WCT Holdings Berhad
(930464-M)

BUILDING VALUES

ANNUAL REPORT 2017

VISION

We inspire and strive for excellence in areas of our expertise

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 returns to our shareholders

We contribute to the betterment of the community

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

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

WCT means

Winning through Commitment and Teamwork 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, Malaysia
Malaysian Construction Industry Excellence Awards

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

Builder of the Year - 2002
Malaysian Construction Industry Excellence Awards

Special Project Award - 2001
Sepang F1 Circuit, Selangor, Malaysia
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 Petaling Jaya

Property Insight Prestigious Developer Awards (PIPDA)

Top 10 Developers Award 2016
WCT Land Sdn Bhd

Corporate Awards

Leadership in Energy & Environmental Design (LEED) Certification - 2017

Silver Certification under LEED 2009 Core and Shell Development gateway@klia2 shopping mall, Sepang, Selangor

Green Building Index (GBI) Awards

Gold Award for Ministry of International Trade & Industry, Malaysia (MITI)
Silver Award for Lot 2C5, Putrajaya, Malaysia

The Edge Billion Ringgit Club 2013

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

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

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

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) Awards 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 for Plot 3C4, Precinct 3, Putrajaya, Malaysia

Certificate of Award for Best Safety & Health Management System 2007
Design, Construction and Completion of the Office Building for 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

ISO & OHSAS Certifications

Quality Management System Certifications

ISO 9001 : 2015
Quality Management System for WCT Berhad (including WCT Construction Sdn Bhd)
Certification No. AR 2274

ISO 9001 : 2015
Quality Management System for WCT Machinery Sdn Bhd
Certification No. QMS 01762

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

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

Environmental Management System Certification

ISO 14001 : 2015
Environmental Management System for WCT Berhad (including WCT Construction Sdn Bhd)
Certification No. ER 0685

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

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
Jubilant Courtyard Sdn Bhd
Kekal Kirana 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 Green 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
- Subang Skypark Sdn Bhd
- Skypark FBO Malaysia Sdn Bhd
- Skypark RAC 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
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
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Property

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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

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Al Rufaa Tower, Third Floor
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Tel : +974-4427 9780
Fax : +974-4427 9781

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Ha Huy Tap Street
Tan Phong Ward, District 7
Ho Chi Minh City, Vietnam
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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 : +603-7849 0777 (Helpdesk)
Fax : +603-7841 8151/52
Email : ssr.helpdesk@symphony.com.my

AUDITORS

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

PRINCIPAL BANKERS

Malayan Banking Berhad
RHB Bank Berhad
AmBank (M) Berhad
HSBC Bank Malaysia Berhad
Standard Chartered Bank Malaysia Berhad
OCBC Bank (Malaysia) Berhad
United Overseas Bank (Malaysia) Berhad
CIMB Bank Berhad
Bank of China (Malaysia) Berhad
Al-Rahji Banking & Investment Corporation (Malaysia) Berhad
Bank Muamalat Malaysia Berhad
Doha Bank
Mashreqbank PSC

SOLICITORS

Adnan Sundra & Low
Anad & Noraini
Badrul Lee & Associates
Jeyaratnam & Chong
Lee Hishammuddin Allen & Gledhill
Mah-Kamariyah & Philip Koh
Mohanadass Partnership
Raja Darryl & Loh
Shu Yin, Teh & Taing
Soon Gan Dion & Partners
Tan & Lee
Tay & Helen Wong
Wong & 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 expressways and highways, buildings, infrastructure related 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 shopping malls, hotels and concession assets.

With a track record of over 37 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
- Shopping Malls
- Hospitals
- Dam and Water Supply Scheme
- Iconic Buildings/ Infrastructures
- Expressways and Highways
- Civil Works
- Buildings
- Rail-based Infrastructure Works

The Group's property development portfolio includes townships, luxury homes, high-rise residences, integrated commercial developments, concession assets, 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 16,000 units of residential and commercial properties amounting to a Gross Development Value (GDV) of RM5.0 billion. WCT currently has a land bank of approximately 950 acres in Malaysia.

Currently, the Group owns four shopping malls – Bukit Tinggi Shopping Centre in Klang, the airport mall - gateway@klia2 in Sepang, Selangor, Paradigm Mall in Petaling Jaya and Paradigm Mall in Johor Bahru. The Group also owns Première Hotel in Klang and New World Hotel in Petaling Jaya.

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 2017.

ECONOMIC OVERVIEW

In the fourth quarter of 2017, the Malaysian economy expanded strongly by 5.9% as compared to 4.5% in the preceding quarter. *(Source: Quarterly Update on the Malaysian Economy – 4th Quarter 2017, Ministry of Finance Malaysia).* Growth was driven by domestic demand, in particular private sector spending, while external demand provided further support to growth. On the supply side, growth in the construction sector was sustained by civil engineering activity for rail, highway, petrochemical and power plant projects. *(Source: BNM Quarterly Bulletin – Fourth Quarter 2017, Bank Negara Malaysia).*

Meanwhile, the global economy recorded an upward growth of 3.5% (Q4 2016: 3%). This was led by strong expansion in the advanced economies and in the emerging market and developing economies. Growth in the advanced economies was supported by higher investment and strong external demand, while growth in the emerging market and developing economies was mainly contributed by favourable external demand. *(Source: Quarterly Update on the Malaysian Economy – 4th Quarter 2017, Ministry of Finance Malaysia)*

FINANCIAL REVIEW

For the financial year ended 31 December 2017 ("FY2017"), the Group's revenue of RM1.91 billion was marginally lower than the preceding year's revenue of RM1.93 billion. Meanwhile, The Group recorded a net profit of RM154.6 million, a significant jump from the RM68.4 million recorded in the previous year.

The Engineering and Construction segment recorded a revenue of RM1.39 billion (FY2016: RM1.57 billion) but incurred RM32.8 million in operating loss (FY2016: RM74.0 million operating profit). The operating loss was mainly attributed to an impairment of the amount due from a contract customer in Qatar amounting to RM164.6 milion and an unrealised foreign exchange loss of RM21.1 million. Excluding this impairment loss and unrealised foreign exchange loss, our Engineering & Construction segment would have recorded an operating profit of RM152.9 million.

Meanwhile, the Group's Property Development and Property Investment and Management segment recorded a higher revenue of RM514.1 million (FY2016: RM364.9 million). The operating profit of this segment also rose from RM108.5 million to RM346.2 million mainly due to the better operating results from the Group's property investment and management segment as well as recognition of a fair value gains from the Group's investment properties amounting to RM245.3 million.

The Group's overall performance for our FY2017 was satisfactory after taking into account the current economic conditions. The detailed discussion on the Group's financial performance are contained in the Management Discussion and Analysis section on Pages 14 to 17.

CORPORATE AND BUSINESS DEVELOPMENTS

On 11 April 2017, the Company successfully listed 100.5 million new ordinary shares on the Main Market of Bursa Malaysia Securities Berhad pursuant to a placement of new shares to various institutional investors to raise approximately RM177.8 million in proceeds for purpose of working capital of the Group as well as to reduce the Group's bank borrowings.

On 12 May 2017, the Group completed the acquisition of freehold land measuring 3.14 acres in Mont Kiara, Kuala Lumpur for a cash consideration of RM80 million. This land has development potential for residential use.

On 11 July 2017, Jelas Puri Sdn Bhd ("JBSB"), a 70%-owned joint venture company of WCT Land Sdn Bhd completed the disposal of the Ascent office tower together with the 865 car park bays (Elevated Car Park) to the Employees Provident Fund Board ("EPF") for a total cash consideration of RM347 million. Concurrently, WCT also signed two 15-year leaseback agreements with the EPF for the leaseback of The Ascent office tower to WCT Properties Sdn Bhd ("WCT Properties"), a wholly-owned subsidiary of the Company, and the leaseback of the Elevated Car Park to JPSB.

CHAIRMAN'S STATEMENT

During the year, our Group had successfully secured close to RM2.08 billion in new construction contracts, including a Mass Rapid Transit 2 package worth RM199.5 million, three packages under the Light Rail Transit 3 project worth RM1.67 billion and an elevated highway project in Kuala Lumpur worth RM211.5 million. The Group also successfully completed and handed over four projects, namely the MyTOWN shopping centre in Kuala Lumpur, commercial offices at Lot 2C5, Putrajaya and infrastructure works projects namely Package 20C1 within the RAPID site in Pengerang, Johor and Kwasa Damansara Township Development in Selangor.

The Group also completed the development of 1,129 residential units during the financial year and successfully delivered vacant possession to the home purchasers for four property projects undertaken by the Group, namely d'Laman Greenville landed property project in Klang, Renai Jelutong Residences in Bukit Jelutong, Shah Alam, The Azure Residences at the Paradigm Petaling Jaya and Medini Signature Residences in Medini Iskandar.

WCT ended 2017 on a high note with the successful opening of the Group's second Paradigm Mall located in Johor Bahru, the latest and largest mall in the Southern Region. The mall features a unique and diverse mix of retail tenants including first time attractions such as an ice skating rink, an indoor skatepark and an indoor climbing gym. Since the opening on 28 November 2017, the mall with 1.3 million square feet of net lettable area has achieved an occupancy rate of over 80%.

On 17 January 2018, WCT saw the opening of New World Hotel at its integrated commercial development in Paradigm, Petaling Jaya. This contemporary designed hotel features 300 spacious guestrooms, including 20 suites with sweeping cityscape views.

CHANGE IN DIRECTORATE

On 3 January 2017, Mr Andrew Lim Cheong Seng resigned from the Board as the Independent Non-Executive Director. Two (2) new Independent Non-Executive Directors, namely Mr Ng Soon Lai @ Ng Siek Chuan and Dato' Ng Sooi Lin later joined the Board on 1 February 2017 and 3 April 2017, respectively. Dato' Lee Tuck Fook was redesignated from a Non-Independent Non-Executive Director to the Group Managing Director of the Company on 3 April 2017. On 14 August 2017, Mr Choe Kai Keong retired and stepped down as the Executive Director of WCT Holdings Berhad.

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 property development 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.

CHAIRMAN'S STATEMENT

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 performance. 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.

I would also like to express my heartfelt gratitude to my fellow Directors on the Board for their valued insights and contributions. Finally, I would also like to thank Mr Choe Kai Keong and Mr Andrew Lim Cheong Seng for their valued contributions to the Board during their respective tenures.

Tan Sri Lim Siew Choon
Executive Chairman
18 April 2018

Management Discussion and Analysis

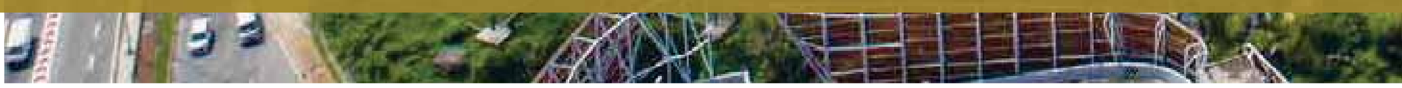
OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

In 2017, the Group via its three core business segments, namely Engineering and Construction, Property Development and Property Investment and Management had delivered satisfactory financial performance despite the challenging macro-economic conditions.

WCT's Engineering and Construction segment remains as the core contributor to the Group's revenue, accounting for 73% of the Group's consolidated revenue. The segment's total contract wins for 2017 was approximately RM2.08 billion and had ended the financial year with outstanding order book of RM5.62 billion (2016: RM4.73 billion). The strong order book was supported by RM1.87 billion of new rail-based infrastructure contracts wins during the year. A majority of the works executed by WCT in 2017 were civil and infrastructure works based in the Klang Valley, Sarawak and Johor.

The Group's Property Development segment remained cautious in launching new property development projects and had focused on the sales of its existing residential property projects in the Klang Valley to generate revenue for the Group. For the financial year ended 31 December 2017, the Group recorded property sales of approximately RM304.5 million (2016: RM285.3 million) and had accumulated unbilled sales of approximately RM230.1 million (2016: RM534.7 million) as at the end of the financial year. The Group currently has an undeveloped land bank of approximately 950 acres located mainly in the Klang Valley, with some in Johor and Sabah.

Meanwhile, WCT's Property Investment and Management segment continued to provide a stable income stream to the Group via its portfolio of retail malls, hotels and commercial office properties.




NEW WORLD HOTEL

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP FINANCIAL REVIEW

Financial Performance

For the financial year ended 31 December 2017, the Group recorded revenue and net profit of RM1.91 billion and RM154.6 million respectively as compared to RM1.93 billion and RM68.4 million respectively in the preceding financial year.

Segmental Review:

	Engineering and construction RM'000	Property development RM'000	Property investment and management RM'000	Consolidated RM'000
2017				
Revenue	1,391,769	437,133	76,986	1,905,888
Revenue contribution (%)	73%	23%	4%	100%
(Loss)/ profit from operations	(32,759)	75,651	270,544	313,436
(Loss)/ profit from operations (%)	(10%)	24%	86%	100%
2016				
Revenue	1,568,685	303,164	61,755	1,933,604
Revenue contribution (%)	81%	16%	3%	100%
Profit from operations	73,956	82,457	26,084	182,497
Profit from operations %	41%	45%	14%	100%

Engineering and Construction

The Engineering and Construction segment recorded revenue and operating loss of RM1.39 billion and RM32.8 million respectively as compared to RM1.57 billion and RM74.0 million (operating profit) respectively as reported in the preceding corresponding year.

The lower revenue recorded in 2017 was mainly due to lower contribution from the building construction projects as the Group completed MyTOWN shopping centre in Kuala Lumpur during the year. Revenue from building construction projects decreased by 76% from RM917.7 million in 2016 to RM223.5 million in 2017. Nevertheless, the lower contribution from the building construction projects was partially negated by higher contribution from the Group's infrastructure related projects which rose by 62% from RM687.1 million to RM1,112.4 million backed by higher billings from the RAPID project in Pengerang, Johor and the TRX project in Kuala Lumpur.

Reflecting a larger proportion of infrastructure related projects, the Group's construction profits had improved during the year. Excluding the recognition of the impairment of an amount due from a contract customer in Qatar and unrealised foreign exchange losses, the Group's Construction and Engineering Division would have made an operating profit of RM152.9 million. During the financial year under review, the Group had recognised an impairment of an amount due from a contract customer in Qatar amounting to RM164.6 million after considering the latest development in the Middle East region. After taking into account the said impairment and the unrealised foreign exchange losses, this segment recorded a loss from operations of RM32.8 million for the financial year ended 31 December 2017 (2016: RM74.0 million).

Property Development

The Property Development segment recorded revenue of RM437.1 million showing a marked improvement from the preceding year revenue of RM303.2 million. The higher revenue was mainly contributed by the Group's on-going projects under development as well as higher sales of completed properties during the year.

Operating profit from this segment was slightly lower at RM75.7 million as compared to RM82.5 million in the preceding year reflecting lower sales margin for the properties sold during the year.

Property Investment and Management

The revenue of the Property Investment and Management division grew by 25% from RM61.8 million in 2016 to RM77.0 million in 2017, resulting from higher rental income contribution from the retail malls and commercial office properties of the Group. The operating profit increased significantly from RM26.1 million in 2016 to RM270.5 million in 2017 mainly due to recognition of a fair value gain on revaluation of Paradigm Mall Johor Baru amounting to RM243.9 million upon the completion and commencement of business of the mall in November 2017.

Statement of Financial Position

Total Assets

	2017 RM'000	2016 RM'000
Non-current assets	4,918,859	4,759,513
Current assets	3,224,592	2,580,899
Total assets	8,143,451	7,340,412

At the end of 2017, the Group had total assets worth RM8.14 billion, representing an increase of 11% as compared to the preceding financial year. The non-current assets of the Group grew from RM4.76 billion in 2016 to RM4.92 billion in 2017 mainly due to the increase in the investment cost for the Group's investment properties, including Paradigm Mall Johor Bahru which was completed during the year. The current assets of the Group expanded from RM2.58 billion to RM3.22 billion resulted principally from the reclassification of a trade receivable amounting to RM320.7 million from non-current asset to current asset and the accumulation of debt due from a contract customer under the deferred payment arrangement for an infrastructure project undertaken by the Group in the Klang Valley whereby collection had been deferred based on certain pre-agreed project completion milestones.

Total Borrowings

The Group recorded an increase of 10% in its total borrowings from RM2.98 billion in 2016 to RM3.29 billion in 2017. The increase was mainly due to the issuance of RM200.0 million nominal amount of debt securities under the Group's RM1.50 billion Sukuk Murabahah Programme ("SUKUK") for purpose of refinancing a medium term note of RM200.0 million which is maturing in 2018 and drawdown of loan facilities to finance the Group's investment properties.

	Within 1 year RM'000	1-2 years RM'000	> 2 years RM'000	Total RM'000
Hire purchase payables	9,690	9,645	20,173	39,508
Revolving credits	586,319	-	-	586,319
Term loans	69,022	105,394	521,920	696,336
Medium Term Notes	200,000	-	800,000	1,000,000
Sukuk Murabahah	150,000	-	800,000	950,000
Bankers' acceptances	13,016	-	-	13,016
Total borrowings	1,028,047	115,039	2,142,093	3,285,179
	31%	4%	65%	100%

Out of the Group's total borrowings of RM3.29 billion, the majority or 65% is due for repayment after two years.

MANAGEMENT DISCUSSION AND ANALYSIS

Capital Management

The primary objective of the Group's capital management is to maximise shareholders' value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants which are attached to the Group's loans and borrowings. 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 also monitors its capital structure using a gearing ratio, which is computed based on the Group's net debt divided by total equity.

The net gearing ratio of the Group as at the end of 2017 stood at 0.88 time (2016: 0.90 time). The Group is continuously working towards reducing its gearing level via various de-gearing initiatives, such as equity fund raising, assets monetisation, disposal of land bank which are not for immediate development as well as intensifying sales of the Group's existing properties under the Property Development segment in order to strengthen the Group's financial position and thereby improving the gearing level of the Group.

Share Capital

The share capital of the Company increased from RM631.1 million to RM3.21 billion largely due to the no par value regime pursuant to the Companies Act, 2016 ("Act"). As the concept of par value of shares has been abolished pursuant to Section 74 of the Act effective 31 January 2017, the share premium account of the Company has now become part of the Company's share capital pursuant to Section 618(2) of the Act. Notwithstanding this, pursuant to the transitional provisions under Section 618(3) of the Act, the Company may, within 24 months thereafter, use the amount standing to the credit of its previous share premium account amounting to RM2.31 billion for purposes as permitted under Section 618(3) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition. The paid-up share capital of RM3.21 billion as at 31 December 2017 is represented by 1,415,581,871 ordinary shares. In addition, the increase in share capital is also due to the issuance of new shares pursuant to the private placement exercise, exercise of warrants and employees' share option during the year.

Liquidity

At the end of the financial year ended 31 December 2017, the Group's current ratio, a yardstick that measures the state of the Group's financial liquidity, stood at 1.43 times (2016: 1.43 times). The current ratio indicates that the Group has adequate liquidity to meet its short-term obligations.

Consolidated Cash Flow Analysis

	2017 RM' 000
Net cash used in operating activities	(22,211)
Net cash used in investing activities	(223,311)
Net cash generated from financing activities	397,024
Net increase in cash and cash equivalents	151,502

Net cash used in operating activities

The Group's net operating cash outflow of RM22.2 million resulted principally from the deferred payment arrangement for an infrastructure project undertaken by the Group in the Klang Valley whereby collection had been deferred based on certain pre-agreed project completion milestones. Further, payment of development costs incurred for the mixed development at Paradigm Petaling Jaya also contributed to the cash outflow in operating activities.

Net cash used in investing activities

The Group's net cash outflow in investing activities is largelyly due to costs incurred for the construction and completion of Paradigm Mall Johor Bahru during the year amounting to RM185.2 million and an acquisition of a parcel of freehold land in Mont Kiara for RM80.0 million.

Net cash generated from financing activities

The Group's net financing cash inflows consists of proceeds from the issuance of SUKUK amounting to RM200.0 million; net proceeds from the revolving credit and loan facilities of RM100.0 million; issuance of private placement shares amounting to RM177.8 million; conversion of warrants amounting to RM77.4 million; and exercise of share options by the Group's employees amounting to RM11.4 million.

Dividends

The Company is committed to pay annual dividend to its shareholders. The quantum of dividend is determined by the Board of Directors of the Company after taking into consideration the amount of retained earnings, capital commitment and the level of available funds.

For the financial year ended 31 December 2017, the Board had recommended a final single-tier cash dividend of 3.00 sen per ordinary share which is subject to the shareholders' approval at the forthcoming 7th Annual General Meeting of the Company.

For the last financial year ended 31 December 2016, the Company distributed 8,480,335 treasury shares on 22 June 2017 on the basis of 1 treasury share for every 165 ordinary shares held in the Company.

REVIEW OF OPERATING ACTIVITIES - ENGINEERING AND CONSTRUCTION

The overall construction sector recorded a moderate growth of 6.7% in 2017 as compared to 7.4% in 2016. The sector was supported mainly by the civil engineering sub-sector, due to steady progress of large petrochemical, transportation, and utility projects. The special trade sub-sector benefited from increased activity of projects in the early stages of construction, such as land clearing, piling and land reclamation work. *(Source: Bank Negara Malaysia Annual Report 2017).*

The main business driver of the Group is its Engineering and Construction segment. Its 37 years of expertise covers F1 circuits, airports, shopping malls, hospitals, dam and water supply scheme, iconic buildings/ infrastructures, expressways and highways, civil works, buildings and rail-based infrastructure works.

The Group's Engineering and Construction segment's revenue of RM1.39 billion recorded in the financial year under review was mainly attributable to the infrastructure and building projects undertaken by the Group such as the RAPID site in Pengerang, Johor; TRX in Kuala Lumpur; Pan Borneo Highway in Sarawak; Mass Rapid Transit 2 ("MRT2"); Light Rail Transit 3 ("LRT3"); MRT Police Quarters; MyTOWN Shopping Centre in Kuala Lumpur and Kwasa Damansara Township Development in Selangor.

New Contracts Win

During the financial year under review, the segment successfully secured new contracts worth approximately RM2 billion summarised as follows:

- On 4 April 2017 – WCT Berhad secured a RM185.9 million contract to undertake and complete Phase 1 of the Johan Setia Depot and associated works for LRT3 from Bandar Utama to Johan Setia. The LRT3 project is a double-track rail alignment of approximately 37-kilometre-long with 26 stations covering the areas of Bandar Utama, Shah Alam and Klang, before terminating at Johan Setia in Klang. The scope of works includes site investigation works, traffic and roads, safety, health and environmental management, site clearance, demolition and earthworks, sub-structure works, drainage works, roadworks, and electrical and mechanical works.

- On 29 August 2017 – WCT Berhad was awarded a RM840.0 million contract to undertake and complete LRT3 Work Package GS03 from Suria Damansara to Temasya Glenmarie. The scope of works includes the construction and completion of guideway, stations, park and ride facilities, ancillary buildings and other associated works with a total length of approximately 2.8 km with two stations, namely Persada Plus Station and Station 3.

- On 19 September 2017 – WCT Berhad was awarded a RM199.5 million contract to undertake and complete MRT2 Package S204 for the construction and completion of the Kuchai Lama and Taman Naga Emas elevated stations and other associated works.

MANAGEMENT DISCUSSION AND ANALYSIS

- On 4 October 2017 – WCT Berhad clinched its third LRT3 contract, Package GS02 from Merchant Square to Suria Damansara. The RM640.0 million contract includes the construction and completion of guideway, two stations, park and ride facilities, ancillary buildings, and other associated works with a total length of approximately 2.9 km. It is adjoining to the 2.8 km guideway under Package GS03 from Suria Damansara to Temasya Glenmarie, making it a total length of approximately 5.7 km long.

- On 8 December 2017 – WCT Berhad bagged a contract worth RM211.5 million to undertake and complete an elevated highway project from the interchange of Sprint Highway/ Jalan Maarof to the junction of Sprint Highway/ Jalan Semantan and to upgrade the ingress/ egress to Pusat Bandar Damansara.

Successful Completion of Projects

In 2017, several projects were successfully completed and handed over. The MyTOWN shopping centre in Kuala Lumpur was completed in March 2017 and the commercial offices at Lot 2C5, Putrajaya was completed in October 2017, while the infrastructure works projects – Package 20C1 within the RAPID site in Pengerang, Johor and Kwasa Damansara Township Development in Selangor were completed in February and September 2017, respectively. As for our in-house projects, the Group completed The Azure Residences at Paradigm Petaling Jaya in August 2017, Paradigm Mall Johor Bahru in October 2017 and New World Petaling Jaya Hotel in November 2017.

Engineering & Construction Concessions

Currently, the Group holds investments in two highway projects under Build-Operate-Transfer concessions in India. The concessions include the 64-km Panagarh-Palsit Expressway and Durgapur Expressway in West Bengal, India and the concessions agreements 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.

Quality, Health, Safety and Environment Achievements

As a testament to the Group's commitment towards achieving quality control and a high level of Health, Safety and Environment ("HSE") practices, our Engineering and Construction segment was awarded with various industry related certifications. In June 2017, it achieved a Quality Assessment System for Building Construction ("QLASSIC") score of 75% (above the minimum score of 70%) for the Putrajaya Lot 2C5 commercial office building project and in November 2017, WCT Berhad is proud to achieve 1.7 million man-hours without Lost Time Injury ("LTI") from February 2017 – November 2017 for the RAPID project (Package 14-1702).

REVIEW OF OPERATING ACTIVITIES - PROPERTY DEVELOPMENT

The Malaysian property market remained challenging in 2017 and the property sector is characterised by an oversupply of unaffordable housing and idle commercial space. *(Source: Bank Negara Malaysia Quarterly Bulletin Q3 2017 – Imbalances in the Property Market)*. In the residential sub-sector, the market continues to stay soft with a high number of unsold, completed residential properties. As at 3Q 2017, the total unsold residential properties stood at 129,052 units (2016: 120,802 units, Average 2004-2016: 72,239 units). *(Source: Bank Negara Malaysia Annual Report 2017).*

MANAGEMENT DISCUSSION AND ANALYSIS

In 2017, the Group's Property Development segment had intensified its marketing and promotional efforts to market its completed and on-going properties such as d'Laman Greenville luxury bungalows and semi-detached homes in Klang, Renai Jelutong Residences in Bukit Jelutong, The Azure Residences in Paradigm Petaling Jaya, Medini Signature condominium in Johor Bahru, Waltz Residences in Overseas Union Garden (OUG), Impiria Residensi in Klang and the *Rumah Selangorku* affordable homes in Klang.

This segment's property sales of RM304.5 million is mainly driven by sales of d'Laman Greenville, Impiria Residensi and the Trifolis *Rumah Selangorku* developments in Bandar Bukit Tinggi (BBT), Klang. BBT is a Transit Oriented Township ("TOT") and is home to BBT 1, BBT 2 and Bandar Parklands. With the recent commencement of the LRT3 works in Klang, 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 township.

COMPLETED PROJECTS – KLANG VALLEY

d'Laman Greenville

d'Laman Greenville is a gated and guarded residential development comprising 266 units of exclusive semi-detached and bungalow homes with an estimated Net Development Value ("NDV") of RM466.1 million. The 56-acre residential development in Klang features a residents' only clubhouse, 3-tier security system, a 3-acre scenic pond as well as 2 km of nature walk path. In terms of its location, d'Laman Greenville is well-connected by a network of major highways and strategically linked with Klang City Center, Subang Jaya, Petaling Jaya and Kuala Lumpur. Its surrounding amenities include shopping malls, a hotel, hospitals and local and international schools.

As at the financial year end 2017, approximately 85% of the 266 units were sold. This development was successfully completed and handed over to the homeowners in May 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

The Azure Residences

The Azure Residences consists of 189 units of service apartments with dedicated recreational spaces including the Oasis Zone featuring a swimming pool and jacuzzi, a dipping pool, a kids' pool, a steam room, a reflective pond, a gymnasium, a meeting room, reading/relaxation pods and a children's play area. Completed and handed over in August 2017, The Azure Residences is located within the Paradigm integrated commercial development in Petaling Jaya which also features Paradigm Mall Petaling Jaya, The Ascent corporate office tower, New World Petaling Jaya Hotel and the soon-to-be launched Sapphire Residences. The Azure Residences has an estimated NDV of RM200.8 million and to date, it has a take-up rate of approximately 53%.

Renai Jelutong Residences

Located in Bukit Jelutong, Shah Alam, Renai Jelutong Residences is home to 222 units of contemporary residences with the convenience of modern urban living. Completed and handed over in April 2017, the residences are well-connected with major highways such as the New Klang Valley Expressway, Guthrie Corridor, proposed Dash Highway and Federal Highway. This project has an estimated NDV of RM141.5 million and to date, it has a take-up rate of approximately 30%.

COMPLETED PROJECT – ISKANDAR MALAYSIA

Medini Signature

This 456-unit residential development, with an estimated NDV of RM379.4 million, is located adjacent to WCT's 1Medini Hub, a commercial development comprising 16 exclusive retail units in Medini Iskandar Malaysia. Designed with a stylish interior layout, this luxury development offers a myriad of features and facilities dedicated to the ultimate leisure, recreation and fitness activities. This development has a take-up rate of approximately 47% and was handed over in March 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

ON-GOING PROJECTS – KLANG VALLEY

Impiria Residensi

Impiria Residensi is a residential development nestled within an integrated commercial development comprising two levels of retails shops and one boutique hotel. This freehold development in BBT 2, Klang is made up of 403 units of service apartments which offers a range of facilities, including a 50-metre Olympic-sized length swimming pool, a kids' pool, a gymnasium, jogging track, a BBQ corner, as well as a landscaped garden lounge. Completed in early 2018, this development has an estimated NDV of RM266.8 million and features two layouts, ranging from three bedrooms at 1,065 square feet (sq. ft.) to 3+1 bedrooms at 1,317 sq. ft. In March 2018, the Group unveiled the all-new Impiria Residensi Sales Gallery as part of its effort to reinvent contemporary living in the vibrant town of Klang. The gallery showcases newly refurbished show units which feature innovative and creative ways to fully utilise living space. For the financial year ended 31 December 2017, Impiria Residensi has a take-up rate of approximately 66%.

Rumah Selangorku

To date, the Group has launched a total of 933 units of affordable homes over three phases under the *Rumah Selangorku* programme. This is in line with its commitment to provide more affordable homes in Klang. Out of the 933 units, 561 units are the Azaria and Asteria Apartments in Bandar Parklands, while 372 units are the Trifolis Apartments in BBT 2. The Azaria and Asteria Apartments will be handed over in the first half of 2018, while Trifolis Apartments will be handed over at the end of 2018. The *Rumah Selangorku* projects have a total estimated NDV of RM198.5 million. As at the financial year end 2017, the *Rumah Selangorku* projects achieved an average take-up rate of 86%.

