM'000	Total RM'000
At 1 January 2016	(6,410)	19,491	30,378	43,459
Recognised in the profit or loss	(4,682)	(319)	21	(4,980)
Recognised in equity	-	(310)	-	(310)
At 31 December 2016	(11,092)	18,862	30,399	38,169
At 1 January 2015	(12,634)	9,749	32,120	29,235
Recognised in the profit or loss	6,224	865	(1,742)	5,347
Recognised in equity	-	8,877	-	8,877
At 31 December 2015	(6,410)	19,491	30,378	43,459

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM'000
At 1 January 2016	3
Recognised in the profit or loss	51
At 31 December 2016	54
At 1 January 2015	-
Recognised in the profit or loss	3
At 31 December 2015	3

13. DEFERRED TAXATION *cont'd*

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows: *cont'd*

Deferred tax assets of the Company:

	Other payables RM'000
At 1 January 2016	(439)
Recognised in the profit or loss	103
At 31 December 2016	(336)
At 1 January 2015	(4,262)
Recognised in the profit or loss	3,823
At 31 December 2015	(439)

The amounts of unused tax losses of which no deferred tax assets are recognised in the statements of financial position are as follows:

	Group	
	2016 RM'000	2015 RM'000
Unused tax losses	8,796	7,554
Unused tax losses in foreign branches	-	9,340
	8,796	16,894
Deferred tax at rates prevailing in the respective jurisdictions, if recognised	2,111	2,747

Deferred tax assets have not been recognised in respect of these items as they have arisen in companies that have a recent history of losses or in companies where future taxable profits may be insufficient to trigger the utilisation of these items.

Section 44(5A) and Paragraph 75A of Schedule 3 of the Malaysian Income Tax Act, 1967 which became effective in Year of Assessment ("YA") 2006 restricts the utilisation of unabsorbed business losses and capital allowances where there is a substantial change in the ordinary shareholder of a company. The test for determining whether there is a substantial change in shareholders is carried out by comparing the shareholders on the last day of the basis period in which the unabsorbed losses or capital allowances were ascertained with those on the first day of the basis period in which the unabsorbed losses or capital allowances are to be utilised.

Pursuant to guidelines issued by the Malaysian tax authorities in 2008, the Ministry of Finance ("MOF") has exempted all companies from the provision of Section 44(5A) and Paragraph 75A of Schedule 3 except dormant companies. Therefore, all active subsidiaries are allowed to carry forward their unabsorbed capital allowances and business losses.

14. INVENTORIES

	Group 2016 RM'000	Group 2015 RM'000
Consumable stocks, at cost	343	802
Properties held for sale, at cost	131,043	146,973
Properties held for sale, at net realisable value	570	6,083
	131,956	153,858
Costs of inventories recognised as an expense	(89,918)	(117,621)

Certain properties held for sale with an aggregate carrying amount of RM2,412,000 (2015: RM1,935,000) are in the process of being registered in the respective subsidiaries' names.

15. CASH AND BANK BALANCES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deposits:				
With licensed banks [(a) and (b)]	160,648	298,285	88,021	169,719
With a licensed bank (restricted) [(c)]	111,137	100,000	-	-
	271,785	398,285	88,021	169,719
Cash and bank balances	170,476	110,092	4,671	5,130
Cash held under Housing Development Accounts [(d)]	12,801	15,427	-	-
	183,277	125,519	4,671	5,130
Total cash and bank balances	455,062	523,804	92,692	174,849

(a) The maturities of the deposits are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Less than 3 months	160,487	291,501	88,021	169,719
More than 3 months but less than 1 year	161	6,784	-	-
	160,648	298,285	88,021	169,719

15. CASH AND BANK BALANCES *cont'd*

(b) Deposits with licensed banks of the Group amounting to RM19,346,000 (2015: RM17,808,000) are pledged to banks to secure banking facilities.

(c) Deposits which are restricted for use were placed with a licensed bank pursuant to a letter of set-off for a revolving credit facility extended to a subsidiary as disclosed in Note 21.

(d) The cash held under Housing Development Accounts are amounts held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are therefore restricted from use in other operations.

Other information on financial risks of cash and bank balances are disclosed in Note 44.

16. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

On 1 December 2015, WCT Land Sdn. Bhd. ("WCTL") and Jubilant Courtyard Sdn. Bhd. ("JCSB"), a wholly-owned subsidiary, had entered into a conditional subscription and shareholders agreement ("SSA") with Sunrise Berhad ("Sunrise") whereby WCTL and Sunrise were to cooperate and work together through JCSB as the special purpose incorporated joint venture company to develop the lands held by JCSB in the Mukim of Bandar Serendah, District of Ulu Selangor, Negeri Selangor.

Pursuant to the SSA, Sunrise was to subscribe for 1,000,000 new ordinary shares of RM1.00 each in JCSB ("Shares") representing 50% of the enlarged issued and paid-up share capital of JCSB for a total subscription consideration of RM214,880,743. The subscription of Shares by Sunrise was to result in a dilution of WCTL's equity interest in JCSB from 100% to 50% ("Proposed Dilution"). Pursuant to the Proposed Dilution, WCTL and Sunrise will have equal proportion of interest i.e. 50% each in JCSB. Hence, JCSB was to cease to be a subsidiary of WCTL and the Company upon completion of the SSA. Accordingly, the deemed disposal of 50% equity interest in JCSB was classified as assets and liabilities held for sale as at 31 December 2015 in accordance with FRS 5: Non-current Assets Held for Sale and Discontinued Operations.

On 30 June 2016, WCTL, JCSB and Sunrise have mutually agreed to rescind the SSA in light of the current weak property market conditions.

The major classes of assets and liabilities held for sale as at 31 December 2015 were as follows:

	Group 2015 RM'000
ASSETS	
Land held for property development (Note 5(a))	139,901
Cash and bank balances	29
Non-current assets classified as held for sale	139,930
LIABILITIES	
Other payables, representing total liabilities classified as held for sale	1

Following the rescission of the SSA, the assets and liabilities have been reclassified to its respective categories in the statements of financial position as at 31 December 2016.

17. TRADE PAYABLES

	Group	
	2016	**2015**
	RM'000	**RM'000**
Current		
Trade payables	485,713	552,489
Progress billings in respect of property development	4,257	3,675
Retention sum on contracts payable within 1 year	201,026	160,953
Due to contract customers (Note 10(b))	93,746	40,354
	784,742	757,471
Non-current		
Trade payables	24,622	5,853
Retention sum on contracts payable after 1 year	148,896	126,230
	173,518	132,083
Total	958,260	889,554

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2015: 30 to 90 days).

Details of trade payables subject to enforcement of the Award are disclosed in Note 48.

18. OTHER PAYABLES

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current				
Sundry payables	4,757	6,776	87	155
Accruals	43,739	60,037	19,965	20,702
Provision for foreseeable losses [(a)]	289	369	-	-
Provision for liquidated ascertained damages	6,303	-	-	-
Advances received from customers on contracts	56,583	39,336	-	-
Advances from a non-controlling interest of subsidiaries				
- non-interest bearing	299	293	-	-
Advances from shareholders of joint ventures				
- non-interest bearing	49,200	44,188	-	-
Others	22,013	24,646	369	246
	183,183	175,645	20,421	21,103

18. OTHER PAYABLES *cont'd*

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Non-current				
Sundry payables	200,479	250,115	-	-
Advances received from customers on contracts	147,463	129,294	-	-
Others	16,803	9,682	-	-
	364,745	389,091	-	-
	547,928	564,736	20,421	21,103

All amounts due under other payables are unsecured, non-interest bearing and are repayable on demand except for those classified as non-current. All amounts are to be settled in cash except for the advances on contracts which will be set off against progress billings to customers.

Details of other payables subject to enforcement of the Award are disclosed in Note 48.

(a) Movements in the provision for foreseeable losses are as follows:

	Group	
	2016	2015
	RM'000	RM'000
At 1 January	369	11,733
Utilised during the year	(80)	(11,364)
At 31 December	289	369

19. BORROWINGS

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Current					
Secured:					
Hire purchase payables	20	3,426	-	-	-
Revolving credits	21	307,733	278,000	-	-
Term loans	23	243,640	21,600	-	-
		554,799	299,600	-	-
Unsecured:					
Revolving credits	21	186,583	100,000	-	-
Trust receipts and bankers' acceptances	22	25,037	7,777	-	-
Term loans	23	49,266	94,446	-	-
Bank overdrafts	24	7,805	18,587	-	-
		268,691	220,810	-	-
		823,490	520,410	-	-
Non-current					
Secured:					
Hire purchase payables	20	13,292	-	-	-
Term loans	23	395,420	322,836	-	-
		408,712	322,836	-	-
Unsecured:					
Medium term notes	25	1,000,000	1,000,000	1,000,000	1,000,000
Sukuk Murabahah	26	750,000	750,000	750,000	750,000
		1,750,000	1,750,000	1,750,000	1,750,000
		2,158,712	2,072,836	1,750,000	1,750,000
Total borrowings					
Hire purchase payables	20	16,718	-	-	-
Revolving credits	21	494,316	378,000	-	-
Trust receipts and bankers' acceptances	22	25,037	7,777	-	-
Term loans	23	688,326	438,882	-	-
Bank overdrafts	24	7,805	18,587	-	-
Medium term notes	25	1,000,000	1,000,000	1,000,000	1,000,000
Sukuk Murabahah	26	750,000	750,000	750,000	750,000
		2,982,202	2,593,246	1,750,000	1,750,000

19. BORROWINGS *cont'd*

As at the reporting date, unutilised borrowings available for use are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Revolving credits	371,730	177,631	-	-
Term loan	335,740	401,964	-	-
Hire purchase	7,904	-	-	-
Bank overdrafts	188,335	39,828	-	-
Sukuk Murabahah	750,000	750,000	750,000	750,000
Other trade lines	141,111	694,808	-	-
	1,794,820	2,064,231	750,000	750,000

Other information on the borrowings are disclosed in Note 44.

20. HIRE PURCHASE PAYABLES

	Group	
	2016	2015
	RM'000	RM'000
Future minimum lease payments:		
Not later than 1 year	4,217	-
Later than 1 year and not later than 2 years	4,158	-
Later than 2 years and not later than 5 years	10,494	-
Total future minimum lease payments	18,869	-
Less: Future finance charges	(2,151)	-
Present value of finance lease liabilities	16,718	-
Analysis of present value of hire purchase payables:		
Not later than 1 year	3,426	-
Later than 1 year and not later than 2 years	3,548	-
Later than 2 years and not later than 5 years	9,744	-
	16,718	-
Less: Amount due within 12 months	(3,426)	-
Amount due after 12 months	13,292	-

The hire purchase payables are secured by a charge over the leased assets (Note 4) and bears interest at 5.02% per annum (2015: Nil).

21. REVOLVING CREDITS

	Group	
	2016	2015
	RM'000	RM'000
Secured		
Revolving credit I	70,000	78,000
Revolving credit II	200,000	200,000
Revolving credit III	37,733	-
	307,733	278,000
Unsecured		
Revolving credit IV	5,000	-
Revolving credit V	181,583	100,000
	186,583	100,000
	494,316	378,000

Revolving credit I is secured on the same terms as Term Loan I as mentioned in Note 23 and bear interest at 0.05% (2015: 0.50%) per annum over the bank's cost of funds.

Revolving credit II is secured by a charge over fixed deposits as disclosed in Note 15(c) and bear interest at 4.55% (2015: 5.14%) per annum.

Revolving credit III is secured by a charge over bank accounts receiving all contract proceeds of 2 local projects undertaken by the Group and bear interest ranging from 5.98% to 7.00% per annum (2015: Nil).

Revolving credit IV is secured by corporate guarantee from a subsidiary and bear interest at 1.25% (2015: Nil) per annum over the bank's cost of funds.

Revolving credit V is unsecured and bear interest at rates ranging from 3.00% to 4.45% (2015: 5.00% to 5.02%) per annum. Interest accrues from the utilisation date to the date of repayment or prepayment of that utilisation. All accrued interest is payable on the last day of each term.

22. TRUST RECEIPTS AND BANKERS' ACCEPTANCES

	Group	
	2016	2015
	RM'000	RM'000
Unsecured		
Trust receipts	-	7,777
Bankers' acceptances	25,037	-
	25,037	7,777

The trust receipts from a financial institution in Qatar were used to finance projects of WCT Berhad's branch in Qatar. These trust receipts bore finance costs at commercial rate of 4.60% (2015: 4.60%) per annum. These trust receipts had a maturity period of 6 months and were fully repaid during the current financial year.

The bankers' acceptances bear interest at rates ranging from 3.90% to 4.30% (2015: Nil) per annum. These bankers' acceptances have a maturity period of 90 to 120 (2015: Nil) days.

23. TERM LOANS

	Group	
	2016	**2015**
	RM'000	**RM'000**
Secured		
Term loan I	224,800	246,400
Term loan II	264,260	98,036
Term loan III	150,000	-
	639,060	344,436
Unsecured		
Term loan IV	49,266	94,446
Total term loans	688,326	438,882

	Group	
	2016	**2015**
	RM'000	**RM'000**
The term loans are repayable as follows:		
Not later than 1 year	292,906	116,046
Later than 1 year and not later than 2 years	25,120	243,640
Later than 2 years and not later than 5 years	256,770	75,360
Later than 5 years	113,530	3,836
	688,326	438,882
Less: Amount due within 12 months	(292,906)	(116,046)
Amount due after 12 months	395,420	322,836

(i) Term loan I together with the revolving credits as mentioned in Note 21 are secured by way of a fixed charge over the freehold land owned by two subsidiaries, debentures over an investment property owned by a subsidiary ("the Mall") as well as a hotel owned by another subsidiary ("the Hotel") as disclosed in Notes 4 and 6. The term loan I is also secured by the legal assignment of all the rights, title and benefits of the lease agreement of the Mall, the legal assignment of the lease payment received account and operating account of the Mall and the Hotel, the car park collection of the Mall and the legal assignment of insurance of the Mall and the Hotel. The subsidiaries must maintain a combined minimum security cover ratio of 1.25 times of the market value of the freehold lands of the Mall and the Hotel. The term loan I is repayable in monthly instalments over 5 years based on scheduled repayment commencing from January 2013. This loan bears interest of 4.98% (2015: 4.98%) per annum.

23. TERM LOANS *cont'd*

(ii) Term loan II comprises facilities obtained by a subsidiary via a facility agreement dated 18 December 2014 ("the TL-II Facilities"). The TL-II Facilities available are as follows:

- Term Loan 1 ("TL1") is a CMTF-I to part finance the construction of the serviced apartment.

- Term Loan 2 ("TL2") is a Commodity Murabahah Term Financing-I ("CMTF-I") to part finance the construction of the Paradigm Mall @ Johor Bahru and car park including the infrastructure.

- Term Loan 3 ("TL3") is to part finance the construction of the hotel.

The TL-II Facilities are secured by way of a first party legal charge over the freehold land and buildings owned by a subsidiary, debentures over hotel, development properties and investment properties owned by the subsidiary as disclosed in Notes 4, 5 and 6. The TL-ll Facilities are also secured by the legal assignment of rental receivable, insurances and designated accounts, and a corporate guarantee by the Company. The term loan are repayable over twenty-four quarterly payments commencing on the 9th quarter from the date of first drawdown i.e. 7 April 2017 for TL1. The margin of profit charge is 1.20% (2015: 1.20%) per annum and 1.00% (2015: 1.00%) above the banks' cost of funds during the construction stage and upon completion respectively.

TL2 and TL3 are not drawdown yet as at end of the financial year.

(iii) Term loan III comprises facilities obtained by a subsidiary via a facility agreement dated 3 November 2016 ("the TL-III Facilities"). The TL-III Facilities available are as follows:

- Term Loan A ("TL-A") is a CMTF-I to part reimburse advances from the shareholders and/or the Company and its subsidiaries where applicable pursuant to the acquisition of three parcels of residential freehold land ("R1", "R2" and "R4") located at the southern portion of Overseas Union Garden, Kuala Lumpur for the development of condominium units ("OUG Project Land").

- Term Loan B ("TL-B") is a CMTF-I to part finance the total construction cost in relation to the development on R2 and/or R4 ("Construction Cost"); and to part reimburse any advances and/or deposits made by the subsidiary pursuant to the Construction Cost prior to drawdown of the TL-III Facilities.

The TL-III Facilities are secured by way of a first legal charge for RM280 million and debentures over the OUG Project Land as disclosed in Note 5. The TL-III Facilities are also secured by legal assignment of takaful/insurance, designated accounts and corporate guarantee by a subsidiary. The TL-A is repayable over twelve equal quarterly principal payments of RM12,500,000 each with the first payment to commence on the 9th quarter from the date of first disbursement of TL-A and/or redemption sum of 25% of the selling price of each unit under the proposed development in OUG Project Land, whichever is earlier and higher. The margin of profit charge is 1.25% (2015: Nil) per annum above the bank's cost of funds.

TL-B is not drawdown yet as at end of the financial year.

(iv) Term loan IV was obtained from a financial institution in Qatar to finance a project of WCT Berhad's branch in Qatar. This loan carries finance costs at commercial rate of 5.50% (2015: 5.50%). The loan has a maturity period of 3 months (2015: 6 months).

24. BANK OVERDRAFTS

	Group	
	2016	2015
	RM'000	RM'000
Unsecured	7,805	18,587

The unsecured bank overdrafts of the subsidiaries are guaranteed by the Company and bear interest at rates ranging from 4.55% to 7.85% (2015: 7.35% to 8.35%) per annum.

25. MEDIUM TERM NOTES ("MTN")

	Group/Company	
	2016	2015
	RM'000	RM'000
Unsecured		
The MTNs are repayable as follows:		
Later than 1 year and not later than 2 years	200,000	-
Later than 2 years and not later than 5 years	800,000	1,000,000
Amount due after 12 months	1,000,000	1,000,000

On 27 March 2013, WCT Berhad ("WCTB") established a MTN Programme of up to RM1,000,000,000 in nominal value for the issuance of MTNs to principally fund the Group working capital requirements, capital expenditure, investments specific to the Group's core businesses and/or refinancing of the Group's existing borrowings. The outstanding nominal value of MTNs issued under the MTN Programme, in aggregate, shall not exceed RM1,000,000,000 at any point in time. Any amount of MTNs redeemed shall be capable of being re-issued subject to the issue size and maturity of the new issues not exceeding the limit and tenure of the MTN Programme.

The MTN Programme have a tenure of up to 15 years from the date of first issuance of the MTNs provided that the first issue of the MTNs shall be no later than 2 years from the date of Securities Commission Malaysia's approval of the MTN Programme. The MTNs may be issued for tenures of more than 1 year and up to 15 years from the date of issuance, at the option of WCTB, provided always that no MTNs shall mature beyond the tenure of the MTN Programme.

The MTNs was issued via bought deal basis.

The obligations represented by the MTNs shall constitute direct, unsecured, unconditional and unsubordinated obligations of the Company under the laws of Malaysia and rank at least *pari passu* with all unsecured obligations of WCTB (except those obligations preferred by applicable laws).

On 9 April 2013, WCTB drawn down RM200,000,000 and RM300,000,000 of the MTN under the MTN Programme with tenures of 5 years and 7 years respectively. The maturity date of the MTN is 9 April 2018 and 9 April 2020 and yield to maturity at issuance date was 4.20% and 4.40% respectively.

On 30 August 2013, WCTB drawn down RM500,000,000 of the MTN under the MTN Programme with a tenure of 7 years from issue date. The maturity date of the MTN is 28 August 2020 and yield to maturity at issuance date was 4.60%.

The novation of the MTN to the Company from WCTB pursuant to the internal reorganisation exercise was completed on 14 October 2013.

26. SUKUK MURABAHAH

	Group/Company	
	2016	2015
	RM'000	RM'000
Unsecured		
The Sukuk Murabahah are repayable as follows:		
Later than 1 year and not later than 2 years	150,000	-
Later than 2 years and not later than 5 years	100,000	150,000
Later than 5 years	500,000	600,000
Amount due after 12 months	750,000	750,000

On 25 September 2014, the Company established a Sukuk Murabahah Programme for the issuance of Sukuk ("Sukuk Murabahah") based on the Shariah principle of Murabahah involving Shariah-compliant commodities of up to RM1,500,000,000 in nominal value ("Sukuk Murabahah Programme").

The Sukuk Murabahah were constituted by a Trust Deed dated 13 October 2014 between the Company and the Trustee for the holders of the Sukuk Murabahah.

The Sukuk Murabahah Programme shall have tenure of 15 years from the date of first issue of the Sukuk Murabahah provided that the first issuance of Sukuk Murabahah shall be made no later than 2 years from the date of the Securities Commission Malaysia's approval and authorisation of the Sukuk Murabahah Programme. Each Sukuk Murabahah shall be issued for tenures of more than 1 year and up to 15 years from the date of issuance, at the option of the Company, provided always that no Sukuk Murabahah shall mature beyond the tenure of the Sukuk Murabahah Programme.

The Sukuk Murabahah was issued via book-building, private placement or bought deal basis.

Proceeds from the issuance of the Sukuk Murabahah are to be utilised for the following purposes which are Shariah-compliant:

(i) to fund WCT Group's working capital requirements, capital expenditure and investments specific to WCT Group's principal activities, excluding the construction or acquisition of hotel(s);

(ii) refinancing of WCT Group's existing borrowings;

(iii) to fund the Trustee's Reimbursement Account; and/or

(iv) to defray fees and expenses incurred in relation to the Sukuk Murabahah Programme.

On 23 October 2014, the Company issued RM600,000,000 of Sukuk Murabahah under the Shariah principle of Murabahah in 3 series and have tenures of 7, 8 and 9 years.

The profit rates are 4.95%, 5.05% and 5.17% per annum respectively and payable semi-annually in arrears commencing 6 months after the issue date.

On 30 December 2015, the Company issued an additional RM150,000,000 of Sukuk Murabahah under the Shariah principle of Murabahah with a tenure of 3 years at a profit rate of 4.80% per annum and payable semi-annually in arrears commencing 6 months after the issue date.

27. SHARE CAPITAL

		Group/Company			
		Number of ordinary shares of RM0.50 each		Amount	
		2016	2015	2016	2015
		'000	'000	RM'000	RM'000
Authorised:					
At 1 January/31 December		2,000,000	2,000,000	1,000,000	1,000,000
Issued and fully paid:					
At 1 January		1,200,819	1,092,552	600,410	546,276
Share options exercised under:					
- ESOS 2013/2023	(Note 27(c))	6,040	333	3,020	167
Conversion of Warrants:					
- 2013/2016	(Note 27(d))	55,262	1	27,631	1
- 2013/2017	(Note 27(e))	*	7	*	3
Rights issue		-	107,926	-	53,963
At 31 December		1,262,121	1,200,819	631,061	600,410

* *Represents 400 shares of RM0.50 each.*

(a) Issue of shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM600,409,719 to RM631,061,210 by way of issuance of:

(i) 6,040,000 new ordinary shares of RM0.50 each pursuant to the exercise of options under ESOS 2013/2023 at the exercise prices ranging between RM1.18 and RM1.63 per ordinary share;

(ii) 55,262,582 new ordinary shares of RM0.50 each pursuant to the conversion of Warrants 2013/2016 at an exercise price of RM1.54 per ordinary share for cash; and

(iii) 400 new ordinary shares of RM0.50 each pursuant to the conversion of Warrants 2013/2017 at an exercise price of RM1.71 per ordinary share for cash.

The new ordinary shares issued during the financial year ranked *pari passu* in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares (except treasury shares) are 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 regard to the Company's residual assets.

27. SHARE CAPITAL *cont'd*

(b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares.

During the financial year, the Company repurchased a total of 899,300 (2015: 15,427,100) of its issued ordinary shares from the open market at an average price of RM1.59 (2015: RM1.45) per share. The total consideration paid for the repurchase including transaction costs was RM1,433,124 (2015: RM22,297,151). The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

In the previous financial year, 10,745,734 and 11,826,465 treasury shares were distributed as share dividends to the shareholders on 16 June 2015 and 9 October 2015 respectively on the basis of one (1) treasury share for every one hundred (100) ordinary shares of RM0.50 each held at the entitlement date on 26 May 2015 and 15 September 2015 respectively, fractions of treasury shares was disregarded.

As at 31 December 2016, the total shares held as treasury shares amounted to 8,720,071 (2015: 7,820,771) ordinary shares of RM0.50 each at a total cost of RM12,198,246 (2015: RM10,765,122).

None of the treasury shares held were resold or cancelled during the financial year.

(c) Employees' share option scheme 2013/2023 ("ESOS 2013/2023")

The Company's ESOS 2013/2023 is governed by the By-Laws which was approved by the shareholders at the Extraordinary General Meeting held on 26 April 2013.

The salient terms of the ESOS 2013/2023 are as follows:

(i) Subject to the ESOS By-Laws, the maximum number of options granted under the ESOS 2013/2023 shall not exceed 10% of the total issued and paid-up share capital comprising ordinary shares in the Company at any time throughout the duration of the scheme which shall be in force for a period of 10 years commencing from 19 July 2013 ("ESOS Option Period");

(ii) An employee of the Group shall be eligible to participate in the ESOS 2013/2023 if, as at the date of the ESOS 2013/2023 offer, such employee:

  (aa) has attained the age of eighteen (18) years;

  (bb) has been in the employment of any company(s) within the Group for a period of at least one (1) year of continuous service (which employment need not be with the same company within the Group throughout the duration) prior to and up to the offer date, including service during the probation period, and is confirmed in service; and

  (cc) in the case where a company is acquired by the Group during the duration of the ESOS 2013/2023 and becomes a subsidiary of the Company upon such acquisition, must have completed a continuous period of at least one (1) year of employment in the Group following the date such company becomes or is deemed to be a subsidiary of the Company.

27. SHARE CAPITAL *cont'd*

(c) Employees' share option scheme 2013/2023 ("ESOS 2013/2023") *cont'd*

The salient terms of the ESOS 2013/2023 are as follows: *cont'd*

(ii) An employee of the Group shall be eligible to participate in the ESOS 2013/2023 if, as at the date of the ESOS 2013/2023 offer, such employee: *cont'd*

Any non-executive director of the Company who is not involved in the day-to-day management of the Company and who, on the offer date, has served any company within the Group for at least one (1) year, including any period that he/she was an employee or director of any company within the Group, shall be eligible to participate in the ESOS 2013/2023.

The Options Committee may with its power under the ESOS By-Laws, nominate any employee or non-executive directors of the Group to be an Eligible Employee notwithstanding that the eligibility criteria as stated in (c) (ii) (bb), (cc) or the above is not met.

Subject to the fulfilment of additional eligibility criteria under the ESOS By-Laws, no employee shall participate at anytime in more than 1 employee share option scheme implemented by any company within the Group;

(iii) Not more than 10% of the Options available under the ESOS 2013/2023 shall be allocated, to any individual Director or Eligible Employee who, either individually or collectively through persons connected with the Directors or employees, holds 20% or more in the issued and paid-up share capital of the Company;

(iv) The option price for subscription of each share shall be at a discount of not more than 10% from the weighted average market price of the Company's shares traded on Bursa Malaysia Securities Berhad for the 5 market days preceding the date of offer, or the par value of the shares of the Company of RM0.50 each, whichever is the higher;

(v) Subject to any adjustments that may be made under the ESOS By-Laws, no options shall be granted for less than 100 shares of the Company but not more than the maximum allowable allotment as set out in the ESOS By-Laws;

(vi) Subject to the ESOS By-Laws, the Options Committee may with its power under the ESOS By-Laws, at any time and from time to time, before or after an ESOS Option is granted, limit the exercise of the ESOS Option to a maximum number of new shares of the Company and/or such percentage of the total new shares of the Company comprised in the ESOS Option during such periods within the ESOS Option Period and impose any other terms and/or conditions deemed appropriate by the Options Committee in its sole discretion including amending/varying any terms and conditions imposed earlier;

(vii) An ESOS 2013/2023 offer may be made upon such terms and conditions as the Options Committee may decide from time to time. Each ESOS 2013/2023 offer shall be made in writing and is personal to the Eligible Employee and cannot be assigned, transferred, encumbered or otherwise disposed off in any manner whatsoever; and

(viii) Subject to the ESOS By-Laws, an ESOS Option can be exercised by the Grantee, by notice in writing to the Company in the form prescribed by the Options Committee during the ESOS Option Period in respect of all or any parts of the new shares in the ESOS Option.

27. SHARE CAPITAL *cont'd*

(c) Employees' share option scheme 2013/2023 ("ESOS 2013/2023") *cont'd*

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the financial year:

Grant date	Expiry date	Exercise price RM	Outstanding at 1 January '000	Movement during the year: Granted '000	(Exercised) '000	Forfeited '000	Outstanding at 31 December '000	Exercisable at 31 December '000
2016								
30 August 2013	18 July 2023	1.63	8,804	-	(254)	(351)	8,199	8,199
15 August 2014	18 July 2023	1.55	9,799	-	(643)	(435)	8,721	8,721
18 September 2015	18 July 2023	1.18	10,860	-	(5,143)	(155)	5,562	5,562
			29,463	-	(6,040)	(941)	22,482	22,482
WAEP (RM)			1.44	-	1.24	1.52	1.49	1.49
2015								
30 August 2013	18 July 2023	1.63	9,039	-	-	(235)	8,804	8,804
15 August 2014	18 July 2023	1.55	10,055	-	-	(256)	9,799	9,799
18 September 2015	18 July 2023	1.18	-	11,193	(333)	-	10,860	10,860
			19,094	11,193	(333)	(491)	29,463	29,463
WAEP (RM)			1.59	1.18	1.18	1.59	1.44	1.44

(i) Details of share options outstanding at the end of the financial year:

	WAEP RM	Exercise period
2016		
Date granted		
30 August 2013	1.63	30.08.2013 - 18.07.2023
15 August 2014	1.55	15.08.2014 - 18.07.2023
18 September 2015	1.18	18.09.2015 - 18.07.2023
2015		
Date granted		
30 August 2013	1.63	30.08.2013 - 18.07.2023
15 August 2014	1.55	15.08.2014 - 18.07.2023
18 September 2015	1.18	18.09.2015 - 18.07.2023

At 31 December 2016, there are 22,482,000 (2015: 29,463,000) options exercisable at the WAEP of RM1.49 (2015: RM1.44) each. The exercise and vesting period is from 30 August 2013 to 18 July 2023.

27. **SHARE CAPITAL** *cont'd*

(c) **Employees' share option scheme 2013/2023 ("ESOS 2013/2023")** *cont'd*

(ii) **Share options exercised during the financial year**

Options exercised during the financial year resulted in the issuance of 6,040,000 (2015: 333,000) ordinary shares of RM0.50 each at a weighted average exercise price of RM1.24 (2015: RM1.18).

(iii) **Fair value of share options granted during the financial year**

The fair value of share options granted during the financial year was estimated using a binomial model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

	18 September 2015	15 August 2014	30 August 2013
Fair value of share options at grant date (RM)	0.32	0.24	0.40
Weighted average share price (RM)	1.35	2.29	2.44
Weighted average exercise price (RM)	1.18	2.05	2.15
Expected volatility (%)	21.95%	21.95%	16.66%
Expected life (year)	10	10	10
Risk free rate (%)	3.88%	4.10%	3.42%
Expected dividend yield (%)	4.88%	2.90%	2.73%

The expected life of the share options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. No other features of the option was incorporated into the measurement of fair value.