Waltz Residences

Waltz Residences is a freehold iconic residential tower located in OUG, Kuala Lumpur. This urban chic development comprises 419 units of condominium and is spread over two wings, the 38-floor North Wing and the 33-floor South Wing with an estimated NDV of RM400.9 million. Launched in 2016, this development has a take-up rate of approximately 34% and is nestled within a 63-acre integrated commercial development.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATING ACTIVITIES - PROPERTY INVESTMENT AND MANAGEMENT

In 2017, the Malaysian economy recorded a robust growth of 5.9% (2016: 4.2%), supported by faster expansion in both private and public sector spending. While real GDP growth was boosted by the external sector, domestic demand continued to anchor growth. In particular, private consumption growth strengthened to 7.0% in 2017 (2016: 6.0%), supported mainly by continued wage and employment growth, with additional impetus from Government measures. On the consumer front, better labour market conditions and improving consumer sentiments lifted growth in the retail and food and beverages sub-sectors. *(Source: Bank Negara Malaysia Annual Report 2017).*

For the year under review, the Group saw a marked improvement in its Property Investment and Management segment. The Group's portfolio under this segment includes four retail malls - Bukit Tinggi Shopping Centre in Klang, the airport mall – gateway@klia2 in Sepang, Selangor, Paradigm Mall in Petaling Jaya and Paradigm Mall in Johor Bahru, and two hotels - Première Hotel in Klang and New World Hotel in Petaling Jaya.

Retail Malls

WCT's maiden retail project, Bukit Tinggi Shopping Centre with a gross area of 1 million sq. ft. was opened in Klang in 2007. The shopping centre is currently operated by a single tenant under a long term lease arrangement.

Paradigm Mall Petaling Jaya is located in the heart of Petaling Jaya fronting the Lebuhraya Damansara-Puchong ("LDP"). This 680,000 sq. ft. retail mall opened its doors in 2012 and has an occupancy rate of about 92% at the end of 2017.

The Group's third retail mall investment, gateway@klia2 was officially opened in May 2014. This shopping mall is the "gateway" to klia2 in Sepang. To date, the mall enjoys an occupancy rate of 80%. 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 June 2017, the mall was awarded the Silver Leadership in Energy & Environmental Design ("LEED") Certification by the U.S. Green Building Council with 57/59 points.

2017 marked a new milestone for the Group with the successful opening of Paradigm Mall Johor Bahru on 28 November 2017. Operating on a net lettable area of 1.3 million sq. ft., Paradigm Mall Johor Bahru is home to an anchor tenant, Parkson; 16-screens Golden Screen Cinemas with a seating capacity of 2,000; Johor's first 35,000 sq ft Village Grocer; the first Camp5 indoor climbing gym; a 20,000 sq ft Paradigm Ice Rink; the first indoor skate park in Malaysia by Showroom and Hundred% as well as top local and international brands including H&M, Uniqlo, Homepro, Daiso, Harvey Norman, Popular, Toys 'R' Us, Padini, SPAO, Mixxo, Shoopen and many others. Since its opening, the mall has achieved an occupancy rate of over 80%.

Hotels

Première Hotel, a 250-room hotel in Klang, continues to be the preferred 4-star corporate hotel in Klang and enjoys an average occupancy rate of 60% in 2017.

The Group's second hotel, New World Hotel in Paradigm Petaling Jaya made its debut on 17 January 2018. Managed by New World Hotels and Resorts, this deluxe hotel is one of the tallest hotels in Petaling Jaya. It features 300 spacious and bamboo floored guestrooms, including 20 suites with sweeping cityscape views. Suite guests will be provided access to the New World Hotels' signature Residence Club Living Room which offers exclusive benefits such as complimentary breakfast, all-day refreshments and dedicated concierge service. The hotel also offers guests an exquisite dining experience for every occasion at Pasar Baru, The Lounge and PJ's Bar & Grill as well as a banquet facility which can cater for 1,200 pax.

Corporate Office Tower

The Ascent, a Grade-A 32-storey corporate office tower located at Paradigm in Petaling Jaya and built to MSC Cybercenter Status specified accreditation was completed in April 2015. To date, the corporate tower enjoys a healthy occupancy rate of 95%. Apart from housing the WCT Group operations, it has also attracted some prestigious multinational corporations.

GROUP OUTLOOK

The global economy is projected to expand at a faster pace in 2018, driven largely by private consumption and boosted by investment activity in the advanced economies. Amid the stronger global economic conditions, the Malaysian economy is projected to grow by 5.5% - 6.0% in 2018. Domestic demand will continue to be the anchor of growth, underpinned by private sector activity. Private consumption growth is expected to remain sustained, supported by continued growth in employment and income, lower inflation and improving sentiments. *(Source: Bank Negara Malaysia Annual Report 2017).*

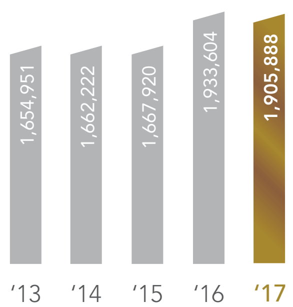
The Group is encouraged by the various efforts taken by the Government via the Budget 2018 proposals, where the construction industry will continue to be a direct beneficiary given the planned infrastructure projects spending especially in the area of logistics and transport infrastructure *(Source: 2018 Budget, Ministry of Finance Malaysia).* Therefore, the Group's Engineering and Construction segment is expected to continue to build on its strong outstanding order book of RM5.6 billion by focusing on higher margin civil and infrastructural works as well as building projects, leveraging on our readily available equipment and machinery for building construction.

In 2018, the Group's Property Development segment will continue to adopt a more cautious approach in new property launches and will continue to intensify its marketing and sales initiatives to promote the Group's existing properties.

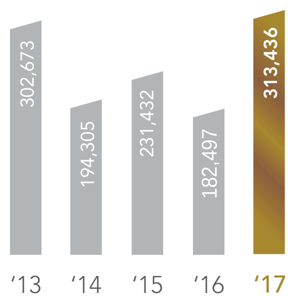
The Group's Property Investment and Management segment aims to remain competitive by further enhancing their offerings and services to its customers and shoppers. This segment is expected to continue to provide a stable income stream to the Group.

FINANCIAL HIGHLIGHTS

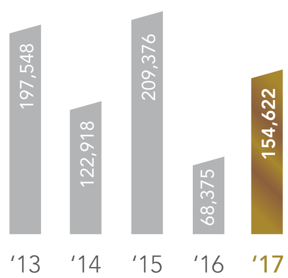
REVENUE
RM'000



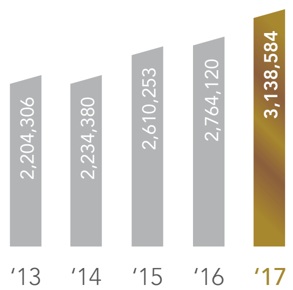
PROFIT FROM OPERATIONS
RM'000



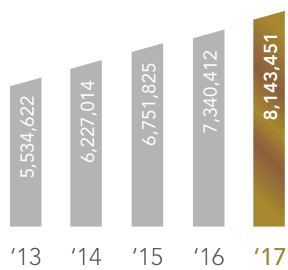
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY
RM'000



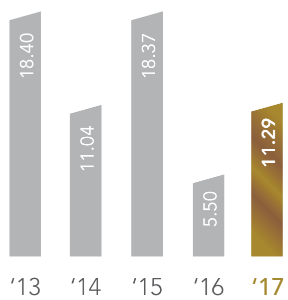
SHAREHOLDERS' FUNDS
RM'000



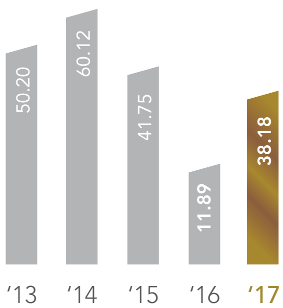
TOTAL ASSETS
RM'000



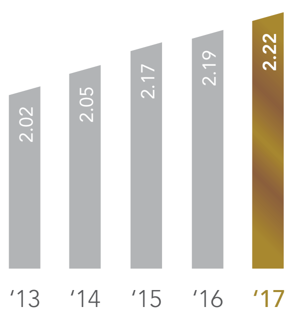
EARNINGS PER SHARE
SEN



DIVIDEND PAYOUT RATIO
%



NET ASSETS PER SHARE
RM



FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED 31 DECEMBER		2017	2016	2015	2014	[1]2013
Revenue	RM'000					
Engineering and Construction		1,391,769	1,568,685	1,278,257	1,210,582	1,168,388
Property Development		437,133	303,164	328,553	391,722	425,070
Property Investment & Management		76,986	61,755	61,110	59,918	61,493
Total revenue		1,905,888	1,933,604	1,667,920	1,662,222	1,654,951
Profit From Operations	RM'000					
Engineering and Construction		(32,759)	73,956	129,922	85,786	129,306
Property Development		75,651	82,457	68,974	73,529	93,623
Property Investment & Management		270,544	26,084	32,536	34,990	79,744
Total profit from operations		313,436	182,497	231,432	194,305	302,673
Profit attributable to equity holders of the Company	RM'000	154,622	68,375	209,376	122,918	197,548
Issued Share Capital	RM'000	3,210,132[2]	631,061	600,410	546,276	546,231
Shareholders' Funds	RM'000	3,138,584	2,764,120	2,610,253	2,234,380	2,204,306
Total Assets	RM'000	8,143,451	7,340,412	6,751,825	6,227,014	5,534,622
Earnings Per Share	Sen	11.29	5.50	18.37	11.04	18.40
Net Assets Per Share	RM	2.22	2.19	2.17	2.05	2.02
Return on Total Assets	%	1.87	0.89	3.06	1.94	3.43
Net Gearing Ratio	Times	0.88	0.90	0.78	0.65	0.39
Price Performance						
Ordinary Share						
High	RM	2.49	1.95	1.78	2.37	2.74
Low	RM	1.48	1.45	1.10	1.38	1.99
Close	RM	1.62	1.73	1.61	1.59	2.05
Warrant 2015/2020 (WCT-WE)[3]						
High	RM	0.570	0.225	0.28	-	-
Low	RM	0.180	0.165	0.13	-	-
Close	RM	0.265	0.185	0.19	-	-

Notes:

1. *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.*
2. *The share capital of the Company increased from RM631.1 million to RM3.21 billion largely due to the no par value regime pursuant the Companies Act 2016 ("Act"). As the concept of par value of shares has been abolished pursuant to Section 74 of the Act effective 31 January 2017, the share premium account of the Company has now become part of the Company's share capital pursuant to Section 618(2) of the Act. Notwithstanding this, pursuant to the transitional provisions under Section 618(3) of the Act, the Company may, within 24 months thereafter, use the amount standing to the credit of its previous share premium account amounting to RM2.31 billion for purposes as permitted under Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.*
3. *Listed on 4 September 2015.*

PROFILE OF DIRECTORS

Tan Sri Lim Siew Choon

Executive Chairman
Malaysian/Male/Age: 57

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 34 years of management experience in property development, construction, retail design, retail development as well as corporate management. He is the Non-Independent 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 hold 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: 63

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 subsequently 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.

PROFILE OF DIRECTORS

Goh Chin Liong

Deputy Managing Director
Malaysian/Male/Age: 58

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. Currently, he is a Director of WCT Berhad. A civil engineer by training, he graduated from the University of Malaya with a Bachelor in Engineering (Hons) Civil and has over 30 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 cost efficiency and profitability.

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

Liang Kai Chong*

Executive Director
Malaysian/Male/Age: 56

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. Currently, he is a Director of WCT Berhad. 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 30 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: 69

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 as well as a member of the Nomination & Remuneration 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: 68

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 management 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.

PROFILE OF DIRECTORS

Dato' Ng Sooi Lin
Independent Non-Executive Director
Malaysian/Male/Age: 62

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: 63

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 and the related party transactions as disclosed in Section 4 & 5 under Other Disclosures of this Annual Report, 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
Director of Construction
Malaysian/Male/Age: 53

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, General Manager (Engineering & Construction Division) in 2011 and subsequently promoted to the current position on 1 April 2017. Mr Ng primarily oversees the Group's Engineering and Construction Division and he is also a Director of WCT Berhad.

Selena Chua Kah Noi
Chief Executive Officer – Malls Management
Singaporean/Female/Age: 48

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 oversees all the malls in WCT portfolio i.e. Paradigm Mall in Petaling Jaya, gateway@klia2 in Sepang, Bukit Tinggi Shopping Centre in Klang and 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.

Chong Wah Hing
Director – Development
Malaysian/Male/Age: 45

Mr Chong joined WCT Group as Assistant Development Manager in April 2004 and subsequently promoted to the current position on 1 April 2017. 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 operations of the Development, Contract & Project Departments in WCT's Property Division and had been involved in several projects in Klang Valley, namely the Mixed Residential & Commercial Development Projects in Bandar Bukit Tinggi 1, 2 & 3 and Première Hotel in Klang, New World Petaling Jaya Hotel, Paradigm Mall and Service Apartment in Petaling Jaya as well as the Paradigm OUG Mixed Development in Kuala Lumpur. Besides, he was also involved in several projects in the Southern Region, namely the Medini Iskandar Condominium & Mixed Commercial Development and Paradigm Mall Johor Bahru as well as in the East Malaysia, the high-end Landed Property in Kota Kinabalu, Sabah.

Neoh Kim Wah
Director – Sales & Marketing
Malaysian/Female/Age: 54

Ms Neoh joined WCT Group as Director of Sales & Marketing on 25 May 2017. She holds an Honours degree in Bachelor of Science (Housing, Building and Planning), and an MBA from Charles Sturt University.

Ms Neoh started her career in the project management of property developments in the initial years after her graduation. She moved on to sales and marketing role in property development, and has since then built her career around sales and marketing within the property industry. With 30 years of professional working experience behind her, Ms Neoh had steered the sales & marketing teams of property developers, including BRDB Development Sdn Bhd, UM Land Berhad, UDA Holdings Berhad and Lion Land Berhad.

Ms Neoh is responsible for the full spectrum of Sales & Marketing, formulating sales & marketing strategies and concepts and translating into brand building as well as channelling specific promotional activities to drive sales.

PROFILE OF KEY SENIOR MANAGEMENT

Ng Chee Kiet
Director of Corporate Strategy
Malaysian/Male/Age: 48

Mr Ng joined the Company as the Director of Corporate Strategy on 1 December 2016. He also sits on the Board of WCT Berhad. 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.

Khor Loke Yew
Director of Legal Affairs and Secretarial
Malaysian/Male/Age: 48

Mr Khor joined WCT Group as its Head of Legal Affairs in 2007 and has remained with WCT Group since where he was 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 and company secretarial matters, both locally and overseas, including all joint ventures and projects in Malaysia, Vietnam, India and the Middle East.

Chong Kian Fah
Director of Finance and Accounts/Company Secretary
Malaysian/Male/Age: 49

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 of finance.

Wong Lim Fong
Head of Human Resources and Administration
Malaysian/Female/Age: 55

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 assumed 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:

Save as disclosed in their respective profile, none of the Key Senior Management have:

(i) any directorship in public companies and listed companies.
(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 2017/2018

March 2017

WCT KIDSS Futsal and Basketball Challenge Cup 2017

- WCT organised the WCT KIDSS programme-ending tournaments on 18 & 19 March 2017 following the completion of a month-long WCT KIDSS 2017 training programme. The 4th annual event saw approximately 160 children aged 9 – 12 years old from the local communities participating in the event and showcasing their exceptional skills, commitment and team spirit throughout the tournament.

April 2017

WCT Secured RM185.9 million LRT3 Depot Contract

- On 4 April 2017, WCT Berhad ("WCTB") secured a RM185.9 million contract from Prasarana Malaysia Berhad to undertake and complete the Johan Setia Depot (Phase 1) and associated works for the construction and completion of Light Rail Transit Line 3 (LRT3) from Bandar Utama to Johan Setia ("LRT3 Project").

Paradigm Mall Johor Bahru Retail Brands Unveiling Ceremony

- On 19 April 2017, WCT hosted Paradigm Mall Johor Bahru Retail Brands Unveiling Ceremony at The Westin Kuala Lumpur - unveiling the anchor tenant and specialty tenants of WCT's first and largest regional mall in Johor.

CORPORATE DIARY 2017/2018

May 2017

Klang Première Community Ride & Run 2017

- The Klang Première Community Ride & Run 2017 was organised by Première Hotel, Klang on 14 May 2017 in conjunction with Visit Klang Year 2017.

June 2017

Sixth Annual General Meeting

- WCT's Sixth Annual General Meeting (AGM) was held at Première Hotel, Klang on 1 June 2017 and was attended by over 100 shareholders and proxies. All 13 resolutions were duly passed at the AGM.

gateway@klia2 Awarded LEED Silver Certification

- WCT's gateway@klia2 shopping mall in Sepang, Selangor was awarded the Leadership in Energy & Environmental Design (LEED) Silver Certification by the U.S. Green Building Council. The award win is the result of the successful adoption of green and sustainable features via comprehensive planning from the inception (design) to the construction and mall management stage.

WCT Receives QLASSIC Certification

- WCT Construction Sdn Bhd achieved a commendable QLASSIC score of 75% for the Putrajaya Lot 2C5 Engineering & Construction project. The Quality Assessment System in Construction (QLASSIC) is a scoring system to measure and evaluate the workmanship quality of a building construction work based on Construction Industry Standard (C IS 7:2006).

July 2017

WCT Wins Safety Recognition Award for Petronas RAPID Pengerang Project, Johor

- On 18 July 2017, WCTB was one of the proud recipients of a Safety Recognition Award for our core projects in Package 14 of the Refinery and Petrochemical Integrated Development (Rapid) project in Pengerang, Johor. The Award is a recognition of WCT's outstanding contribution in achieving 10 million man hours for UIO Package 14 without any Lost Time Injury (LTI) at the Rapid project.

CORPORATE DIARY 2017/2018

August 2017

WCT Awarded RM840 million LRT3 Contract – Package GS03

- On 29 August 2017, WCTB secured a RM840 million contract from Prasarana Malaysia Berhad to undertake and complete the Work Package GS03 for the construction and completion of Guideway, Stations, Park and Ride, Ancillary Buildings and other associated works for the LRT3 Project.

September 2017

WCT Secured RM199.5 million MRT2 Contract- S204

- On 19 September 2017, WCTB was awarded a RM199.5 million contract by Mass Rapid Transit Corporation Sdn Bhd to undertake and complete Package S204 for the construction and completion of elevated stations and other associated works at Kuchai Lama and Taman Naga Emas. This contract forms part of WCTB's prime cost sum under the main contract for Work Package V204.

October 2017

WCT Secured RM640 million LRT3 Contract – Package GS02

- On 4 October 2017, WCTB clinched a RM640 million contract from Prasarana Malaysia Berhad to undertake and complete the Package GS02 for the construction and completion of Guideway, Stations, Park and Ride, Ancillary Buildings, and other associated works for LRT3 Project.

November 2017

Soft Opening of Paradigm Mall Johor Bahru

- 28 November 2017 marked the soft opening of Paradigm Mall Johor Bahru. The Board of Directors and Senior Management of WCT were present to grace the momentous occasion. Located at Jalan Skudai, the ten-storey mall houses over five hundred retail shops operating on 1.3 million square feet (sq. ft.) of retail space.

CORPORATE DIARY 2017/2018

December 2017

Elevated Highway Project

- On 8 December 2017, WCTB bagged a contract worth RM211.52 million from Dewan Bandaraya Kuala Lumpur (DBKL) to undertake and complete an elevated highway project from the interchange of Sprint Highway/Jalan Maarof to the junction of Sprint Highway/Jalan Semantan and to upgrade the ingress/egress to Pusat Bandar Damansara.

January 2018

Launch of New World Petaling Jaya Hotel

- On 17 January 2018, New World Petaling Jaya Hotel, has opened for business as the first Malaysia property for New World Hotels & Resorts. The opening is graced by the Guests of Honour, Dato' Lee Tuck Fook, Group Managing Director of the Company; Mr. Goh Chin Liong, Deputy Managing Director of the Company; Puan Rohaya Mohamad Yusof, Head of Private Market Department of EPF; alongside Mr. Symon Bridle, Chief Operating Officer of the Rosewood Hotel Group and Mr. Jai Kishan, General Manager of New World Petaling Jaya Hotel. The auspicious opening ceremony also saw the presence of WCT's Board of Directors, Management Team, business partners and media representatives.

SUSTAINABILITY STATEMENT

Sustainability efforts ensure that environment, social and governance goals are at the heart of what we do. In a fast-evolving business environment, sustainability provides a strategic approach to managing the resources of today whilst ensuring that we are able to meet the needs of the future generation.

This is our second year of sustainability reporting within the Annual Report. We are committed to understand the impact of our business and operations on the environment and society in order to grow progressively. Sustainability reporting enables us to measure, monitor and improve our performance. Our goal this year is focused on ensuring the completeness of our disclosures and to improve data accuracy as well as data integrity.

The report boundary covers WCT Holdings Berhad ("WCT") Group's operations in Malaysia, mainly within the Klang Valley region and includes business activities conducted by our Engineering and Construction, Property Development as well as Property Investment and Management Divisions. Our sustainability reporting covers the operations of WCT Group, including our joint-ventures and subsidiaries.

GOVERNANCE

The Group's sustainability planning and strategies is carried out by the Group Sustainability Committee which was established in early 2018. The committee which reports to the Board of Directors of the Company ("Board") will be a key aspect of our governance structure in order to ensure more effective and meaningful implementation of sustainability initiatives across our operations.

Who	Role
Board of Directors	Oversees the Group's sustainability related performance
Group Managing Director	Approves and oversees key sustainability-related matters
Group Sustainability Committee led by an Executive Director	Will review, oversee and communicate the overall strategy and implementation of sustainability
Group/Department Human Resource	Oversees overall Group Human Resource strategy, plans and performance
Quality, Environment, Safety and Health (QESH) Department	Oversees and monitors QESH performance
Various projects, departments and committees	Implements sustainability initiatives and programmes

STAKEHOLDER ENGAGEMENT

Due to our diverse business interests, we interact with a wide number of stakeholders, all with different priorities and requirements. We engage them through various channels that range from electronic or web-based media to personal face-to-face communications.

Our internal stakeholders include Board members, senior management and employees who contribute to the human capital aspect of WCT Group's success. Our external stakeholders are mostly the consumers and end-users of our products and services offered under our Engineering and Construction, Property Development as well as Property Investment and Management Divisions including clients, purchasers, residents, shoppers, mall or office tenants and our hotel guests. Our utmost priority is to deliver products and services that not just meet their needs but also build long-lasting relationships.

Stakeholder Group	Engagement Platform
Board of Directors	• Annual General Meetings and board meetings • Company's Annual Reports and quarterly financial reports • Announcements to the stock exchange
Employees	• Internal communications • Face-to-face meetings • Peer reviews • Performance reviews • Training sessions
Customers	• Satisfaction surveys • Suggestion boxes • Social media • Newsletters • Public notices and information boards
Investors/Bankers	• Press releases • Investors presentations • Face-to-face meetings
Local Communities	• Town-hall meetings • Community development programmes
Government	• Face-to-face meetings • Regular engagements for knowledge sharing
Media	• Community development programmes • Press releases
Industry	• Surveys • Conferences and seminars • Interviews • Face-to-face meetings • Participation in industry related associations
Suppliers/Sub Contractors/Consultants	• Face-to-face meetings • Annual re-assessment of supplier performance

MATERIALITY

In order to better integrate sustainability into our core businesses and to communicate these efforts more effectively to stakeholders, we enlisted an external consultancy firm to help us identify and prioritise our material sustainability matters. These are key sustainability aspects of our businesses that are of importance to both the business and our stakeholders. In our first materiality assessment, we engaged our senior management across all business units. We then identified material sustainability matters based on our business activities, industry benchmarks as well as the local operating context.

We will continue to review our materiality assessment on an annual basis as part of our commitment to adopt good sustainability governance practices.

SUSTAINABILITY STATEMENT

<table>
<tr><th colspan="2">MATERIAL SUSTAINABILITY ISSUES</th></tr>
<tr><td colspan="2">Compliance with Regulatory Bodies</td></tr>
<tr><td rowspan="3">Engineering and Construction</td><td>Procurement Processes</td></tr>
<tr><td>Construction Waste Management</td></tr>
<tr><td>Project Performance</td></tr>
<tr><td rowspan="3">Property Development and Property Investment and Management</td><td>Resource Consumption Management</td></tr>
<tr><td>Customer Satisfaction</td></tr>
<tr><td>Contributing to the Local Economy</td></tr>
<tr><td colspan="2">Occupational Safety and Health</td></tr>
<tr><td colspan="2">Human Capital Development</td></tr>
<tr><td colspan="2">Employee Engagement</td></tr>
<tr><td colspan="2">Labour Relations</td></tr>
<tr><td colspan="2">Contribution to the Community</td></tr>
</table>

ENGINEERING AND CONSTRUCTION

WCT's Engineering and Construction projects range in size and complexity, from large national infrastructure projects to single building construction. The division as a whole complies with ISO 9001:2008 standards to ensure that equipment, machinery and on-site work standards consistently conform to internationally recognised standards to achieve quality and service excellence. We have assessed the incorporation of sustainability throughout the value chain of our business from materials (Procurement Processes), to disposal (Construction Waste Management), and ultimately, client satisfaction (Project Performance). Such an approach will enable us to improve our practices as we progress.

Research investment towards green-technology practices

Collaboration with research institutes provides us with insights into the latest technological breakthroughs and its applications. Findings that arise through such collaboration also function as a bridge between academic-based research and development with industry players.

As part of the project requirements for national infrastructure engineering projects, we have participated in an industry collaboration programme for the Mass Rapid Transport Line 2 ("MRT2") in 2017 and have begun preparations for another session in 2018 for the Light Rail Transit Line 3 ("LRT3").

For the MRT2 industry collaboration programme, we have partnered with Monash University on a 2-year pilot study on the feasibility and benefits of recycling asphalt materials and other road-making foundation materials which are to be used in the formation of new road subgrade, subbase and or roadbase. The research findings will form part of the project's Green Technology Adoption Programme.

As for the LRT3 project requirements, we will be collaborating with MIMOS Berhad and INTI International University students to develop a heavy-machinery inventory management and tracking system. The system creates an opportunity for researchers to apply blockchain technology into an asset and logistics process. Both parties are expected to benefit from the collaboration. At the same time, the project is expected to foster interest amongst students at the start of their career, as they will obtain valuable experience in developing next generation software systems.

Procurement Processes

Our procurement processes are guided by ISO 9001:2008 Quality Management System and it ensures that purchased materials and services conform to specified requirements. We regularly screen our hired or contracted suppliers against environmental and social criteria. One of the aspects used is for screening of health and safety requirements to maintain compliance with Materials Safety Data Sheets and conformance to OHSAS 18001:2007.

In terms of the environment, our supplier screening also aims to ensure that our suppliers have an environmental policy in place to manage environmental accountability across the supply chain. Our approved vendors are expected to maintain and manage the various standards imposed as this ultimately translates into the standards we can abide by in our projects.

Apart from supplier screening, we constantly engage our consultants for design and build projects to ensure they understand our project requirements and include sustainable practices in the design and build process.

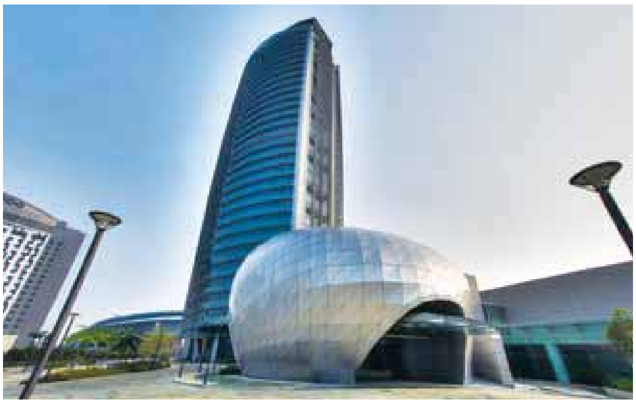
Supporting local suppliers

We endeavour to source and procure materials locally as much as possible. This means that we are able to cut cost as well as reduce the environmental impact of distributing materials from supplier to site. In particular, our support of local steel manufacturers, heavy machinery suppliers, concrete products and construction material transportation services can be seen to be contributing to the national economy.

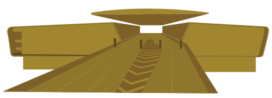
Sustainable construction materials

At WCT, we seek to source sustainable construction materials that are both feasible and impactful in our finished products.

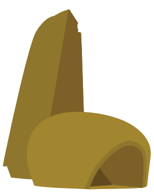
The most basic foundation material in the construction of infrastructure assets and buildings is concrete. This material alone can amount to a high carbon footprint based on the energy required for conventional concrete production methods. At WCT, four of our building projects utilise "Green Concrete", a concrete material made up of 20% recycled content in its composition. The recycled content is a byproduct of industrial waste and the reuse in concrete makes it a more eco-friendly option for us. While this initiative stemmed from an earlier effort to achieve GBI certification for a project, we have since started using this material for most of our other non-GBI construction projects, wherever possible, to reduce our carbon footprint.



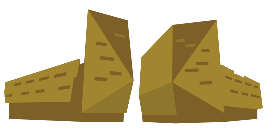
Projects that have used Green Concrete:



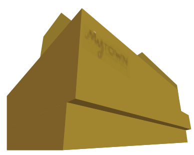
gateway@klia2 Airport Mall in Sepang, Selangor



Ministry of International Trade and Industry ("MITI") Headquarters, Kuala Lumpur



Commercial Buildings at Lot 2C5, Putrajaya



MyTOWN Shopping Centre, Kuala Lumpur

In projects that have wood-based structures, we also endeavour to source for sustainable timber such as wood products which comply with requirements set by the Forest Stewardship Council ("FSC") and Malaysian Timber Council Certification ("MTCC").

SUSTAINABILITY STATEMENT

Construction Waste Management

WCT's Environmental Management System Certification to ISO 14001:2004 guides our actions and aims to fulfill our environmental obligations in areas where we have influence and control. It provides for systematic management of group-wide corporate and business operations for environmental accountability and minimisation of environmental impact.

By adopting internationally recognised construction methodology and practices, we have been able to optimise resources and reduce the generation of waste. We are also able to maintain our commitment to reduce any adverse environmental impact on local communities arising from our operations.