(d) **Warrants 2013/2016**

The movement in these warrants during the financial year to take up new ordinary shares of RM0.50 each in the Company were as follows:

	Number of warrants '000
At 1 January 2015	156,987
Converted to ordinary shares	(1)
At 31 December 2015/1 January 2016	156,986
Converted to ordinary shares	(55,262)
Lapsed	(101,724)
At 31 December 2016	-

27. SHARE CAPITAL *cont'd*

(d) Warrants 2013/2016 *cont'd*

The salient terms of these warrants were follows:

(i) The warrants was issued in registered form and constituted by a Deed Poll executed on 1 July 2013. For the purpose of trading of the warrants on Bursa Securities, a board lot of warrants shall be 100 warrants carrying the right to subscribe for 100 ordinary shares of RM0.50 each in the Company;

(ii) The exercise price was RM2.75 per ordinary share of RM0.50 each and each warrant entitles the registered holder to subscribe for 1 new ordinary share in the Company during the exercise period;

(iii) Adjustment was made to the exercise price of the outstanding Warrants 2013/2016 from RM2.75 to RM2.04 as a result of the Bonus Issue of Shares and the Bonus Issue of Warrants in accordance with the provisions of the Deed Poll dated 17 December 2010 (as amended and varied via the supplemental Deed Poll dated 30 August 2012), to ensure that the status of the holders of Warrants 2013/2016 is not prejudiced as a result of the Bonus Issue of Shares and the Bonus Issue of Warrants;

(iv) Further adjustment was made to the exercise price of the outstanding Warrants 2013/2016 from RM2.04 to RM1.54 as a result of the Rights Issue of Shares and the Bonus Issue of Warrants in accordance with the provisions of the Deed Poll dated 1 July 2013 constituting Warrants 2013/2016, to ensure that the status of the holders of Warrants 2013/2016 is not prejudiced as a result of the Rights Issue of Shares and the Bonus Issue of Warrants;

(v) The exercise period was for a period of 5 years commencing on and including the date of allotment of this warrants. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid;

(vi) The new ordinary shares were to be issued pursuant to the exercise of this warrants will, upon allotment and issuance, rank *pari passu* in all respects with the existing ordinary shares of the Company, save and except that the holders of the new ordinary shares of the Company shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is on or before the date of allotment of the ordinary shares of the Company pursuant to the exercise of the warrants;

(vii) In the case of a members' voluntarily winding up, or a compromise or arrangement between the Company and its members or any class of them (whether or not in connection with a scheme for reconstruction or amalgamation), every warrant holder as evidenced in the Record of Depositors was to be treated as having the right to subscribe for new ordinary shares of the Company in accordance with the terms and conditions of the Deed Poll dated 1 July 2013, at any time within 6 weeks after passing of such resolution for a members' voluntarily winding up of the Company, or within 6 weeks after the granting of the court order in respect of the compromise or arrangement; and

(viii) The warrant holders were not entitled to any voting rights or to participate in any distribution and/or offer of further securities in the Company until and unless such warrant holders exercise their warrants for new ordinary shares in the Company.

157,014,351 Warrants 2013/2016 were issued on 1 July 2013 pursuant to the securities exchange made between the Company and WCTB pursuant to a scheme of arrangement under Section 176 of the Companies Act, 1965. The Warrants 2013/2016 were listed on the Bursa Securities on 8 July 2013.

Warrants 2013/2016 had lapsed on 10 March 2016.

27. SHARE CAPITAL *cont'd*

(e) Warrants 2013/2017

The movements in these warrants during the financial year to take up new ordinary shares of RM0.50 each in the Company were as follows:

	Number of warrants '000
At 1 January 2015	163,631
Converted to ordinary shares	(7)
At 31 December 2015/1 January 2016	163,624
Converted to ordinary shares	*
At 31 December 2016	163,624

* *Represents 400 warrants.*

The salient terms of the warrants are as follows:

(i) The warrants were issued in registered form and constituted by a Deed Poll executed on 1 July 2013. For the purpose of trading of the warrants on Bursa Securities, a board lot of warrants shall be 100 warrants carrying the right to subscribe for 100 ordinary shares of RM0.50 each in the Company;

(ii) The exercise price is RM2.25 per ordinary share of RM0.50 each of the Company and each warrant will entitle the registered holder to subscribe for 1 new ordinary share in the Company during the exercise period;

(iii) Adjustment was made to the exercise price of the outstanding Warrants 2013/2017 from RM2.25 to RM1.71 as a result of the Rights Issue of Shares and the Bonus Issue of Warrants in accordance with the provisions of the Deed Poll to ensure that the status of the holders of Warrants 2013/2017 is not prejudiced as a result of the Rights Issue of Shares and the Bonus Issue of Warrants;

(iv) The exercise period is for a period of 5 years commencing on and including the date of allotment of this warrants. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid;

(v) The new ordinary shares to be issued pursuant to the exercise of this warrants will, upon allotment and issuance, rank *pari passu* in all respects with the existing ordinary shares of the Company, save and except that the holders of the new ordinary shares of the Company shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is on or before the date of allotment of the ordinary shares of the Company pursuant to the exercise of the warrants;

(vi) In the case of a members' voluntarily winding up, or a compromise or arrangement between the Company and its members or any class of them (whether or not in connection with a scheme for reconstruction or amalgamation), every warrant holder as evidenced in the Record of Depositors shall be treated as having the right to subscribe for new ordinary shares of the Company in accordance with the terms and conditions of the Deed Poll, at any time within 6 weeks after passing of such resolution for a members' voluntarily winding up of the Company, or within 6 weeks after the granting of the court order in respect of the compromise or arrangement; and

(vii) The warrant holders are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in the Company until and unless such warrant holders exercise their warrants for new ordinary shares of the Company.

27. SHARE CAPITAL *cont'd*

(e) Warrants 2013/2017 *cont'd*

163,777,448 Warrants 2013/2017 were issued on 1 July 2013 pursuant to the securities exchange made between the Company and WCTB pursuant to a scheme of arrangement under Section 176 of the Companies Act, 1965. The Warrants 2013/2017 were listed on the Bursa Securities on 8 July 2013.

(f) Warrants 2015/2020

The movements in these warrants to take up new ordinary shares of RM0.50 each in the Company were as follows:

	Number of warrants '000
At 1 January 2015	-
Allotted during the year	236,621
At 31 December 2015/1 January 2016/31 December 2016	236,621

The salient terms of the warrants are as follows:

(i) The warrants were issued in registered form and constituted by a Deed Poll executed on 11 August 2015. For the purpose of trading of the warrants on Bursa Securities, a board lot of warrants shall be 100 warrants carrying the right to subscribe for 100 ordinary shares of RM0.50 each in the Company;

(ii) The exercise price is RM2.08 per ordinary share of RM0.50 each of the Company and each warrant will entitle the registered holder to subscribe for 1 new ordinary share in the Company during the exercise period;

(iii) The exercise period is for a period of 5 years commencing on and including the date of allotment of this warrants. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid;

(iv) The new ordinary shares to be issued pursuant to the exercise of this warrants will, upon allotment and issuance, rank *pari passu* in all respects with the existing ordinary shares of the Company, save and except that the holders of the new ordinary shares of the Company shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is on or before the date of allotment of the ordinary shares of the Company pursuant to the exercise of the warrants;

(v) In the case of a members' voluntarily winding up, or a compromise or arrangement between the Company and its members or any class of them (whether or not in connection with a scheme for reconstruction or amalgamation), every warrant holder as evidenced in the Record of Depositors shall be treated as having the right to subscribe for new ordinary shares of the Company in accordance with the terms and conditions of the Deed Poll, at any time within 6 weeks after passing of such resolution for a members' voluntarily winding up of the Company, or within 6 weeks after the granting of the court order in respect of the compromise or arrangement; and

(vi) The warrant holders are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in the Company until and unless such warrant holders exercise their warrants for new ordinary shares of the Company.

236,621,145 Warrants 2015/2020 were issued pursuant to the bonus issue of 1 Warrant 2015/2020 for every 5 existing ordinary shares held in the Company. The Warrants 2015/2020 were listed on the Bursa Securities on 4 September 2015.

28. SHARE PREMIUM

	Group/Company 2016 RM'000	Group/Company 2015 RM'000
Non-distributable		
At 1 January	2,228,460	2,174,151
Arising from share options exercised	4,460	226
Arising from conversion of warrants	57,473	14
Transfer within reserve arising from ESOS exercised	1,902	106
Transfer within reserve arising from warrants exercised	18,665	-
Rights issue	-	53,963
At 31 December	2,310,960	2,228,460

29. RESERVES

		Group		Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
Non-distributable					
Revaluation reserve	(a)	61,066	61,273	-	-
Other reserve		54	77	-	-
Capital reserve	(b)	2,846	2,846	-	-
Equity compensation reserve	(c)	6,743	8,645	6,013	7,915
Exchange reserve	(d)	(17,956)	(37,485)	-	-
Warrants reserve	(e)	-	53,023	-	53,023
Internal reorganisation reserve	(f)	(1,554,791)	(1,554,791)	-	-
		(1,502,038)	(1,466,412)	6,013	60,938
Distributable					
General reserve	(g)	1,438	1,438	-	-
Retained profits	(h)	1,334,897	1,257,122	301,708	288,526
		1,336,335	1,258,560	301,708	288,526
		(165,703)	(207,852)	307,721	349,464

The nature and purpose of each category of the reserves are as follows:

(a) Revaluation reserve

This revaluation reserve is used to record changes in fair values of certain freehold land and buildings.

(b) Capital reserve

Capital reserve of the Group arose from bonus issue of shares by subsidiaries.

29. RESERVES *cont'd*

The nature and purpose of each category of the reserves are as follows: *cont'd*

(c) Equity compensation reserve

The equity compensation reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on grant of share options.

(d) Exchange reserve

The exchange reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(e) Warrants reserve

The proceeds from the issue of Warrants 2013/2016 (i.e. arising from the issuance of bonds with warrants), net of issue costs, were credited to warrants reserve account which is non-distributable. Warrants reserve will be transferred to the share premium accounts upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants on the expiry date of the exercise period will be transferred to retained profits.

(f) Internal reorganisation reserve

Internal reorganisation reserve is used to record the differences arising from the share premium of the Company's and the share premium of WCTB pursuant to the securities exchange made between the Company and WCTB pertaining to a scheme of arrangement under Section 176 of the Companies Act, 1965.

(g) General reserve

(i) Under the provisions of the Bahrain Commercial Companies Law, a statutory reserve equivalent to 10% of the subsidiary's net profit before appropriation is required to be transferred to a non-distributable reserve account until no less than 50% of the share capital; and

(ii) Under the provisions of the India Companies Act, 1956, a statutory reserve equivalent to a certain percentage of the subsidiary's net profit before appropriation is required to be transferred to a non-distributable reserve account before any dividend can be declared or paid.

Proposed dividend	Amount to be transferred to statutory reserve
~ Exceeds 10% but less than 12.50% of paid-up capital	Not less than 2.50% of current profits
~ Exceeds 12.50% but less than 15% of paid-up capital	Not less than 5% of current profits
~ Exceeds 15% but less than 20% of paid-up capital	Not less than 7.50% of current profits
~ Exceeds 20% of paid-up capital	Not less than 10% of current profits

29. RESERVES *cont'd*

The nature and purpose of each category of the reserves are as follows: *cont'd*

(h) Retained profits

The Company may distribute dividends out of its entire retained profits under the single tier system.

30. NON-CONTROLLING INTERESTS

	Group	
	2016	**2015**
	RM'000	**RM'000**
At 1 January	36,849	52,762
Share of losses for the financial year	(3,206)	(2,489)
Dividends paid	-	(18,586)
Exchange differences	221	5,162
At 31 December	33,864	36,849

31. REVENUE

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Contract revenue on engineering and construction works (Note 10(b))	1,482,183	1,153,196	-	-
Interest income	4,743	6,349	131,328	103,857
Dividend income	-	-	14,744	98,296
Management fees	2,530	9,103	7,512	5,262
Sale of development properties	274,184	305,409	-	-
Sale of goods	75,760	118,352	-	-
Sale of properties held for sale	34,528	15,369	-	-
Rental income	30,005	29,786	-	-
Car park income	6,982	5,830	-	-
Hotel income	22,689	24,526	-	-
	1,933,604	1,667,920	153,584	207,415

32. COST OF SALES

	Group 2016 RM'000	Group 2015 RM'000
Construction contract costs (Note 10(b))	1,396,897	1,098,314
Cost of development properties sold (Note 5(b))	176,692	226,766
Cost of goods sold	71,733	111,495
Cost of properties held for sale	18,185	6,126
Cost of maintenance of investment properties	2,664	5,682
Cost of services provided	18,094	15,643
Cost incurred on car park operation	2,414	2,893
Cost of sales - hotel	8,119	8,656
	1,694,798	1,475,575

33. OTHER OPERATING INCOME/(EXPENSE)

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Interest income	15,134	13,756	90	259
Interest income from joint ventures	10,157	9,198	-	-
Interest income from associates	43	-	-	-
Murabahah profits	1,438	11,076	-	-
Net unrealised gain on foreign exchange	12,947	92,535	-	-
Rental income	7,482	6,229	2,572	467
(Loss)/gain on disposal of property, plant and equipment	(338)	199	-	-
Gain on disposal of properties held for sale	-	29	-	-
Net realised loss on foreign exchange	(47)	(716)	-	-
Fair value gain on investment properties (Note 6)	320	11,918	-	-
Finance income from loans and receivables	-	224	-	-
Sale of scaffolding	36	-	-	-
Insurance claim	97	501	-	-
Reversal of allowance for impairment of trade and other receivables	9,543	-	-	-
Write back in value of properties held for sale	416	76	-	-
Others	4,679	1,740	437	86
	61,907	146,765	3,099	812

34. FINANCE COSTS

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Interest expense				
- term loans	22,432	15,979	-	-
- interest on Bonds	-	7,438	-	7,438
- bank overdrafts	503	315	-	-
- banker's acceptances	629	-	-	-
- revolving credits	19,510	8,313	-	-
- hire purchase	144	-	-	-
- profit on IMTNs	-	904	-	904
- profit on MTNs	44,665	44,535	44,665	44,535
- profit on Sukuk Murabahah	38,057	30,583	38,057	30,583
- accretion of interest on Bonds	-	7,615	-	7,615
- interest to subsidiaries	-	-	47,700	25,221
- others	90	104	-	-
	126,030	115,786	130,422	116,296
- less: Amount capitalised under property, plant and equipment (Note 4)	(2,738)	(1,860)	-	-
- less: Amount capitalised under property development costs (Note 5 (b))	(57,054)	(46,270)	-	-
- less: Amount capitalised under investment properties (Note 6)	(19,938)	(9,848)	-	-
	46,300	57,808	130,422	116,296
Finance costs from loans and receivables	15,228	-	-	-
	61,528	57,808	130,422	116,296

35. PROFIT BEFORE TAXATION

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
(a) The following amounts have been included in arriving at profit before taxation:				
Auditors' remuneration				
- statutory	629	583	73	73
- under/(over) provision in prior years	105	(50)	-	(35)
- other services	8	90	8	90
Rent of premises	4,138	1,672	2,765	503
Depreciation of property, plant and equipment	14,960	8,052	900	619
Bad debts written off	-	2,654	-	-
Allowance for doubtful debts				
- third parties	9,414	4,401	-	-
Property, plant and equipment written off	98	21	-	-
Write down in value of properties held for sale	-	185	-	-
Direct expenses (including repair and maintenance) attributable to income generating investment properties (Note 6)	5,078	8,575	-	-
Provision for foreseeable losses for contract work in progress	137	258	-	-
(b) Employee benefits expense				
Staff costs (excluding Directors' remuneration)				
- wages and salaries	41,048	40,607	1,473	881
Social security costs	464	397	3	2
Employees' Provident Fund	5,050	4,889	215	141
Bonus and ex-gratia	2,092	2,592	166	83
ESOS expenses	-	3,467	-	588
Other staff related expenses	4,145	4,314	250	376
	52,799	56,266	2,107	2,071

35. PROFIT BEFORE TAXATION *cont'd*

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
(c) Directors' remuneration				
In respect of the Company's Directors:				
Executive				
Salaries and other emoluments	5,076	5,323	5,076	5,323
Fees	106	120	56	60
Bonus	1,078	1,320	1,078	1,320
Employees' Provident Fund	738	797	738	797
Perquisite ESOS/staff discount	247	-	247	-
Benefits-in-kind	161	154	153	146
	7,406	7,714	7,348	7,646
Non-executive				
Salaries and other emoluments	124	126	124	126
Fees	160	144	160	144
Perquisite ESOS/staff discount	40	-	40	-
Benefits-in-kind	17	31	17	31
	341	301	341	301
Total	7,747	8,015	7,689	7,947
Analysis of the Company's Directors' remuneration excluding benefits-in-kind:				
Executive Directors' remuneration	7,245	7,560	7,195	7,500
Non-executive Directors' remuneration	324	270	324	270
Total Directors' remuneration	7,569	7,830	7,519	7,770

35. PROFIT BEFORE TAXATION *cont'd*

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Group		Company	
	Executive Directors	Non-executive Directors	Executive Directors	Non-executive Directors
31 December 2016				
RM1 - RM50,000	-	3	-	3
RM50,001 - RM100,000	-	2	-	2
RM150,001 - RM200,000	-	1	-	1
RM200,001 - RM250,000	1	-	1	-
RM500,001 - RM550,000	1	-	1	-
RM900,001 - RM950,000	1	-	1	-
RM950,001 - RM1,000,000	1	-	1	-
RM1,800,001 - RM1,850,000	1	-	1	-
RM2,900,001 - RM2,950,000	-	-	1	-
RM2,950,001 - RM3,000,000	1	-	-	-
	6	6	6	6
31 December 2015				
RM50,001 - RM100,000	-	2	-	2
RM150,001 - RM200,000	-	1	-	1
RM550,001 - RM600,000	1	-	1	-
RM900,001 - RM950,000	1	-	1	-
RM950,001 - RM1,000,000	-	-	1	-
RM1,000,001 - RM1,050,000	1	-	-	-
RM1,850,001 - RM1,900,000	1	-	1	-
RM3,250,001 - RM3,300,000	-	-	1	-
RM3,300,001 - RM3,350,000	1	-	-	-
	5	3	5	3

36. TAXATION

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
Malaysian income tax	54,264	43,451	4,911	1,168
Under/(overprovision) in prior years	14,854	1,108	1,131	(4,128)
	69,118	44,559	6,042	(2,960)
Deferred income tax (Note 13):				
Relating to origination and reversal of temporary differences	(324)	4,432	(116)	(41)
Relating to change in tax rate	-	(207)	-	2
(Over)/Underprovision in prior years	(11,963)	6,161	270	3,865
	(12,287)	10,386	154	3,826
Taxation reported in profit or loss	56,831	54,945	6,196	866
Deferred tax related to items recognised in OCI during the year:				
Gain on revaluation of land and buildings included in property, plant and equipment	(310)	8,877	-	-

Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the financial year.

Tax in foreign jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

36. TAXATION *cont'd*

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company respectively are as follows:

	2016 RM'000	2015 RM'000
Group		
Profit before taxation	122,000	261,832
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	29,280	65,458
Effect of different tax rates in foreign branches	3,535	1,401
Effect of zero tax rates in foreign countries	2,707	3,868
Effect of share of results of associates	(1,982)	(2,307)
Effect of share of results of joint ventures	1,734	(19,746)
Effect of changes in tax rates on opening balance of deferred tax	-	(207)
Effect on different tax rate for fair value in investment properties	(61)	(2,384)
Effect on tax exemption	(5,038)	(93)
Income not subject to tax	(4,128)	(26,327)
Expenses not deductible for tax purposes	28,529	26,793
Utilisation of previously unrecognised tax losses	(26)	(329)
Utilisation of previously unrecognised tax losses in foreign branches	(1,298)	-
Deferred tax assets not recognised during the year	324	615
Deferred tax assets in foreign branches not recognised during the year	364	934
(Over)/underprovision of deferred tax in prior years	(11,963)	6,161
Underprovision of income tax in prior years	14,854	1,108
Tax expense for the financial year	56,831	54,945
Company		
Profit before taxation	10,001	76,794
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	2,400	19,199
Effect of changes in tax rates on opening balance of deferred tax	-	2
Income not subject to tax	(3,539)	(24,574)
Expenses not deductible for tax purposes	5,934	6,502
Underprovision of deferred tax in prior years	270	3,865
Under/(over) provision of income tax in prior years	1,131	(4,128)
Tax expense for the financial year	6,196	866

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

37. EARNINGS PER SHARE

(i) Basic

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2016	**2015**
	RM'000	**RM'000**
Profit attributable to ordinary equity holders of the Company	68,375	209,376
Weighted average number of shares in issue	1,242,191	1,139,882
Basic earnings per share (sen)	5.50	18.37

(ii) Fully diluted

For the purpose of calculating diluted earnings per share, the profit for the financial year attributable to ordinary equity holders of the Company is divided by the weighted average number of ordinary shares in issue during the financial year which have been adjusted for the dilutive effects of the share options granted to employees and warrants.

	Group	
	2016	**2015**
	RM'000	**RM'000**
Profit attributable to ordinary equity holders of the Company	68,375	209,376
Weighted average number of shares in issue	1,242,191	1,139,882
Effect of dilution: Share options	3,079	2,432
Adjusted weighted average number of shares in issue and issuable	1,245,270	1,142,314
Diluted earnings per share (sen)	5.49	18.33

There have been no other transactions involving ordinary shares between reporting date and the date of completion of these financial statements except for events as disclosed in Note 47.

38. DIVIDENDS

	Group/Company				
		Dividends in respect of year		Dividends recognised in year	
	2016	2015	2014	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000
Recognised during the year:					
Final dividend comprising:					
- Single tier dividend of 1.00 sen per ordinary share on 1,074,962,994 ordinary shares of RM0.50 each paid on 16 June 2015	-	-	10,750	-	10,750
- Share dividend by way of distribution of 10,745,734 treasury shares on 16 June 2015 on the basis of 1 treasury share for every 100 ordinary shares held in the Company	-	-	20,628	-	20,628
Interim dividend comprising:					
- Single tier dividend of 1.00 sen per ordinary share on 1,183,016,202 ordinary shares of RM0.50 each paid on 9 October 2015	-	11,830	-	-	11,830
- Share dividend by way of distribution of 11,826,465 treasury shares on 9 October 2015 on the basis of 1 treasury share for every 100 ordinary shares held in the Company	-	18,170	-	-	18,170
Final dividend comprising:					
- Single tier dividend of 2.00 sen per ordinary share on 1,249,065,049 ordinary shares of RM0.50 each paid on 13 June 2016	-	24,981	-	24,981	-
	-	54,981	31,378	24,981	61,378

At the forthcoming Annual General Meeting, a final single-tier share dividend in respect of the financial year ended 31 December 2016 of 1 treasury share for every 165 ordinary share held will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2017.

39. RELATED PARTY DISCLOSURES

(a) The Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Contract revenue from joint ventures	31,563	38,279	-	-
Rent expense payable to a joint venture	(2,960)	(691)	(2,765)	(503)
Office utilities expense payable to a joint venture	(246)	(56)	(246)	(56)
Season parking expense payable to a joint venture	(214)	(34)	(214)	(34)
Management fee receivable from subsidiaries	-	-	6,282	4,902
Management fee receivable from joint ventures	2,530	9,103	1,230	360
Gross dividend receivable from subsidiaries	-	-	14,744	98,296
Interest receivable from subsidiaries	-	-	126,556	97,508
Interest receivable from joint ventures	10,157	9,198	-	-
Interest receivable from associates	43	-	-	-
Interest payable to subsidiaries	-	-	(47,700)	(25,221)
Rental income receivable from subsidiaries	-	-	2,572	467
Office utilities income receivable from subsidiaries	-	-	227	52
Season parking income receivable from subsidiaries	-	-	209	33
Sales of properties to Directors and persons connected with the Directors	9,020	19,571	-	-
Net (advances to)/repayments from:				
Associates	(3,728)	2,600	-	-
Joint ventures	(37,699)	7,136	-	-
Non-controlling interest of subsidiaries	9	(7,413)	-	-

The above transactions were transacted at terms and conditions similar to those which were offered to/(by) unrelated parties. Balances with these parties are disclosed in Note 12.

(b) Compensation of key management personnel

The Company defines key management personnel as its Directors whose remunerations are disclosed in Note 35(c).

40. OPERATING LEASE ARRANGEMENTS

(a) The Group as lessee

The Group and the Company has entered into non-cancellable operating lease agreements for the use of land and buildings. These leases have an average life of between 1 to 3 years with no renewal or purchase option included in the contracts. There are no restrictions placed upon the Group and the Company by entering into these leases.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the statement of financial position date but not recognised as liabilities, are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Future minimum rental payments:				
Not later than 1 year	8,505	4,355	2,765	2,765
Later than 1 year and not later than 5 years	3,356	5,700	2,263	5,028
	11,861	10,055	5,028	7,793

The lease payments and rent capitalised under construction contracts during the financial year are disclosed in Note 10(b).

(b) The Group as lessor

The Group has entered into non-cancellable operating lease agreements on its investment properties portfolio. These leases have remaining non-cancellable lease terms of between 1 to 21 years. Certain leases have auto renewal option of 2 years included in the contracts.

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the statement of financial position date but not recognised as receivables, are as follows:

	Group	
	2016	**2015**
	RM'000	**RM'000**
Future minimum rental receivables:		
Not later than 1 year	34,717	35,593
Later than 1 year and not later than 5 years	8,910	31,396
Later than 5 years	2,535	2,535
	46,162	69,524

Rental income earned from these investment properties during the financial year is disclosed in Note 31.

41. COMMITMENT

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Approved and contracted for:				
Property, plant and equipment	6,257	787	210	634
Land	200,700	200,700	-	-
Investment properties	80,191	274,674	-	-
Share of capital commitment of joint ventures	10,068	53,345	-	-
	297,216	529,506	210	634

42. CONTINGENT LIABILITIES

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
(a) Corporate guarantees given to:				
- Financial institutions for credit facilities granted to subsidiaries and joint ventures	-	-	4,632,327	3,809,710
- Contract customers and consultants of subsidiaries to secure the performance of the subsidiaries' obligation for the works	-	-	128,396	114,268
- Contract customer of an associate to secure the performance of an associate's obligation for contract works	1,289,080	-	-	-
Letter of undertaking issued to a financial institution for credit facilities granted to a subsidiary	-	-	280,000	-
	1,289,080	-	5,040,723	3,923,978

As at reporting date, no values are ascribed on these guarantees and letter of undertaking provided by the Group and the Company to secure banking facilities described above as the Directors regard the value of the credit enhancement provided by these guarantees as minimal and the probability of default, based on historical track records of the parties receiving the guarantees are remote.

42. CONTINGENT LIABILITIES *cont'd*

		Group	
		2016	2015
		RM'000	RM'000
(b)	Performance, advance payment and tender guarantee granted to:		
	- clients of subsidiaries	715,286	597,763
	- clients of joint operations	201,212	194,456
		916,498	792,219

As at the reporting date, no values are ascribed on these guarantees provided by the Group for the purpose described above as the Directors regard the value of the credit enhancement provided by these guarantees as minimal and the probability of default, based on historical track records of the parties receiving the guarantees are remote.

		Group	
		2016	2015
		RM'000	RM'000
(c)	Tax matters under appeal by a subsidiary	4,322	4,245
(d)	Share of contingent liabilities of associates (Note 8)	29,052	4,533

(e) The Company's Middle East Regional Office in Doha, Qatar had on 6 March 2017 received from the Dubai International Arbitration Center ("DIAC") a request for arbitration dated 27 February 2017 which appears to be filed by Triumpher Steel Construction Group Ltd ("Triumpher"), and appears to seek to name Arabtec Construction LLC ("Arabtec") as the first respondent and WCT Berhad (Dubai Branch) ("WCTB Dubai Branch") as the second respondent. Arabtec and WCTB Dubai are 50:50 partners in an unincorporated joint venture ("the Joint Venture").

Triumpher was the Joint Venture's subcontractor under a subcontract in respect of certain steel related works ("Subcontract") for the Nad Al Sheba Dubai Racecourse Project ("DRC Project"), where the Joint Venture was the main contractor. The main contract had been prematurely terminated in 2009 by the employer and consequential thereto the Joint Venture similarly terminated the Subcontract.

Triumpher appears to be claiming from the Joint Venture a total quantified sum of AED107,733,000 (equivalent to RM130,562,000) being alleged sums due for works done and/or materials delivered to site pursuant to and under the Subcontract and further unquantified sums for legal costs, arbitration costs, and interest (collectively referred to as "the Claims").

The Company is currently reviewing the request for arbitration, and is in the midst of appointing a solicitor to defend and to oppose the Claims. Based on the preliminary review, the Directors are of the opinion that the exposure (if any) arising from the arbitration would be minimal.

43. CONTINGENT ASSETS

	Group	
	2016	2015
	RM'000	RM'000
Contingent assets arising from the Final Award of the Arbitration Tribunal in DIAC Case No. 02/2009, dated 5 July 2015 as disclosed in Note 48	802,331	768,975

44. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

(b) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points higher/lower, with all other variables held constant, the Group's profit net of tax would have been RM862,400 (2015: RM502,400) lower/higher, arising mainly as a result of higher/lower interest expense on floating rate loans, borrowings and higher/lower interest income.

44. FINANCIAL INSTRUMENTS *cont'd*

(b) Interest rate risk *cont'd*

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the statement of financial position date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Note	WAEIR %	Within 1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	More than 5 years RM'000	Total RM'000
At 31 December 2016									
Group									
Fixed rate									
Deposits	15	3.29	271,785	-	-	-	-	-	271,785
Hire purchase payables	20	5.02	(3,426)	(3,548)	(3,653)	(3,758)	(2,333)	-	(16,718)
Revolving credits	21	3.88	(79,016)	-	-	-	-	-	(79,016)
Term loans	23	5.07	(274,066)	-	-	-	-	-	(274,066)
MTN	25	4.46	-	(200,000)	-	(800,000)	-	-	(1,000,000)
Sukuk Murabahah	26	5.07	-	(150,000)	-	-	(100,000)	(500,000)	(750,000)
Floating rate									
Revolving credits	21	4.71	(415,300)	-	-	-	-	-	(415,300)
Bankers' acceptances	22	4.07	(25,037)	-	-	-	-	-	(25,037)
Term loans	23	5.28	(18,840)	(25,120)	(75,120)	(75,120)	(106,530)	(113,530)	(414,260)
Bank overdrafts	24	6.08	(7,805)	-	-	-	-	-	(7,805)
Company									
Fixed rate									
Deposits	15	3.27	88,021	-	-	-	-	-	88,021
MTN	25	4.46	-	(200,000)	-	(800,000)	-	-	(1,000,000)
Sukuk Murabahah	26	5.07	-	(150,000)	-	-	(100,000)	(500,000)	(750,000)

44. **FINANCIAL INSTRUMENTS** *cont'd*

(b) **Interest rate risk** *cont'd*

	Note	WAEIR %	Within 1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	More than 5 years RM'000	Total RM'000
At 31 December 2015									
Group									
Fixed rate									
Deposits	15	3.34	398,285	-	-	-	-	-	398,285
Term loans	23	5.12	(116,046)	(224,800)	-	-	-	-	(340,846)
MTN	25	4.46	-	-	(200,000)	-	(800,000)	-	(1,000,000)
Sukuk Murabahah	26	5.07	-	-	(150,000)	-	-	(600,000)	(750,000)
Floating rate									
Revolving credits	21	4.85	(378,000)	-	-	-	-	-	(378,000)
Trust receipts	22	4.60	(7,777)	-	-	-	-	-	(7,777)
Term loans	23	5.36	-	(18,840)	(25,120)	(25,120)	(25,120)	(3,836)	(98,036)
Bank overdrafts	24	7.84	(18,587)	-	-	-	-	-	(18,587)
Company									
Fixed rate									
Deposits	15	3.43	169,719	-	-	-	-	-	169,719
MTN	25	4.46	-	-	(200,000)	-	(800,000)	-	(1,000,000)
Sukuk Murabahah	26	5.07	-	-	(150,000)	-	-	(600,000)	(750,000)

Interest on financial instruments at fixed rates are fixed until the maturity of the instrument. Other financial instruments that are not included in the above tables are not subject to material interest rate risk.