For the construction of WCT's building projects, we segregate the construction waste generated and the segregated waste is then transported by licensed collectors to prescribed landfills. In managing the amount of construction waste generated from our projects, we have targets in place to reduce and recycle the waste sent to landfill. For each of our building projects, we target to recycle at least 50% of non-hazardous construction debris to minimise the amount of construction waste sent to landfill by half. The target was met successfully during the construction of MyTOWN Shopping Centre in Kuala Lumpur and Commercial Buildings at Lot 2C5 in Putrajaya. In order to continue meeting the target, we are committed to adhere to the best practices in materials management.

As a part of the push towards more efficient resource and time management in developments, the Construction Industry Development Board ("CIDB") of Malaysia has proposed greater adoption of Industrial Building Systems ("IBS"). The goal is to upskill the industry towards high quality projects that have faster completion rates and increased profitability. IBS is the pre-fabrication of building components off-site, requiring just assembly on-site. Resources used in the process of pre-fabrication are calculated and pre-determined, resulting in minimal construction waste generated in the process. We have used IBS technology in some of the components for the construction of MyTOWN Shopping Centre as well as our Design and Build projects – Ministry of International Trade and Industry ("MITI") Headquarters in Kuala Lumpur and Tuaran Hospital in Sabah.

Scheduled or hazardous waste

For the management and disposal of scheduled wastes, we adhere to the Environmental Quality (Scheduled Wastes) Regulations 2005 for proper handling and disposal. Scheduled wastes are segregated according to respective categories as stipulated in the regulations by the Department of Environment ("DOE"). As part of WCT's initiative in reducing the amount of scheduled waste generated, all equipment and machinery used on WCT's project sites that require usage of diesel or oil will undergo a Pre-Delivery Inspection ("PDI") to ensure good functionality and no leakage and spillage to ground surface. In addition, diesel or oil traps are installed at water drainage systems to prevent oil spillage during the maintenance of construction equipment and machinery.

Managing effluents

In construction projects, a potential polluting waste source is the water discharged from project sites. The amount and quality of the water discharged correlates to the potential ecological impact and operational cost. At WCT's Engineering and Construction project sites, we channel all effluent into silt traps or mechanical silt traps before it is discharged from the project site, allowing sediment to settle in order to reduce the effluents discharged to nearby water bodies. For all active construction projects in 2017, we did not exceed any of the project site's respective permissible Total Suspended Solids ("TSS") limit – a measure of the quality of the discharged water.

Project Performance

As a recognised construction industry player, we strive to engage the stakeholders or communities surrounding our development to help them better understand our project requirements. For example, prior to the commencement of certain projects, the construction team may engage the relevant stakeholders or communities who might be affected by the construction activities, update them on the construction progress from time to time and minimise environmental disturbance to the local communities.

As part of our effort to monitor the environmental quality, we have established an environmental monitoring programme at every construction project site in accordance with the project requirements. The programme includes monitoring of air, noise (including vibration monitoring) and water (including silt trap monitoring) quality.

Our customer satisfaction survey for the 15 active infrastructure projects in 2017 was conducted upon the completion of each project. We are committed towards maintaining strong communication links with our customers in order to continuously improve and upgrade our services. Our services continue to be viewed favourably; we scored mostly 'Very Satisfied' for Project Management and 'Satisfied' for Responsiveness to Complaints.

PROPERTY DEVELOPMENT AND PROPERTY INVESTMENT AND MANAGEMENT

WCT's Property Development division develops townships, luxury homes, high-rise residences, offices, retail malls, hotels and integrated commercial developments, while WCT's Property Investment and Management division operates and/or manages retail malls, hotels and office space. It is our obligation to take responsibility over these properties that we own and manage to integrate sustainability into its business operations while supporting our main stakeholders of the two sub-divisions: our residents, shoppers and the office or mall tenants. Engagement with these key stakeholders is important for us to address risks and opportunities that are constantly changing due to evolving consumer needs and digital trends.

Contribution to society through our developments

In the conceptualisation stages of developing our buildings and townships, WCT Land considers the ability of these developments to contribute towards our societal and economic context. For our townships, we see it as an opportunity to build and foster communities to create an environment where there is a greater sense of communal camaraderie. This sense of communal relationship will be important for the long-term growth and vibrancy of our townships.

In the ownership and management of our retail malls, we contribute towards empowering SMEs and local retail businesses, providing them with the platform to market their products and services and grow their businesses. Collectively, our four retail malls have a 50-60% occupancy rate of local brands and businesses.

SUSTAINABILITY STATEMENT

Resource Consumption Management

To demonstrate WCT's commitment to product responsibility, we extend our environmental stewardship to the residents, customers and tenants by using resources efficiently to minimise environmental impact.

We have successfully obtained the globally-recognised green labelling certification, Leadership in Energy and Environmental Design ("LEED"), for our gateway@klia2 Airport Mall in Sepang which is owned and managed by WCT. Although not all of the buildings and developments that we own are LEED certified, we strive to apply the same principles of resource efficiency with minimal environmental impact throughout our portfolio.

Sustainable Mall Management

gateway@klia2 Airport Mall

Owned and managed by WCT, this mall achieved Silver LEED Certification in 2017 (under the LEED 2009 Core and Shell Development rating system) with a score of 57/59. It is one of the few shopping malls in the South East Asia region to receive the LEED certification, and a demonstration of leadership in good sustainability practices. Key aspects:

- Preferential parking spots provided to hybrid cars to encourage the use of green vehicles
- Utilisation of rainwater for landscape use
- Efficient water consumption by reducing water wastage with the installation of low-flow water valves
- Solid waste management policy that segregates, handles and disposes of recyclable and non-recyclable waste

Energy-savings from the replacement to LED lighting in the car park in 2015 led to the reduction in electricity consumption over the years. In 2017, total electricity consumption of gateway@klia2 carpark was 1,599,000 kWh, a 30% reduction in electricity since the replacement to LED lighting in 2015.

Paradigm Mall Petaling Jaya

Installation of energy-efficient air-conditioning units has led to the reduction of energy consumption by **25%**

Replacement to LED lighting led to over **75%** reduction in energy consumption

Customer Satisfaction

Resident Support

WCT conducts satisfaction surveys as part of our procedures for hand-over of properties developed by the Group. This initiative also supports our efforts to continue to enhance relationships and rapport with purchasers. We value feedback on how we can improve our services as well as support our purchasers' needs. Although we provide avenues for feedback through various channels such as our website, email, phone inquiries and social media platform, our formalised outreach approach is through these surveys.

Responsible Sales & Marketing

As a property developer, we are driven by the high occupancy and take-up rates of our residential developments. However, we recognise the importance of responsible sales and marketing initiatives to ensure that customers are fully satisfied with their investment decision to purchase our properties. Our marketing and sales teams are subject to regular training sessions to prepare them to meet such expectations for customer satisfaction.

SUSTAINABILITY STATEMENT

Shopper Experience

WCT's Property Investment and Management segment via WCT Malls Management provides shoppers with an abundance of facilities that contribute to the shopping experience of all types of shopper groups. Our malls, namely Bukit Tinggi Shopping Centre in Klang, gateway@klia2 in Sepang, Selangor, Paradigm Mall in Petaling Jaya and Paradigm Mall in Johor Bahru cater to different demographics. For example, gateway@klia2 is supported by a robust transportation network, has multi-language signages and retail tenants to suit travellers and tourists. Meanwhile, the neighbourhood-driven Paradigm Mall in Petaling Jaya is a family-oriented mall with a multitude of family-friendly facilities and open-spaces that can accommodate festive events and celebrations.

In a shopper satisfaction survey conducted in 2017 for Paradigm Mall Petaling Jaya, participants were invited to complete a questionnaire on their satisfaction levels of the different services and facilities available. Customers were asked to rate our service performance in a few areas: Security, Mall Facilities, Cleanliness, Car Park Facilities and Customer Service. We achieved a rating of 'Excellent' for the Customer Service Desks, and 'Good' for our Car Park Facilities.

Together with other avenues for shopper feedback via social media, we are guided on how to improve our facilities for the year. In 2017, we upgraded user facilities including restrooms and lighting, as well as made improvements on signage distribution and comprehensibility. At gateway@klia2 for example, we translated signages within the mall into Mandarin. We have also embarked on shopper loyalty programme by providing VIP preview to events taking place in the mall such as the Hi-5 Exclusive Performance and offering various special discounts.

WORKPLACE

It is one of our missions to "develop, train and reward passionate and committed employees", and our certification of Quality Management System ISO 9001: 2008 along with the training and engagement investments creates a sense of trust with our employees as well as contributes towards achieving our mission.

Our Workforce

Description	2017
Total number of employees	**2,734**
Percentage of employees by gender	
i) Female	22%
ii) Male	78%
Percentage of employees by age group	
i) <30	37%
ii) 30-50	53%
iii) >50	10%
Percentage of employees by ethnicity	
Malay	33%
Chinese	16%
Indian	16%
Others	35%
Percentage of employees by contract	
i) Permanent	64%
ii) Contract	36%
Percentage of employees that are new	
Total	26%
i) <30	14%
ii) 30-50	10%
iii) >50	2%
Percentage of employees leaving employment	
Total	25%
i) <30	11%
ii) 30-50	12%
iii) >50	2%
Percentage of women in management	2%

SUSTAINABILITY STATEMENT

Occupational Safety and Health

Our commitment to health and safety is shared across all business units, and overseen by the Group's Quality, Environment, Safety and Healthy ("QESH") Department. We make it a priority to create a working environment that is safe and encourage a co-operative team dynamic that is active in preventing accidents and injuries. Amongst others, we comply with Safety and Health Assessment System in Construction ("SHASSIC") and Occupational Health and Safety Management System ("OHSAS") 18001:2007 certification.

Our goal in 2017 was to achieve 50,000,000 man-hours without lost time for project sites, and 450,000 man-hours without lost time for our office settings. On-site at our Engineering and Construction projects, our employees and those of our subcontractors are trained and educated in areas of skill and competence in machinery operation and general understanding of reducing the likelihood of personal and public injury. For our active projects in 2017, the Engineering and Construction division alone conducted 16 training programmes, ranging from general first aid to skill-based forklift training.

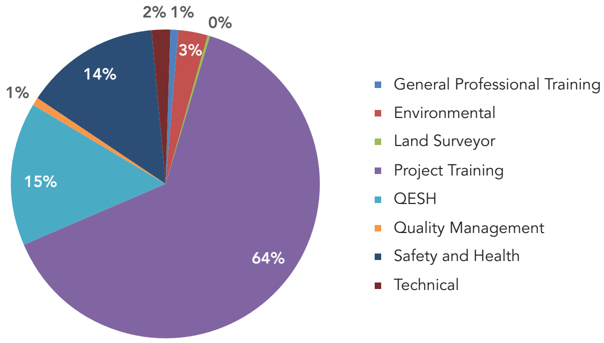
At all times, our operations adhere to the highest standards guided by regulatory requirements and OHSAS 18001:2007. All project teams must establish safety and health committees with role-related responsibilities that facilitate effective implementation of these standards. Hazard Identification and Risk Assessment and Determining Controls are documented to identify and address any potential hazards at the site area and take action to eliminate or reduce the intolerable potential risks to an acceptable level. Emergency Response Plans and Teams are also in place to ensure preparedness in any situation including prevention and mitigation of health and safety risks in the event of an incident or emergency situation.

Human Capital Development

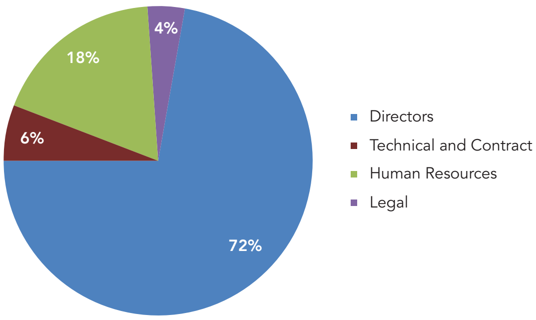
Employee development is at the heart of our Group's long-term growth strategy. A large part of our training and development efforts are channeled towards strengthening workforce capabilities including requirements and compliance to ISO 9001:2008 (Quality Management System), OSHAS 18001:2007 (Safety & Health), and ISO 14001:2004 (Environment). To enhance our talent development efforts, we conduct group-wide annual performance reviews and appraisals for all staff. Based on the appraisals and recommendations by individuals and departments, the Training Needs Analysis will guide our ad-hoc trainings offered the following year.

Description	2017
Total training hours	15,884
Total employees trained	1,332
Average training hours	
i) per employee	9.51
ii) per employee in Management	0.09
iii) per employee in Non-management	9.42

2017 Non-management Training Hours, by department

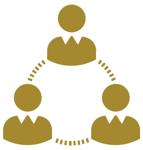


2017 Management Training Hours, by department



Attracting talent through our Industry Collaboration Programmes

For our MRT2 package, we implemented a 3-month training programme targeted at interns and local graduates in preparation of them joining the construction industry. The training familiarises the participants with the Construction Project Planning and Scheduling. The programme will run for four years, with four graduates trained each year; amounting to a total of 16 interns and local graduates. WCT has allocated RM 148,000 for the programme.



Employee Engagement

Our company's motto - "Winning through Commitment and Teamwork" - shows how we recognise our workforce to be a core aspect of our business success. We believe that engaging with our employees and creating a positive workplace is important to attract, motivate and retain talent.

Benefits provided to all of WCT's employees

- Health-care (4,559 individuals in 2017 benefited from our outpatient health care services)
- Insurance (coverage for all confirmed employees)
- Disability and invalidity coverage (9 individuals filed a claim via Social Security Organisation ("SOCSO") under this benefit, and 3 individuals filed a claim via Workmen Compensation Insurance)
- Maternity leave (28 female individuals in 2017 utilised their 60 days maternity leave)
- Paternity leave (23 male individuals in 2017 utilised their 3 day paternity leave)

Labour Relations

The nature of our Engineering and Construction business lies in large scale projects, and the workers involved in our value chain (either our own or the subcontractors that we hire) range in nationality, background and skills. We comply with all rules and regulations of the Immigration in Malaysia and of the respective laws in the home country of our foreign workers, with the employment of foreign workers into any industry being regulated by more than one point of contact along the hiring process and during their employment.

SUSTAINABILITY STATEMENT

CONTRIBUTION TO THE COMMUNITY

WCT is committed to enhancing the wellbeing of the local communities where we operate in, whereby our community projects are driven by the needs of the local community surrounding our development sites, and we work towards addressing these needs through initiatives that have a positive impact on society. In instances where community contribution is closely aligned to our core businesses, we have reported the contribution in the relevant sections of this Sustainability Statement. In addition, some of our community initiatives for 2017 are as follows:

WCT Kids Sports School

WCT Kids Sports School ("KIDSS") was implemented in 2013 and is an initiative fully funded by WCT. The programme aims to encourage Malaysian school children aged 9-12 years to embrace a healthy lifestyle through sporting and physical activities. A sense of national pride is also instilled in participants during the month-long training sessions. Some classes were led by nationally qualified and well-recognised local coaches. Overall, the popularity of the programme has increased, but more importantly the level of physical activity amongst the participants have also increased.

Description	2016	2017
Investment/ Monetary Contribution (RM)	250,000	225,000
Number of participations	180	175

As a way to progress from this initiative, we intend to extend this programme to reach out to eligible children of shoppers and visitors of our retail malls.

School Rebuilding Programme at Bintulu, Sarawak

In 2017, we commenced the refurbishment project for SK Sg Setulan in Bintulu, Sarawak. This project is part of our community engagement initiative for the Pan Borneo Highway project (construction of the 66km dual carriageway Sungai Arip Bridge to Bintulu Airport Junction). Located approximately 50km from Bintulu, the planning and preparations were carried out in 2017, and we hope for physical works to commence in mid-2018. Our contribution of more than RM1.2 million will be through the provision of new schoolground facilities and structural maintenance, of which we aim to enhance the learning experience and the nurturing of young children's educational capabilities.

The scope of work includes the design and build of an administration block with six units of classrooms, a teachers' quarters, four toilets and to supply furniture to the completed school.

Apart from this school rebuilding programme, we constantly reach out to local needy schools by contributing to their school refurbishment programmes.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of WCT Holdings Berhad ("WCT" or "the Company") recognised the importance of good corporate governance and is committed to ensure that the applicable principles and recommendations as set out in the Malaysian Code on Corporate Governance 2017 ("the Code") and the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") respectively are applied throughout the Group so as to enhance the value to our shareholders and other stakeholders as well as to generate long term sustainability and growth.

This statement is made pursuant to the MMLR of Bursa Securities and is to be read together with the Corporate Governance ("CG") Report for detailed application of the principles and good corporate governance practices by the Company during the financial year ended 31 December 2017. The CG Report is available on the website of Bursa Securities together with the Company's Annual Report 2017 and is also posted on the Company's website (www.wct.com.my).

BOARD LEADERSHIP AND EFFECTIVENESS

➢ *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 consistently maintained:

- Reviewing business plans and direction of the Group
- Overseeing the Group's strategic action plans
- Identifying principal risks and implementing appropriate internal control system
- Approving acquisition and divestment policy and major investment decisions
- Monitoring the performance of the Management and the Group's principal businesses
- Upholding high standards of conduct or ethics and corporate behaviour of the Group

The Board also adopts 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 Group Managing Director, Executive Directors and the Management, whose responsibilities are to implement the Group's strategies and manage the operations of the Group, subject to certain prescribed authority limits.

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 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*

The Board currently has eight (8) members, comprising the Executive Chairman, the Group Managing Director, the Deputy Managing Director, an Executive Director, and four (4) Independent Non-Executive Directors. The changes to the Board composition during the financial year 2017 are as follows:-

(i) resignation of Mr Andrew Lim Cheong Seng as an Independent Non-Executive Director on 3 January 2017;
(ii) the appointment of two (2) new Independent Non-Executive Directors, namely Ng Soon Lai @ Ng Siek Chuan on 1 February 2017 and Dato' Ng Sooi Lin on 3 April 2017;
(ii) re-designation of Dato' Lee Tuck Fook from a Non-Independent Non-Executive Director to the Group Managing Director of the Company on 3 April 2017; and
(iv) retirement of Mr Choe Kai Keong as an Executive Director of the Company on 14 August 2017.

Each of the Director's profile is presented under the section titled "Profile of Directors" in the Company's 2017 Annual Report.

The current composition (50% of the Board members are Independent Directors) complies with MMLR of Bursa Securities which require at least two (2) directors or 1/3 of the Board members (whichever is the higher) to be Independent Directors. Whilst the Board currently does not comprise a majority of Independent Directors as recommended under the Code, the Board believes that there is a good balance between Executive powers and Board independence within the current Board composition and to enable the Board to discharge its duties effectively and objectively. Nevertheless, in line with the recommendation of the Code, the Board would continue to indentify suitable candidate(s) as additional Independent Director(s) to join the Board to further enhance the diversity in skill, knowledge and professional experience.

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 are being upheld, as they provide unbiased and independent views, advice, opinions and judgments as well as provide effective check and balance in the functioning of the Board to safeguard the interests, not only of the Group but also that of the minority 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 also actively involved in the various Board Committees. They provide broader views, independent assessments and opinions on management proposals, particularly any related party transactions entered into by the Group.

The role of the Chairman and the Group Managing Director of the Company are held by different individuals and their respective duties are set out in the Board Charter of the Company.

Currently, there is no woman director sitting on the Board. The Board supports the policy to embrace gender diversity and inclusiveness and will continue to take steps to identify suitable female candidates to join our Board. Further, the Board is of the view that the selection and appointment of any new board member shall take into consideration the required mix of skill, knowledge and professional experience which the new director could bring to the Company.

The Board has reviewed and is satisfied that its current size and composition provide 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.

➢ ***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.

The Company has also adopted the Whistleblowing Policy on 28 February 2017, which provides an avenue and mechanism for any individual to report concerns they may have on any suspected and/or known improper conducts, wrongdoings, corruption, fraud and/or abuse in accordance with the procedures as provided under the said policy.

The Whistleblowing Policy is available on 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

➢ *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 are 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/meeting materials, which are shared with and uploaded via electronically for 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 Secretaries would also brief the Board on the proposed contents and timing of any material announcements by the Company before being released to Bursa Securities for public dissemination. The Board always has access to the advice and services of the Company Secretaries especially relating to the procedural and regulatory requirements such as companies and securities laws, corporate governance matters and MMLR of Bursa Securities.

In addition to the above, the Board has 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.

➢ *COMMITMENT OF THE BOARD*

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

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 by the Company Secretary. During the financial year ended 31 December 2017, a total of four (4) meetings were held which all the Directors have complied with MMLR of Bursa Securities on the attendance of Board meetings and details of the attendance of the Directors at the Board Meetings are as follows:

Directors	Number of meetings attended
Tan Sri Lim Siew Choon	4/4
Dato' Lee Tuck Fook	4/4
Goh Chin Liong	4/4
Liang Kai Chong	4/4
Tan Sri Marzuki Bin Mohd Noor	4/4
Datuk Ab Wahab Bin Khalil	4/4
Dato' Ng Sooi Lin*	3/3
Ng Soon Lai @ Ng Siek Chuan^	4/4
Choe Kai Keong@	2/2
Andrew Lim Cheong Seng#	-

Notes:
* *Appointed on 3 April 2017*
^ *Appointed on 1 February 2017*
@ *Retired on 14 August 2017*
\# *Resigned on 3 January 2017*

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

➢ ***DIRECTORS' TRAINING***

All the Directors have attended the Mandatory Accreditation Programme ("MAP") organised by Bursa Securities. 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 developments within the industry.

Besides the annual assessment conducted to assess the training needs of the Directors, each Director may also identify any appropriate training that enhances their effectiveness in discharging their duties as directors. The Company Secretary facilitates the organisation of in-house training programmes as well as registration for external training programmes and seminars, if needed.

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

(A) New Companies Act, 2016 – Key Changes and Implication to Directors and Management (5 September 2017)
(B) Understanding the New Malaysian Financial Reporting Standard for Directors (24 October 2017)

		Attendance	
Directors		**(A)**	**(B)**
1	Goh Chin Liong	√	-
2	Liang Kai Chong	√	√
3	Tan Sri Marzuki Bin Mohd Noor	√	√
4	Datuk Ab Wahab Bin Khalil	√	√
5	Dato' Ng Sooi Lin	-	√
6	Ng Soon Lai @ Ng Siek Chuan	-	√

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

Tan Sri Lim Siew Choon
- Conference Series 2017: Opportunities Admist Geopolitical Shifts (5 October 2017)

Dato' Lee Tuck Fook
- Invest ASEAN 2017: Malaysia (8 February 2017)
- Companies Act 2016 – Key Insights & Implications for Directors, Auditors/Accountants & Company Secretaries (3 April 2017)

Tan Sri Marzuki Bin Mohd Noor*
- The Companies Act, 2016 – Key Changes and Implications to Directors and Management (11 April 2017)
- Audit Committee (AC) Leadership Track (Effective Oversight of IA Functions – Are Boards in Sync with Regulatory Expectations?) (9 October 2017)

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Datuk Ab Wahab Bin Khalil*
- Assessment of the Board, Board Committees and Individual Directors – Taking Stock of Performance (11 April 2017)
- The Companies Act, 2016 – Key Changes and Implications to Directors and Management (11 April 2017)
- The New Malaysian Code on Corporate Governance – "How to Walk the Talk?" (11 May 2017)
- Related Party Transactions (RPT) – Their Implications to the Board of Directors, Audit Committee and Management (11 May 2017)
- Fraud Risk Management Workshop (13 July 2017)
- Bursa CG Breakfast Series – "Board Excellence: How to Engage and Enthuse Beyond Compliance with Sustainability" (17 July 2017)
- Audit Committee (AC) Leadership Track (Effective Oversight of IA Functions – Are Boards in Sync with Regulatory Expectations?) (9 October 2017)

Dato' Ng Sooi Lin*
- Bursa CG Breakfast Series – "Board Excellence: How to Engage and Enthuse Beyond Compliance with Sustainability" (17 July 2017)

Ng Soon Lai @ Ng Siek Chuan*
- Sustainability Engagement Series for Directors/Chief Executive Officer (13 March 2017)
- Workshop for Nomination Committee Chairman and Members: Board Selection – Engagement with Potential Directors (23 May 2017)
- SDG Business Summit (25 May 2017)
- Fraud Risk Management Workshop (13 July 2017)
- Cryptocurrency and Blockchain Technology (10 August 2017)
- MIA Conference 2017 (7 – 8 November 2017)

* *Denotes a member of the Audit Committee*

➢ ***BOARD COMMITTEES***

(A) 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. The Audit Committee's terms of reference are available at (www.wct.com.my) and activities during the financial year are disclosed in the Audit Committee Report found in the Company's 2017 Annual 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.

(B) OPTIONS COMMITTEE

The Options Committee has also been established by the Board to administer the Company's Employees Share Options Scheme 2013/2023 ("ESOS"), in accordance with the By-Laws of the ESOS as approved by the shareholders of the Company, amongst others, to determine participation eligibility, option offers and share allocations and to attend to such other matters as may be required subject to the ESOS's By-Laws. The members of the Options Committee are as follows:-

(i) Tan Sri Marzuki Bin Mohd Noor
Chairman/Independent Non-Executive Director

(ii) Dato' Lee Tuck Fook
Member/Group Managing Director

(iii) Goh Chin Liong
Member/Deputy Managing Director

The Options Committee meets as and when required and no meeting was held during the financial year 2017.

(C) NOMINATION & REMUNERATION COMMITTEE

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

(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
(Ceased on 3 April 2017)

(v) 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 available on the Company's website (www.wct.com.my).

The NRC meets at least once a year and whenever required. In 2017, three (3) meetings were held and details of the attendance of the NRC members are as follows:

Name	**Number of meetings attended**
Datuk Ab Wahab Bin Khalil*	2/2
Tan Sri Marzuki Bin Mohd Noor	3/3
Dato' Ng Sooi Lin^	-
Dato' Lee Tuck Fook@	3/3
Andrew Lim Cheong Seng#	-

Notes:
* *Appointed on 1 February 2017*
^ *Appointed on 3 April 2017*
@ *Ceased on 3 April 2017*
\# *Resigned on 3 January 2017*

During the financial year 2017, the NRC carried out the following activities:

(i) Reviewed and made recommendations to the Board on the new appointment of one (1) director having regard to the balance of skills, knowledge and experience;
(ii) Reviewed and made recommendations to the Board on the re-designation of Dato' Lee Tuck Fook and his remuneration package as the Group Managing Director;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(iii) Reviewed and made recommendation to the Board on the retirement of Mr Choe Kai Keong;
(iv) Reviewed the re-election of six (6) directors retiring by rotation at the 6th 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. Selection of new candidates to be considered for new appointment as director is facilitated through recommendations from the Board members, the Management and/or through independent sources. In making these recommendations, the NRC considers the required mix of skills, knowledge and professional experience which the Directors could bring to the Board. As part of the process of appointing new Directors, the new Directors are provided with an orientation programme in order to be familiar with the operations and organisation structure of the Group.

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 7th AGM are stated in the notice of the 7th AGM. The NRC has assessed the performance of these Directors and accordingly recommended to the Board for their re-election to be tabled for shareholders' approval at the forthcoming 7th 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 by way of separate shareholders' resolutions. 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 are furnished in the Company's 2017 Annual Report.

➢ ***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 2017 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

➢ ***ASSESSMENT OF INDEPENDENT DIRECTORS***

The Board acknowledges the importance of independence and objectivity in decision-making by the Independent Directors of the Company. 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 the Independent 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 are 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, based on the annual assessment made for the financial year ended 31 December 2017, satisfied with the level of independence demonstrated by all the four (4) Independent Directors of the Company and that they fulfill 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 consecutive or a cumulative term of nine (9) years, approval from the shareholders will be sought at the Company's general meeting.

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

➢ ***DIRECTORS' REMUNERATION***

The objective of the Group's Remuneration Policy is to attract and retain the Directors who play an important role in leading and controlling the Group's operation 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 the Executive Directors (including the Executive Chairman), 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 also introduced through share-based scheme under the Company's ESOS to align the Executive Directors' interest more closely to that of the shareholders.

All Directors are paid Directors' fees. The Directors' fees are reviewed by the Board only when it deems necessary and for Non-Executive Directors, the review of Directors' fees should take into account their level of responsibility, the time commitment required from the Directors and fees level based on the comparable rates in the similar industry. The Directors' fees are subject to the shareholders' approval at the Company's annual general meeting.

In addition, the Company also reimburses expenses reasonably incurred by these Directors in the course of carrying out their duties as Directors and the Non-Executive Directors are also paid meeting attendance allowances.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The aggregate fees, remuneration and other emoluments received by the Directors of the Company for the financial year ended 31 December 2017 is stated as follows:

The Company/Group	Salaries and Other Emoluments (RM)	Fees (RM)	Bonus (RM)	Defined contribution plan (RM)	Share option granted under ESOS (RM)	Estimated money value of benefits-in-kind (RM)	Indemnity given to or insurance effected for Directors (RM)	Total (RM)
Executive Directors								
Tan Sri Lim Siew Choon	2,400,000	13,000	800,000	384,000	-	42,000	4,000	3,643,000
Dato' Lee Tuck Fook	1,715,000	24,000	760,000	296,000	-	-	1,000	2,796,000
Goh Chin Liong	1,716,000	12,000	572,000	274,000	106,000	62,000	4,000	2,746,000
Liang Kai Chong	936,000	12,000	312,000	150,000	-	56,000	4,000	1,470,000
Non-Executive Directors								
Tan Sri Marzuki Bin Mohd Noor	18,000	60,000	-	-	-	-	1,000	79,000
Datuk Ab Wahab Bin Khalil	13,000	60,000	-	-	-	-	1,000	74,000
Dato' Ng Sooi Lin	7,000	45,000	-	-	-	-	1,000	53,000
Ng Soon Lai @ Ng Siek Chuan	10,000	55,000	-	-	-	-	1,000	66,000
Total (RM)	6,815,000	281,000	2,444,000	1,104,000	106,000	160,000	17,000	10,927,000

EFFECTIVE AUDIT AND RISK MANAGEMENT

➢ *FINANCIAL REPORTING*

The Board continually strives to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects, primarily through the annual financial statements and quarterly announcements of interim financial results to shareholders as well as the Chairman's statement and review of operations in the Company's 2017 Annual Report.

In preparing the financial statements, the Group has adopted the applicable accounting policies which have been consistently applied and are supported by reasonable and prudent judgements and estimates by the Board. All accounting standards that the Board considers to be applicable have been adopted.

The Board is also 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 adopted.

The Directors are responsible for ensuring that the Company maintains its 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 relevant provisions of the Companies Act, 2016.