(c) **Foreign currency risk**

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollars ("USD"), United Arab Emirates ("UAE") Dirhams ("AED"), Bahrain Dinars ("BHD"), Qatari Riyals ("QAR"), Omani Riyals ("OMR") and Indian Rupees ("INR"). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

44. FINANCIAL INSTRUMENTS *cont'd*

(c) Foreign currency risk *cont'd*

The Group maintains a natural hedge, whenever possible, by borrowing in the currency which is pegged with the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in AED, QAR, BHD and USD against the respective functional currencies of the Group's entities, with all variables held constant.

		Group	
		2016	**2015**
		RM'000	**RM'000**
		Profit net of tax	**Profit net of tax**
AED/RM -	Strengthen 3%	12,551	12,164
	Weakened 3%	(12,551)	(12,164)
QAR/RM -	Strengthen 3%	17,783	17,958
	Weakened 3%	(17,783)	(17,958)
BHD/RM -	Strengthen 3%	(1)	(70)
	Weakened 3%	1	70
USD/RM -	Strengthen 3%	668	683
	Weakened 3%	(668)	(683)

44. FINANCIAL INSTRUMENTS *cont'd*

(c) Foreign currency risk *cont'd*

Included in the following statements of financial position captions of the Group as at the reporting date are balances denominated in the following major foreign currencies:

	Bahrain Dinars RM'000	UAE Dirhams RM'000	Qatar Riyals RM'000	Omani Riyals RM'000	Vietnamese Dong RM'000	United States Dollars RM'000	Euro RM'000	Total RM'000
Group								
At 31 December 2016								
Cash, deposit and bank balances	3,465	4,625	41,222	248	4	98	1,172	50,834
Receivables	45,098	700,472	664,547	943	113	19,989	-	1,431,162
Payables	(32,396)	(340,238)	(218,572)	(51)	-	(9)	-	(591,266)
Borrowings	-	-	(176,516)	-	-	-	-	(176,516)
At 31 December 2015								
Cash, deposit and bank balances	4,132	4,165	62,002	238	1	1,694	1,124	73,356
Receivables	51,957	748,239	712,915	904	93	19,168	-	1,533,276
Payables	(31,800)	(403,107)	(321,640)	(28)	-	-	-	(756,575)
Borrowings	-	-	(102,223)	-	-	-	-	(102,223)

(d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. 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 the use of stand-by bank borrowings.

44. FINANCIAL INSTRUMENTS *cont'd*

(d) Liquidity risk *cont'd*

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within 1 year RM'000	More than 1 year less than 5 years RM'000	More than 5 years RM'000	Total RM'000
Group				
As at 31 December 2016				
Trade and other payables	967,925	556,208	-	1,524,133
Due to related parties	3,801	-	-	3,801
Loans and borrowings				
- Principal	823,490	1,545,182	613,530	2,982,202
- Interest	131,207	281,065	50,942	463,214
	1,926,423	2,382,455	664,472	4,973,350
As at 31 December 2015				
Trade and other payables	933,116	531,994	-	1,465,110
Due to related parties	3,646	-	-	3,646
Loans and borrowings				
- Principal	520,410	1,469,000	603,836	2,593,246
- Interest	124,856	306,382	65,881	497,119
	1,582,028	2,307,376	669,717	4,559,121
Company				
As at 31 December 2016				
Other payables	20,421	-	-	20,421
Due to related parties	971,026	-	-	971,026
Loans and borrowings				
- Principal	-	1,250,000	500,000	1,750,000
- Interest	82,360	221,817	48,744	352,921
	1,073,807	1,471,817	548,744	3,094,368

44. FINANCIAL INSTRUMENTS *cont'd*

(d) Liquidity risk *cont'd*

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations. *cont'd*

	On demand or within 1 year RM'000	More than 1 year less than 5 years RM'000	More than 5 years RM'000	Total RM'000
Company *cont'd.*				
As at 31 December 2015				
Other payables	21,103	-	-	21,103
Due to related parties	805,425	-	-	805,425
Loans and borrowings				
- Principal	-	1,150,000	600,000	1,750,000
- Interest	82,460	274,567	65,819	422,846
	908,988	1,424,567	665,819	2,999,374

(e) Credit risk

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group's significant concentration of credit risk is disclosed in Note 10(a).

The exposure of credit risk for trade receivables as at the reporting date by geographic region are as follows:

	Group	
	2016 RM'000	2015 RM'000
Malaysia	687,487	540,356
Middle East	973,325	1,077,887
	1,660,812	1,618,243

44. **FINANCIAL INSTRUMENTS** *cont'd*

(f) Fair values

(i) The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

		Fair value measurement using			
	Note	Total RM'000	Quoted prices (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000
Group					
As at 31 December 2016					
Assets measured at fair value					
Investment properties	6	496,018	-	-	496,018
Property, plant and equipment					
- Freehold land and buildings	4	175,629	-	-	175,629
As at 31 December 2015					
Assets measured at fair value					
Investment properties	6	495,698	-	-	495,698
Property, plant and equipment					
- Freehold land and buildings	4	159,156	-	-	159,156

There are no liabilities measured at fair value.

There have been no transfer between Level 1, Level 2 and Level 3 during the financial year.

44. FINANCIAL INSTRUMENTS *cont'd*

(f) Fair values *cont'd*

(ii) Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Note	Group Carrying amount RM'000	Group Fair value RM'000	Company Carrying amount RM'000	Company Fair value RM'000
At 31 December 2016					
Financial asset					
Trade and other receivables under arbitration award	48	414,167	#	-	-
Financial liabilities					
Revolving credits	21	(79,016)	(79,016)	-	-
Term loans	23	(274,066)	(274,066)	-	-
MTN	25	(1,000,000)	(975,554)	(1,000,000)	(975,554)
Sukuk Murabahah	26	(750,000)	(732,659)	(750,000)	(732,659)
Trade and other payables under arbitration award	48	(294,951)	#	-	-
		(2,398,033)	(2,061,295)	(1,750,000)	(1,708,213)
At 31 December 2015					
Financial asset					
Trade and other receivables under arbitration award	48	415,676	#	-	-
Financial liabilities					
Term loans	23	(340,846)	(319,020)	-	-
MTN	25	(1,000,000)	(993,973)	(1,000,000)	(993,973)
Sukuk Murabahah	26	(750,000)	(749,219)	(750,000)	(749,219)
Trade and other payables under arbitration award	48	(359,241)	#	-	-
		(2,450,087)	(2,062,212)	(1,750,000)	(1,743,192)

The fair value of the financial instruments could not be reliably measured due to the ongoing enforcement of the Award, which have been further disclosed in Note 48.

44. FINANCIAL INSTRUMENTS *cont'd*

(f) Fair values *cont'd*

The management assessed that cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

(a) Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables.

(b) The fair values of the Sukuk Murabahah and MTNs are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair value due to the insignificant impact of discounting.

(c) The fair values of the Group's interest-bearing borrowings and loans are determined by using the discounted cash flow method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The non-performance risk as at 31 December 2016 was assessed to be insignificant.

(g) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(i) Loans and receivables ("L&R")
(ii) Other liabilities ("OL")

	Note	Carrying amount RM'000	L&R RM'000	OL RM'000
At 31 December 2016				
Group				
Financial assets				
Trade receivables, excluding amounts due from contract customers and accrued billings	10	965,928	965,928	-
Other receivables, excluding payment for land acquisition and related costs, prepayment and advances to sub-contractors	11	370,459	370,459	-
Due from related parties	12	277,272	277,272	-
Cash and bank balances	15	455,062	455,062	-
		2,068,721	2,068,721	-

44. **FINANCIAL INSTRUMENTS** *cont'd*

(g) **Categories of financial instruments** *cont'd*

The table below provides an analysis of financial instruments categorised as follows: *cont'd*

	Note	Carrying amount RM'000	L&R RM'000	OL RM'000
At 31 December 2016 *cont'd*				
Group *cont'd*				
Financial liabilities				
Due to related parties	12	(3,801)	-	(3,801)
Trade payables, excluding amounts due to contract customers and progress billings	17	(860,257)	-	(860,257)
Other payables, excluding provision for foreseeable losses and advances received from customers on contracts	18	(343,593)	-	(343,593)
Borrowings, excluding hire purchase payables	19	(2,965,484)	-	(2,965,484)
		(4,173,135)	-	(4,173,135)
Company				
Financial assets				
Other receivables, excluding prepayment	11	257	257	-
Due from related parties	12	2,666,210	2,666,210	-
Cash and bank balances	15	92,692	92,692	-
		2,759,159	2,759,159	-
Financial liabilities				
Due to related parties	12	(971,026)	-	(971,026)
Other payables	18	(20,421)	-	(20,421)
Borrowings	19	(1,750,000)	-	(1,750,000)
		(2,741,447)	-	(2,741,447)

44. FINANCIAL INSTRUMENTS *cont'd*

(g) Categories of financial instruments *cont'd*

The table below provides an analysis of financial instruments categorised as follows: *cont'd*

	Note	Carrying amount RM'000	L&R RM'000	OL RM'000
At 31 December 2015				
Group				
Financial assets				
Trade receivables, excluding amounts due from contract customers and accrued billings	10	833,465	833,465	-
Other receivables, excluding payment for land acquisition and related costs, prepayment and advances to sub-contractors	11	341,210	341,210	-
Due from related parties	12	162,391	162,391	-
Cash and bank balances	15	523,804	523,804	-
		1,860,870	1,860,870	-
Financial liabilities				
Due to related parties	12	(3,646)	-	(3,646)
Trade payables, excluding amounts due to contract customers and progress billings	17	(845,525)	-	(845,525)
Other payables, excluding provision for foreseeable losses and advances received from customers on contracts	18	(395,737)	-	(395,737)
Borrowings	19	(2,593,246)	-	(2,593,246)
		(3,838,154)	-	(3,838,154)
Company				
Financial assets				
Other receivables, excluding prepayment	11	283	283	-
Due from related parties	12	2,344,499	2,344,499	-
Cash and bank balances	15	174,849	174,849	-
		2,519,631	2,519,631	-
Financial liabilities				
Due to related parties	12	(805,425)	-	(805,425)
Other payables	18	(21,103)	-	(21,103)
Borrowings	19	(1,750,000)	-	(1,750,000)
		(2,576,528)	-	(2,576,528)

45. CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group's policy is to try to maintain net gearing ratio not exceeding 1.

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Loans and borrowings	2,982,202	2,593,246	1,750,000	1,750,000
Less: Cash and bank balances	(455,062)	(523,804)	(92,692)	(174,849)
Net debt	2,527,140	2,069,442	1,657,308	1,575,151
Equity attributable to the owners of the Company	2,764,120	2,610,253	3,237,544	3,167,569
Non-controlling interest	33,864	36,849	-	-
Total capital	2,797,984	2,647,102	3,237,544	3,167,569
Net gearing ratio	90%	78%	51%	50%

46. SIGNIFICANT EVENTS

During the financial year:

(a) Dissolution of a subsidiary

Details on the dissolution of a subsidiary are disclosed in Note 7(a).

(b) Rescission of subscription and shareholders agreement

Details on the rescission of subscription and shareholders agreement are disclosed in Note 7(b).

(c) Incorporation of an associate

Details on the incorporation of an associate are disclosed in Note 8(a).

(d) Expiry of Warrants 2013/2016

101,723,417 unexercised Warrants 2013/2016 had lapsed on 10 March 2016.

47. SUBSEQUENT EVENTS

(a) Issuance of ordinary share capital

Between the reporting date and the date of completion of these financial statements, the issued and fully paid-up ordinary share capital of the Company was increased from RM631,061,210 to RM812,938,467 comprising 1,365,647,073 ordinary shares by way of issuance of:

(i) 3,068,000 new ordinary shares pursuant to the exercise of the ESOS 2013/2023 at the exercise prices ranging between RM1.18 and RM1.63 per ordinary share;

(ii) 653 ordinary shares pursuant to the conversion of Warrants 2013/2017 at the exercise price of RM1.71 per ordinary share for cash; and

(iii) 100,456,000 ordinary shares pursuant to a private placement as disclosed in Note 47(b) below.

(b) Proposed placement

On 18 January 2017, the Company announced on Bursa Malaysia that the Company has resolved to undertake a proposed placement of up to 125,000,000 new ordinary shares of RM0.50 each in tranches for the purpose of working capital and to partly repay loans and borrowings of the Group ("Proposed Placement"). The Company further announced on 27 March 2017 that the Proposed Placement was approved by Bursa Malaysia. The first tranche of the Proposed Placement was completed on 11 April 2017 with the issuance of 100,456,000 ordinary shares at an issue price of RM1.77 per share for a total cash consideration of RM177,807,000. The Company has also announced that the remaining 24,544,000 shares pursuant to the Proposed Placement may be issued at a later unspecified date.

48. ARBITRATION AWARD

Pursuant to the cancellation of the contract (previously awarded to WCTB Dubai Branch and Arabtec in a 50:50 joint venture ("the Joint Venture")) by Meydan Group LLC ("Meydan or the Employer") for the construction works in relation to the Nad Al Sheba Racecourse Project ("DRC Project") in which the Joint Venture was the main contractor and pursuant further to Meydan's subsequent call on the Joint Venture's bank guarantees, WCTB Dubai Branch, on 11 January 2009, jointly with Arabtec, commenced an arbitration proceeding against Meydan in the Dubai International Arbitration Centre for breach of contract and to enforce the Joint Venture's rights and remedies including the recovery of all amounts due under the Contract as well as damages.

The Joint Venture's bank guarantees that were called comprised the Performance Security amounting to AED461,300,000 (Group's share: AED230,650,000 or approximately RM281,635,000*) and the Advance Payment Guarantee amounting to AED77,300,000 (Group's share: AED38,650,000 or approximately RM47,194,000*). Management has accrued the amount payable on the Performance Security in the Group's consolidated financial statements, and has simultaneously recorded a receivable for the same amount from Meydan, pending resolution of the arbitration.

The Joint Venture's dispute and claims had been revised from time to time and the Group's share of the current revised claims is in excess of AED1,400,000,000 (or approximately RM1,709,470,000*). On 14 June 2012, Meydan had filed a civil claim ("the Civil Suit") before the Dubai Civil Court contesting the validity of the arbitration tribunal and claiming a sum of AED3,500,000,000 (or approximately RM4,273,675,000*) plus interest.

On 26 February 2013, the Dubai Court of First Instance dismissed Meydan's Civil Suit on the grounds that the DIAC Case No. 02/2009 had not expired by effluxion of time and in view of the valid and binding arbitration agreement between the parties.

48. ARBITRATION AWARD *cont'd*

On 27 February 2013, WCTB Dubai Branch was informed by Arabtec that its board of directors has agreed to Meydan's proposal for Arabtec and Meydan to withdraw all pending legal cases as between themselves without prejudice to their respective rights and proceed with negotiations for an amicable settlement. Pursuant thereto, Arabtec and Meydan has since withdrawn their respective claims and counterclaims as against themselves, from the DIAC Case 2/2009. The arbitration proceedings then continued as between WCTB Dubai Branch and Meydan in respect of WCTB Dubai Branch's rights in its share of the Joint Venture's claims namely approximately AED1,400,000,000 (or approximately RM1,709,470,000*).

On 24 March 2013, Meydan filed a notice of appeal to the Dubai Court of Appeal against the dismissal of the Civil Suit by the Court of First Instance insofar as it concerns Meydan's counterclaims against WCTB Dubai Branch. On 26 November 2014, the Dubai Court of Appeal confirmed that the arbitral proceedings in DIAC Case No. 02/2009 continue insofar as they concern all outstanding issues between WCTB Dubai Branch and Meydan and suspended Meydan's Civil Suit until the Final Award to be issued in DIAC Case No. 02/2009. Both Meydan and WCTB Dubai Branch filed an appeal to the Court of Cassation. The Court of Cassation had on 27 December 2015 referred the Civil Suit back to the Court of Appeal for the Court of Appeal to review the same.

On 8 July 2015, WCTB Dubai Branch received the Final Award of the Arbitration Tribunal in DIAC Case No. 02/2009, dated 5 July 2015 ("the Award"), where the Tribunal has found and ruled in favor of WCTB Dubai Branch, amongst others, that:-

1. Meydan's cancellation and purported termination of the Contract was unlawful, invalid and of no effect; and

2. Meydan was not entitled to call on the Joint Venture's Performance Security and must repay the same.

Consequently, the Tribunal awarded to and in favor of WCTB Dubai Branch, and ordered Meydan to pay WCTB Dubai Branch a total of AED1,152,651,000 (approximately RM1,407,445,000*). WCTB Dubai Branch has filed an application for an order to recognise the Award with the Dubai International Financial Centre ("DIFC") Court. Although the DIFC Court has issued an order recognising the Award ("the Order"), Meydan has filed an application in the DIFC Court to set aside the Order.

In addition to the application filed in the DIFC Court to set aside the Order, Meydan has also:

1. Filed an application in the local Dubai Civil Court to annul the Award; and

2. Filed an application in the Union Supreme Court to challenge the jurisdiction of the DIFC Court to issue the Order ("Meydan's Union Supreme Court Application").

As at the date of this report, both the DIFC Court and the Dubai Civil Court have stayed Meydan's applications, pending the outcome of Meydan's Union Supreme Court Application.

Although the eventual ultimate outcome of the legal proceedings by WCTB Dubai Branch and Meydan is unknown as of the date of this report, management believes, based on continuing legal opinion received, that the prospects of successfully enforcing the Award are good, based on the following grounds:

1. The grounds for annulment of an arbitration award are relatively limited and are not applicable to the above Award; and

2. The DIFC Court's jurisdiction and authority to issue the Order is supported by case precedent.

Due to the inherent uncertainty over the outcome of the legal proceedings, no recognition has been given to the contingent assets described in Note 43.

48. ARBITRATION AWARD *cont'd*

The Group's share of assets and liabilities of the Joint Venture are as follows:

	2016 RM'000 *	2015 RM'000 #
Statement of financial position		
Non-current assets		
Property, plant and equipment	1	1
Trade receivables		
Contract receivables [(1)]	22,886	21,939
Amounts due from customer for contract work [(1)]	250,064	297,648
Retention sum receivable [(1)]	53,834	52,784
Other receivables		
Advances paid to suppliers and sub-contractors [(1)]	60,487	75,300
Performance security deposits (Note 11)	271,457	260,224
Others	35,802	34,321
	694,531	742,217
Current assets		
Other receivables		
Sundry receivables	2	2
Advances paid to suppliers and sub-contractors	5,500	5,426
	5,502	5,428
Total assets	700,033	747,645

48. ARBITRATION AWARD *cont'd*

The Group's share of assets and liabilities of the Joint Venture are as follows: *cont'd*

	2016 RM'000 *	2015 RM'000 #
Statement of financial position *cont'd*		
Non-current liabilities		
Trade payables (2)	6,105	5,853
Retention sum payable (2)	2,083	3,174
Other payables (2)	200,479	250,115
Performance security payable to related party	276,701	265,251
Advances received from customer (2)	60,487	75,300
Amounts due to related parties	198,435	190,301
	744,290	789,994
Current liabilities		
Trade payables	335	469
Other payables	10,652	10,133
Retention payable - current portion	5,522	5,293
Advance received from customer	9,288	8,904
	25,797	24,799
Total liabilities	770,087	814,793
Exchange reserve	18,299	15,400
Net liabilities	(70,054)	(67,148)
Deficit	(51,755)	(51,748)

(1) *Include receivables of RM269,655,000 (2015: RM334,922,000) in respect of the Nominated Sub-contractors of the Nad Al Sheba Racecourse project.*

(2) *Include payables of RM269,655,000 (2015: RM334,922,000) in respect of the Nominated Sub-contractors of the Nad Al Sheba Racecourse project.*

In accordance with the Group's accounting policy relating to contracts where the outcome cannot be estimated reliably, revenue has been recognised only to the extent of contract costs incurred to date, which management considers is not doubtful of recovery and therefore no allowance has been made against the amounts due from the customer for contract work. No profit has been taken up on the contract to date pending the outcome of the abovementioned legal proceedings.

* *Based on exchanges rate as at 31 December 2016*

\# *Based on exchanges rate as at 31 December 2015*

49. SEGMENT INFORMATION

(a) Reporting format

The Group has 3 reportable segments as described below, which are the Group's strategic business units. Management monitors the operating results of its business segments for the purpose of decision making. Segment performance is evaluated based on profitability and is measured consistently with operating profit in the consolidated financial statements. However, Group's financing and income taxes are managed on a group basis and are not allocated to operating segments.

(b) Business segments

The following are the main business segments:

(i) engineering and construction - engineering works specialising in earthworks, highway construction and related infrastructure works;

(ii) property development - the development of residential and commercial properties; and

(iii) property investment - holding of assets for capital appreciation and rental income.

(c) Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. The Group's business segments operate in four main geographical areas:

(i) Malaysia - the operations in this area are principally engineering and constructions, property development, trading, property investment and investment holding;

(ii) Middle East - the operations in this area are principally through the construction of a government administration building in Qatar; the construction of roads, utilities, underground carparks and a light rail transit station in a new township in Qatar; the construction of a shopping mall in Kingdom of Bahrain; the construction and design of highway and airport in Qatar; and the construction of the F1 Circuit in Abu Dhabi;

(iii) India - the operations in this area are principally the construction of highway and concessionaires; and

(iv) Others - primarily investment holding companies in Mauritius and Vietnam.

(d) Allocation basis and transfer pricing

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.

49. SEGMENT INFORMATION *cont'd*

Business segments

The following table provides an analysis of the Group's revenue, results, assets and liabilities by business segments:

	Engineering and construction RM'000	Property development RM'000	Property investment and management RM'000	Unallocated RM'000	Eliminations RM'000	Consolidated RM'000
31 December 2016						
Revenue						
Revenue from external customers	1,568,685	303,164	61,755	-	-	1,933,604
Inter-segment revenue	1,414,902	6,134	-	-	(1,421,036)	-
Total revenue	2,983,587	309,298	61,755	-	(1,421,036)	1,933,604
Result						
Profit from operations	73,956	82,457	26,084	-	-	182,497
Finance costs	-	-	-	-	-	(61,528)
Share of profit of associates	49	-	-	8,208	-	8,257
Share of profit of joint ventures	-	(773)	(6,453)	-	-	(7,226)
Taxation	-	-	-	-	-	(56,831)
Segment profit						65,169
Assets and liabilities						
Segment assets	2,781,413	2,596,778	1,310,465	816	-	6,689,472
Interest in						
- associates	3,049	-	-	144,920	-	147,969
- joint ventures	-	205,280	297,691	-	-	502,971
						7,340,412
Segment liabilities	3,572,855	376,804	592,727	42	-	4,542,428

49. SEGMENT INFORMATION *cont'd*

Business segments *cont'd*

The following table provides an analysis of the Group's revenue, results, assets and liabilities by business segments: *cont'd*

	Engineering and construction RM'000	Property development RM'000	Property investment and management RM'000	Unallocated RM'000	Eliminations RM'000	Consolidated RM'000
31 December 2015						
Revenue						
Revenue from external customers	1,278,257	328,553	61,110	-	-	1,667,920
Inter-segment revenue	838,605	7,868	-	-	(846,473)	-
Total revenue	2,116,862	336,421	61,110	-	(846,473)	1,667,920
Result						
Profit from operations	129,922	68,974	32,536	-	-	231,432
Finance costs	-	-	-	-	-	(57,808)
Share of profit of associates	-	-	-	9,226	-	9,226
Share of profit of joint ventures	-	2,246	76,736	-	-	78,982
Taxation	-	-	-	-	-	(54,945)
Segment profit						206,887
Assets and liabilities						
Segment assets	2,704,989	2,200,079	1,041,981	803	-	5,947,852
Interest in						
- associates	-	-	-	149,659	-	149,659
- joint ventures	-	178,099	336,285	-	-	514,384
Non-current assets classified as held for sale	-	-	-	-	-	139,930
						6,751,825
Segment liabilities	3,390,726	267,033	446,921	43	-	4,104,723

49. SEGMENT INFORMATION *cont'd*

Geographical segments

The following table provides an analysis of the Group's revenue and assets, analysed by geographical segments:

	Total revenue from external customers		Segment assets	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Malaysia	1,650,452	1,152,161	5,683,588	4,963,731
Middle East	283,152	515,759	1,494,031	1,615,840
India	-	-	142,278	151,054
Others	-	-	20,515	21,200
Consolidated	1,933,604	1,667,920	7,340,412	6,751,825

The Group has no significant concentration of credit risk that may arise from exposures to a single receivable or to groups of receivables other than those disclosed in Note 12 and Note 48. The Group's normal trade credit terms for trade receivables are 30 to 90 days (2015: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

50. SUPPLEMENTARY INFORMATION

The following analysis is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the context of disclosure pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Securities.

	Group	
	2016	2015
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:-		
- Realised	1,046,233	984,054
- Unrealised	254,249	223,498
	1,300,482	1,207,552
Total share of retained profits/(accumulated losses) from associates:-		
- Realised	100,679	103,792
- Unrealised	-	(376)
	100,679	103,416
Total share of (accumulated losses)/retained profits from jointly controlled entities:-		
- Realised	28,161	(36,053)
- Unrealised	160,913	203,089
	189,074	167,036
Less: Consolidation adjustments	(255,338)	(220,882)
Total Group retained profits as per consolidated accounts	1,334,897	1,257,122

Ten Largest Properties of the Group

No.	Location	Description	Land area or Built-up Area under Valuation (sq ft = sf)	Tenure / Age of Building (where applicable) (Years)	Existing Use	No Of Units	Date of Valuation / Acquisition / Completion	NBV as at 31 December 2016 RM
1.	Eight (8) parcels of land: (1) H.S.(D) 119636, PT 15208; (2) H.S.(D) 119638, PT 15210; (3) H.S.(D) 119639, PT 15211; (4) H.S.(D) 119640, PT 15212; (5) H.S.(D) 120136, PT 15623; (6) H.S.(D) 120137, PT 15624; (7) H.S.(D) 120274, PT 15213; (8) H.S.(D) 120138, PT 15625. Mukim of Petaling, Daerah Kuala Lumpur, Wilayah Persekutuan KL.	Future mixed development	62.56 acres	Freehold	Vacant	-	Acquisition: SSA date – 14 March 2012; 25 November 2015	746,488,389
2.	Paradigm Mall, No.1 Jalan SS7/26A, Kelana Jaya, 47301 Petaling Jaya, Selangor.	A 6-storey shopping mall together with 2 levels of basement and 4 levels of elevated car park floors	673,719 sf (Retail net lettable area)	Leasehold interest 99 years expiring on 9 February 2111 / 5	Owner operated	1	Valuation: December 2016	697,086,023
3.	Geran 413471, Lot 32665, Mukim of Tebrau, District of Johor Bahru, State of Johor.	An on-going commercial development	12.38 acres	Freehold	Property Development Project	-	Acquisition: SPA date - 23 August 2012	670,522,384
4.	Terminal klia2, KL International Airport Jalan klia 2/1 64000 KLIA, Sepang Selangor Darul Ehsan, Malaysia.	Integrated Complex with shopping mall, transportation hub and airport car park building with 5,690 parking lots	355,977 sf (Retail net lettable area)	Leasehold interest expiring 11 February 2034 / 4	Owner operated	1	Completion: 20 September 2013	583,482,724
5.	1, Persiaran Batu Nilam 1/KS 6, Bandar Bukit Tinggi 2, 41200 Klang, Selangor Darul Ehsan.	A 6-storey shopping mall	1,000,950 sf (Retail gross lettable area)	Freehold / 10	Leased to AEON	1	Valuation: December 2016	441,894,324

Ten Largest Properties of the Group

No.	Location	Description	Land area or Built-up Area under Valuation (sq ft = sf)	Tenure / Age of Building (where applicable) (Years)	Existing Use	No Of Units	Date of Valuation / Acquisition / Completion	NBV as at 31 December 2016 RM
6.	Geran 107088, Lot 72658, Seksyen 40 , Town of Petaling Jaya, District of Petaling, State of Selangor.	An on-going commercial development	13.98 acres	Leasehold interest 99 years expiring on 9 February 2111	Property Development Project	-	Acquisition: March 2005	418,774,039
7.	The Ascent, Paradigm, No.1 Jalan SS7/26A, Kelana Jaya, 47301 Petaling Jaya, Selangor.	Corporate office tower together with 865 car park bays	516,633 sf (Net lettable area)	Leasehold interest 99 years expiring on 9 February 2111 / 2	Owner operated	1	Valuation: December 2016	347,000,000
8.	Two (2) parcels of land: H.S.(D) 478950, PTD 170704; and H.S.(D) 478951, PTD 170705, Mukim Pulai, Daerah Johor Bahru, Negeri Johor.	An on-going mixed development	10.95 acres	Leasehold interest 99 years expiring on 1 January 2111	Property Development Project	-	Acquisition: SPA date - 21 June 2010	166,355,298
		Unsold unit of residential condominiums	720 sf to 1,019 sf Total = 6,970 sf	Leasehold/2	Vacant	8	-	3,167,411
		Unsold unit of Garden Villa	1,432 sf to 2,256 sf Total = 20,949 sf	Leasehold/2	Vacant	12	-	13,516,742
		Unsold unit of retail office	812 sf to 3,506 sf Total = 22,122 sf	Leasehold/2	Vacant	16	-	12,742,318
		Unsold unit of commercial office	10,170 sf to 20,328 sf Total = 82,794 sf	Leasehold/2	Vacant	6	-	38,151,199

No.	Location	Description	Land area or Built-up Area under Valuation (sq ft = sf)	Tenure / Age of Building (where applicable) (Years)	Existing Use	No Of Units	Date of Valuation / Acquisition / Completion	NBV as at 31 December 2016 RM
9.	Nine (9) parcels of land : (1) H.S.(D) 505981, PTD 183262; (2) H.S.(D) 505986, PTD 183267; (3) H.S.(D) 505987, PTD 183268; (4) H.S.(D) 505982, PTD 183263; (5) H.S.(D) 505983, PTD 183264; (6) H.S.(D) 505984, PTD 183265; (7) H.S.(D) 505985, PTD 183266; (8) H.S.(D) 505988, PTD 183269; (9) H.S.(D) 505989, PTD 183270, Mukim Pulai, Daerah Johor Bahru, Negeri Johor.	Proposed commercial development	20.8 acres	Leasehold interest 99 years expiring on 14 February 2107	Vacant	-	Acquisition: SPA date – 14 December 2010; 22 August 2013; 30 December 2014	200,282,226
10.	Three (3) parcels of land: Geran 323213, Lot 171400; Geran 323214, Lot 171401; Geran 110787, PT 171403. (Leasehold), Mukim Klang, Daerah Klang, Negeri Selangor.	An on-going mixed development	53 acres	Freehold/ Leasehold interest 99 years expiring 11 December 2112	Property Development Project	-	Acquisition: December 2009	190,170,246

Analysis of Shareholdings
As at 31 March 2017

(A) ORDINARY SHARES AS AT 31 MARCH 2017

Total Issued Ordinary Shares : 1,264,427,073
Voting rights : One (1) vote per Ordinary Share