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

- ***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 the Company's 2017Annual Report.

The Audit Committee has obtained confirmation from the external Auditors that they are and have been independent throughout the conduct of their audit engagement in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants. In addition, there was no non-audit service provided by the external auditors during the financial year ended 31 December 2017.

- ***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 identify and manage rather than to eliminate such risks that may potentially impede the attainment of the Group's objectives.

Information on the Group's internal control system implemented during the year is presented in the Statement on Risk Management and Internal Control set out in the Company's 2017 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 the Company's 2017 Annual Report.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

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

The Group values and strongly believes in the importance of effective 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 relevant information disclosed by the Company. It does this through the Company's Annual Report, AGM, the Company's website (www.wct.com.my) and the 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 relevant information about the Group to a wider segment of the investing public.

Shareholders and other stakeholders of the Group may convey their concerns 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- ***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 requisite announcements as well as material and price sensitive information in a timely manner to Bursa Securities in compliance with the disclosure requirements as set out in the MMLR of Bursa Securities. The Company also releases timely updates 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 requisite announcement to Bursa Securities has been made.

- ***THE AGM***

The AGM of the Company is used as a forum of communication with its shareholders. All shareholders are encouraged to attend the AGM which is usually held within the Klang Valley and not in a remote location, which is easily accessible by the shareholders. The Board encourages participation from shareholders by having a question and answer session during the meeting whereby the shareholders may channel their queries relating to the audited financial statements of the Group and the Company to the Company's External Auditors and to discuss the Group's performance and its business activities with the Directors and the Management of the Company. Each item of special business included in the notice of the general meeting is accompanied by an explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the general meeting and the Chairman would declare 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 7th AGM of the Company scheduled to be held on 6 June 2018 will be voted by poll. An Independent Scrutineer will be appointed by the Company to verify the results of the poll at the AGM.

- ***INVESTOR RELATIONS***

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 Group's results and strategic business plans with the aim of fostering better understanding of the Group's performance. Additional engagements with analysts and fund managers may be held via teleconferencing as and when requested. 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 developments.

Below is a summary of the investor relations activities undertaken in the financial year ended 31 December 2017:-

	Total
Meetings/Conference calls with investors, analysts and fund managers	22
Investors briefings	4
Regional investors road shows/conferences	3

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 Company's 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

The Board is fully committed to comply with the principles, recommendations and best practices set out in the Code and the MMLR of Bursa Securities, where applicable and the key focus areas for 2018 from the corporate governance perspective include to enhance the Board dynamics and effectiveness in discharging its duties and responsibilities as well as to improve on the policies and procedures of the Group to further apply the principles, recommendations and best practices of good corporate governance.

(This Statement on Corporate Governance has been approved by the Board of Directors via a resolution dated 18 April 2018)

OTHER DISCLOSURES

The following disclosures in respect of the financial year ended 31 December 2017 are provided for shareholders' information and in accordance with the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"):

1. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

A total proceed of RM177.807 million was raised from the Placement exercise which was completed on 11 April 2017. As at 31 December 2017, all the proceeds raised have been fully utilised and the details of utilisation are as follow:

Purpose	Proposed Utilisation RM'000	Reallocation RM'000	Actual utilisation RM'000	Balance unutilised RM'000
Part payment of bank borrowings of the Group	71,123	(1,123)	(70,000)	-
Working Capital of the Group	104,184	2,681	(106,865)	-
Defray expenses relating to the Placement exercise	2,500	(1,558)	(942)	-
Total:	177,807	-	(177,807)	-

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 2017.

(ii) No options had been offered and granted to the eligible employees of the Company for the financial year ended 31 December 2017. The total number of options granted, exercised and outstanding under the ESOS (2013/2023) since its commencement up to 31 December 2017 are as set out in the table below:

	Number of Options (Since commencement date up to 31 December 2017)	
Description	Grand Total	Directors
(a) Granted	31,270,000	5,954,000
(b) Exercised & include forfeited options	16,973,000	4,304,000
(c) Outstanding	14,297,000	1,650,000

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

Directors and Senior Management	FYE 2017	Since commencement date up to 31 December 2017
(a) Aggregate maximum allocation	-	29.07%
(b) Actual granted	-	27.75%

(iv) No options were granted to and exercised by the Independent Non-Executive Director of the Company pursuant to ESOS (2013/2023) in respect of the financial year ended 31 December 2017.

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 2017 are as follows:

	Group (RM)	Company (RM)
Audit Fees	677,029	72,500
Non-Audit Fees	-	-

4. **MATERIAL CONTRACTS INVOLVING DIRECTORS AND/OR MAJOR SHAREHOLDERS**

There were no material contracts entered by the Company and/or its subsidiaries involving the interest of directors and/or major shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year, other than the related party transactions (not material contracts) in respect of the following:

(i) the appointment of Kuala Lumpur Pavilion Sdn Bhd ("KLPSB") by WCT Hartanah Jaya Sdn Bhd (a wholly-owned subsidiary) as the Retail Manager of Paradigm Mall in Johor Bahru, a total fees amounting to RM900,000 was paid for the financial year ended 31 December 2017;
(ii) the appointment of KLPSB by Jelas Puri Sdn Bhd (a 70%-owned joint-controlled company) as a Retail Consultant for Paradigm Mall in Petaling Jaya, no fee was payable in 2017; and
(iii) the appointment of KLPSB by Segi Astana Sdn Bhd (a 70%-owned joint-controlled company) as a Retail Consultant for the airport mall - gateway@klia2 in Sepang, no fee was payable in 2017;

whereby KLPSB is a company in which Tan Sri Lim Siew Choon (the major shareholder and Executive Chairman of the Company) and his spouse have interests and directorships, and Dato' Lee Tuck Fook (the Group Managing Director of the Company) has directorship.

5. **RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE**

At the Annual General Meeting held on 1 June 2017, the Company had obtained mandate from its shareholders to enter into recurrent related party transactions of a revenue nature.

There was no transaction conducted pursuant to the shareholders' mandate during the financial year ended 31 December 2017.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance prescribes various corporate governance principles, best practices and standards for listed companies, which includes maintaining a sound system of risk management and internal control to safeguard shareholders' investments and the Group's assets. The Board of WCT Holdings Berhad ("the Board") is pleased to present this Statement on Risk Management and Internal Control ("the Statement") for the financial year ended 31 December 2017. The Statement is prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and guided by the "Statement on Risk Management and Internal Control: Guidelines to Directors of Listed Issuers" ("the Guidelines"), which was endorsed by Bursa Securities.

BOARD RESPONSIBILITY

The Board of WCT Holdings Berhad ("the Group and the Company") recognises that internal control is an integral part of the Group's risk management system in achieving its corporate objectives. The Board also affirms the overall responsibility for maintaining a sound system of risk management and internal control so as to safeguard shareholders' interests and Group's assets.

The risk management and internal control system of WCT Holdings Berhad and its subsidiaries ("the Group") is designed to provide reasonable and not absolute assurance against any material error, misstatement or losses. 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 designed to identify and manage but may not totally eliminate the risk of failure to achieve the business objectives.

The Board is of the view that, with the assistance of both the Audit Committee and Risk Management Committee, there is an effective process for the Group in identifying, evaluating and managing all significant risks faced by the Group during the financial year under review and up to the date of approval of this Statement for inclusion in Annual Report. This process is consistent with the Statement on Risk Management and Internal Control: Guidance for Directors of Listed Issuers ("SRMICG") and the Group's Risk Management Policy and Framework.

KEY RISK MANAGEMENT AND INTERNAL CONTROL FEATURES

CONTROL ENVIRONMENT

Line of Reporting

The Group operates with an organisation structure with clearly defined reporting line, areas of responsibilities and delegated authority limits. Various Board and Management Committees have been established to assist the Board in discharging its duties, namely the Audit Committee, Nomination & Remuneration Committee and the Option Committee comprising Board members and the Management Committee, Risk Management Committee and Group Sustainability Committee comprising various members of the Management.

Financial Authority Limit

Financial authority limits on the Group's financial commitments e.g. capital expenditure, contract awards and other significant transactions within the Group are adopted as means of internal control and risk management. Policies and procedures on such limits are documented to guide employee at all levels in the performance of their day-to-day work. These documents are continuously reviewed and updated so as to ensure suitability for implementation.

RISK ASESSMENT

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, Risk Management Policy and framework *(which is consistent with principles set out in accordance with ISO 31000:2009 Risk Management – Principles & Guidelines)* has been put in place to provide a common understanding and approach in the application of risk management process across the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The respective heads of business units are responsible for identifying risks that may have an impact on business operations and such risks are evaluated in accordance with the likelihood of occurrence and significance of the impact should such risks occur. Thereafter, risks are ranked according to the impact on the Business Unit and control measures are formulated to mitigate these risks. Each business unit's identified risk, control measures and processes for managing the risk are tabulated in Risk Report which will be acknowledged by the respective head of business units after reviewing the identified risks and control measures.

During the year, significant risks identified from the above process were presented to the Risk Management Committee for deliberation and subsequent escalation to Audit Committee and the Board for information.

CONTROL ACTIVITIES

Internal Audit Function

The in-house Internal Audit Department, which reports directly to the Audit Committee, 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 on the Group's operations.

During the financial year ended 31 December 2017, internal audits were carried out in accordance with an Annual Audit Plan that was approved by the Audit Committee. The Internal Audit Department reports to the Audit Committee on risk and control matters of significance; including any suspected fraud, illegal or irregular acts and material misstatements together with Management's responses and proposed action plans. The responses from the Management and action plans are regularly reviewed and followed up by the Internal Audit Department and Audit Committee.

ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 Management System Audit

Annual audits are conducted internally as well as externally by certified bodies to ensure compliance with the requirements of ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 by each of the companies within the Group which have received such certifications. Such management system is established, implemented and continuously improved to provide quality, cost effective, reliable, safe and environmentally friendly products and services by the Group.

Centralised Functions

Centralised controls of selected key functions of the Group such as:-

- Finance & Accounts (including Tax and Treasury)
- Tender, Procurement & Budget
- Quality, Environment, Safety & Health ("QESH")
- Human Resource & Administration
- Sales & Marketing
- Development
- Procurement, Legal, and Information Technology;

enable the Management to minimise risk exposure and increase both effectiveness and efficiency of operations. The policies, procedures and guidelines adopted by respective business units are reviewed regularly to ensure that they remain current and relevant.

Human Resource

Training programmes are identified and regularly scheduled for the Group's employees with the objective of continuously sharpening their skills, broadening their knowledge, improving on their competency as well as sharing their experience to keep them proficient and competent in handling their day-to-day job functions, as well as to meet the current business requirements and future business needs. Training on soft skills is also provided on various areas of work such as leadership, safety & health, technical and other related soft skills. An employee performance monitoring system is currently in place whereby the employees' performance are regularly monitored, appraised and rewarded accordingly.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INFORMATION AND COMMUNICATION

Financial Reporting

A financial system is in place to ensure all financial transactions are timely and completely captured in the accounting system to generate an accurate periodic management financial reports for performance review and decision making by the Management and the Board.

Business Plan

Annual business plans are prepared by all business units (engineering and construction, property development and property investment and management), discussed in Management Committee meetings and presented to the Board for endorsement. The Board also reviews the operational and financial results on a quarterly basis.

MONITORING

Management Visit

The Executive Directors, Senior Management and Audit Committee members conduct visits to project sites (local and abroad) and meet up with the Group's customers and business associates in order to review the Group's operations, to gain first-hand knowledge of significant operational matters as well as to understand any significant risks so that an informed decision-making can be made.

Third Party Audit

Third party audits on Quality, Environment and Safety compliance at the Group's construction sites are carried out, where required. These audit processes are conducted by the project owners and other relevant parties.

The Group Managing Director and Director of Finance & Accounts have provided the Board with the assurance that the Group's risk management and internal control system has been operating adequately and effectively to mitigate any significant breakdown or weaknesses that may give rise to material losses incurred by the Group during the financial year under review or requires disclosure in the 2017 Annual Report. The monitoring, review and reporting systems are in place to give reasonable assurance that the controls put in place are adequate and appropriate to the Group's operations and that risks are at an acceptable level. However, no systems can provide for absolute assurance that all risks can be adequately mitigated due to occurrence of unforeseeable circumstances, fraud or irregular acts.

Review of the Statement by External Auditors

The external auditors have performed limited assurance procedures on this Statement pursuant to the scope set out in the Audit and Assurance Practice Guide ("AAPG") 3 for Auditors on Engagements to report on the Statement included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the Annual Report of the Group for the year ended 31 December 2017, 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 Guidelines, nor is the Statement factually inaccurate.

AAPG 3 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 Securities 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 is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system. The Board has 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 2018)

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

(2) Datuk Ab Wahab Bin Khalil
Member/Independent Non-Executive Director

(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)

The Audit Committee is appointed by the Board of Directors ("the Board") and consists entirely of Independent Non-Executive Director. Mr Ng Soon Lai @ Ng Siek Chuan, a member of the Audit Committee, is a fellow member of the Institute of Chartered Accountants in England & Wales.

For the financial year ended 31 December 2017, 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	5/5
Datuk Ab Wahab Bin Khalil	5/5
Dato' Ng Sooi Lin*	4/4
Ng Soon Lai @ Ng Siek Chuan^	5/5

Notes:
* *Appointed on 3 April 2017*
^ *Appointed on 1 February 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 2017, the Audit Committee had carried out the following activities:

(1) Reviewed the quarterly unaudited financial reports of the Group, which have been 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 for approval and release to Bursa Securities;

(2) Reviewed the annual audited financial statements of the Company and the Group for the financial year ended 31 December 2016, which have been 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;

AUDIT COMMITTEE REPORT

(3) Reviewed the declaration and distribution of share dividend for the financial year ended 31 December 2016 and thereafter, recommended to the Board for their consideration;

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

(5) Reviewed with external auditors on the results of the audit, the relevant audit reports and Management Letters together with the Management's response thereto;

(6) Held two (2) discussions with the external auditors on 23 February 2017 and 22 November 2017 without the presence of management and executive directors;

(7) Reviewed the suitability, objectivity and independence of the external auditors pursuant to the policy of the external auditors. The external auditors have provided an annual confirmation of their independence in accordance with the terms of all professional and regulatory requirements;

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

(9) Reviewed thirty-seven (37) internal audit reports on operational, financial and compliance audit for on-going and completed construction projects (both local and overseas), on-going and completed property development projects, hotel operations, mall operations, property management & maintenance and also ad-hoc audit reviews;

(10) 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;

(11) Visited WCT Land office in Klang, The Lead development in Klang and gateway@klia2 and had discussions with multiple key personnel with regards to the progress of work, challenges faced and all other matters on the project site as well as witnessed the opening of Paradigm Johor Bahru Mall;

(12) Discussed and approved thirty-one (31) internal audit plans for year 2018 for both Construction and Property Divisions;

(13) Discussed and approved budget for manpower and operational cost of Internal Audit Department for year 2018;

(14) Reviewed the Whistleblowing Policy for WCT Group and overseeing the implementation of the same after approved by the Board;

(15) Reviewed and approved the revised terms of reference of Audit Committee which cover the responsibility for the risk management oversight of the Group;

(16) Reviewed and approved the guidelines and procedures for recurrent related party transactions of a revenue or trading nature;

(17) Reviewed the following reports and statements and thereafter, recommended the same to the Board for inclusion in the Company's Annual Report 2016:

    (a) Audit Committee Report;
    (b) Statement on Risk Management and Internal Control;
    (c) Statement on Corporate Governance; and
    (d) Sustainability Statement.

(18) 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 for the Group is performed by the in-house Internal Audit Department ("IAD") which reports directly to the Audit Committee.

The principal role of the IAD is to provide an independent and objective assurance on the effectiveness of the system of internal controls within the Group.

During the financial year ended 31 December 2017, the IAD carried out its audit duties that covers business units, compliance, operational and financial audits and reported its findings to the Audit Committee. The internal audit reviews performed for the year are as follows:-

Type of Review	Number of Completed Reviews
On-going construction & property development projects	18
Completed construction & property development projects	5
Property maintenance & operations	3
Hotel operations	3
Mall operations	7
Ad-hoc review	1
Total:	**37**

The total cost incurred in respect of the Group's internal audit function for the financial year ended 31 December 2017 was approximately RM733,000.00 (FY2016: RM616,000.00).

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 2017.

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.

RESULTS

	Group RM'000	Company RM'000
Profit after taxation	151,917	2,712
Attributable to:		
Equity holders of the Company	154,622	2,712
Non-controlling interest	(2,705)	-
	151,917	2,712

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, other than the impairment lose recognised on the amount due from a contract customer amounting to RM164,588,000 as disclosed in Note 35(a) to the financial statements.

DIVIDENDS

Dividends paid by the Company since 31 December 2016 were as follows:

	RM'000
In respect of the financial year ended 31 December 2016:	
<u>Final dividend</u>	
Share dividend by way of distribution of 8,480,335 treasury shares on 22 June 2017 on the basis of 1 treasury share for every 165 ordinary shares held in the Company	11,814

At the forthcoming Annual General Meeting, a final single-tier cash dividend in respect of the financial year ended 31 December 2017 of 3.00 sen per ordinary share 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 2018.

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
Dato' Lee Tuck Fook*
Goh Chin Liong*
Liang Kai Chong*
Tan Sri Marzuki Bin Mohd Noor
Datuk Ab Wahab Bin Khalil
Ng Soon Lai @ Ng Siek Chuan
Dato' Ng Sooi Lin
Choe Kai Keong *(Retired on 14 August 2017)*

* *These Directors are also Directors of the Company's subsidiaries.*

The names of the Directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those Directors listed above) are:

Ng Eng Keat
Chong Kian Fah
Lim Swee Hock
James Andrew Chai
Mohd Roslan bin Sarip
Chong Wah Hing *(Appointed on 27 April 2017)*
Ng Chee Kiet *(Appointed on 14 August 2017)*
Selena Chua Kah Noi *(Appointed on 14 August 2017)*
Ong Ka Thiam
Wan Ahmad Shukri bin Wan Daud
Goh Cheng Chwee
Ahmad Tarmizi bin Ismail
Keith George Cowling
Teng Wei Hong
Taing Kim Hwa
Choe Kai Keong
Tran Tac Sam
Khaled Mohamed Abdulrahim Mohamed
Peter James Sellers
Doomraj Sooneelall
Chatrasingh Joyram
Salim bin Ali bin Nasser Al Siyabi
Khuzaim Iobal Jafferi
Choo Kam Foo
Elina binti Abdul Aziz
ISLA Ltd

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 2015/2020 issued by the Company and share options granted under the Company's Employees' Share Option Scheme 2013/2023 ("ESOS 2013/2023").

DIRECTORS' BENEFITS *cont'd*

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			
	Number of ordinary shares			
	1 January 2017	Acquired	(Disposed)	31 December 2017
Tan Sri Lim Siew Choon				
- deemed ***	245,718,472	1,489,202**	-	247,207,674
Goh Chin Liong				
- direct	8,826,186	450,000 53,492**	-	9,329,678
Liang Kai Chong				
- direct	3,749,613	22,724**	-	3,772,337
- indirect (spouse)	265,223	1,607**	-	266,830

** *Share dividend received on the basis of 1 treasury share for every 165 ordinary shares held in the Company, fraction of treasury shares was disregarded.*

*** *Deemed interested by virtue of his interest in Dominion Nexus Sdn. Bhd. via Legacy Pacific Limited.*

	WCT Holdings Berhad				
	Number of Warrants 2013/2017				
	1 January 2017	Acquired	(Disposed/ Exercised)	(Lapsed) ^	31 December 2017
Goh Chin Liong					
- direct	1,898,607	-	-	(1,898,607)	-
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.

^ *Warrants 2013/2017 had expired on 11 December 2017.*

DIRECTORS' INTERESTS *cont'd*

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: *cont'd*

	WCT Holdings Berhad			
	Number of Warrants 2015/2020			
	1 January 2017	Acquired	(Disposed/ Exercised)	31 December 2017
Goh Chin Liong				
- direct	1,529,938	-	-	1,529,938
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 pursuant to WCT Holdings Berhad's ESOS 2013/2023			
	1 January 2017	Granted	(Exercised)	31 December 2017
Goh Chin Liong	1,350,000	-	(450,000)	900,000
Liang Kai Chong	750,000	-	-	750,000

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

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

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from 1,262,122,420 shares to 1,415,581,871 shares by way of issuance of:

(i) 7,912,000 new ordinary shares pursuant to the exercise of the ESOS at the exercise price ranging between RM1.18 to RM1.63 per ordinary share;

(ii) 44,368,140 new ordinary shares pursuant to the conversion of Warrants 2013/2017 at an exercise price of RM1.71 per ordinary share for cash;

(iii) 723,311 new ordinary shares pursuant to the conversion of Warrants 2015/2020 at an exercise price of RM2.08 per ordinary share for cash; and

(iv) 100,456,000 new ordinary shares pursuant to the private placement exercise at an issue price of RM1.77 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, 8,480,335 treasury shares were distributed as share dividends to the shareholders on 22 June 2017 on the basis of 1 treasury share for every 165 ordinary shares held at the entitlement date on 8 June 2017, fractions of treasury shares was disregarded.

As at 31 December 2017, the Company held 239,736 treasury shares with a carrying amount of RM384,347. 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 2013/2017

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

Warrants 2013/2017 had expired on 11 December 2017 and all unexercised Warrants 2013/2017 automatically lapsed after 11 December 2017.

WARRANTS 2015/2020

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

INDEMNITY AND INSURANCE COSTS

There was no amount of insurance premium paid or payable for the Directors or officers of the Company in respect of their liability for any act or omission in their capacity as Directors or officers of the Company in respect of costs incurred by them in defending or settling any claim or proceedings relating to any such liability for the financial year ended 31 December 2017.

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 all known bad debts had been written off 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) the amount written off for 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.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION *cont'd*

(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 47 to the financial statements.

SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 48 to the financial statements.

ARBITRATION AWARD AND MATERIAL LITIGATION

Details of arbitration award and material litigation are disclosed in Notes 49 and 50 to the financial statements respectively.

AUDITORS AND AUDITORS' REMUNERATION

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

Auditors' remuneration are disclosed in Note 35(a) to the financial statements.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been paid to indemnify Ernst & Young during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 18 April 2018.

DATO' LEE TUCK FOOK
Group Managing Director

GOH CHIN LIONG
Deputy Managing Director

STATEMENT BY DIRECTORS

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

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 84 to 227 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of the financial performance and the cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 18 April 2018.

DATO' LEE TUCK FOOK
Group Managing Director

GOH CHIN LIONG
Deputy Managing Director

STATUTORY DECLARATION

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

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 84 to 227 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 2018

CHONG KIAN FAH

Before me,

YM TENGKU FARIDDUDIN BIN TENGKU SULAIMAN, (No: W533)
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 2017 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 84 to 227.

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 2017, and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 49 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. As disclosed in Note 49 to the financial statements, there is a dispute in relation to the DRC Project. We focused on this area because of the realisability of the trade and other receivables from Meydan, of which the Group's share is approximately RM106,453,000 and RM245,692,000 respectively.

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.

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

Key audit matters *cont'd*

Recoverability of trade receivables and 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 trade receivable and amount due from contract of a customer of approximately RM196,837,000 and RM93,768,000, respectively (the "Claim") included in trade receivables. The Claim approximates 16% of the contract sum awarded by the customer and accounts for approximately 15% of trade receivables of the Group. We identified the Claim as an area requiring audit focus as significant management judgement and estimates are involved in determining its recoverability.

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

- perused significant contract terms and conditions of the project;
- assessed the management experts' objectivity and independence; and reviewed their credentials, qualifications, experience and reputation;
- assessed the management experts' reports and challenged the rationale, computation and basis for their opinions;
- interviewed the management 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.

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 recognised revenue of approximately RM1,302,970,000 and RM430,950,000 from construction and property development activities respectively and they accounted for approximately 68% and 23% of the Group's revenue. The related cost of sales from contract and property development activities were RM1,152,822,000 and RM307,424,000 respectively and they accounted for 73% and 19% 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.

INDEPENDENT AUDITORS' REPORT

to the members of WCT Holdings Berhad
(Incorporated in Malaysia)

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 *cont'd*

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 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 for the year in which they arise. As at 31 December 2017, the carrying amount of investment properties amounted to RM1,594,392,000, representing 32% and 20% 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.

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.

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

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 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

INDEPENDENT AUDITORS' REPORT

to the members of WCT Holdings Berhad
(Incorporated in Malaysia)

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

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

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

- evaluate the 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.

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 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

OTHER MATTERS

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

ERNST & YOUNG
AF: 0039
Chartered Accountants

NG KIM LING
No. 03236/04/2020 (J)
Chartered Accountant

Kuala Lumpur, Malaysia
18 April 2018

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Non-current assets					
Property, plant and equipment	4	340,984	328,295	3,725	4,478
Land held for property development	5(a)	1,553,980	1,437,443	-	-
Investment properties	6	1,594,392	1,124,808	-	-
Investments in subsidiaries	7	-	-	3,668,753	3,215,576
Investments in associates	8	131,961	147,969	-	-
Investments in joint ventures	9(b)	482,070	502,971	351	351
Trade receivables	10	461,524	827,821	-	-
Other receivables	11	332,559	362,691	1,195	289
Due from related parties	12	8,360	7,181	749,175	649,175
Deferred tax assets	13	13,029	20,334	798	282
		4,918,859	4,759,513	4,423,997	3,870,151
Current assets					
Property development costs	5(b)	251,747	633,067	-	-
Inventories	14	461,229	131,956	-	-
Trade receivables	10	1,374,573	832,991	-	-
Other receivables	11	151,924	248,351	1,281	664
Due from related parties	12	371,225	270,091	941,183	2,017,035
Tax recoverable		3,378	9,381	-	-
Cash and bank balances	15	527,202	455,062	115,455	92,692
		3,141,278	2,580,899	1,057,919	2,110,391
Assets classified as held for sale	16	83,314	-	-	-
		3,224,592	2,580,899	1,057,919	2,110,391

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2017

		Group		Company	
		2017	**2016**	**2017**	**2016**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Current liabilities					
Trade payables	17	966,853	784,742	-	-
Other payables	18	249,657	183,183	24,486	20,421
Due to related parties	12	6,271	3,801	-	971,026
Borrowings	19	1,028,047	823,490	350,000	-
Tax payable		7,449	9,282	1,461	1,551
		2,258,277	1,804,498	375,947	992,998
Liabilities classified as held for sale	16	4	-	-	-
		2,258,281	1,804,498	375,947	992,998
Net current assets		996,311	776,401	681,972	1,117,393
		5,885,170	5,535,914	5,105,969	4,987,544
Financed by:					
Equity attributable to equity holders of the Company					
Share capital	27	3,210,132	631,061	3,210,132	631,061
Share premium	28	-	2,310,960	-	2,310,960
Reserves	29	(1,490,101)	(1,500,600)	3,615	6,013
Retained earnings	29	1,418,937	1,334,897	292,606	301,708
Treasury shares, at cost	27	(384)	(12,198)	(384)	(12,198)
		3,138,584	2,764,120	3,505,969	3,237,544
Non-controlling interests	30	8,089	33,864	-	-
Total equity		3,146,673	2,797,984	3,505,969	3,237,544
Non-current liabilities					
Trade payables	17	72,452	173,518	-	-
Other payables	18	355,676	364,745	-	-
Borrowings	19	2,257,132	2,158,712	1,600,000	1,750,000
Deferred tax liabilities	13	53,237	40,955	-	-
		2,738,497	2,737,930	1,600,000	1,750,000
		5,885,170	5,535,914	5,105,969	4,987,544

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 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	31	1,905,888	1,933,604	148,925	153,584
Cost of sales	32	(1,578,224)	(1,694,798)	-	-
Gross profit		327,664	238,806	148,925	153,584
Other operating income	33	280,475	61,907	3,026	3,099
Administration expenses		(95,273)	(71,823)	(21,511)	(14,946)
Other expenses		(199,430)	(46,393)	(4,353)	(1,314)
Operating profit		313,436	182,497	126,087	140,423
Finance costs	34	(63,154)	(61,528)	(118,229)	(130,422)
Share of results of associates	8	2,332	8,257	-	-
Share of results of joint ventures	9(b)	(21,965)	(7,226)	-	-
Profit before taxation	35	230,649	122,000	7,858	10,001
Taxation	36	(78,732)	(56,831)	(5,146)	(6,196)
Profit after taxation		151,917	65,169	2,712	3,805
Attributable to:					
Equity holders of the Company		154,622	68,375	2,712	3,805
Non-controlling interests	30	(2,705)	(3,206)	-	-
		151,917	65,169	2,712	3,805
Earnings per share attributable to equity holders of the Company (sen)					
- Basic	37(i)	11.29	5.50		
- Fully diluted	37(ii)	11.27	5.49		

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 2017

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit after taxation	151,917	65,169	2,712	3,805
Other comprehensive income:				
Foreign currency translation	(48,243)	19,750	-	-
Revaluation of freehold land and buildings	1,462	(207)	-	-
Other comprehensive income/(loss) for the year, net of tax	(46,781)	19,543	-	-
Total comprehensive income for the year	105,136	84,712	2,712	3,805
Total comprehensive income for the year attributable to:				
Equity holders of the Company	108,751	87,697	2,712	3,805
Non-controlling interests	(3,615)	(2,985)	-	-
	105,136	84,712	2,712	3,805

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 2017

		Attributable to equity holders of the Company														
			Non-distributable									Distributable				
	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 earnings (Note 29) RM'000	Total RM'000	Non-controlling interests (Note 30) RM'000	Total equity RM'000
Group																
At 1 January 2017		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
Profit/(loss) for the financial year		-	-	-	-	-	-	-	-	-	-	-	154,622	154,622	(2,705)	151,917
Other comprehensive income/(loss)		-	-	-	-	-	1,462	-	-	-	(47,333)	-	-	(45,871)	(910)	(46,781)
Total comprehensive income/(loss) for the year		-	-	-	-	-	1,462	-	-	-	(47,333)	-	154,622	108,751	(3,615)	105,136
Transactions with owners																
Share dividends distributed to shareholders	38	-	-	11,814	-	-	-	-	-	-	-	-	(11,814)	-	-	-
Dividends paid to non-controlling interest	30	-	-	-	-	-	-	-	-	-	-	-	-	-	(22,560)	(22,560)
Subscription of shares of a subsidiary by non-controlling interest	30	-	-	-	-	-	-	-	-	-	-	-	-	-	400	400
Arising from placement shares	27	177,807	-	-	-	-	-	-	-	-	-	-	-	177,807	-	177,807
Arising from share options exercised	27, 28	11,121	322	-	-	-	-	-	-	-	-	-	-	11,443	-	11,443
Arising from conversion of warrants	27	77,374	-	-	-	-	-	-	-	-	-	-	-	77,374	-	77,374
Transfer within reserve for ESOS exercised	27, 28	2,269	129	-	-	-	-	-	-	(2,398)	-	-	-	-	-	-
Transfer within reserve		-	-	-	-	-	-	(32)	-	-	-	-	32	-	-	-
Bonus issue of a subsidiary	29	-	-	-	-	-	-	-	58,800	-	-	-	(58,800)	-	-	-
Incidental costs of new shares	27	(5)	-	-	-	-	-	-	-	-	-	-	-	(5)	-	(5)
Incidental costs of placement shares	27	(906)	-	-	-	-	-	-	-	-	-	-	-	(906)	-	(906)
Transition to no par value regime	27, 28	2,311,411	(2,311,411)	-	-	-	-	-	-	-	-	-	-	-	-	-
At 31 December 2017		3,210,132	-	(384)	(1,554,791)	-	62,528	22	61,646	4,345	(65,289)	1,438	1,418,937	3,138,584	8,089	3,146,673