(1) Analysis by size of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	2,741	23.63	125,442	0.01
100 - 1,000	1,713	14.76	656,932	0.05
1,001 - 10,000	4,541	39.14	18,023,686	1.43
10,001 and 100,000	2,131	18.37	60,118,099	4.75
100,001 to less than 5% of issued shares	472	4.07	675,968,444	53.46
5% and above of issued shares	4	0.03	509,534,470	40.30
Total	**11,602**	**100.00**	**1,264,427,073**	**100.00**

(2) Thirty Largest Shareholders

No.	Names	No. of Shares	%*
1.	UOBM Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Dominion Nexus Sdn Bhd)*	245,718,472	19.57
2.	Lembaga Tabung Haji	117,881,399	9.39
3.	AmanahRaya Trustees Berhad *(Amanah Saham Bumiputera)*	79,318,026	6.32
4.	Kumpulan Wang Persaraan *(DiPerbadankan)*	66,616,573	5.31
5.	Citigroup Nominees (Tempatan) Sdn Bhd *(Employees Provident Fund Board)*	56,571,555	4.51
6.	AmanahRaya Trustees Berhad *(Amanah Saham Wawasan 2020)*	41,048,530	3.27
7.	Citigroup Nominees (Tempatan) Sdn Bhd *(Employees Provident Fund Board (Affin-Hwg))*	32,138,700	2.56
8.	Citigroup Nominees (Tempatan) Sdn Bhd *(Exempt An for AIA Bhd)*	32,100,665	2.56
9.	Citigroup Nominees (Asing) Sdn Bhd *(Exempt An for Citibank New York (Norges Bank 14))*	20,439,600	1.63
10.	AmanahRaya Trustees Berhad *(Amanah Saham Malaysia)*	16,108,662	1.28
11.	AmanahRaya Trustees Berhad *(Public Islamic Select Treasures Fund)*	15,062,852	1.20
12.	HSBC Nominees (Asing) Sdn Bhd *(BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund)*	13,058,000	1.04
13.	Citigroup Nominees (Asing) Sdn Bhd *(Exempt An for Citibank New York (Norges Bank 12))*	13,029,621	1.04
14.	AmanahRaya Trustees Berhad *(Public Islamic Sector Select Fund)*	12,206,201	0.97

(2) **Thirty Largest Shareholders** *cont'd*

No.	Names	No. of Shares	%*
15.	HSBC Nominees (Asing) Sdn Bhd *(Exempt An for JPMorgan Chase Bank, National Association (U.S.A.))*	11,172,250	0.89
16.	Cartaban Nominees (Asing) Sdn Bhd *(Exempt An for State Street Bank & Trust Company (West CLT 0067))*	10,563,309	0.84
17.	Citigroup Nominees (Asing) Sdn Bhd *(CBNY for Dimensional Emerging Markets Value Fund)*	10,509,366	0.84
18.	AmanahRaya Trustees Berhad *(Amanah Saham Didik)*	10,303,010	0.82
19.	Tokio Marine Life Insurance Malaysia Bhd *(As Beneficial Owner (PF))*	9,843,500	0.78
20.	AmanahRaya Trustees Berhad *(As 1Malaysia)*	9,296,300	0.74
21.	Goh Chin Liong	8,826,186	0.70
22.	AmanahRaya Trustees Berhad *(Amanah Saham Nasional)*	7,952,040	0.63
23.	HSBC Nominees (Tempatan) Sdn Bhd *(HSBC (M) Trustee Bhd for Affin Hwang Select Opportunity Fund (3969))*	7,757,800	0.62
24.	AmanahRaya Trustees Berhad *(Public Islamic Equity Fund)*	6,905,045	0.55
25.	HSBC Nominees (Tempatan) Sdn Bhd *(HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (P))*	6,589,137	0.52
26.	Maybank Nominees (Tempatan) Sdn Bhd *(Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100))*	6,373,908	0.51
27.	Citigroup Nominees (Tempatan) Sdn Bhd *(Kumpulan Wang Persaraan (DiPerbadankan) (Kenanga))*	6,015,860	0.48
28.	AmanahRaya Trustees Berhad *(Public Islamic Treasures Growth Fund)*	6,000,000	0.48
29.	Citigroup Nominees (Asing) Sdn Bhd *(Exempt An for Citibank New York (Norges Bank 9))*	5,564,000	0.44
30.	Citigroup Nominees (Asing) Sdn Bhd *(CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc.)*	5,427,129	0.43
		890,397,696	**70.91**

Note:
* *Based on 1,255,707,002 shares (Total issued share capital of 1,264,427,073 less treasury shares of 8,720,071)*

(3) Substantial Shareholders as per Register of Substantial Shareholders

	Direct Interest		Deemed Interest	
Name	No. of Shares	%*	No. of Shares	%*
Tan Sri Lim Siew Choon	-	-	245,718,472^	19.57
Legacy Pacific Limited	-	-	245,718,472#	19.57
Dominion Nexus Sdn Bhd	245,718,472	19.57	-	-
Employees Provident Fund Board	96,718,555	7.70	-	-
Lembaga Tabung Haji	122,439,621	9.75	-	-
Kumpulan Wang Persaraan *(Diperbadankan)*	78,773,030	6.27	-	-
AmanahRaya Trustees Berhad - Skim Amanah Saham Bumiputera	79,318,026	6.32	-	-

Notes:
* *Based on 1,255,707,002 shares (Total issued share capital of 1,264,427,073 less treasury shares of 8,720,071)*
^ *Deemed interested by virtue of his interest in Dominion Nexus Sdn Bhd via Legacy Pacific Limited*
# *Deemed interested by virtue of its interest in Dominion Nexus Sdn Bhd*

(B) WARRANTS 2013/2017 ("WARRANTS D") AS AT 31 MARCH 2017

Outstanding Warrants D : 163,622,659
Issue Price : Not Applicable (Issued pursuant to the Securities Exchange)
Exercise Price : RM1.71 per Ordinary Share
Exercise Ratio : One (1) Warrant D is exercisable into one (1) new Ordinary Share
Expiry Date : 11 December 2017
Voting Rights : One (1) vote for each Warrant D held

(1) Analysis by size of Warrants D Holdings

Size of Warrants	No. of Warrants Holders	%	No. of Outstanding Warrants	%
Less than 100	2,847	41.40	52,452	0.03
100 - 1,000	2,307	33.55	953,746	0.58
1,001 - 10,000	1,072	15.59	4,028,994	2.46
10,001 and 100,000	481	7.00	18,811,601	11.50
100,001 to less than 5% of outstanding Warrants	167	2.43	80,991,206	49.50
5% and above of outstanding Warrants	2	0.03	58,784,660	35.93
Total	**6,876**	**100.00**	**163,622,659**	**100.00**

(2) **Thirty Largest Warrants D Holders**

No.	Names	No. of Warrants	%
1.	WCT Capital Sdn Bhd	41,276,160	25.23
2.	Maybank Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Lim Gim Leong)*	17,508,500	10.70
3.	Kenanga Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Cheong Chen Yue)*	3,150,000	1.93
4.	Changtee Holdings Sdn Bhd	3,000,000	1.83
5.	Lim King Huak	2,822,000	1.72
6.	Cimsec Nominees (Tempatan) Sdn Bhd *(CIMB Bank for Daniel Lim Hwa Yew (MY1618))*	2,400,000	1.47
7.	Low Chu Mooi	2,050,000	1.25
8.	Mercsec Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Tiong Nam Logistics Holdings Berhad)*	2,000,000	1.22
9.	Tiong Nam Logistics Holdings Berhad	2,000,000	1.22
10.	AllianceGroup Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Ong Yoong Nyock (8039533))*	1,987,800	1.21
11.	Malaysia Nominees (Tempatan) Sendirian Berhad *(Great Eastern Life Assurance (Malaysia) Berhad (Par 1))*	1,947,180	1.19
12.	Goh Chin Liong	1,898,607	1.16
13.	Kenanga Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Teh Siew Wah (021))*	1,650,000	1.01
14.	Wong Nyook Yin	1,598,300	0.98
15.	Loong Ding Tong	1,521,900	0.93
16.	Choe Kai Keong	1,516,800	0.93
17.	Poh Hong Swee	1,500,000	0.92
18.	RHB Nominees (Tempatan) Sdn Bhd *(Exempt An for RHB Securities Singapore Pte Ltd. (A/C Clients))*	1,357,100	0.83
19.	Maybank Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Ong Yoong Nyock)*	1,282,900	0.78
20.	AllianceGroup Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Cheong Chen Yue)*	1,100,000	0.67
21.	Siew Yau Wai @ Siew Ah Why	1,032,000	0.63
22.	AmanahRaya Trustees Berhad *(Public Islamic Equity Fund)*	1,027,600	0.63
23.	HLIB Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Ong Yoong Nyock)*	1,000,000	0.61
24.	Public Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Teh Shin Luu (E-KPG))*	1,000,000	0.61
25.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Ding Pei Chai)*	1,000,000	0.61

(2) **Thirty Largest Warrants D Holders** *cont'd*

No.	Names	No. of Warrants	%
26.	Mercsec Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for TNTT Realty Sdn Bhd)*	950,100	0.58
27.	Lim Thin Peng	924,100	0.56
28.	Ang Eng Chuan	860,300	0.53
29.	Wilfred Koh Seng Han	842,900	0.52
30.	Cimsec Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Tai Sui Ping (Solaris-CL))*	715,600	0.44
		102,919,847	**62.90**

(C) **WARRANTS 2015/2020 ("WARRANTS E") AS AT 31 MARCH 2017**

Outstanding Warrants E : 236,621,145
Issue Price : Not Applicable (Bonus Issue)
Exercise Price : RM2.08 per Ordinary Share
Exercise Ratio : One (1) Warrant E is exercisable into one (1) new Ordinary Share
Expiry Date : 27 August 2020
Voting Rights : One (1) vote for each Warrant E held

(1) **Analysis by size of Warrants E Holdings**

Size of Warrants	No. of Warrants Holders	%	No. of Outstanding Warrants	%
Less than 100	3,406	34.76	72,307	0.03
100 - 1,000	3,033	30.95	1,323,198	0.56
1,001 - 10,000	2,441	24.91	7,416,217	3.13
10,001 and 100,000	684	6.98	26,930,516	11.38
100,001 to less than 5% of outstanding Warrants	234	2.39	156,003,963	65.93
5% and above of outstanding Warrants	1	0.01	44,874,944	18.97
Total	**9,799**	**100.00**	**236,621,145**	**100.00**

(2) Thirty Largest Warrants E Holders

No.	Names	No. of Warrants	%
1.	WCT Capital Sdn Bhd	44,874,944	18.96
2.	Cimsec Nominees (Tempatan) Sdn Bhd *(CIMB Bank for Chia Kwoon Meng (MM0678))*	11,350,000	4.80
3.	Lai Siew Khim	9,877,900	4.17
4.	Cimsec Nominees (Tempatan) Sdn Bhd *(CIMB Bank for Daniel Lim Hwa Yew (MY1618))*	9,692,300	4.10
5.	Maybank Securities Nominees (Asing) Sdn Bhd *(Maybank Kim Eng Securities Pte Ltd for Lim Chuan Seng)*	4,870,900	2.06
6.	Wong Lee Peng	4,705,700	1.99
7.	Cimsec Nominees (Tempatan) Sdn Bhd *(CIMB Bank for Tan Seng Kow (MY0085))*	4,286,200	1.81
8.	Lim Kiang Huit	3,525,900	1.49
9.	Citigroup Nominees (Tempatan) Sdn Bhd *(Exempt An for AIA Bhd)*	3,455,309	1.46
10.	AmanahRaya Trustees Berhad *(Public Islamic Select Treasures Fund)*	2,982,743	1.26
11.	Ang Bon Huan	2,537,000	1.07
12.	Chue Sew Cheong	2,200,000	0.93
13.	Chan Ah Hock	2,000,000	0.85
14.	Maybank Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for TNTT Realty Sdn Bhd)*	2,000,000	0.85
15.	Chan Huater	1,950,000	0.82
16.	HSBC Nominees (Asing) Sdn Bhd *(Exempt An for Credit Suisse (HK BR-TST-Asing))*	1,934,362	0.82
17.	Public Invest Nominees (Asing) Sdn Bhd *(Exempt An for Phillip Securities Pte Ltd (Clients))*	1,900,246	0.80
18.	Jimmy Peh Hock Jin	1,742,000	0.74
19.	Ara Holdings Sdn Bhd	1,707,339	0.72
20.	Cimsec Nominees (Tempatan) Sdn Bhd *(CIMB Bank for Khoo Chai Pek (MY1030))*	1,700,000	0.72
21.	HLIB Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Lim Teong Kiat)*	1,700,000	0.72
22.	Maybank Securities Nominees (Asing) Sdn Bhd *(Maybank Kim Eng Securities Pte Ltd for Lim Chuan Seng)*	1,679,100	0.71
23.	HSBC Nominees (Asing) Sdn Bhd *(Exempt An for JPMorgan Chase Bank, National Association (U.S.A))*	1,594,005	0.67
24.	Chan Huasheng	1,550,000	0.66
25.	Cimsec Nominees (Tempatan) Sdn Bhd *(CIMB Bank for Tan Yat Kiang (MY1469))*	1,550,000	0.66

(2) **Thirty Largest Warrants E Holders** *cont'd*

No.	Names	No. of Warrants	%
26.	Goh Chin Liong	1,529,938	0.65
27.	HSBC Nominees (Tempatan) Sdn Bhd *(HSBC (M) Trustee Bhd for AMB Value Trust Fund (4249))*	1,320,000	0.56
28.	RHB Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Wong Tow Fock)*	1,314,300	0.56
29.	AllianceGroup Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Ong Yoong Nyock (8039533))*	1,306,596	0.55
30.	AmanahRaya Trustees Berhad *(Public Islamic Equity Fund)*	1,167,335	0.49
		134,004,117	**56.63**

(D) STATEMENT OF DIRECTORS' INTERESTS IN THE SECURITIES OF THE COMPANY AS PER THE REGISTERS PURSUANT TO THE COMPANIES ACT, 2016 AS AT 31 MARCH 2017

(1) **Directors' Interests in Ordinary Shares**

	Direct Interest		Deemed Interest	
Name	No. of Shares	%*	No. of Shares	%*
Tan Sri Lim Siew Choon	-	-	245,718,472[1]	19.57
Goh Chin Liong	8,826,186	0.70	-	-
Choe Kai Keong	3,566,312	0.28	-	-
Liang Kai Chong	3,749,613	0.30	265,223[2]	0.02

(2) **Directors' Interests in Warrants 2013/2017 (Warrants D)**

	Direct Interest		Deemed Interest	
Name	No. of Warrants	%	No. of Warrants	%
Goh Chin Liong	1,898,607	1.16	-	-
Choe Kai Keong	1,516,800	0.93	-	-
Liang Kai Chong	628,080	0.38	40,700[2]	0.02

(3) Directors' Interests in Warrants 2015/2020 (Warrants E)

	Direct Interest		Deemed Interest	
Name	No. of Warrants	%	No. of Warrants	%
Goh Chin Liong	1,529,938	0.65	-	-
Choe Kai Keong	706,200	0.30	-	-
Liang Kai Chong	818,904	0.35	52,519[2]	0.02

Notes:

* *Based on 1,255,707,002 shares (Total issued share capital of 1,264,427,073 less treasury shares of 8,720,071)*

[1] *Deemed interested by virtue of his interest in Dominion Nexus Sdn Bhd via Legacy Pacific Limited*

[2] *Deemed interested through his spouse's interest in the Company.*

(4) Directors' Interests in Options over Ordinary Shares

Name	No. of Options Outstanding
Goh Chin Liong	1,350,000
Choe Kai Keong	750,000
Liang Kai Chong	750,000

Notice of Sixth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Sixth Annual General Meeting ("6th AGM") of WCT Holdings Berhad ("WCT" or "the Company") will be held at Ballroom 1, Ground Floor, Première Hotel, Bandar Bukit Tinggi 1/KS6 Jalan Langat, 41200 Klang, Selangor Darul Ehsan, Malaysia, on Thursday, 1 June 2017 at 10.00 a.m. for the following purposes:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2016 together with the Reports of the Directors and Auditors thereon.