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2017

		← Attributable to equity holders of the Company →														
			← Non-distributable →									← Distributable →				
	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 earnings (Note 29) RM'000	Total RM'000	Non-controlling interests (Note 30) RM'000	Total equity RM'000
Group																
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/(loss)		-	-	-	-	-	(207)	-	-	-	19,529	-	-	19,322	221	19,543
Total comprehensive income/(loss) for the year		-	-	-	-	-	(207)	-	-	-	19,529	-	68,375	87,697	(2,985)	84,712
Transactions with owners																
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, 29	-	1,902	-	-	-	-	-	-	(1,902)	-	-	-	-	-	-
Transfer within reserve for warrants exercised	28, 29	-	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

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 2017

	Note	Share capital (Note 27) RM'000	Share premium (Note 28) RM'000	Treasury shares (Note 27) RM'000	Warrants reserve (Note 29) RM'000	Equity compensation reserve (Note 29) RM'000	Retained earnings (Note 29) RM'000	Total equity RM'000
		← Non-distributable				→	Distributable	
Company								
At 1 January 2017		631,061	2,310,960	(12,198)	-	6,013	301,708	3,237,544
Profit for the financial year		-	-	-	-	-	2,712	2,712
Total comprehensive income for the year		-	-	-	-	-	2,712	2,712
Transactions with owners								
Share dividends distributed to shareholders	38	-	-	11,814	-	-	(11,814)	-
Arising from placement shares	27	177,807	-	-	-	-	-	177,807
Arising from share options exercised	27, 28	11,121	322	-	-	-	-	11,443
Arising from conversion of warrants	27	77,374	-	-	-	-	-	77,374
Transfer within reserve for ESOS exercised	27, 28	2,269	129	-	-	(2,398)	-	-
Incidental costs of new shares	27	(5)	-	-	-	-	-	(5)
Incidental costs of placement shares	27	(906)	-	-	-	-	-	(906)
Transition to no par value regime	27, 28	2,311,411	(2,311,411)	-	-	-	-	-
At 31 December 2017		3,210,132	-	(384)	-	3,615	292,606	3,505,969
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
Transactions with owners								
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		-	-	-	(34,358)	-	34,358	-
At 31 December 2016		631,061	2,310,960	(12,198)	-	6,013	301,708	3,237,544

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 2017

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	230,649	122,000	7,858	10,001
Adjustments for:				
Interest income	(30,064)	(31,515)	(122,541)	(131,418)
Dividend income	-	-	(14,744)	(14,744)
Interest expense	63,154	46,300	118,229	130,422
Finance (income)/cost from loans and receivables	(17,873)	15,228	-	-
Net unrealised foreign exchange loss/(gains)	21,089	(12,947)	-	-
Allowance for doubtful debts				
- third parties	1,017	9,414	-	-
Impairment loss on amount due from a contract customer	164,588	-	-	-
Property, plant and equipment:				
- depreciation	14,237	14,960	925	900
- loss on disposal	1,681	338	1	-
- written off	44	98	-	-
Bad debts written off	1,196	-	3	-
Reversal of allowance for impairment of trade and other receivables	(2,481)	(9,543)	-	-
Net write down/(write back) in value of properties held for sale	949	(416)	-	-
Fair value gain on investment properties	(245,321)	(320)	-	-
(Reversal of)/provision of foreseeable losses for contract work in progress	(214)	137	-	-
Share of results of associates	(2,332)	(8,257)	-	-
Share of results of joint ventures	21,965	7,226	-	-
Operating profit/(loss) before changes in working capital	222,284	152,703	(10,269)	(4,839)
Development expenditure	(1,440)	(185,898)	-	-
Related parties	(120,932)	(101,779)	4,649	(156,110)
Joint ventures	(1,064)	4,187	-	-
Inventories	12,486	22,318	-	-
Receivables	(215,920)	(64,273)	(1,526)	296
Payables	137,311	50,288	4,065	(682)
Cash flows generated from/(used in) operations	32,725	(122,454)	(3,081)	(161,335)
Taxation paid	(54,936)	(41,476)	(5,752)	(861)
Net cash used in operating activities	(22,211)	(163,930)	(8,833)	(162,196)

STATEMENTS OF CASH FLOWS
for the financial year ended 31 December 2017

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities				
Dividend received	-	-	14,744	14,744
Interest received	30,064	31,515	122,541	131,418
Purchase of property, plant and equipment	(37,704)	(59,134)	(179)	(1,871)
Addition of investment properties	(185,154)	(221,564)	-	-
Purchase of land held for property development	(80,000)	-	-	-
Subscription of shares of a subsidiary by non-controlling interest	400	-	-	-
Investment in RCPS-A of a subsidiary	-	-	(453,000)	-
Investment in an associate	-	(3,000)	-	-
Redemption of cumulative redeemable preference shares by an associate	-	3,088	-	-
Dividend received from associates	18,810	10,994	-	-
Withdrawn/(placement) in deposits in licensed banks	24,755	(4,514)	(49,235)	-
Proceeds from disposal of property, plant and equipment	5,518	4,062	6	-
Net cash (used in)/generated from investing activities	(223,311)	(238,553)	(365,123)	144,291
Cash flows from financing activities				
Dividends paid	-	(24,981)	-	(24,981)
Interest paid	(150,527)	(126,030)	(118,229)	(130,422)
Proceeds from placement shares	177,807	-	177,807	-
Proceeds from share options exercised	11,443	7,480	11,443	7,480
Proceeds from conversion of warrants	77,374	85,104	77,374	85,104
Purchase of treasury shares	-	(1,433)	-	(1,433)
Payments to hire purchase payables	(6,154)	(541)	-	-
Proceeds from term loans	85,153	464,022	-	-
Proceeds from Sukuk Murabahah	200,000	-	200,000	-
Proceeds from revolving credits	355,564	255,164	-	-
Proceeds from bankers' acceptances	-	25,037	-	-
Repayment of term loans	(77,143)	(214,578)	-	-
Repayment of revolving credits	(263,561)	(138,848)	-	-
Repayment of bankers' acceptances	(12,021)	(7,777)	-	-
Incidental costs of issuance of new shares	(5)	-	(5)	-
Incidental costs of issuance of placement shares	(906)	-	(906)	-
Net cash generated from/(used in) financing activities	397,024	322,619	347,484	(64,252)

STATEMENTS OF CASH FLOWS
for the financial year ended 31 December 2017

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Net increase/(decrease) in cash and cash equivalents	151,502	(79,864)	(26,472)	(82,157)
Exchange differences	(46,400)	17,361	-	-
Cash and cash equivalents at beginning of the financial year	335,959	398,462	92,692	174,849
Cash and cash equivalents at end of the financial year	441,061	335,959	66,220	92,692

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	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	15	527,202	455,062	115,455	92,692
Cash and bank balances attributable to assets classified as held for sale	16	402	-	-	-
Bank overdrafts	24	-	(7,805)	-	-
		527,604	447,257	115,455	92,692
Less: Deposits with maturity more than 3 months	15	(49,404)	(161)	(49,235)	-
Less: Deposits with licensed banks	15	(37,139)	-	-	-
Less: Deposits with a licensed bank (restricted)	15	-	(111,137)	-	-
Total cash and cash equivalents		441,061	335,959	66,220	92,692

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). 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 2018.

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 2016 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 2017 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 2017, the Group and the Company adopted the following new and amended FRSs mandatory for annual financial periods beginning on or after 1 January 2017.

Descriptions	Effective for annual periods beginning on or after
FRS 107: *Disclosures Initiatives (Amendments to FRS 107)*	1 January 2017
FRS 112: *Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 112)*	1 January 2017
Annual Improvements to FRS Standards 2014 - 2016 Cycle - Amendments to FRS 12: *Disclosure of Interests in Other Entities: Clarification of the scope of disclose requirements in FRS 12*	1 January 2017

These new standards and amendments were applied for the first time in 2017. However, they did not have a material impact on these financial statements.

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 these amendments, entities are not required to provide comparative information for preceding periods. Apart from the additional disclosures in Note 45, the application of these amendments has had no impact on the Group and on the Company.

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

2.2 Changes in accounting policies *cont'd*

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.

The application of these amendments has had no impact on the Group and on the Company as the Group and the Company already assess the sufficiency of future taxable profits in a way that is consistent with these amendments.

Annual Improvements to FRS Standards 2014–2016 Cycle - Amendments to FRS 12: ***Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in FRS 12***

The amendments clarify that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. With the application of these amendments, the Group did not disclose the summarised financial information of it interest in a subsidiary which is classified as held for sales in the current financial year.

2.3 Standards issued but not yet effective

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

Descriptions	**Effective for annual periods beginning on or after**
MFRS 2: *Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)*	1 January 2018
MFRS 9: *Financial Instruments*	1 January 2018
MFRS 15: *Revenue from Contracts with Customers*	1 January 2018
MFRS 140: *Transfers of Investment Property (Amendments to MFRS 140)*	1 January 2018
Annual Improvements to MFRS Standards 2014 - 2016 Cycle	1 January 2018
IC Interpretation 22: *Foreign Currency Transactions and Advance Consideration*	1 January 2018
MFRS 9: *Prepayment Features with Negative Compensation (Amendments to MFRS 9)*	1 January 2019
MFRS 16: *Leases*	1 January 2019
MFRS 128: *Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)*	1 January 2019
Annual Improvements to MFRS Standards 2015 - 2017 Cycle	1 January 2019
MFRS 119: *Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)*	1 January 2019
IC Interpretation 23: *Uncertainty over Income Tax Treatments*	1 January 2019
MFRS 17: *Insurance Contracts*	1 January 2021
Amendments to MFRS 10 and MFRS 128: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

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

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

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:

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

The amendments to MFRS 2 address 3 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.

The amendments are effective for annual reporting periods beginning on or after 1 January 2018 with earlier application permitted. Specific transition provisions apply. The directors of the Company do not anticipate that the application of the amendments will have a significant impact on the Group's and the Company's financial statements as the Group and the Company do not have any cash-settled share-based payment arrangements or any withholding tax arrangements with tax authorities in relation to share-based payments.

MFRS 9: *Financial Instruments*

MFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 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. During 2017, the Group has performed a detailed impact assessment of all three aspects of MFRS 9. The assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group adopts MFRS 9.

Based on the analysis of the Group's financial assets and liabilities as at 31 December 2017 on the basis of facts and circumstances that exist at that date, the Directors of the Company have assessed the impact of MFRS 9 to the Group's financial statements as follows:

(i) Classification and measurement

The Group does not expect a significant impact on its statements of financial position or equity on applying the classification and measurement requirements of MFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value.

Loan and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

(ii) Impairment

The Group will apply the simplified approach and record lifetime expected losses on all trade receivables.

These amendments do not have a significant impact on the Group's financial statements.

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

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

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.

The Group plans to adopt the new standard on the required effective date using the full retrospective with practical expedient method. The Directors have assessed the effects of applying the new standard on the Group's financial statements and have identified the following areas that will be affected.

Presentation and disclosure requirements:

The presentation and disclosure requirements in MFRS 15 are more detailed than the current standard. Many of the disclosure requirements in MFRS 15 are new and the Group has assessed that the impact of some of these disclosures will be significant. In particular, the Group expects that the notes to the financial statements will be expanded because of the disclosure of significant judgments made: when determining the transaction price of those contracts that include variable consideration, how the transaction price has been allocated to each performance obligation, and the assumptions made to estimate the stand-alone selling prices of each performance obligation. In addition, extended disclosures are also expected as a result of the significant judgement made when assessing the contract where the Group has concluded that it acts as an agent instead of a principal. MFRS 15 also requires revenue recognised to be disaggregated into categories that depict the nature, amount, timing and uncertainty of revenue and cash flows.

In 2017, the Group continued testing the appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

In summary, the impact of MFRS 15 adoption is expected to be as follows:

Impact on equity (increase/(decrease)) as at 1 January 2017:

	RM'000
Equity	
Retained earnings	(179)

Impact on equity (increase/(decrease)) as at 31 December 2017:

	RM'000
Assets	
Trade receivables	(2,037)
Property development costs	796
Liabilities	
Tax payable	298
Equity	
Retained earnings	(943)

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

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

MFRS 15: *Revenue from Contracts with Customers* *cont'd*

In summary, the impact of MFRS 15 adoption is expected to be as follows: *cont'd*

Impact on the statement of profit or loss (increase/(decrease)) for the year ended 31 December 2017:

	RM'000
Revenue	(2,037)
Cost of sales	796
Taxation	298
Net impact on profit for the year	(943)
Attributable to equity holders of the Company	(943)

MFRS 140: *Transfers of Investment Property (Amendments to MFRS 140)*

The amendments clarify that when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of change in use.

Entities can apply these amendments either retrospectively (if this is possible without the use of hindsight) or prospectively. Earlier application of the amendments is permitted and must be disclosed. The Group will apply these amendments when they become effective. However, since the Group's current practice is in line with the clarifications issued, the Group does not expect any effect on its consolidated financial statements.

Annual Improvements to MFRS Standards 2014–2016 Cycle

The Annual Improvements to MFRS Standards 2014-2016 Cycle include a number of amendments to various MFRSs, which are summarised below:

(i) MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards – Deletion of short-term exemptions for first-time adopters

The Group shall apply these deletion of short-term exemption beginning on or after 1 January 2018.

(ii) MFRS 128 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

This amendments clarify that:

- an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition, on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.

- if an entity, that is not itself an investment entity, has an interest in associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at a later date on which:

  (a) the investment entity associate or joint venture is initially recognised;
  (b) the associate or joint venture becomes an investment entity; and
  (c) the investment entity associate or joint venture first becomes a parent.

  Earlier application of these amendments are permitted and must be disclosed.

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 FRS 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 FRS 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. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Classification of cash flows will also be affected as operating lease payments under FRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under FRS 117. Lessors will continue to classify all leases using the same classification principle as in FRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under FRS 117.

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 is in the midst of assessing the potential impact on adopting MFRS 16.

MFRS 119: *Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)*

The amendments require entities to use the updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement, which occurs during the reporting period. The amendments also clarify how the requirements for accounting for a plan amendment, curtailment or settlement affect the asset ceiling requirements.

The amendments should be applied prospectively to plan amendments, curtailments or settlements that occur on or after 1 January 2019, with earlier application permitted. These amendments will not have a significant impact on the Group's and the Company's financial statements.

Malaysian Financial Reporting Standards ("MFRS Framework")

The Group 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 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 earnings.

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

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

Malaysian Financial Reporting Standards ("MFRS Framework") *cont'd*

The Group has established a project team to plan and manage the adoption of the MFRS Framework. This project consists of the following phases:

(a) Assessment and planning phase

This phase involves the following:

(i) High level identification of the key differences between Financial Reporting Standards and accounting standards under the MFRS Framework and disclosures that are expected to arise from the adoption of MFRS Framework;

(ii) Evaluation of any training requirements; and

(iii) Preparation of a conversion plan.

(b) Implementation and review phase

This phase aims to:

(i) develop training programs for the staff;

(ii) formulate new and/or revised accounting policies and procedures for compliance with the MFRS Framework;

(iii) identify potential financial effects as at the date of transition, arising from the adoption of the MFRS Framework; and

(iv) develop disclosures required by the MFRS Framework.

The Group 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.

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 2017. 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);

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

2.4 Basis of consolidation *cont'd*

Specifically, the Group controls an investee if, and only if, the Group has: *cont'd*

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

2.4 Basis of consolidation *cont'd*

Business combinations and goodwill *cont'd*

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 or as a charge to OCI. If the contingent consideration is not within the scope of FRS 139, it is measured in accordance with the appropriate FRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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 parent of the Group, 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 parent.

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.

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

2.6 Foreign currencies *cont'd*

(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 comprehensive income 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.

2.7 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. As per Companies Act 2016, a distribution is authorised when it is approved by the shareholders.

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 comprehensive income.

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

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 and the Company depreciate 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 valuation 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:	128 years
-	Buildings:	3 to 60 years
-	Plant and machinery:	2 to 16 years
-	Motor vehicles:	5 to 17 years
-	Office equipment:	3 to 10 years
-	Furniture and fittings:	3 to 10 years
-	Renovations:	5 to 10 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.

2.9 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.

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

2.9 Investment properties *cont'd*

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised either when they have been disposed of 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 discounted 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 and the Company assess, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs 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.

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

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

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

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of the comprehensive income 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 and the Company estimate 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 the statement of the comprehensive income 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 subject only to terms that are usual and customary. 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.

Immediate before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets or disposal groups (other than investment properties, deferred tax assets, employees benefits assets and financial assets) are measured in accordance with FRS 5: *Non-current Assets Held for Sales* that is at the lower of carrying amount and fair value less cost to sell. Any difference are included in profit or loss.

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 comprehensive income 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 comprehensive income outside operating profit and presents 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 comprehensive income.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.15 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 and the Company commit to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in 4 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 and the Company have 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 statement of comprehensive income.

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.

<u>Loans and receivables</u>

This category is the most relevant to the Group and the Company. 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 the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income in finance costs for loans and in cost of sales or other operating expenses for receivables.

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

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

(i) Financial assets *cont'd*

Subsequent measurement *cont'd*

Loans and receivables *cont'd*

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 the statement of comprehensive income in finance costs. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

The Group and the Company evaluate whether the ability and intention to sell their AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group and the Company are unable to trade these financial assets due to inactive markets, the Group and the Company 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 carrying amount 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 the statement of comprehensive income.

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 and the Company's statements of financial position) when:

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

- The Group and the Company have 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 and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

(i) Financial assets *cont'd*

Derecognition *cont'd*

When the Group and the Company have 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 and the Company continue to recognise the transferred asset to the extent of the Group's and of the Company's continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

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

Impairment of financial assets

The Group and the Company assess, 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.

<u>Financial assets carried at amortised cost</u>

For financial assets carried at amortised cost, the Group and the Company first assess whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group and the Company determine 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 the statement of comprehensive income. Interest income (recorded as finance income in the statement of comprehensive income) 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 and the Company. 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 the statement of comprehensive income.

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

2.15 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 and the Company assess 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 the statement of comprehensive income – is removed from OCI and recognised in the statement of comprehensive income. 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 and the Company evaluate, 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 the statement of comprehensive income.

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 the statement of comprehensive income, the impairment loss is reversed through the statement of comprehensive income.

(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 and the Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments, if any.

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

2.15 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 and the Company 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 the statement of comprehensive income.

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 and the Company have not designated any financial liability as at fair value through profit or loss.

Trade and other payables

Trade and other payables are subsequently measured at amortised cost using the EIR method.

Loans and borrowings

This is the category most relevant to the Group and the Company. 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 the statement of comprehensive income.

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

Financial guarantee contracts

Financial guarantee contracts issued by the Group and the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

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

(ii) Financial liabilities *cont'd*

Derecognition

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

(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.

2.16 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 statements 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 and of the Company's cash management.

2.17 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 of by reference to the proportion of work performed to date to the estimated contract sum except for construction contracts of associates, jointly-controlled entities and foreign branches of the Group. The stage of completion of construction contracts of contracts of associates, jointly-controlled entities and foreign branches of the Group are 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.18 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.

(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.

2.19 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.

NOTES TO THE FINANCIAL STATEMENTS

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

2.20 Provisions

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

2.21 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.

2.22 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.

2.23 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 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.

2.24 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 and the Company participates in the national pension scheme as defined by the laws of the countries in which they have operations. The Malaysian companies in the Group make contributions to the Employees 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.

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

2.24 Employee benefits *cont'd*

(c) Share-based compensation

Employees of the Group and the Company 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 and the Company'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.

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 when the options are exercised.

2.25 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 and the Company 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 statement of comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group and the Company 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 comprehensive income on a straight-line basis over the lease term.

(b) As lessor

Leases in which the Group and the Company do 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.

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

2.26 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company 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 and the Company have 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.

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 sale of completed property units and land is recognised when risk and reward 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.

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

2.26 Revenue recognition *cont'd*

(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.

2.27 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 comprehensive income. 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.

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

2.27 Taxes *cont'd*

(b) Deferred tax *cont'd*

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.

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")

Revenue, 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.

2.28 Segment reporting

For management purposes, the Group is organised into operating segments based on its 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.

2.29 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 of 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 and of the Company's own equity instruments.

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

2.30 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

2.31 Current versus non-current classification

The Group and the Company present 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 and the Company classify all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.32 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*

2.32 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.

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 RM27,851,000 (2016: RM241,163,000) included in trade receivables.

(b) Percentage-of-completion

The Group recognises property development and construction contracts revenue and expenses in the statement of comprehensive income 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 RM389,530,000 (2016: RM430,378,000) included in trade and other receivables as detailed in Note 49.

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 comprehensive income. 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 RM22,564,000 (2016: RM2,111,000).

(h) Fair value 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 profit or loss. The Group engaged independent valuation specialists to assess fair value as at 31 December 2017 for land and buildings and investment properties. For investment properties except for vacant lands, a valuation methodology either based on a discounted cash flow ("DCF") or comparison method was used. 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
At 31 December 2017								
Cost/valuation								
At 1 January 2017	40,046	14,046	156,515	238,841	53,033	50,313	25,731	578,525
Additions	-	-	1,724	34,254	22,982	6,228	2,603	67,791
Transferred to investment properties (Note 6)	-	-	-	-	-	-	(8,686)	(8,686)
Disposals	-	-	-	(30,538)	(6,943)	(215)	-	(37,696)
Written off	-	-	-	(9)	(6)	(111)	-	(126)
Revaluation surplus/ (deficit)	3,350	-	(567)	-	-	-	-	2,783
Exchange differences	-	-	-	(6,084)	(390)	(855)	-	(7,329)
At 31 December 2017	43,396	14,046	157,672	236,464	68,676	55,360	19,648	595,262
Accumulated depreciation and impairment								
At 1 January 2017	-	285	20,932	163,755	27,179	38,079	-	250,230
Depreciation charge for the financial year	-	110	6,679	22,122	4,499	4,868	-	38,278
Disposals	-	-	-	(28,085)	(2,336)	(76)	-	(30,497)
Written off	-	-	-	(7)	(1)	(69)	-	(77)
Restatement of accumulated depreciation on revaluation	-	-	1,360	-	-	-	-	1,360
Exchange differences	-	-	-	(4,081)	(213)	(722)	-	(5,016)
At 31 December 2017	-	395	28,971	153,704	29,128	42,080	-	254,278
Net carrying amount								
At 31 December 2017	43,396	13,651	128,701	82,760	39,548	13,280	19,648	340,984

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**
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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

4. PROPERTY, PLANT AND EQUIPMENT *cont'd*

	Renovations, office equipment, furniture and fittings, total RM'000
Company	
At 31 December 2017	
Cost	
At 1 January 2017	5,998
Additions	179
Disposals	(9)
At 31 December 2017	6,168
Accumulated depreciation	
At 1 January 2017	1,520
Depreciation charge for the financial year	925
Disposals	(2)
At 31 December 2017	2,443
Net carrying amount	
At 31 December 2017	3,725
At 31 December 2016	
Cost	
At 1 January 2016	4,127
Additions	1,871
At 31 December 2016	5,998
Accumulated depreciation	
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

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 2017 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 2017 would have been as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Freehold land and buildings		
Cost	98,704	98,704
Accumulated depreciation	(11,484)	(10,167)
Net book value	87,220	88,537

Analysis of valuation of freehold land and buildings is as follows:

	Freehold land		Buildings	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Group				
Valuation	43,396	40,046	157,672	156,515
Accumulated depreciation	-	-	(28,971)	(20,932)
	43,396	40,046	128,701	135,583

Significant unobservable valuation input:

	Range	
	2017	**2016**
Price per square feet	RM18 - RM627	RM18 - RM437

Significant increases/(decreases) in estimated price per square feet in isolation would result in a significantly higher/(lower) fair value.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

4. **PROPERTY, PLANT AND EQUIPMENT** *cont'd*

(a) *cont'd*

Reconciliation of fair value

	Group	
	2017	**2016**
	RM'000	**RM'000**
As at 1 January	175,629	159,156
Level 3 revaluation recognised	1,423	(517)
Additions during the year	1,724	24,677
Reclassification	-	12
Depreciation charge during the year	(6,679)	(7,699)
As at 31 December	172,097	175,629

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	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash	37,704	61,872	179	1,871
Hire purchase	27,335	17,259	-	-
Other payables	2,752	1,609	-	-
	67,791	80,740	179	1,871

(c) The carrying amounts of the property, plant and equipment held under hire purchase arrangements are as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Motor vehicles	17,518	6,931
Machineries	20,647	9,671
	38,165	16,602

(d) The freehold land, buildings and building work in progress with an aggregate carrying amount of RM111,575,000 (2016: RM119,421,000) are pledged to financial institutions for term loans obtained as disclosed in Note 23.

(e) In the previous financial year, interest expense of RM2,738,000 was capitalised within building work in progress (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 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	133,834	-	6,067	139,901
Reclassification	(9,998)	-	9,998	-
At 31 December 2016/1 January 2017	863,903	305,062	268,478	1,437,443
Additions	85,167	-	91,835	177,002
Reclassified to assets held for sale (Note 16)	(46,592)	-	(13,873)	(60,465)
At 31 December 2017	902,478	305,062	346,440	1,553,980

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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 2017				
Cumulative property development costs				
At 1 January 2017	132,252	25,998	1,049,141	1,207,391
Cost incurred during the financial year	-	-	282,593	282,593
Reversal of completed projects	-	-	(15,516)	(15,516)
Transferred (to)/from investment properties (Note 6)	(85)	-	57	(28)
Unsold completed units transferred to inventories	(45,286)	(15,286)	(282,136)	(342,708)
At 31 December 2017	86,881	10,712	1,034,139	1,131,732
Cumulative costs recognised in statements of profit and loss				
At 1 January 2017	(35,340)	(9,534)	(529,450)	(574,324)
Recognised during the financial year	(6,881)	(1,178)	(313,118)	(321,177)
Reversal of completed projects	-	-	15,516	15,516
At 31 December 2017	(42,221)	(10,712)	(827,052)	(879,985)
Property development costs as at 31 December 2017	44,660	-	207,087	251,747

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 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	(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

The property development costs with a carrying amount of RM113,336,000 (2016: RM87,114,000) are pledged to a financial institution for a term loan obtained as disclosed in Note 23.

Interest costs of RM56,978,000 (2016: RM57,054,000) were capitalised within development costs during the financial year as disclosed in Note 34.

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6. INVESTMENT PROPERTIES

	Group		
	Investment properties	Investment properties under construction ("IPUC")	Total
	RM'000	RM'000	RM'000
	(At fair value)	(At cost)	
Fair value/cost			
At 1 January 2017	496,018	628,790	1,124,808
Additions	-	215,549	215,549
Transferred from property, plant and equipment (Note 4)	-	8,686	8,686
Transferred from property development costs (Note 5(b))	-	28	28
Transferred from IPUC to investment properties	853,053	(853,053)	-
Gain from fair value adjustment (Note 33)	245,321	-	245,321
At 31 December 2017	1,594,392	-	1,594,392
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

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 RM30,395,000 (2016: RM19,938,000) as disclosed in Note 34.

	Group	
	2017	2016
	RM'000	RM'000
Rental and car park income derived from investment properties	55,448	36,987
Direct operating expenses (including repair and maintenance) of income generating properties (Note 35)	(18,099)	(5,078)
Profit arising from investment properties carried at fair value	37,349	31,909

Investment properties with an aggregate carrying amount of RM49,920,000 (2016: RM48,520,000) are held under lease terms.

Investment properties are stated at their fair value as at 31 December 2017. 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.

6. INVESTMENT PROPERTIES *cont'd*

Investment properties with an aggregate carrying amount of RM1,495,278,000 (2016: RM1,070,683,000) are pledged as securities for borrowings as disclosed in Note 23.

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 2016	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/As at 1 January 2017	37,920	447,498	10,600	496,018
Transferred from IPUC to investment properties	-	853,053	-	853,053
Remeasurement recognised in profit or loss (in other operating income)	-	243,921	1,400	245,321
As at 31 December 2017	37,920	1,544,472	12,000	1,594,392

Description of valuation techniques used and key inputs to valuation of investment properties:

	Valuation technique	Significant unobservable inputs	Range (weighted average) 2017	2016
Retail properties	Investment method	Estimated rental value per square feet per month	RM2.42 - RM2.50	RM2.42
		Rent growth per annum	7.41%	7.41%
		Long term vacancy rate	10%	15%
		Discount rate	6.00% - 6.50%	6.00% - 6.50%
Retail properties	Comparison method	Difference in location, time factor, size, and tenure	-25.00% - +5.00%	-
Vacant lands	Comparison method	Difference in location, time factor, size, and tenure	-20.00% - +20.00%	-25.00% - +5.00%

Significant changes to the unobservable inputs would result in significant changes in fair value.

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6. 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.

The Group is in the midst of applying for strata title for an investment property with a net carrying amount of RM37,700,000 (2016: RM37,700,000).

7. INVESTMENTS IN SUBSIDIARIES

	Company 2017 RM'000	Company 2016 RM'000
Unquoted shares, at cost	3,204,915	3,204,915
Equity contribution	177	-
Redeemable convertible preference shares-A (Note 7(d))	453,000	-
Arising from ESOS granted to subsidiaries' employees	10,661	10,661
	3,668,753	3,215,576

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Principal activities	Proportion of ownership interest 2017 (%)	Proportion of ownership interest 2016 (%)
WCT Berhad	Malaysia	Engineering, construction works and investment holding	100	100
WCT Land Sdn. Bhd. (Note 7(d))	Malaysia	Investment holding	100	100
WCT Equity Sdn. Bhd. (1) (Note 7(b))	Malaysia	Provision of treasury and fund management services	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. (Note 7(b))	Malaysia	Dormant	-	100
WCT Plantations Sdn. Bhd. (1)	Malaysia	Dormant	100	100
WCT Green Sdn. Bhd. (1)	Malaysia	Dormant	100	100
WCT Group Sdn. Bhd. (1)	Malaysia	Dormant	100	100
Cebarco-WCT W.L.L. (1)	Kingdom of Bahrain	Construction works	50	50
WCT Engineering Vietnam Company Limited (1)	Vietnam	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 2017 (%)	2016 (%)
Held by WCT Berhad: *cont'd*				
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 works	60	60
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. [(1)]	Malaysia	Property investment	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 2017 (%)	2016 (%)
Held by WCT Land Sdn. Bhd.: *cont'd*				
WCT Property Management Sdn. Bhd. [1]	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. [1]	Malaysia	Dormant	100	100
WCT Realty Sdn. Bhd. [1]	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.	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. [1]	Malaysia	Dormant	100	100
WCT Precious Development Sdn. Bhd. (Note 7(e))	Malaysia	Dormant	20	100
WCT Phenomenon Development Sdn. Bhd. [1]	Malaysia	Dormant	100	100
WCT Malls Management Sdn. Bhd.	Malaysia	Malls management	100	100
WCT Land and Development (Australia) Pty Ltd (Note 7(c))	Australia	Dormant	-	100
Kekal Kirana Sdn. Bhd. (Note 7(a))	Malaysia	Property development	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 2017 (%)	2016 (%)
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
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*

7. **INVESTMENTS IN SUBSIDIARIES** *cont'd*

(a) Acquisition of a new subsidiary

WCT Land Sdn. Bhd. ("WCTL"), a wholly-owned subsidiary of the Company, had on 27 April 2017, subscribed for 9,998 new ordinary shares at a subscription price of RM0.10 per ordinary share in Kekal Kirana Sdn. Bhd. ("KKSB") representing 99.98% of the enlarged issued and paid-up share capital of KKSB for a total consideration of RM999.80 pursuant to a subscription and shareholders agreement dated 26 April 2017 entered into between KKSB, the 2 existing shareholders of KKSB and WCTL.

Following the completion of the shares subscription on 27 April 2017 and the acquisition of the remaining 2 ordinary shares in KKSB on 23 May 2017, KKSB is now a wholly-owned subsidiary of WCTL.

(b) Transfer of shareholding of a subsidiary

On 31 July 2017, WCT Berhad, a wholly-owned subsidiary of the Company, transferred 2 ordinary shares of WCT Equity Sdn. Bhd. representing its entire equity interest in WCT Equity Sdn. Bhd. to the Company at a total consideration of RM2.00.

(c) Deregisteration of a subsidiary

On 7 September 2017, WCT Land and Development (Australia) Pty Ltd, the Company's indirect wholly-owned subsidiary in Australia was deregistered from the Australian Securities & Investment Commission.

(d) Investment in Redeemable Convertible Preference Share A ("RCPS-A") of a subsidiary

On 30 October 2017, the Company invested 453,000,000 RCPS-A at RM1.00 each of WCTL for a total cash consideration of RM453,000,000.

The salient terms of RCPS-A are as follows:

(i) The issue price is RM1.00 per RCPS-A;

(ii) The RCPS-A have a perpetual tenure;

(iii) The RCPS-A's holder shall not be entitled to receive any fixed dividend. Dividend may be declared by the Directors of WCTL at their discretion;

(iv) Upon issuance thereof, the RCPS-A shall not be sold, transferred or assigned without the prior written consent of the Directors of WCTL;

(v) The RCPS-A may be redeemed by WCTL at the redemption price at any time during the tenure at the option of and at the sole discretion of WCTL (subject to the consent of the lender of WCTL, if applicable), and subject to a minimum of 1,000 RCPS-A for each redemption or multiples thereof. For avoidance of doubt, WCTL shall be under no obligation to redeem the RCPS-A from the Company at any particular time;

(vi) The RCPS-A shall be redeemed at a price to be determined by the Directors of WCTL. Where the proposed redemption price is less than the issue price, the same shall be subject to the approval and acceptance of the Company;

(vii) Unless redeemed earlier, the RCPS-A may, at any time and at the discretion of the Company be converted to ordinary shares of WCTL. The conversion ratio of each RCPS-A shall be fixed at 1 RCPS-A surrendered for cancellation for every 1 new ordinary shares of WCTL; and

(viii) The RCPS-A shall rank *pari passu* without any preference or priority among themselves, the existing preference shares in issue and any new preference shares which are created and issued which ranks *pari passu* with the RCPS-A. The RCPS-A rank in priority to the ordinary shares of WCTL but shall rank behind all secured and unsecured obligations of WCTL.

7. INVESTMENTS IN SUBSIDIARIES *cont'd*

(e) Subscription and shareholders agreement

Details on subscription and shareholders agreement of a subsidiary are disclosed in Note 16(i).

(f) Business combinations

There were no new business combinations during the financial year.

(g) 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 2017	Group 2016
Intraxis Engineering Sdn. Bhd. ("IESB")	Malaysia	40%	40%
Cebarco-WCT W.L.L. ("Cebarco WCT Bahrain")	Kingdom of Bahrain	50%	50%

	Group 2017 RM'000	Group 2016 RM'000
Accumulated balances of material non-controlling interests:		
IESB	559	23,085
Cebarco WCT Bahrain	6,769	10,327
Other individually immaterial non-controlling interests	762	452
	8,090	33,864
Total comprehensive income/(loss) allocated to material non-controlling interests:		
IESB	34	2,441
Cebarco WCT Bahrain	(3,558)	(3,960)
Other individually immaterial non-controlling interests	(90)	(1,466)
	(3,614)	(2,985)

7. **INVESTMENTS IN SUBSIDIARIES** *cont'd*

(g) **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 2017:

	IESB RM'000	Cebarco WCT Bahrain RM'000	Total RM'000
Cost of sales	-	(5,622)	(5,622)
Other income	126	160	286
Administrative expenses	(14)	-	(14)
Profit/(loss) before tax	112	(5,462)	(5,350)
Income tax	(27)	-	(27)
Profit/(loss) for the year	85	(5,462)	(5,377)
Other comprehensive income for the year, net of tax	-	(1,654)	(1,654)
Total comprehensive income/(loss)	85	(7,116)	(7,031)
Attributable to:			
Non-controlling interests	34	(3,558)	(3,524)
Other individually immaterial non-controlling interests	-	-	(92)
	34	(3,558)	(3,616)

7. **INVESTMENTS IN SUBSIDIARIES** *cont'd*

(g) **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 2016:

	IESB RM'000	Cebarco WCT Bahrain RM'000	Total 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*

(g) **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 2017:

	IESB RM'000	Cebarco WCT Bahrain RM'000	Total RM'000
Tax recoverable (current)	2,085	-	2,085
Trade receivables (non-current)	-	13,260	13,260
Trade and other receivables (current)	45	29,612	29,657
Cash and bank balances (current)	3,877	6,322	10,199
Trade and other payables (non-current)	-	(32,985)	(32,985)
Trade and other payables (current)	(1,260)	(46)	(1,306)
Amount due to related parties (current)	(3,350)	(2,625)	(5,975)
Total equity	1,397	13,538	14,935
Attributable to:			
Non-controlling interest	559	6,769	7,328
Other individually immaterial non-controlling interests	-	-	760
Total non-controlling interest	559	6,769	8,088

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

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7. INVESTMENTS IN SUBSIDIARIES *cont'd*

(g) 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 cash flows information for year ended 31 December 2017:

	IESB RM'000	Cebarco WCT Bahrain RM'000	Total RM'000
Operating	(536)	(1,613)	(2,149)
Investing	126	-	126
Net decrease in cash and cash equivalents	(410)	(1,613)	(2,023)

Summarised cash flows information for year ended 31 December 2016:

	IESB RM'000	Cebarco WCT Bahrain RM'000	Total RM'000
Operating	(951)	(458)	(1,409)
Investing	139	-	139
Net decrease in cash and cash equivalents	(812)	(458)	(1,270)

8. INVESTMENTS IN ASSOCIATES

	Group 2017 RM'000	Group 2016 RM'000
Unquoted shares, at cost	60,108	60,108
Group's share of post acquisition profit and reserves	84,201	100,679
	144,309	160,787
Exchange difference	(12,348)	(12,818)
	131,961	147,969
Represented by:		
Group's share of net identifiable assets	131,961	147,969

8. INVESTMENTS IN ASSOCIATES *cont'd*

Details of the associates are as follows:

Name of company	Country of incorporation	Principal activities	Proportion of ownership interest 2017 (%)	2016 (%)
Held by WCT Berhad:				
Khalid Abdulrahim Group WCT W.L.L.	Kingdom of Bahrain	Construction works	50	50
KKBWCT Joint Venture [(1)] Sdn. Bhd. ("KKBWCT")	Malaysia	Construction works	30	30
Held by WCT (International) Private Limited:				
Gamuda-WCT (Offshore) Private Limited and its subsidiary (Note 8(a))	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.

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31 December 2017

8. INVESTMENTS IN ASSOCIATES *cont'd*

These associates have no material capital commitments as at 31 December 2017 or 2016.

These associates have reported a combined contingent liabilities of RM130,946,000 (2016: RM96,839,000) as at reporting date. The Group's share of these contingent liabilities approximate RM39,284,000 (2016: RM29,052,000) as disclosed in Note 42(d).

(a) Redemption of cumulative redeemable preferences shares ("CRPS")

In previous 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.

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.

	KKBWCT RM'000	Mapex RM'000	Emas RM'000	Other individually immaterial associates RM'000	Total RM'000
2017					
(i) Summarised statements of financial position					
Non-current assets	2,660	88,760	73,920	248,838	414,178
Current assets	50,666	115,086	87,615	41,172	294,539
Total assets	53,326	203,846	161,535	290,010	708,717
Non-current liabilities	(406)	(4,411)	(480)	-	(5,297)
Current liabilities	(39,010)	(64,166)	(40,118)	(1,821)	(145,115)
Total liabilities	(39,416)	(68,577)	(40,598)	(1,821)	(150,412)
Net assets	13,910	135,269	120,937	288,189	558,305
(ii) Summarised statements of profit and loss and other comprehensive income					
Revenue	118,009	6,174	6,207	66,449	196,839
Finance income	-	24,433	16,641	-	41,074
Profit/(loss) for the year	3,753	2,757	(1,427)	67,133	72,216

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*

	KKBWCT RM'000	Mapex RM'000	Emas RM'000	Other individually immaterial associates RM'000	Total RM'000
2017 *cont'd*					
(iii) Group's share of net assets, representing carrying amount of Group's interest in associates	4,173	40,581	36,281	38,965	120,000
Foreign exchange effect on investments in subsidiaries of associates	-	-	-	11,961	11,961
	4,173	40,581	36,281	50,926	131,961
(iv) Group's share of results of associates					
Profit/(loss) for the year	1,126	827	(428)	20,140	21,665
Dividend received from subsidiaries of associates	-	-	-	(19,333)	(19,333)
	1,126	827	(428)	807	2,332
(v) Dividend received from associates	-	-	-	18,810	18,810
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*

	KKBWCT RM'000	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

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 2017 (%)	Proportion of ownership interest 2016 (%)
Held by WCT Berhad:				
Malaysia - China Hydro Joint Venture	Malaysia	Construction works	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 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 works	50	50
AES - WCT Contracting L.L.C.	United Arab Emirates	Road, bridges and dam contracting	49	49

9. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES *cont'd*

(a) Investments in joint operations *cont'd*

Details of the incorporated/unincorporated joint operations are as follows: *cont'd*

Name of joint operations	Country of operations	Principal activities	Proportion of ownership interest 2017 (%)	2016 (%)
Held by WCT Berhad: *cont'd*				
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..

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 2017 RM'000	Group 2016 RM'000
Assets and liabilities		
Current assets	89,617	95,922
Non-current assets	746,085	817,601
	835,702	913,523
Current liabilities	(598,588)	(671,402)
Non-current liabilities	(252,133)	(300,084)
	(850,721)	(971,486)
	(15,019)	(57,963)
Results		
Revenue	177,853	256,469
Expenses	(134,909)	(227,184)
Profit before tax	42,944	29,285
Taxation	-	-
Profit after tax	42,944	29,285

9. **INVESTMENTS IN JOINTLY CONTROLLED ENTITIES** *cont'd*

(b) Investments in joint ventures

	Group		Company	
	2017	**2016**	**2017**	**2016**
	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	64,691	86,656	-	-
Unrealised profit	4,380	3,316	-	-
Arising from ESOS granted to joint ventures' employees	351	351	351	351
	482,070	502,971	351	351
Represented by:				
Group's share of net identifiable assets	482,070	502,971	351	351

Details of the joint ventures are as follows:

Name of joint ventures	Country of incorporation	Principal activities	Proportion of ownership interest 2017 (%)	Proportion of ownership interest 2016 (%)
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 and negative covenants of the joint venture borrowing facilities.

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 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
2017			
(i) Summarised statements of financial position			
Non-current assets	951,791	569,621	1,521,412
Current assets	394,927	119,619	514,546
Total assets	1,346,718	689,240	2,035,958
Non-current liabilities	(424,378)	(434,999)	(859,377)
Current liabilities	(386,412)	(101,497)	(487,909)
Total liabilities	(810,790)	(536,496)	(1,347,286)
Net assets	535,928	152,744	688,672
(ii) Summarised statements of profit and loss and other comprehensive income			
Revenue	72,116	121,613	193,729
(Loss)/profit for the year	(55,410)	24,032	(31,378)
(iii) Group's share of net assets, representing carrying amount of Group's interest in joint ventures	375,150	106,921	482,070
(iv) Group's share of results of joint ventures	(38,787)	16,822	(21,965)

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 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			
(i) Summarised statements of financial position			
Non-current assets	865,569	589,310	1,454,879
Current assets	677,280	99,741	777,021
Total assets	1,542,849	689,051	2,231,900
Non-current liabilities	(668,823)	(427,035)	(1,095,858)
Current liabilities	(284,208)	(133,304)	(417,512)
Total liabilities	(953,031)	(560,339)	(1,513,370)
Net assets	589,818	128,712	718,530
(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	412,873	90,098	502,971
(iv) Group's share of results of joint ventures	(21,385)	14,159	(7,226)
(v) Share of capital commitment (Note 41)	10,068	-	10,068

10. TRADE RECEIVABLES

	Group	
	2017	2016
	RM'000	RM'000
Current		
Trade receivables	668,507	446,231
Accrued billings in respect of property development	83,340	118,182
Retention sum on contracts receivable within 1 year	351,290	187,786
Due from contract customers	289,908	101,235
	1,393,045	853,434
Less: Allowance for doubtful debts	(18,472)	(20,443)
	1,374,573	832,991
Non-current		
Trade receivables	20,714	22,887
Retention sum on contracts receivable after 1 year	214,480	329,467
Due from contract customers	226,330	475,467
	461,524	827,821
Total	1,836,097	1,660,812

Details of the Group's trade receivables subject to enforcement of an arbitration award are disclosed in Note 49.

(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 (2016: 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 RM136,675,000 (2016: RM67,559,000) which bear interest at 6.56% (2016: 6.78% to 7.75%) 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 49. 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			
2017			
Not past due	983,657	(3,996)	979,661
Past due 0-30 days	208,747	-	208,747
Past due 31-120 days	22,216	-	22,216
Past due more than 120 days	40,371	(14,476)	25,895
	1,254,991	(18,472)	1,236,519
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

Movements of the allowance accounts are as follows:

	Group 2017 RM'000	Group 2016 RM'000
At 1 January	20,443	21,796
Charge for the year	826	7,528
Reversal of impairment losses	(2,142)	(9,500)
Exchange differences	(655)	619
At 31 December	18,472	20,443

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	
	2017	**2016**
	RM'000	**RM'000**
Aggregate costs incurred to date	12,327,327	11,867,279
Add: Attributable profits	306,860	374,729
Less: Foreseeable losses	(218)	(432)
	12,633,969	12,241,576
Less: Progress billings	(12,245,821)	(11,758,620)
	388,148	482,956
Represented by:		
Due from contract customers	516,238	576,702
Due to contract customers (Note 17)	(128,090)	(93,746)
	388,148	482,956
Contract revenue recognised during the financial year (Note 31)	1,302,970	1,482,183
Contract cost recognised during the financial year (Note 32)	(1,152,822)	(1,396,897)

During the financial year, the Group recognised an impairment loss on the amount due from a contract customer amounting to RM164,588,000 as disclosed in Note 35(a). In June 2017, several countries in the Middle East abruptly cut off diplomatic relations with Qatar. The severing of relations included imposing trade and travel bans. The Board of Directors, having considered the facts and circumstances relating to the geo-political situation in Qatar, decided to impair the amount due from a contract customer of RM164,588,000.

The costs incurred to date on construction contracts include the following charges made during the financial year:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Wages and salaries	60,174	69,039
Other staff related expenses	35,530	24,462
Hiring of machineries	56,366	55,346
Rent of premises	4,054	2,392
Depreciation of property, plant and equipment	24,041	20,616
Property, plant and equipment written off	5	-

11. OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current				
Sundry receivables	40,456	39,045	488	252
Deposits	26,588	14,521	4	4
Payment for land acquisition and related costs (Note (i))	-	22,300	-	-
Advances to sub-contractors (Note (ii))	85,344	155,378	-	-
Prepayments	6,301	1,543	789	408
Advances to non-controlling interest of subsidiaries (Note (iii))	1,581	24,149	-	-
	160,270	256,936	1,281	664
Less: Allowance for doubtful debts	(8,346)	(8,585)	-	-
	151,924	248,351	1,281	664
Non-current				
Deposits	9,648	9,883	1	1
Sundry receivables	18,094	19,989	-	-
Advances to sub-contractors	56,783	60,487	-	-
Prepayments	2,342	875	1,194	288
Performance security deposit (Note 49)	245,692	271,457	-	-
	332,559	362,691	1,195	289
	484,483	611,042	2,476	953

(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 deposit has been classified as assets held for sale upon subscription of 80.00% equity shares in WCT Precious Development Sdn. Bhd. by CORE (Singapore) TRX Investment Pte. Ltd. and China Communications Construction Company (M) Sdn. Bhd. on 24 November 2017 as disclosed in Note 16.

(ii) The Group's outstanding advances to sub-contractors in excess of 1 year as at 31 December 2017 amounted to RM10,556,000 (2016: RM30,314,000). 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	
	2017	**2016**
	RM'000	**RM'000**
At 1 January	8,585	6,666
Charge for the year	191	1,886
Reversal of impairment losses	(339)	(43)
Exchange differences	(91)	76
At 31 December	8,346	8,585

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 an arbitration award are disclosed in Note 49.

12. DUE FROM/(TO) RELATED PARTIES

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Due from related parties:				
Current				
Subsidiaries				
- current accounts				
- interest bearing	-	-	896,119	1,985,509
- non-interest bearing	-	-	44,549	31,131
Associates				
- trade accounts				
- non-interest bearing	12,283	-	-	-
- current accounts				
- interest bearing	2,891	3,852	-	-
- non-interest bearing	6	198	-	-
Joint ventures				
- trade accounts				
- interest bearing	148,461	138,078	-	-
- non-interest bearing	27,530	21,363	-	-
- current accounts				
- interest bearing	178,618	106,073	-	-
- non-interest bearing	1,436	527	515	395
	371,225	270,091	941,183	2,017,035

12. DUE FROM/(TO) RELATED PARTIES *cont'd*

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Due from related parties: *cont'd*				
Non-current				
Subsidiaries				
- current accounts				
- interest bearing	-	-	749,175	649,175
Joint ventures				
- trade accounts				
- non-interest bearing	8,360	7,181	-	-
	8,360	7,181	749,175	649,175
	379,585	277,272	1,690,358	2,666,210
Due to related parties:				
Current				
Subsidiaries				
- current accounts				
- interest bearing	-	-	-	(971,026)
Associates				
- current accounts				
- non-interest bearing	(3,441)	(3,801)	-	-
Joint ventures				
- trade accounts				
- non-interest bearing	(2,808)	-	-	-
- current accounts				
- non-interest bearing	(22)	-	-	-
	(6,271)	(3,801)	-	(971,026)

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 4.808% to 6.40% (2016: 4.853% to 6.40%) per annum during the financial year with credit terms of 90 days (2016: 90 days) and are repayable on demand.

13. DEFERRED TAXATION

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
At 1 January	20,621	33,218	(282)	(436)
Recognised in the profit or loss (Note 36)	19,626	(12,287)	(516)	154
Recognised in equity (Note 36)	(39)	(310)	-	-
At 31 December	40,208	20,621	(798)	(282)
Presented after appropriate offsetting as follows:				
Deferred tax assets	(13,029)	(20,334)	(798)	(282)
Deferred tax liabilities	53,237	40,955	-	-
	40,208	20,621	(798)	(282)

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	Other payables	Unused tax losses and unabsorbed capital allowances	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2017	(90)	(3,216)	(14,033)	(209)	(17,548)
Recognised in the profit or loss	80	(2,024)	(4,172)	6,091	(25)
At 31 December 2017	(10)	(5,240)	(18,205)	5,882	(17,573)
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)

13. DEFERRED TAXATION *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 2017	(11,092)	18,862	30,399	38,169
Recognised in the profit or loss	7,857	11,401	393	19,651
Recognised in equity	-	(39)	-	(39)
At 31 December 2017	(3,235)	30,224	30,792	57,781
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

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.

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM'000
At 1 January 2017	54
Recognised in the profit or loss	4
At 31 December 2017	58
At 1 January 2016	3
Recognised in the profit or loss	51
At 31 December 2016	54

13. DEFERRED TAXATION *cont'd*

Deferred tax assets of the Company:

	Other payables RM'000
At 1 January 2017	(336)
Recognised in the profit or loss	(520)
At 31 December 2017	(856)
At 1 January 2016	(439)
Recognised in the profit or loss	103
At 31 December 2016	(336)

The amounts of unused tax losses of which no deferred tax assets are recognised in the statements of financial position are as follows:

	Group	
	2017 RM'000	**2016 RM'000**
Unused tax losses	23,275	8,796
Unused tax losses in foreign countries	60	-
Unused tax losses in foreign branches	169,690	-
	193,025	8,796
Deferred tax at rates prevailing in the respective jurisdictions, if recognised	22,564	2,111

Deferred tax assets have not been recognised in respect of these items as they have arisen in entities that have a recent history of losses or in entities 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	
	2017	2016
	RM'000	RM'000
Consumable stocks, at cost	376	343
Properties held for sale, at cost	457,978	131,043
Properties held for sale, at net realisable value	2,875	570
	461,229	131,956
Costs of inventories recognised as an expense	(74,549)	(89,918)

Certain properties held for sale with an aggregate carrying amount of RM2,412,000 (2016: RM2,412,000) are in the process of being registered in the respective subsidiaries' names.

15. CASH AND BANK BALANCES

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Deposits:				
With licensed banks [a]	298,886	160,648	113,883	88,021
With licensed banks [b]	37,139	-	-	-
With a licensed bank (restricted) [c]	-	111,137	-	-
	336,025	271,785	113,883	88,021
Cash and bank balances	127,313	170,476	1,572	4,671
Cash held under Housing Development Accounts [d]	62,796	12,801	-	-
Escrow account	1,068	-	-	-
	191,177	183,277	1,572	4,671
Total cash and bank balances	527,202	455,062	115,455	92,692

(a) The maturities of the deposits are as follows:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Less than 3 months	249,482	160,487	64,648	88,021
More than 3 months but less than 1 year	49,404	161	49,235	-
	298,886	160,648	113,883	88,021

15. CASH AND BANK BALANCES *cont'd*

(b) Deposits with licensed banks of the Group are pledged to banks to secure banking facilities.

(c) In the previous financial year, the deposits of RM111,137,000 which were 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. The revolving credit was repaid during the financial year.

(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

	Group	
	2017	**2016**
	RM'000	**RM'000**
Assets		
Balance as at 1 January	-	139,930
Arising from dilution of interest in a subsidiary (Note 16(i))	22,849	-
Arising from disposal of land held for property development (Note 16(ii))	60,465	-
Reclassified to land held for property development (Note 16(iii))	-	(139,930)
Balance as at 31 December	83,314	-
Liabilities		
Balance as at 1 January	-	1
Arising from dilution of interest in a subsidiary (Note 16(i))	4	-
Reclassified to other payables (Note 16(iii))	-	(1)
Balance as at 31 December	4	-

(i) On 29 August 2017, WCTL and WCT Precious Development Sdn. Bhd. ("WCTPD") had entered into a shareholders agreement ("SA") with CCCG Overseas Real Estate Pte. Ltd. ("CORE") whereby WCTL and CORE will be cooperating and working together through WCTPD to develop a parcel on Plot 12 (B10.14-RT) which sits on a part of Geran 75981 Lot 20014 and Geran 76430 Lot 20022, both situated in Section 67 Bandar Kuala Lumpur ("Development Land").

Pursuant to the SA, CORE has nominated CORE (Singapore) TRX Investment Pte. Ltd. ("CORE SPV") and China Communications Construction Company (M) Sdn. Bhd. ("CCCC (M)") as the new shareholders of WCTPD to subscribe for 200,000,000 new ordinary shares in WCTPD ("Shares") representing 80.00% of the enlarged issued share capital of WCTPD for a total subscription consideration of RM200,000,000 in cash ("Total Subscription Consideration").

16. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE *cont'd*

(i) *cont'd*

To facilitate and to realise the equity proportion of the new shareholders ("Equity Proportion"), WCTPD shall issue the Shares to WCTL, CORE SPV and CCCC (M) in the following manner:

		WCTPD		
	WCTL	**CORE SPV**	**CCCC (M)**	**Total**
	No. of shares	**No. of shares**	**No. of shares**	**No. of shares**
Equity Proportion (upon completion)	20%	65%	15%	100%
Existing shareholdings	100,000	-	-	100,000
(i) Initial subscription	4,900,000	16,250,000	3,750,000	24,900,000
(ii) Subsequent subscription	45,000,000	146,250,000	33,750,000	225,000,000
Total	50,000,000	162,500,000	37,500,000	250,000,000

The above subscription of new Shares by WCTL, CORE SPV and CCCC (M) shall hereinafter referred to as the "Proposed Joint Investment".

On 25 October 2017, a supplemental agreement ("Supplemental Agreement") was entered into to vary the schedule of subscription of shares in WCTPD by WCTL and the companies nominated by CORE.

On 21 November 2017, a second supplemental agreement ("Second Supplemental Agreement") was entered into with CORE, CORE SPV and CCCC (M), which is supplemental to the SA dated 29 August 2017 ("Principal Shareholders Agreement") and the Supplemental Agreement dated 25 October 2017, to vary the schedule of subscription of shares in WCTPD by WCTL and the companies nominated by CORE in the following manner:

		WCTPD		
	WCTL	**CORE SPV**	**CCCC (M)**	**Total**
	No. of shares	**No. of shares**	**No. of shares**	**No. of shares**
Equity Proportion (upon completion)	20%	65%	15%	100%
Existing shareholdings	100,000	-	-	100,000
(i) Preliminary subscription	-	325,000	75,000	400,000
(ii) Initial subscription	4,900,000	15,925,000	3,675,000	24,500,000
(iii) Subsequent subscription	45,000,000	146,250,000	33,750,000	225,000,000
Total	50,000,000	162,500,000	37,500,000	250,000,000

On 24 November 2017, CORE SPV and CCCC (M) have subscribed for 325,000 and 75,000 ordinary shares respectively in WCTPD (Note 30).

With the subscription by CORE SPV and CCCC (M), the equity interest held by WCTL in WCTPD will dilute from 100.00% to 20.00%. WCTPD will cease to be a subsidiary of WCTL upon completion of the Proposed Joint Investment.

As at the date of this report, the Proposed Joint Investment has become unconditional.

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16. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE *cont'd*

(i) *cont'd*

In accordance with FRS 5: Non-current Assets Held for Sale and Discontinued Operations, the assets and liabilities of WCTPD is classified as assets and liabilities held for sale as at 31 December 2017.

The major classes of assets and liabilities held for sale as at 31 December 2017 were as follows:

	Group 2017 RM'000
Assets	
Payment for land acquisition and related costs	22,447
Cash and bank balances	402
Non-current assets classified as held for sale	22,849
Liabilities	
Other payables, representing total liabilities classified as held for sale	4

(ii) During the financial year, the Group had committed to a plan to sell certain land held for property development, and has entered into conditional sale and purchase agreements to dispose certain lands with a total carrying amount of RM60,465,000. The details are as follow:

(a) On 24 January 2018, WCT Pioneer Development Sdn. Bhd., a wholly-owned subsidiary of WCTL, entered into a conditional sale and purchase agreement with Seong Henng Engineering Works (M) Sdn. Bhd. for the disposal of a parcel of freehold land held under Geran 284618, Lot 27504 measuring approximately 202,313 square metres, located at Seksyen 20, Bandar Serendah, District of Ulu Selangor, State of Selangor for a total consideration of RM34,000,000. A deposit of RM3,400,000 was received on 25 January 2018.

(b) On 24 January 2018, Gabungan Efektif Sdn. Bhd., a wholly-owned subsidiary of WCTL, entered into a conditional sale and purchase agreement with Hap Seng Realty (Auto) Sdn. Bhd. for the disposal of a parcel of freehold land held under Geran 331490, Lot 168853 measuring approximately 29,874 square metres, located at Mukim Klang, District of Klang, State of Selangor for a total consideration of RM54,665,880. A deposit of RM546,659 was received on 21 November 2017 and stakeholder sum of RM3,006,623 was received by the solicitors on 24 January 2018.

(c) On 2 February 2018, WCT Assets Sdn. Bhd., a wholly-owned subsidiary of WCTL, entered into a conditional sale and purchase agreement with Established Metal Industries Sdn. Bhd. for the disposal of 2 parcels of lands held under Geran 97897, Lot 40018 and Geran 97899, Lot 40022 measuring approximately 82,790 and 74,800 square metres respectively, located at Seksyen 20, Bandar Serendah, District of Ulu Selangor, State of Selangor for a total consideration of RM27,140,560. A deposit of RM2,714,056 was received on 2 February 2018.

As at the date of this report, the disposals of the above lands have yet to be completed.