2. To declare and approve a final single tier share dividend on the basis of one (1) treasury share for every one hundred and sixty five (165) existing ordinary shares held in the Company in respect of the financial year ended 31 December 2016. ***Resolution 1***

3. To re-elect Mr. Goh Chin Liong who retires in accordance with Article 70 of the Company's Articles of Association and being eligible, offered himself for re-election. ***Resolution 2***

4. To re-elect the following Directors who retire in accordance with Article 75 of the Company's Articles of Association and being eligible, offered themselves for re-election:

   (a) Tan Sri Lim Siew Choon ***Resolution 3***
   (b) Dato' Lee Tuck Fook ***Resolution 4***
   (c) Tan Sri Marzuki bin Mohd Noor ***Resolution 5***
   (d) Datuk Ab Wahab bin Khalil ***Resolution 6***
   (e) Mr. Ng Soon Lai @ Ng Siek Chuan ***Resolution 7***
   (f) Dato' Ng Sooi Lin ***Resolution 8***

5. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. ***Resolution 9***

As Special Business

To consider and, if thought fit, to pass the following Ordinary Resolutions:

6. **Payment of Directors' Fees**

   "THAT the Directors' Fees amounting to RM216,000.00 for the financial year ended 31 December 2016 be and is hereby approved for payment." ***Resolution 10***

7. **Authority to allot and issue shares**

   "THAT pursuant to Section 75 and 76 of the Companies Act, 2016, and subject to the approval of the relevant governmental/regulatory authorities (if any), the Directors of the Company be and are hereby empowered to allot and issue new shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the total issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." ***Resolution 11***

8. **Proposed Renewal of Share Buy-Back Authority**

"THAT subject to the Companies Act, 2016 (the "Act"), rules, regulations and orders made pursuant to the Act (as may be amended, modified or re-enacted from time to time), the provisions of the Company's Memorandum and Articles of Association and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authority, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company ("Shares") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

(i) the aggregate number of Shares which may be purchased by the Company shall not exceed ten percent (10%) of the total issued ordinary shares in the Company for the time being;

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the retained profits of the Company. The audited retained profits of the Company as at 31 December 2016 amounted to RM301,707,315.00;

(iii) the authority conferred by this resolution will commence immediately upon the passing of this ordinary resolution and will continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
(b) the expiration of the period within which the next AGM is required by law to be held; or
(c) revoked or varied by ordinary resolution passed by the shareholders in general meeting;

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities; and

(iv) upon completion of each purchase of Shares by the Company, the Directors of the Company be and are hereby authorised to cancel the Shares so purchased or to retain the Shares so purchased as treasury shares which may be distributed as dividend to shareholders or resold on Bursa Securities or subsequently cancelled or to retain part of the Shares so purchased as treasury shares and cancel the remainder and/or to deal with the Shares in any other manner as may be allowed or prescribed by the Act or any other rules, regulations and/or orders made pursuant to the Act and the Main Market Listing Requirements of Bursa Securities and any other relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to effect the purchase(s) of Shares with full powers to assent to any conditions, modifications, resolutions, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company in relation to such purchase(s) of Shares." ***Resolution 12***

9. **Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature**

"THAT approval be and is hereby given to the Company and its subsidiaries ("WCT Group") to enter into and give effect to the recurrent related party transactions of a revenue or trading nature and with all classes of related parties as set out in Section 2, Part A of the Circular to Shareholders dated 27 April 2017 which are necessary for the Group's day-to-day operations, provided that:

(i) the transactions are in the ordinary course of business and are carried out at arm's length basis on normal commercial terms of WCT Group and on terms not more favourable to the related parties than those generally available to the public or third parties where applicable and not to the detriment of the minority shareholders of the Company; and

(ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year based on the following information:-

(a) the type of the recurrent related party transactions made; and
(b) the names of the related parties involved in the recurrent related party transactions made and their relationship with WCT Group.

(iii) THAT such approval shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
(b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("Act") (but shall not extend to such extension as may allowed pursuant to Section 340(4) of the Act); or
(c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier.

(iv) AND THAT the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution." ***Resolution 13***

GENERAL MEETING RECORD OF DEPOSITORS

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member's eligibility to attend and vote at the 6th AGM, the Company shall obtain a General Meeting Record of Depositors as at 26 May 2017 from Bursa Malaysia Depository Sdn Bhd in accordance with Article 46(3) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991. Only depositors whose names appear therein shall be entitled to attend in person or appoint proxy to attend and/or vote on their behalf at the 6th AGM of the Company.

NOTICE OF DIVIDEND PAYMENT AND ENTITLEMENT DATE

NOTICE IS ALSO HEREBY GIVEN that a final single tier share dividend on the basis of one (1) treasury share for every one hundred and sixty five (165) existing ordinary shares held in the Company ("Share Dividend"), any fractions arising from the distribution of Share Dividend will be disregarded, in respect of the financial year ended 31 December 2016, if approved at the 6th AGM of the Company, will be credited into the entitled Depositors' Securities Account on 22 June 2017.

The entitlement date shall be fixed on 8 June 2017 and a Depositor shall qualify for entitlement only in respect of:

(a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 8 June 2017 in respect of ordinary transfers; and

(b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

Subject to the approval of the Bursa Malaysia Depository Sdn Bhd ("Bursa Depository") for the transfer of treasury shares under the Share Buy-back Account by bulk transfer method of debiting and crediting, the treasury shares to be distributed under the Share Dividend will be credited into the entitled Depositors' Securities Account maintained with Bursa Depository on 22 June 2017.

By Order of the Board

LOH CHEE MUN
CHONG KIAN FAH
Company Secretaries

Selangor Darul Ehsan
27 April 2017

NOTICE TO HOLDERS OF WARRANTS 2013/2017 ("WARRANTS D") AND WARRANTS 2015/2020 ("WARRANTS E")

Subject to the approval being obtained from the Company's shareholders at the 6th AGM, holders of Warrants D and Warrants E must exercise their warrants and subscribe for ordinary shares in the Company in order to be entitled to the abovementioned Share Dividend. All duly executed and completed Warrants Subscription Forms received by the Company's Share Registrar up to 5.00 p.m. on Thursday, 25 May 2017 shall be entitled to the Share Dividend.

NOTES:

A. PROXY

1. *A member entitled to attend and vote at the meeting may appoint one (1) proxy to attend and vote on his/her behalf. A proxy may but need not be a member of the Company and if not a member, he/she need not be a qualified legal practitioner, an approved company auditor or a person approved by the Registrar.*
2. *The instrument appointing a proxy shall be signed by (a) the individual member or (b) the individual member's attorney duly supported by a certified true copy of the power of attorney.*
3. *For a corporate member, the instrument appointing a proxy shall be executed under (a) its common seal or (b) the hand of a duly authorised officer or attorney. In the case of (b), it shall be supported by a certified true copy of (i) the resolution appointing such officer, or (ii) the relevant power of attorney.*
4. *In the case of a member who is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit as to the number of proxies it may appoint. If more than one (1) proxy is appointed, the Exempt Authorised Nominee shall specify the number of shares to be represented by each proxy.*
5. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at B-30-01, The Ascent, Paradigm, No. 1, Jalan SS7/26A, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan before 11 a.m. on 31 May 2017 or not less than twenty-four (24) hours before the time appointed for the taking of the poll at this meeting, whichever is later.*
6. *All resolutions set out in this Notice will be put to vote by poll pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.*

B. Audited Financial Statements for financial year ended 31 December 2016

The audited financial statements are for discussion only under Agenda 1, as they do not require shareholders' approval under the provisions of Section 340(1)(a) of the Act. Hence, this Agenda 1 is not put forward for voting.

C. EXPLANATORY NOTES ON SPECIAL BUSINESS

Resolution 10

The proposed Ordinary Resolution 10, if passed, will authorise the payment of Directors' Fees for the financial year ended 31 December 2016 pursuant to the Company's Articles of Association.

Resolution 11

The proposed Ordinary Resolution 11, if passed, will empower the Directors to allot shares in the Company up to an amount not exceeding 10% of the total issued ordinary shares of the Company for the time being, for any possible fund raising activities, including but not limited to placement of shares, for the purposes of funding future investment projects, working capital, acquisition and/or so forth. The approval is a renewal of general mandate and is sought to provide flexibility and avoid any delay and cost in convening a general meeting for such allotment of shares. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting ("AGM") of the Company.

The Company had on 10 April 2017 issued and allotted a total of 100,456,000 new ordinary shares at RM1.77 per share under a private placement ("Placement") pursuant to the general mandate which was approved by the shareholders at the Company's 5th AGM held on 27 May 2016. A total proceeds of approximately RM178.0 million was raised from the Placement.

Resolution 12

The proposed Ordinary Resolution 12, if passed, is to give authority to the Company to purchase its own shares for up to 10% of the Company's total issued ordinary shares at any time within the time period stipulated in the Main Market Listing Requirements of Bursa Securities. Please refer to the Statement to Shareholders in relation to the Proposed Renewal of Share Buy-Back Authority as set out in Part B of the Circular to Shareholders dated 27 April 2017 which despatched together with the Company's Annual Report 2016 for further information.

Resolution 13

The proposed Ordinary Resolution 13, if passed, will enable the WCT Group to enter into any of the recurrent related party transactions of a revenue or trading nature set out in Part A of the Circular to Shareholders of the Company dated 27 April 2017 which are necessary for the Group's day-to-day operations. This authority, unless revoked or varied by resolution passed by the shareholders of the Company at a general meeting, will expire at the conclusion of the next AGM, or the expiration of the period within which the next AGM is required by law to be held, whichever is the earliest.

Administrative Details

Meeting	:	Sixth Annual General Meeting ("6th AGM")
Date	:	Thursday, 1 June 2017
Time	:	10.00 a.m.
Venue	:	Ballroom 1, Ground Floor, Première Hotel, Klang.

PARKING

There is ample parking space at the designated parking levels in Première Hotel, Klang. Please follow the relevant signage to the car parks.

REGISTRATION

Registration will commence at 9.00 a.m. and will remain open until the conclusion of the 6th AGM or such time as may be determined by the Chairman of the meeting.

Please produce your original Identity Card during registration for verification purposes prior to signing on the Attendance List.

You will be given a barcode wristband. If you are attending the 6th AGM as a shareholder as well as proxy, you will be registered once and will only be given one barcode wristband to enter the meeting hall. No person will be allowed to enter the meeting hall without wearing the barcode wristband. There will be no replacement in the event that you lose/misplace the barcode wristband.

VOTING PROCEDURE

The voting at the 6th AGM will be conducted on a poll. Symphony Share Registrars Sdn Bhd is appointed as the Poll Administrator to conduct the polling process and Symphony Corporatehouse Sdn Bhd is appointed as an Independent Scrutineers to verify the results of the poll.

REFRESHMENT

Light refreshment will be served before the commencement of the 6th AGM at the foyer outside Ballroom 1 on the Ground Level.

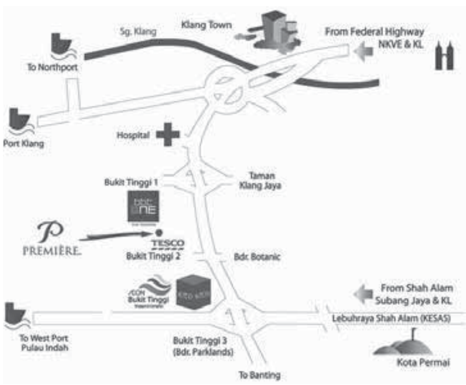
LUNCH

Upon the conclusion of the 6th AGM, a buffet lunch will be served at the Ballroom 2 on the Ground Level.

RECORD OF DEPOSITORS FOR ATTENDANCE AT 6TH AGM

For the purpose of determining a member's eligibility to attend and vote at the 6th AGM, the Company shall obtain a General Meeting Record of Depositors as at 26 May 2017 from Bursa Malaysia Depository Sdn Bhd in accordance with Article 46(3) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991. Only depositors whose names appear therein shall be entitled to attend in person or appoint proxy to attend and/or vote on their behalf at the 6th AGM.

LOCATION MAP TO PREMIÈRE HOTEL, KLANG



WCT Holdings Berhad (930464-M)

(Incorporated in Malaysia)

FORM OF PROXY

I/We ____
(Name in full)

I.C. or Company No. ______________________ CDS Account No. ______________________

of ____
(Full address)

being a member of **WCT Holdings Berhad**, hereby appoint ______________________________

______________________________ I.C. No. ______________________________
(Name in full)

of ____
(Full address)

or failing him, the Chairman of the meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Sixth Annual General Meeting of the Company to be held at Ballroom 1, Ground Floor, Première Hotel, Bandar Bukit Tinggi 1/KS6 Jalan Langat, 41200 Klang, Selangor Darul Ehsan on Thursday, 1 June 2017 at 10.00 a.m. or at any adjournment thereof.

This proxy is to vote on the resolutions set out in the Notice of Sixth Annual General Meeting as indicated with an "X" in the appropriate spaces provided. If this form of proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain from voting at his/her discretion.

ORDINARY RESOLUTIONS		FOR	AGAINST
1	To approve the final single tier share dividend for the year ended 31 December 2016.		
2	To re-elect Mr Goh Chin Liong as Director of the Company.		
3	To re-elect Tan Sri Lim Siew Choon as Director of the Company.		
4	To re-elect Dato' Lee Tuck Fook as Director of the Company.		
5	To re-elect Tan Sri Marzuki Bin Mohd Noor as Director of the Company.		
6	To re-elect Datuk Ab Wahab Bin Khalil as Director of the Company.		
7	To re-elect Mr Ng Soon Lai @ Ng Siek Chuan as Director of the Company.		
8	To re-elect Dato' Ng Sooi Lin as Director of the Company.		
9	To re-appoint Messrs Ernst & Young as Auditors of the Company.		
10	To approve the payment of Directors' Fees.		
11	To authorise the allotment of new shares.		
12	To approve the Proposed Renewal of Share Buy-Back Authority.		
13	To approved the Proposed Shareholders' Mandate for Recurrent Related Parties Transactions.		

Dated this ______________day of ________________ 2017

No. of Ordinary Shares Held

____
Signature(s)/Common Seal of member(s)

Notes:-

1. *A member entitled to attend and vote at the meeting may appoint one (1) proxy to attend and vote on his/her behalf. A proxy may but need not be a member of the Company and if not a member, he/she need not be a qualified legal practitioner, an approved company auditor or a person approved by the Registrar.*
2. *The instrument appointing a proxy shall be signed by (a) the individual member or (b) the individual member's attorney duly supported by a certified true copy of the power of attorney.*
3. *For a corporate member, the instrument appointing a proxy shall be executed under (a) its common seal or (b) the hand of a duly authorised officer or attorney. In the case of (b), it shall be supported by a certified true copy of (i) the resolution appointing such officer, or (ii) the relevant power of attorney.*
4. *In the case of a member who is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit as to the number of proxies it may appoint. If more than one (1) proxy is appointed, the Exempt Authorised Nominee shall specify the number of shares to be represented by each proxy.*
5. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at B-30-01, The Ascent, Paradigm, No. 1, Jalan SS7/26A, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan before 11 a.m. on 31 May 2017 or not less than twenty-four (24) hours before the time appointed for the taking of the poll at this meeting, whichever is later.*
6. *All resolutions set out in this Notice will be put to vote by poll pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.*

Fold This Flap For Sealing

Then Fold Here

AFFIX
STAMP

The Company Secretary

WCT HOLDINGS BERHAD

B-30-01, The Ascent, Paradigm
No. 1, Jalan SS7/26A, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

1st Fold Here

www.wct.com.my

WCT Holdings Berhad (930464-M)

B-30-01, The Ascent, Paradigm, No. 1, Jalan SS7/26A, Kelana Jaya
47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia

Tel: +(603) 7806 6688 Fax: +(603) 7806 6610 Email: enquiries@wct.my