16. **NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE** *cont'd*

(iii) On 1 December 2015, 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 ("JCSB Shares") representing 50.00% of the enlarged issued and paid-up share capital of JCSB for a total subscription consideration of RM214,880,743. The subscription of JCSB Shares by Sunrise was to result in a dilution of WCTL's equity interest in JCSB from 100.00% to 50.00% ("Proposed Dilution"). Pursuant to the Proposed Dilution, WCTL and Sunrise will have equal proportion of interest i.e. 50.00% each in JCSB. Hence, JCSB was cease to be a subsidiary of WCTL and the Company upon completion of the SSA. Accordingly, the deemed disposal of 50.00% 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.

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	
	2017	**2016**
	RM'000	**RM'000**
Current		
Trade payables	562,191	485,713
Progress billings in respect of property development	-	4,257
Retention sum on contracts payable within 1 year	276,572	201,026
Due to contract customers (Note 10(b))	128,090	93,746
	966,853	784,742
Non-current		
Trade payables	5,526	24,622
Retention sum on contracts payable after 1 year	66,926	148,896
	72,452	173,518
Total	1,039,305	958,260

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2016: 30 to 90 days).

Details of trade payables subject to enforcement of an arbitration award are disclosed in Note 49.

18. OTHER PAYABLES

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current				
Sundry payables	11,921	4,757	61	87
Accruals	72,915	43,739	24,005	19,965
Provision for foreseeable losses [(a)]	278	289	-	-
Provision for liquidated ascertained damages	-	6,303	-	-
Advances received from customers on contracts	86,677	56,583	-	-
Advances from a non-controlling interest of subsidiaries				
- non-interest bearing	288	299	-	-
Advances from shareholders of joint ventures				
- non-interest bearing	41,834	49,200	-	-
Others	35,744	22,013	420	369
	249,657	183,183	24,486	20,421
Non-current				
Sundry payables	181,451	200,479	-	-
Advances received from customers on contracts	148,580	147,463	-	-
Others	25,645	16,803	-	-
	355,676	364,745	-	-
	605,333	547,928	24,486	20,421

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 an arbitration award are disclosed in Note 49.

(a) Movements in the provision for foreseeable losses are as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
At 1 January	289	369
Utilised during the year	(11)	(80)
At 31 December	278	289

19. BORROWINGS

		Group		Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Current					
Secured:					
Hire purchase payables	20	9,690	3,426	-	-
Revolving credits	21	279,164	307,733	-	-
Term loans	23	46,720	243,640	-	-
		335,574	554,799	-	-
Unsecured:					
Revolving credits	21	307,155	186,583	-	-
Bankers' acceptances	22	13,016	25,037	-	-
Term loans	23	22,302	49,266	-	-
Bank overdrafts	24	-	7,805	-	-
Medium term notes	25	200,000	-	200,000	-
Sukuk Murabahah	26	150,000	-	150,000	-
		692,473	268,691	350,000	-
		1,028,047	823,490	350,000	-
Non-current					
Secured:					
Hire purchase payables	20	29,818	13,292	-	-
Term loans	23	627,314	395,420	-	-
		657,132	408,712	-	-
Unsecured:					
Medium term notes	25	800,000	1,000,000	800,000	1,000,000
Sukuk Murabahah	26	800,000	750,000	800,000	750,000
		1,600,000	1,750,000	1,600,000	1,750,000
		2,257,132	2,158,712	1,600,000	1,750,000
Total borrowings					
Hire purchase payables	20	39,508	16,718	-	-
Revolving credits	21	586,319	494,316	-	-
Bankers' acceptances	22	13,016	25,037	-	-
Term loans	23	696,336	688,326	-	-
Bank overdrafts	24	-	7,805	-	-
Medium term notes	25	1,000,000	1,000,000	1,000,000	1,000,000
Sukuk Murabahah	26	950,000	750,000	950,000	750,000
		3,285,179	2,982,202	1,950,000	1,750,000

19. BORROWINGS *cont'd*

As at the reporting date, unutilised borrowings available for use are as follows:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Revolving credits	349,072	371,730	-	-
Term loan	250,587	335,740	-	-
Hire purchase	9,119	7,904	-	-
Bank overdrafts	49,500	188,335	-	-
Sukuk Murabahah	550,000	750,000	550,000	750,000
Other trade lines	203,491	141,111	-	-
	1,411,769	1,794,820	550,000	750,000

Other information on the borrowings are disclosed in Note 44.

20. HIRE PURCHASE PAYABLES

	Group	
	2017	2016
	RM'000	RM'000
Future minimum lease payments:		
Not later than 1 year	11,520	4,217
Later than 1 year and not later than 2 years	10,989	4,158
Later than 2 years and not later than 5 years	21,456	10,494
Total future minimum lease payments	43,965	18,869
Less: Future finance charges	(4,457)	(2,151)
Present value of finance lease liabilities	39,508	16,718
Analysis of present value of hire purchase payables:		
Not later than 1 year	9,690	3,426
Later than 1 year and not later than 2 years	9,645	3,548
Later than 2 years and not later than 5 years	20,173	9,744
	39,508	16,718
Less: Amount due within 12 months	(9,690)	(3,426)
Amount due after 12 months	29,818	13,292

The hire purchase payables are secured by a charge over the leased assets (Note 4) and bears weighted average effective interest rate at 4.99% per annum (2016: 5.02%).

21. REVOLVING CREDITS

	Group	
	2017	2016
	RM'000	RM'000
Secured		
Revolving credit I	70,000	70,000
Revolving credit II	-	200,000
Revolving credit III	209,164	37,733
	279,164	307,733
Unsecured		
Revolving credit II	100,000	-
Revolving credit IV	15,000	5,000
Revolving credit V	192,155	181,583
	307,155	186,583
	586,319	494,316

Revolving credit I is secured on the same terms as Term Loan I as mentioned in Note 23 and bear interest at 0.50% (2016: 0.50%) per annum over the bank's cost of funds.

In the previous financial year, 50.00% of revolving credit II was secured by a charge over fixed deposits as disclosed in Note 15(c) and bore interest at 4.55% per annum. The secured portion of the revolving credit II was fully repaid during the current financial year and the remaining RM100,000,000 is unsecured and bear interest at 4.56% per annum.

Revolving credit III is secured by a charge over bank accounts receiving all contract proceeds of 3 local projects (2016: 2 local projects) undertaken by the Group and bear interest ranging from 4.31% to 6.06% per annum (2016: 5.98% to 7.00%).

Revolving credit IV is secured by corporate guarantee from a subsidiary and bear interest at 1.25% (2016: 1.25%) per annum over the bank's cost of funds.

Revolving credit V is unsecured and bear interest at rates ranging from 3.00% to 5.15% (2016: 3.00% to 4.45%) 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. BANKERS' ACCEPTANCES

	Group	
	2017	2016
	RM'000	RM'000
Unsecured		
Bankers' acceptances	13,016	25,037

The bankers' acceptances bear interest at rates ranging from 3.91% to 4.06% (2016: 3.90% to 4.30%) per annum. These bankers' acceptances have a maturity period of 112 to 120 (2016: 90 to 120) days.

23. TERM LOANS

	Group	
	2017	**2016**
	RM'000	**RM'000**
Secured		
Term loan I	199,200	224,800
Term loan II	316,160	264,260
Term loan III	158,674	150,000
	674,034	639,060
Unsecured		
Term loan IV	22,302	49,266
Total term loans	696,336	688,326
The term loans are repayable as follows:		
Not later than 1 year	69,022	292,906
Later than 1 year and not later than 2 years	105,394	25,120
Later than 2 years and not later than 5 years	362,770	256,770
Later than 5 years	159,150	113,530
	696,336	688,326
Less: Amount due within 12 months	(69,022)	(292,906)
Amount due after 12 months	627,314	395,420

(i) Term loan I together with the revolving credit I as mentioned in Note 21 are secured by way of a fixed charge over the freehold lands owned by 2 subsidiaries as disclosed in Notes 4 and 6; debentures over 2 subsidiaries; specific debenture over a subsidiary in respect of a mall ("Mall"); legal assignment of rental proceeds of the Mall pursuant to a lease agreement; charge over bank accounts receiving all the rental proceeds and car park collection of the Mall and revenue of a hotel ("Hotel"); and legal assignment of insurances of the Mall and the Hotel. The term loan I bears interest at 4.98% (2016: 4.98%) per annum. The term loan I was extended for a five year period and is repayable in equal monthly instalments over 59 months with a final instalment in the 60th month commencing from January 2018 at interest rate of 5.00% for the first two years and followed by interest rate of 5.25% per annum for the remaining years.

(ii) Term loan II comprises facilities obtained by a subsidiary via a facility agreement dated 18 December 2014 ("the TL-II Facilities") as follows:

- Term Loan 1 ("TL1") is a Commodity Murabahah Term Financing-I ("CMTF-I") to part finance the construction of the serviced apartment.

- Term Loan 2 ("TL2") is a CMTF-I to part finance the construction of the Paradigm Mall Johor Bahru ("Paradigm JB") and car park including the infrastructure.

- Term Loan 3 ("TL3") is to part finance the construction of a hotel.

23. TERM LOANS *cont'd*

(ii) *cont'd*

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 a subsidiary; legal assignment of rental proceeds of the Paradigm JB and car park; legal assignment over bank accounts receiving all the rental proceeds and car park collection of the Paradigm JB, disposal proceeds of development properties (except for proceeds to be deposited to Housing Development Account) and investment properties as disclosed in Notes 4, 5 and 6, and proceeds from insurances claims (if any); and legal assignment of the right and benefits of a subsidiary under the insurances policies.

The TL2 are repayable over 24 quarterly principal payments commencing on the 9th quarter from the date of first drawdown i.e. 7 April 2017. The margin of profit rate is 1.20% (2016: 1.20%) per annum and 1.00% (2016: 1.00%) above the banks' cost of funds during the construction stage and upon completion respectively.

TL1 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") as follows:

- Term Loan A ("TL-A") is a CMTF-I to part reimburse advances from the shareholders and/or the Company and its related companies, 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 to 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 and speficic debenture over the OUG Project Land as disclosed in Note 5; legal assignment of all insurance in respect of the development on the OUG Project Land; legal assignment over bank accounts receiving all disposal proceeds of development properties (except for proceeds to be deposited to Housing Development Account) as disclosed in Notes 4, 5 and 6, and proceeds from insurances claims (if any).

The TL-A is repayable over 12 equal quarterly principal payments with the first payment to commence on the 9th quarter from the date of first disbursement of TL-A and/or upon receiving redemption sum of 25.00% of the selling price of each development properties on the OUG Project Land, whichever is earlier and higher. The margin of profit rate is 1.25% (2016: 1.25%) per annum above the bank's cost of funds.

The TL-B is repayable over 11 equal quarterly principal payments and a final principal payment, with the first payment to commence on the 9th quarter from the date of first disbursement of TL-B and/or upon receiving redemption sum of 25.00% of the selling price of each development properties on the OUG Project Land with TL-A taking precedent, whichever is earlier and higher.

(iv) Term loan IV was obtained from a financial institution in Qatar to finance a project of WCT Berhad's ("WCTB") branch in Qatar. This loan carries finance costs at commercial rate of 5.50% (2016: 5.50%). The loan has a maturity period of 3 months (2016: 3 months).

24. BANK OVERDRAFTS

	Group	
	2017	**2016**
	RM'000	**RM'000**
Unsecured	-	7,805

In the previous financial year, the unsecured bank overdrafts of the subsidiaries were guaranteed by the Company and bore interest at rates ranging from 4.55% to 7.85% per annum.

25. MEDIUM TERM NOTES ("MTN")

	Group/Company	
	2017	**2016**
	RM'000	**RM'000**
Unsecured		
The MTNs are repayable as follows:		
Not later than 1 year	200,000	-
Later than 1 year and not later than 2 years	-	200,000
Later than 2 years and not later than 5 years	800,000	800,000
	1,000,000	1,000,000
Less: Amount due within 12 months	(200,000)	-
Amount due after 12 months	800,000	1,000,000

On 27 March 2013, WCTB ("Issuer") established a MTN Programme of up to RM1,000,000,000 in nominal value ("MTN Programme") 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 the Issuer, 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 the Issuer (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 are 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	
	2017	2016
	RM'000	RM'000
Unsecured		
The Sukuk Murabahah are repayable as follows:		
Not later than 1 year	150,000	-
Later than 1 year and not later than 2 years	-	150,000
Later than 2 years and not later than 5 years	100,000	100,000
Later than 5 years	700,000	500,000
	950,000	750,000
Less: Amount due within 12 months	(150,000)	-
Amount due after 12 months	800,000	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 the Group's working capital requirements, capital expenditure and investments specific to the Group's principal activities, excluding the construction or acquisition of hotel(s);

(ii) refinancing of the 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.

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26. SUKUK MURABAHAH *cont'd*

On 11 May 2017, the Company issued an additional RM200,000,000 of Sukuk Murabahah under the Shariah principle of Murabahah with a tenure of 5 years at a profit rate of 5.32% per annum and payable semi-annually in arrears commencing 6 months after the issue date.

27. SHARE CAPITAL

	Group/Company			
	Number of ordinary shares		Amount	
	2017	2016	2017	2016
	'000	'000	RM'000	RM'000
Authorised:				
At 1 January	2,000,000	2,000,000	1,000,000	1,000,000
Adjustment for the effects of Companies Act 2016 [1]	(2,000,000)	-	(1,000,000)	-
At 31 December	-	2,000,000	-	1,000,000
Issued and fully paid:				
At 1 January	1,262,121	1,200,819	631,061	600,410
Share options exercised under:				
- ESOS 2013/2023 (Note 27(c))	7,912	6,040	11,121	3,020
Conversion of Warrants:				
- 2013/2016 (Note 27(d))	-	55,262	-	27,631
- 2013/2017 (Note 27(e))	44,368	*	75,869	*
- 2015/2020 (Note 27(f))	724	-	1,505	-
Placement shares	100,456	-	177,807	-
Transfer within reserve arising from ESOS exercised	-	-	2,269	-
Incidental costs of new shares	-	-	(5)	-
Incidental costs of placement shares	-	-	(906)	-
Adjustment for the effect of Companies Act 2016[1] (Note 28)	-	-	2,311,411	-
At 31 December	1,415,581	1,262,121	3,210,132	631,061

* *Represents 400 ordinary shares.*

[1] *The Companies Act 2016 which came into effective on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.*

27. SHARE CAPITAL *cont'd*

(a) Issue of shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from 1,262,122,420 shares to 1,415,581,871 shares by way of issuance of:

(i) 7,912,000 new ordinary shares pursuant to the exercise of the ESOS at the exercise price ranging between RM1.18 to RM1.63 per ordinary share;

(ii) 44,368,140 new ordinary shares pursuant to the conversion of Warrants 2013/2017 at an exercise price of RM1.71 per ordinary share for cash;

(iii) 723,311 new ordinary shares pursuant to the conversion of Warrants 2015/2020 at an exercise price of RM2.08 per ordinary share for cash; and

(iv) 100,456,000 new ordinary shares pursuant to the private placement exercise at an issue price of RM1.77 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.

(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, 8,480,335 treasury shares were distributed as share dividends to the shareholders on 22 June 2017 on the basis of 1 treasury share for every 165 ordinary shares held at the entitlement date on 8 June 2017, fractions of treasury shares was disregarded.

In the previous 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 2017, the total shares held as treasury shares amounted to 239,736 (2016: 8,720,071) ordinary shares at a total cost of RM384,347 (2016: RM12,198,246).

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 10.00% 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");

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:

(aa) has attained the age of 18 years;

(bb) has been in the employment of any company(s) within the Group for a period of at least 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 1 year of employment in the Group following the date such company becomes or is deemed to be a subsidiary of the Company.

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 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 10.00% 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 20.00% 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 10.00% from the weighted average market price of the Company's shares traded on Bursa Malaysia for the 5 market days preceding the date of offer;

(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

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*

(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.

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the financial year:

			Number of share options					
				Movement during the year				
Grant date	Expiry date	Exercise price	Outstanding at 1 January	Granted	(Exercised)	(Forfeited)	Outstanding at 31 December	Exercisable at 31 December
		RM	'000	'000	'000	'000	'000	'000
2017								
30 August 2013	18 July 2023	1.63	8,199	-	(1,811)	(92)	6,296	6,296
15 August 2014	18 July 2023	1.55	8,721	-	(3,492)	(127)	5,102	5,102
18 September 2015	18 July 2023	1.18	5,562	-	(2,609)	(54)	2,899	2,899
			22,482	-	(7,912)	(273)	14,297	14,297
WAEP (RM)			1.49	-	1.45	1.50	1.51	1.51
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

(i) Details of share options outstanding at the end of the financial year:

	WAEP RM	Exercise period
2017		
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
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

At 31 December 2017, there are 14,297,000 (2016: 22,482,000) options exercisable at the WAEP of RM1.51 (2016: RM1.49) 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 7,912,000 (2016: 6,040,000) ordinary shares at a weighted average exercise price of RM1.45 (2016: RM1.24).

(iii) Fair value of share options granted during the financial year

The fair value of share options granted 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 previous financial year to take up new ordinary shares in the Company were as follows:

	Number of warrants '000
At 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 Malaysia, a board lot of warrants shall be 100 warrants carrying the right to subscribe for 100 ordinary shares in the Company;

(ii) The exercise price was RM2.75 per ordinary share 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 these warrants. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid;

(vi) The new ordinary shares were issued pursuant to the exercise of these 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 Malaysia 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 in the Company were as follows:

	Number of warrants '000
At 1 January 2016	163,624
Converted to ordinary shares	*
At 31 December 2016/1 January 2017	163,624
Converted to ordinary shares	(44,368)
Lapsed	(119,256)
At 31 December 2017	-

* *Represents 400 warrants.*

The salient terms of the warrants were 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 Malaysia, a board lot of warrants shall be 100 warrants carrying the right to subscribe for 100 ordinary shares in the Company;

(ii) The exercise price was RM2.25 per ordinary share 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 was for a period of 5 years commencing on and including the date of allotment of these warrants. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid;

(v) The new ordinary shares were issued pursuant to the exercise of these 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 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 of the Company.

27. **SHARE CAPITAL** *cont'd*

(e) **Warrants 2013/2017** *cont'd*

The salient terms of the warrants were as follows: *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 Malaysia on 8 July 2013.

Warrants 2013/2017 had lapsed on 11 December 2017.

(f) **Warrants 2015/2020**

The movements in these warrants to take up new ordinary shares in the Company were as follows:

	Number of warrants '000
At 1 January 2016/31 December 2016/1 January 2017	236,621
Converted to ordinary shares	(724)
At 31 December 2017	235,897

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 Malaysia, a board lot of warrants shall be 100 warrants carrying the right to subscribe for 100 ordinary shares in the Company;

(ii) The exercise price is RM2.08 per ordinary share 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 Malaysia on 4 September 2015.

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28. SHARE PREMIUM

	Group/Company	
	2017	2016
	RM'000	RM'000
Non-distributable		
At 1 January	2,310,960	2,228,460
Arising from share options exercised	322	4,460
Arising from conversion of warrants	-	57,473
Transfer within reserve arising from ESOS exercised	129	1,902
Transfer within reserve arising from warrants exercised	-	18,665
Adjustment for the effect of Companies Act 2016 (Note 27)	(2,311,411)	-
At 31 December	-	2,310,960

29. RESERVES

		Group		Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Non-distributable					
Revaluation reserve	(a)	62,528	61,066	-	-
Other reserve		22	54	-	-
Capital reserve	(b)	61,646	2,846	-	-
Equity compensation reserve	(c)	4,345	6,743	3,615	6,013
Exchange reserve	(d)	(65,289)	(17,956)	-	-
Warrants reserve	(e)	-	-	-	-
Internal reorganisation reserve	(f)	(1,554,791)	(1,554,791)	-	-
		(1,491,539)	(1,502,038)	3,615	6,013
Distributable					
General reserve	(g)	1,438	1,438	-	-
		(1,490,101)	(1,500,600)	3,615	6,013

29. RESERVES *cont'd*

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.

(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 was transferred to the share capital accounts upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants on the expiry date of the exercise period was transferred to retained earnings.

(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 366 of the Companies Act 2016.

(g) General reserve

(i) Under the provisions of the Bahrain Commercial Companies Law, a statutory reserve equivalent to 10.00% of the subsidiary's net profit before appropriation is required to be transferred to a non-distributable reserve account until no less than 50.00% of the share capital; and

29. RESERVES *cont'd*

The nature and purpose of each category of the reserves are as follows: *cont'd*

(g) General reserve *cont'd*

(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 10.00% but less than 12.50% of paid-up capital	Not less than 2.50% of current profits
~ Exceeds 12.50% but less than 15.00% of paid-up capital	Not less than 5.00% of current profits
~ Exceeds 15.00% but less than 20.00% of paid-up capital	Not less than 7.50% of current profits
~ Exceeds 20.00% of paid-up capital	Not less than 10.00% of current profits

(h) Retained earnings

The Company may distribute dividends out of its entire retained earnings under the single-tier system.

30. NON-CONTROLLING INTERESTS

	Group	
	2017	**2016**
	RM'000	**RM'000**
At 1 January	33,864	36,849
Share of losses for the financial year	(2,705)	(3,206)
Dividends paid	(22,560)	-
Subscription of shares of a subsidiary (Note 16(i))	400	-
Exchange differences	(910)	221
At 31 December	8,089	33,864

31. REVENUE

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Contract revenue on engineering and construction works (Note 10(b))	1,302,970	1,482,183	-	-
Interest income	9,825	4,743	122,433	131,328
Dividend income	-	-	14,744	14,744
Management fees	4,610	2,530	11,748	7,512
Sale of development properties	430,950	274,184	-	-
Sale of goods	76,335	75,760	-	-
Sale of properties held for sale	6,074	34,528	-	-
Rental income	48,208	30,005	-	-
Car park income	7,240	6,982	-	-
Hotel income	19,676	22,689	-	-
	1,905,888	1,933,604	148,925	153,584

32. COST OF SALES

	Group	
	2017	2016
	RM'000	RM'000
Construction contract costs (Note 10(b))	1,152,822	1,396,897
Cost of development properties	307,424	176,692
Cost of goods sold	73,299	71,733
Cost of properties held for sale	1,250	18,185
Cost of maintenance of investment properties	15,437	2,664
Cost of services provided	18,315	18,094
Cost incurred on car park operation	2,662	2,414
Cost of sales - hotel	7,015	8,119
	1,578,224	1,694,798

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33. OTHER OPERATING INCOME

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Interest income	11,981	15,134	108	90
Interest income from joint ventures	6,241	10,157	-	-
Interest income from associates	79	43	-	-
Murabahah profits	1,938	1,438	-	-
Net unrealised (loss)/gain on foreign exchange	(21,089)	12,947	-	-
Rental income	9,747	7,482	2,516	2,572
Loss on disposal of property, plant and equipment	(1,681)	(338)	(1)	-
Net realised gain/(loss) on foreign exchange	617	(47)	-	-
Fair value gain on investment properties (Note 6)	245,321	320	-	-
Finance income from loans and receivables	17,873	-	-	-
Sale of scaffolding	70	36	-	-
Insurance claim	659	97	-	-
Reversal of allowance for impairment of trade and other receivables	2,481	9,543	-	-
Write back in value of properties held for sale	-	416	-	-
Others	6,238	4,679	403	437
	280,475	61,907	3,026	3,099

34. FINANCE COSTS

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Interest expense				
- term loans	35,651	22,432	-	-
- bank overdrafts	24	503	-	-
- banker's acceptances	687	629	-	-
- revolving credits	21,849	19,510	-	-
- hire purchase	1,575	144	-	-
- profit on MTNs	44,600	44,665	44,600	44,665
- profit on Sukuk Murabahah	45,081	38,057	45,081	38,057
- interest to subsidiaries	-	-	28,548	47,700
- others	1,060	90	-	-
	150,527	126,030	118,229	130,422
- less: Amount capitalised under property, plant and equipment (Note 4)	-	(2,738)	-	-
- less: Amount capitalised under property development costs (Note 5 (b))	(56,978)	(57,054)	-	-
- less: Amount capitalised under investment properties (Note 6)	(30,395)	(19,938)	-	-
	63,154	46,300	118,229	130,422
Finance costs from loans and receivables	-	15,228	-	-
	63,154	61,528	118,229	130,422

NOTES TO THE FINANCIAL STATEMENTS

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35. PROFIT BEFORE TAXATION

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
(a) The following amounts have been included in arriving at profit before taxation:				
Auditors' remuneration				
- statutory	677	629	73	73
- underprovision in prior years	86	105	8	-
- other services	-	8	-	8
Rent of premises	2,943	4,138	2,796	2,765
Depreciation of property, plant and equipment	14,237	14,960	925	900
Bad debts written off	1,196	-	3	-
Allowance for doubtful debts				
- third parties	1,017	9,414	-	-
Impairment loss on amount due from a contract customer	164,588	-	-	-
Property, plant and equipment written off	44	98	-	-
Write down in value of properties held for sale	949	-	-	-
Direct expenses (including repair and maintenance) attributable to income generating investment properties (Note 6)	18,099	5,078	-	-
(Reversal of)/provision for foreseeable losses for contract work in progress	(214)	137	-	-
(b) Employee benefits expense				
Staff costs (excluding Directors' remuneration)				
- wages and salaries	56,463	41,048	3,124	1,473
Social security costs	572	464	6	3
Employees' Provident Fund contribution	7,032	5,050	484	215
Bonus and ex-gratia	6,059	2,092	622	166
Other staff related expenses	6,929	4,145	567	250
	77,055	52,799	4,803	2,107

35. PROFIT BEFORE TAXATION *cont'd*

(c) Directors' remuneration

	Salaries and other emoluments	Fees	Bonus	Defined contribution plan	Share option granted under ESOS	Estimated money value of benefits-in-kind	Indemnity given to or insurance effected for Directors	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 December 2017								
Group								
Executive								
Tan Sri Lim Siew Choon	2,400	13	800	384	-	42	4	3,643
Dato' Lee Tuck Fook	1,715	24	760	296	-	-	1	2,796
Goh Chin Liong	1,716	12	572	274	106	62	4	2,746
Liang Kai Chong	936	12	312	150	-	56	4	1,470
Choe Kai Keong	596	7	-	72	97	23	3	798
	7,363	68	2,444	1,176	203	183	16	11,453
Non-executive								
Tan Sri Marzuki Bin Mohd Noor	18	60	-	-	-	-	1	79
Datuk Ab Wahab Bin Khalil	13	60	-	-	-	-	1	74
Dato' Ng Sooi Lin	7	45	-	-	-	-	1	53
Ng Soon Lai @ Ng Siek Chuan	10	55	-	-	-	-	1	66
	48	220	-	-	-	-	4	272
	7,411	288	2,444	1,176	203	183	20	11,725

NOTES TO THE FINANCIAL STATEMENTS
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35. PROFIT BEFORE TAXATION *cont'd*

(c) Directors' remuneration *cont'd*

	Salaries and other emoluments RM'000	Fees RM'000	Bonus RM'000	Defined contribution plan RM'000	Share option granted under ESOS RM'000	Estimated money value of benefits-in-kind RM'000	Indemnity given to or insurance effected for Directors RM'000	Total RM'000
At 31 December 2016								
Group								
Executive								
Tan Sri Lim Siew Choon	200	-	-	24	-	-	-	224
Goh Chin Liong	1,320	12	440	211	-	39	-	2,022
Liang Kai Chong	636	12	212	102	-	31	-	993
Taing Kim Hwa	1,900	60	-	205	188	55	-	2,408
Choe Kai Keong	684	12	228	109	-	36	-	1,069
Wong Yik Kae	336	10	-	47	59	-	-	452
	5,076	106	880	698	247	161	-	7,168
Non-executive								
Dato' Lee Tuck Fook	5	10	-	-	-	-	-	15
Tan Sri Marzuki Bin Mohd Noor	5	10	-	-	-	-	-	15
Datuk Ab Wahab Bin Khalil	3	10	-	-	-	-	-	13
Dato' Capt. Ahmad Sufian @ Qurnain Bin Abdul Rashid	20	100	-	-	19	17	-	156
Choo Tak Woh	44	10	-	-	11	-	-	65
Andrew Lim Cheong Seng	48	20	-	-	9	-	-	77
	125	160	-	-	39	17	-	341
	5,201	266	880	698	286	178	-	7,509

35. PROFIT BEFORE TAXATION *cont'd*

(c) Directors' remuneration *cont'd*

	Salaries and other emoluments	Fees	Bonus	Defined contribution plan	Share option granted under ESOS	Estimated money value of benefits-in-kind	Indemnity given to or insurance effected for Directors	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 December 2017								
Company								
Executive								
Tan Sri Lim Siew Choon	2,400	13	800	384	-	42	4	3,643
Dato' Lee Tuck Fook	1,715	24	760	296	-	-	1	2,796
Goh Chin Liong	1,716	12	572	274	106	62	4	2,746
Liang Kai Chong	936	12	312	150	-	56	4	1,470
Choe Kai Keong	596	7	-	72	97	18	3	793
	7,363	68	2,444	1,176	203	178	16	11,448
Non-executive								
Tan Sri Marzuki Bin Mohd Noor	18	60	-	-	-	-	1	79
Datuk Ab Wahab Bin Khalil	13	60	-	-	-	-	1	74
Dato' Ng Sooi Lin	7	45	-	-	-	-	1	53
Ng Soon Lai @ Ng Siek Chuan	10	55	-	-	-	-	1	66
	48	220	-	-	-	-	4	272
	7,411	288	2,444	1,176	203	178	20	11,720

35. PROFIT BEFORE TAXATION *cont'd*

(c) Directors' remuneration *cont'd*

	Salaries and other emoluments RM'000	Fees RM'000	Bonus RM'000	Defined contribution plan RM'000	Share option granted under ESOS RM'000	Estimated money value of benefits-in-kind RM'000	Indemnity given to or insurance effected for Directors RM'000	Total RM'000
At 31 December 2016								
Company								
Executive								
Tan Sri Lim Siew Choon	200	-	-	24	-	-	-	224
Goh Chin Liong	1,320	12	440	211	-	39	-	2,022
Liang Kai Chong	636	12	212	102	-	31	-	993
Taing Kim Hwa	1,900	10	-	205	188	55	-	2,358
Choe Kai Keong	684	12	228	109	-	28	-	1,061
Wong Yik Kae	336	10	-	47	59	-	-	452
	5,076	56	880	698	247	153	-	7,110
Non-executive								
Dato' Lee Tuck Fook	5	10	-	-	-	-	-	15
Tan Sri Marzuki Bin Mohd Noor	5	10	-	-	-	-	-	15
Datuk Ab Wahab Bin Khalil	3	10	-	-	-	-	-	13
Dato' Capt. Ahmad Sufian @ Qurnain Bin Abdul Rashid	20	100	-	-	19	17	-	156
Choo Tak Woh	44	10	-	-	11	-	-	65
Andrew Lim Cheong Seng	48	20	-	-	9	-	-	77
	125	160	-	-	39	17	-	341
	5,201	216	880	698	286	170	-	7,451

36. TAXATION

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
Malaysian income tax	60,395	54,264	5,674	4,911
(Over)/underprovision in prior years	(1,289)	14,854	(12)	1,131
	59,106	69,118	5,662	6,042
Deferred income tax (Note 13):				
Relating to origination and reversal of temporary differences	19,293	(324)	(537)	(116)
Under/(overprovision) in prior years	333	(11,963)	21	270
	19,626	(12,287)	(516)	154
Taxation reported in profit or loss	78,732	56,831	5,146	6,196
Deferred tax related to items recognised in OCI during the year:				
Gain on revaluation of land and buildings included in property, plant and equipment (Note 13)	(39)	(310)	-	-

Domestic current income tax is calculated at the Malaysian statutory tax rate of 24.00% (2016: 24.00%) 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:

	2017 RM'000	2016 RM'000
Group		
Profit before taxation	230,649	122,000
Taxation at Malaysian statutory tax rate of 24.00% (2016: 24.00%)	55,356	29,280
Effect of different tax rates in foreign branches	20,794	3,535
Effect of zero tax rates in foreign countries	4,916	2,707
Effect of share of results of associates	(560)	(1,982)
Effect of share of results of joint ventures	5,272	1,734
Effect on different tax rate for fair value in investment properties	(42,811)	(61)
Effect on tax exemption	(1,720)	(5,038)
Income not subject to tax	(1,952)	(4,128)
Expenses not deductible for tax purposes	25,569	28,529
Utilisation of previously unrecognised tax losses	-	(26)
Utilisation of previously unrecognised tax losses in foreign branches	-	(1,298)
Deferred tax assets not recognised during the year	3,475	324
Deferred tax assets in foreign countries not recognised during the year	9	-
Deferred tax assets in foreign branches not recognised during the year	11,340	364
Under/(overprovision) of deferred tax in prior years	333	(11,963)
(Over)/underprovision of income tax in prior years	(1,289)	14,854
Tax expense for the financial year	78,732	56,831
Company		
Profit before taxation	7,858	10,001
Taxation at Malaysian statutory tax rate of 24.00% (2016: 24.00%)	1,886	2,400
Income not subject to tax	(3,695)	(3,539)
Expenses not deductible for tax purposes	6,946	5,934
Underprovision of deferred tax in prior years	21	270
(Over)/underprovision of income tax in prior years	(12)	1,131
Tax expense for the financial year	5,146	6,196

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	
	2017 RM'000	2016 RM'000
Profit attributable to ordinary equity holders of the Company	154,622	68,375
Weighted average number of shares in issue	1,369,146	1,242,191
Basic earnings per share (sen)	11.29	5.50

(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	
	2017 RM'000	2016 RM'000
Profit attributable to ordinary equity holders of the Company	154,622	68,375
Weighted average number of shares in issue	1,369,146	1,242,191
Effect of dilution:		
Share options	3,363	3,079
Adjusted weighted average number of shares in issue and issuable	1,372,509	1,245,270
Diluted earnings per share (sen)	11.27	5.49

There have been no other transactions involving ordinary shares between reporting date and the date of completion of these financial statements.

38. DIVIDENDS

	Group/Company				
	Dividends in respect of year			Dividends recognised in year	
	2017 RM'000	2016 RM'000	2015 RM'000	2017 RM'000	2016 RM'000
Recognised during the year:					
Final dividend comprising:					
- Single-tier dividend of 2.00 sen per ordinary share on 1,249,065,049 ordinary shares paid on 13 June 2016	-	-	24,981	-	24,981
Final dividend comprising:					
- Share dividend by way of distribution of 8,480,335 treasury shares on 22 June 2017 on the basis of 1 treasury share for every 165 ordinary shares held in the Company	-	11,814	-	11,814	-
	-	11,814	24,981	11,814	24,981

At the forthcoming Annual General Meeting, a final single-tier cash dividend in respect of the financial year ended 31 December 2017 of 3.00 sen per ordinary share 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 2018.

39. RELATED PARTY DISCLOSURES

(a) The Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Contract revenue from joint ventures	38,620	31,563	-	-
Contract revenue from associates	57,914	-	-	-
Rent expense payable to subsidiaries	-	-	(1,198)	-
Rent expense payable to a joint venture	(1,695)	(2,960)	(1,598)	(2,765)
Office utilities expense payable to subsidiaries	-	-	(55)	-
Office utilities expense payable to a joint venture	(196)	(246)	(196)	(246)
Season parking expense payable to a joint venture	(225)	(214)	(225)	(214)
Management fee receivable from subsidiaries	-	-	9,108	6,282
Management fee receivable from joint ventures	4,610	2,530	2,640	1,230
Gross dividend receivable from a subsidiary	-	-	14,744	14,744
Interest receivable from subsidiaries	-	-	116,642	126,556
Interest receivable from joint ventures	6,241	10,157	-	-
Interest receivable from associates	79	43	-	-
Interest payable to a subsidiary	-	-	(28,548)	(47,700)
Rental income receivable from subsidiaries	-	-	2,516	2,572
Office utilities income receivable from subsidiaries	-	-	152	227
Season parking income receivable from subsidiaries	-	-	216	209
Sales of properties to Directors and persons connected with the Directors	-	9,020	-	-
Gross dividend payable to non-controlling interest of subsidiaries	(22,560)	-	-	-
Net repayments from/(advances to):				
Associates	793	(3,728)	-	-
Joint ventures	(73,454)	(37,699)	-	-
Non-controlling interest of subsidiaries	8	9	-	-
Fees payable for retail management to company in which certain Directors have interest	(900)	-	-	-

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.

39. RELATED PARTY DISCLOSURES *cont'd*

(b) Compensation of key management personnel

Remuneration on an aggregate basis paid to the top 5 senior management (not including Directors as disclosed in Note 35 (c)) for the financial year are as follows:

	RM'000
Salaries	2,762
Other emoluments	36
Fees	32
Bonus	903
Employees' Provident Fund contribution	331
Benefits-in-kind	98
	4,162

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	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Future minimum rental payments:				
Not later than 1 year	3,678	8,505	2,263	2,765
Later than 1 year and not later than 5 years	1,087	3,356	-	2,263
	4,765	11,861	2,263	5,028

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 19 years. Certain leases have auto renewal option of 2 years included in the contracts.

40. OPERATING LEASE ARRANGEMENTS *cont'd*

(b) The Group as lessor *cont'd*

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	
	2017	**2016**
	RM'000	**RM'000**
Future minimum rental receivables:		
Not later than 1 year	91,602	34,717
Later than 1 year and not later than 5 years	160,135	8,910
Later than 5 years	2,229	2,535
	253,966	46,162

Rental income earned from these investment properties during the financial year is disclosed in Note 31.

41. COMMITMENT

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Approved and contracted for:				
Property, plant and equipment	401	6,257	142	210
Development land - pending completion of the Proposed Joint Investment *	200,700	200,700	-	-
Investment properties	-	80,191	-	-
Share of capital commitment of joint ventures (Note 9(b))	-	10,068	-	-
	201,101	297,216	142	210

* *As at the date of this report, the Proposed Joint Investment has become unconditional. As such, the commitment is reduced to RM49,900,000. Please refer to Note 16(i) for further details.*

42. CONTINGENT LIABILITIES

		Group		Company	
		2017	**2016**	**2017**	**2016**
		RM'000	**RM'000**	**RM'000**	**RM'000**
(a)	Corporate guarantees given to:				
	- Trustee for credit facilities granted to the Company	1,000,000	1,000,000	1,000,000	1,000,000
	- Financial institutions for credit facilities granted to subsidiaries and joint ventures	7,000	167,000	2,887,798	3,632,327
	- Contract customers and consultants of subsidiaries to secure the performance of the subsidiaries' obligation for the works	-	-	128,396	128,396
	- Contract customer of an associate to secure the performance of an associate's obligation for contract works	1,289,080	1,289,080	-	-
	Letter of undertaking issued to financial institutions for credit facilities granted to subsidiaries and joint ventures	135,000	-	415,000	280,000
		2,431,080	2,456,080	4,431,194	5,040,723

As at reporting date, no values are ascribed on these guarantees and letter of undertaking provided by the Group and by 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.

		Group	
		2017	**2016**
		RM'000	**RM'000**
(b)	Performance, advance payment and tender guarantee granted to:		
	- clients of subsidiaries	965,394	715,286
	- clients of joint operations	245,379	201,212
		1,210,773	916,498

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.

42. CONTINGENT LIABILITIES *cont'd*

		Group	
		2017	**2016**
		RM'000	**RM'000**
(c)	Tax matters under appeal by a subsidiary	4,166	4,322
(d)	Share of contingent liabilities of associates (Note 8)	39,284	29,052

(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") 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 RM119,062,000*) 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 Directors are of the view that the Company has good grounds to defend and oppose the Claims and the Company is taking the necessary legal action to do so. The financial impact on the Group is not expected to be material as the Company believes that it has good grounds to defend and oppose the Claims and there should be no impact on the Company's operations.

* *Based on exchange rate as at 31 December 2017*

(f) The Company's Middle East Regional Office in Doha, Qatar had on 8 July 2017 received from the Court of Arbitration of the International Chamber of Commerce ("ICC") a Request for Arbitration dated 22 June 2017 ("Arbitration") filed by Trans Gulf International Electro-Mechanical WLL ("First Claimant"), Powermech Engineering WLL ("Second Claimant") and Trans Gulf International Electro-Mechanical WLL – Powermech Engineering WLL JV ("Third Claimant") (collectively referred to as "the Claimant"), naming WCT Berhad ("WCTB"), a wholly-owned subsidiary of the Company, as the Respondent.

The Claimant was WCTB's subcontractor under a subcontract in respect of certain mechanical, electrical and plumbing related works for the Ministry of Interior Head Quarters Project in Doha, Qatar ("Subcontract"), where WCTB was the Main Contractor.

The Claimant is claiming from WCTB a total estimate sum of QAR181,573,741 (equivalent to RM202,475,000*) being alleged sums due pursuant to and under the Subcontract and further unquantified sums for legal costs, arbitration costs, and charges (collectively referred to as "the Claims").

The Company is taking the necessary legal actions to defend and to oppose the Claims. Subject to and pending formal legal opinion to be received, the Board is of the preliminary view that the Company has good grounds to defend and oppose the Claimant's Claims.

The financial impact on the Group is not expected to be material as the Company believes it has good grounds to defend and oppose the Claims and there should be no impact on the Company's operations as the Project has been completed and handed over to and occupied by the client.

* *Based on exchange rate as at 31 December 2017*

43. CONTINGENT ASSETS

	Group	
	2017	2016
	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 49	726,178	802,331

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.

<u>Sensitivity analysis for interest rate risk</u>

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 RM1,018,400 (2016: RM862,400) 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 2017									
Group									
Fixed rate									
Deposits	15	3.12	336,025	-	-	-	-	-	336,025
Hire purchase payables	20	4.99	(9,690)	(9,645)	(8,831)	(8,857)	(2,485)	-	(39,508)
Revolving credits	21	3.00	(55,755)	-	-	-	-	-	(55,755)
Term loans	23	5.03	(43,902)	(21,600)	(21,600)	(21,600)	(112,800)	-	(221,502)
MTN	25	4.46	(200,000)	-	(800,000)	-	-	-	(1,000,000)
Sukuk Murabahah	26	5.17	(150,000)	-	-	(100,000)	(400,000)	(300,000)	(950,000)
Floating rate									
Revolving credits	21	4.63	(530,564)	-	-	-	-	-	(530,564)
Bankers' acceptances	22	3.92	(13,016)	-	-	-	-	-	(13,016)
Term loans	23	5.10	(25,120)	(83,794)	(75,120)	(75,120)	(56,530)	(159,150)	(474,834)
Company									
Fixed rate									
Deposits	15	3.07	113,883	-	-	-	-	-	113,883
MTN	25	4.46	(200,000)	-	(800,000)	-	-	-	(1,000,000)
Sukuk Murabahah	26	5.17	(150,000)	-	-	(100,000)	(400,000)	(300,000)	(950,000)
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)

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: *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 2016									
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)

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"), Vietnamese Dong ("VND") and Euro ("EUR"). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. "

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.

<u>Sensitivity analysis for foreign currency risk</u>

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	
		2017 RM'000 Profit net of tax	2016 RM'000 Profit net of tax
AED/RM -	Strengthen 3%	11,982	12,551
	Weakened 3%	(11,982)	(12,551)
QAR/RM -	Strengthen 3%	12,152	17,783
	Weakened 3%	(12,152)	(17,783)
BHD/RM -	Strengthen 3%	-	(1)
	Weakened 3%	-	1
USD/RM -	Strengthen 3%	637	668
	Weakened 3%	(637)	(668)

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								
As at 31 December 2017								
Cash, deposit and bank balances	2,376	3,439	33,388	224	56	232	994	40,709
Receivables	40,234	634,073	460,680	854	452	18,499	-	1,154,792
Payables	(33,032)	(306,885)	(173,971)	(26)	(415)	(520)	-	(514,849)
Borrowings	-	-	(78,058)	-	-	-	-	(78,058)
As 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)

(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.

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 2017				
Trade and other payables	1,216,510	438,923	-	1,655,433
Due to related parties	6,271	-	-	6,271
Loans and borrowings				
- Principal	1,028,047	1,797,982	459,150	3,285,179
- Interest	145,212	314,684	12,565	472,461
	2,396,040	2,551,589	471,715	5,419,344

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
Group *cont'd*				
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
Company				
As at 31 December 2017				
Other payables	24,486	-	-	24,486
Loans and borrowings				
- Principal	350,000	1,300,000	300,000	1,950,000
- Interest	86,738	205,131	12,535	304,404
	461,224	1,505,131	312,535	2,278,890
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

(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).

44. FINANCIAL INSTRUMENTS *cont'd*

(e) Credit risk *cont'd*

The exposure of credit risk for trade receivables as at the reporting date by geographic region are as follows:

	Group 2017 RM'000	Group 2016 RM'000
Malaysia	1,066,614	687,487
Middle East	769,117	973,325
Vietnam	366	-
	1,836,097	1,660,812

(f) Fair values

(i) The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

	Note	Total RM'000	Fair value measurement using: 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 2017					
Assets measured at fair value					
Investment properties	6	1,594,392	-	-	1,594,392
Property, plant and equipment					
- Freehold land and buildings	4	172,097	-	-	172,097
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

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
As at 31 December 2017					
Financial asset					
Trade and other receivables under arbitration award		389,983	#	-	-
Financial liabilities					
Trade and other payables under arbitration award		(453,339)	#	-	-
As at 31 December 2016					
Financial asset					
Trade and other receivables under arbitration award		414,167	#	-	-
Financial liabilities					
Trade and other payables under arbitration award		(294,951)	#	-	-

The fair value of the financial instruments could not be reliably measured due to the ongoing enforcement of an arbitration award, which have been further disclosed in Note 49.

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 or the effects of discounting are immaterial.

The fair value of the financial assets and liabilities are 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 are 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 are 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 2017 was assessed to be insignificant.

44. FINANCIAL INSTRUMENTS *cont'd*

(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")

As at 31 December 2017	Note	Carrying amount RM'000	L&R RM'000	OL RM'000
Group				
Financial assets				
Trade receivables, excluding amounts due from contract customers and accrued billings	10	1,236,519	1,236,519	-
Other receivables, excluding payment for land acquisition and related costs, prepayment and advances to sub-contractors	11	333,713	333,713	-
Due from related parties	12	379,585	379,585	-
Cash and bank balances	15	527,202	527,202	-
		2,477,019	2,477,019	-
Financial liabilities				
Due to related parties	12	(6,271)	-	(6,271)
Trade payables, excluding amounts due to contract customers and progress billings	17	(911,215)	-	(911,215)
Other payables, excluding provision for foreseeable losses and advances received from customers on contracts	18	(369,798)	-	(369,798)
Borrowings	19	(3,285,179)	-	(3,285,179)
		(4,572,463)	-	(4,572,463)
Company				
Financial assets				
Other receivables, excluding prepayment	11	493	493	-
Due from related parties	12	1,690,358	1,690,358	-
Cash and bank balances	15	115,455	115,455	-
		1,806,306	1,806,306	-
Financial liabilities				
Other payables	18	(24,486)	-	(24,486)
Borrowings	19	(1,950,000)	-	(1,950,000)
		(1,974,486)	-	(1,974,486)

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*

At 31 December 2016	**Note**	**Carrying amount RM'000**	**L&R RM'000**	**OL RM'000**
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	-
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	19	(2,982,202)	-	(2,982,202)
		(4,189,853)	-	(4,189,853)
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)

45. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Group			
	1 January 2017 RM'000	**Cash flows RM'000**	**Other RM'000**	**31 December 2017 RM'000**
Current interest-bearing loans and borrowings	823,490	17,824	186,733	1,028,047
Non-current interest-bearing loans and borrowings	2,158,712	285,153	(186,733)	2,257,132
Total liabilities from financing activities	2,982,202	302,977	-	3,285,179

	1 January 2016 RM'000	**Cash flows RM'000**	**Other RM'000**	**31 December 2016 RM'000**
Current interest-bearing loans and borrowings	520,410	(74,066)	377,146	823,490
Non-current interest-bearing loans and borrowings	2,071,836	464,022	(377,146)	2,158,712
Total liabilities from financing activities	2,592,246	389,956	-	2,982,202

	Company			
	1 January 2017 RM'000	**Cash flows RM'000**	**Other RM'000**	**31 December 2017 RM'000**
Current interest-bearing loans and borrowings	-	-	350,000	350,000
Non-current interest-bearing loans and borrowings	1,750,000	200,000	(350,000)	1,600,000
Total liabilities from financing activities	1,750,000	200,000	-	1,950,000

	1 January 2016 RM'000	**Cash flows RM'000**	**Other RM'000**	**31 December 2016 RM'000**
Current interest-bearing loans and borrowings	-	-	-	-
Non-current interest-bearing loans and borrowings	1,750,000	-	-	1,750,000
Total liabilities from financing activities	1,750,000	-	-	1,750,000

46. CAPITAL MANAGEMENT

For the purpose of the Group's and of the Company'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 and of the Company's capital management is to maximise the shareholders' value.

46. CAPITAL MANAGEMENT *cont'd*

In order to achieve this overall objective, the Group's and the Company's capital management, amongst other things, aims to ensure that they meet 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 borrowings in the current period.

The Group and the Company manage their 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 and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total equity. The Group's and the Company's policy are try to ensure that net gearing ratio shall not exceed 1.

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Loans and borrowings	3,285,179	2,982,202	1,950,000	1,750,000
Less: Cash and bank balances	(527,202)	(455,062)	(115,455)	(92,692)
Net debt	2,757,977	2,527,140	1,834,545	1,657,308
Equity attributable to the owners of the Company	3,138,584	2,764,120	3,505,969	3,237,544
Non-controlling interest	8,089	33,864	-	-
Total equity	3,146,673	2,797,984	3,505,969	3,237,544
Net gearing ratio	88%	90%	52%	51%

47. SIGNIFICANT EVENTS

During the financial year:

(a) Acquisition of a new subsidiary

Details on the acquisition of a new subsidiary are disclosed in Note 7(a).

(b) Transfer of shareholding of a subsidiary

Details on the transfer of shareholding of a subsidiary are disclosed in Note 7(b).

(c) Deregistration of a subsidiary

Details on the deregistration of a subsidiary are disclosed in Note 7(c).

(d) Investment in Redeemable Convertible Preference Share A ("RCPS-A") of a subsidiary

Details on the investment in RCPS-A of a subsidiary are disclosed in Note 7(d).

(e) Subscription and shareholders agreement

Details on the subscription and shareholders agreement of a subsidiary are disclosed in Note 7(e) and Note 16(i).

47. SIGNIFICANT EVENTS *cont'd*

(f) Placement shares

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 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. The Placement is deemed completed and the remaining 24,544,000 Placement Shares have not been issued.

On 16 October 2017, the Company announced that it has resolved to undertake a fresh placement exercise involving the issuance of up to 140,000,000 new ordinary shares representing approximately 10.00% of the existing issued and paid-up share capital of the Company for the purpose of raising additional working capital funds for the Company and its subsidiaries, part repaying bank borrowings as well as to enlarge its equity base.

(g) Expiry of Warrants 2013/2017

119,255,172 unexercised Warrants 2013/2017 had lapsed on 11 December 2017.

48. SUBSEQUENT EVENTS

(a) Additional issuance of Sukuk Murabahah

The Company issued additional RM200,000,000 of Sukuk Murabahah under the Shariah principle of Murabahah in 2 series of RM100,000,000 each on 4 January 2018 and 23 February 2018 respectively. Both series have tenure of 5 years at profit rate of 5.50% per annum and payable semi-annually in arrears commencing 6 months after the issue date.

(b) Proposed placement

On 18 January 2018, Bursa Malaysia approved the listing and quotation of up to 140,000,000 Placement Shares on the Main Market of Bursa Malaysia subject to, inter-alia, the following conditions:

(i) The Company and Maybank Investment Bank Berhad ("Maybank IB") must ensure strict compliance with Paragraph 6.03(1) of the Main Market Listing Requirements of Bursa Malaysia ("Main Market Listing Requirements") and obtain shareholders' approval for the renewal of mandate at the forthcoming annual general meeting;

(ii) The Company and Maybank IB must fully comply with the relevant provisions under the Main Market Listing Requirements pertaining to the implementation of the Proposed Placement;

(iii) The Company and Maybank IB to inform Bursa Malaysia upon the completion of the Proposed Placement;

(iv) The Company to furnish Bursa Malaysia with a written confirmation of its compliance with the terms and conditions of Bursa Malaysia's approval once the Proposed Placement is completed; and

(v) If relevant, the Company to furnish Bursa Malaysia with a certified true copy of the resolution passed by the shareholders at the forthcoming annual general meeting for the authority to issue shares pursuant to the Companies Act 2016 before the listing of the Placement Shares.

48. SUBSEQUENT EVENTS *cont'd*

(b) Proposed placement *cont'd*

The issue price for the Placement Shares has not been fixed and will be determined by the Board at a later date.

(c) Transfer of shareholding of a subsidiary

On 27 February 2018, WCTB transferred its 2 ordinary shares representing the entire shareholding in WCT Green Sdn. Bhd. to WCTL for a total consideration of RM2.00. The transfer was completed as at the date of this report.

(d) Acquisition of joint development rights

On 5 March 2018, WCT Green Sdn. Bhd. ("WCTG"), a wholly-owned subsidiary of WCTL, which in turn is a wholly-owned subsidiary of the Company, had entered into a joint development agreement ("JDA") to jointly develop a parcel of land identified as Parcel 1, situated at KM 7 Jalan Tun Abdul Razak, Mukim Bandar in the Township of Johor Bahru, District of Johor Bahru, State of Johor. The entitlement payable to the joint venture partner of RM104,638,000 is payable over a period of 3 years. As at the date of this report, the JDA is still conditional upon fulfilment of certain conditions precedent.

(e) Acquisition of 60% equity interest in Subang Skypark Sdn Bhd

On 21 March 2018, WCTL had acquired 2 ordinary shares in Skyline Domain Sdn. Bhd. ("SDSB") representing the entire equity interest in SDSB for a total cash consideration of RM2.00 only. SDSB has become a wholly-owned subsidiary of WCTL, which in turn is a wholly-owned subsidiary of the Company.

On 2 April 2018, SDSB acquired 60.00% equity interest in Subang Skypark Sdn Bhd ("SSSB") for a cash consideration of approximately RM44,560,000 ("Purchase Consideration") via a share purchase agreement.

The Purchase Consideration was arrived at on a 'willing buyer-willing seller' basis between SDSB and the vendors of SSSB after taking into consideration 60.00% of the unaudited net assets of SSSB and its subsidiaries ("SSSB Group") as at 30 June 2017 and the future prospects of the SSSB Group. The acquisition was funded via internally generated funds of the Group.

SSSB together with its 2 wholly-owned subsidiaries namely Skypark RAC Sdn. Bhd. and Skypark FBO Sdn. Bhd. are principally involved in the development of commercial and aviation related infrastructure and facilities, comprising the following:

1. the commercial retail area of the airport terminal in Sultan Abdul Aziz Shah Airport in Subang known as Subang Skypark Terminal 3;
2. a car parking area;
3. a business aviation centre; and
4. a hangarage complex known as Skypark Regional Aviation Centre.

The rationale for the acquisition is to enable the Group to invest in SSSB which has potential for value enhancement as well as potential for development of the car park area into a mixed commercial development project. It also allows the Group to diversify into the ground handling for private aviation business as well as hangarage services which are complementary to the existing retail operations at Terminal 3.

The transaction was completed as at the date of this report.

48. SUBSEQUENT EVENTS *cont'd*

(f) Proposed issuance of RM310,000,000 Sukuk Murabahah

On 17 April 2018, the Company entered into a subscription agreement under the Sukuk Murabahah Programme for the proposed issuance of RM310,000,000 Sukuk Murabahah under the Shariah principle of Murabahah with a tenure of 8 years at profit rate of 5.65% per annum, payable semi-annually in arrears commencing 6 months after the issue date and is expected to be issued on 20 April 2018.

49. ARBITRATION AWARD

Pursuant to the cancellation of the contract (previously awarded to WCTB Dubai 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 RM254,904,000*) and the Advance Payment Guarantee amounting to AED77,300,000 (Group's share: AED38,650,000 or approximately RM42,714,000*). 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 RM1,547,217,000*). 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 RM3,868,042,000*) 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.

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 RM1,547,217,000*).

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.

49. ARBITRATION AWARD *cont'd*

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 RM1,273,858,000*). 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.

The Group's share of assets and liabilities of the Joint Venture are as follows:

	2017 **RM'000** *	**2016** **RM'000** #
<u>**Statement of financial position**</u>		
Non-current assets		
Property, plant and equipment	1	1
Trade receivables		
Contract receivables (1)	20,714	22,886
Amounts due from customer for contract work (1)	226,330	250,064
Retention sum receivable (1)	48,724	53,834
Other receivables		
Advances paid to suppliers and sub-contractors (1)	54,746	60,487
Performance security deposits (Note 11)	245,692	271,457
Others	32,404	35,802
	628,611	694,531

49. ARBITRATION AWARD *cont'd*

The Group's share of assets and liabilities of the Joint Venture are as follows: *cont'd*

	2017 RM'000 *	2016 RM'000 #
Statement of financial position *cont'd*		
Current assets		
Other receivables		
Sundry receivables	2	2
Advances paid to suppliers and sub-contractors	4,978	5,500
	4,980	5,502
Total assets	633,591	700,033
Non-current liabilities		
Trade payables (2)	5,526	6,105
Retention sum payable (2)	1,885	2,083
Other payables (2)	181,451	200,479
Performance security payable to related party	250,438	276,701
Advances received from customer (2)	54,746	60,487
Amounts due to related parties	180,661	198,435
	674,707	744,290
Current liabilities		
Trade payables	304	335
Other payables	9,641	10,652
Retention payable - current portion	3,888	5,522
Advance received from customer	8,407	9,288
	22,240	25,797
Total liabilities	696,947	770,087
Exchange reserve	11,653	18,299
Net liabilities	(63,356)	(70,054)
Deficit	(51,703)	(51,755)

(1) *Include receivables of RM243,608,000 (2016: RM269,655,000) in respect of the Nominated Sub-contractors of the Nad Al Sheba Racecourse project.*

(2) *Include payables of RM243,608,000 (2016: RM269,655,000) in respect of the Nominated Sub-contractors of the Nad Al Sheba Racecourse project.*

49. ARBITRATION AWARD *cont'd*

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 exchange rate as at 31 December 2017*
\# *Based on exchange rate as at 31 December 2016*

50. MATERIAL LITIGATION

On 9 September 2017, AEON Co. (M) Bhd ("the Plaintiff") had commenced a suit by way of Originating Summons against Gemilang Waras Sdn Bhd ("the Defendant" or "GWSB"), a wholly-owned subsidiary of WCTL in the High Court of Malaya in Kuala Lumpur ("the Suit") in relation to the renewal of the lease ("Lease") for AEON Mall Bukit Tinggi ("the Leased Property") where the Plaintiff is seeking the following primary reliefs:

1. Injunction to prevent the Defendant or its agents or its servants or its affiliate or its holding company from taking any action to terminate the Lease Agreement dated 23 November 2007 pending court's decision;

2. Injunction to prevent the Defendant or its agents or its servants or its affiliate or its holding company from taking any action to evict the Plaintiff and/or its tenants from AEON Mall Bukit Tinggi and/or having any dealing in relation to the demised premises pending court's decision;

3. Interlocutory injunction to maintain the status quo of the Defendant and the Plaintiff pending court's decision;

4. Declaration that the lease has been renewed or specific performance to compel the Defendant to take all necessary formal step to renew the lease and/or damages; and

5. Any other reliefs that the court deems fit.

The Defendant had appointed external lawyers to oppose and defend the Suit and in the course of defending the Suit, had on 4 December 2017 filed its counterclaim ("Counterclaim") against the Plaintiff by way of a Notice of Application seeking the following primary reliefs:

1. Vacant possession of the Leased Property to be delivered to the Defendant;

2. Damages to be paid by the Plaintiff to the Defendant in the form of double rental in the amount of RM4,838,590 per month (calculated on the basis of a monthly rental of RM2,419,295) pursuant to section 28(4) of the Civil Law Act 1956;

3. Alternatively, for damages to be assessed, calculated from 23 November 2017 until the date vacant possession of the Leased Property is delivered to the Defendant; and

4. Any other reliefs that the court deems fit.

The Suit is not expected to have any material financial or operational impact on the Group.

The Board is of the view that GWSB has good grounds to oppose and defend the Suit and to pursue its Counterclaim. Both the Suit and the Counterclaim are presently still on-going.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

51. 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 and management - holding and management 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 car parks 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.

51. 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 2017						
Revenue						
Revenue from external customers	1,391,769	437,133	76,986	-	-	1,905,888
Inter-segment revenue	1,635,801	174,101	6,687	-	(1,816,589)	-
Total revenue	3,027,570	611,234	83,673	-	(1,816,589)	1,905,888
Result						
(Loss)/profit from operations	(32,759)	75,651	270,544	-	-	313,436
Finance costs	-	-	-	-	-	(63,154)
Share of profit of associates	1,126	-	-	1,206	-	2,332
Share of loss of joint ventures	-	(13,743)	(8,222)	-	-	(21,965)
Taxation	-	-	-	-	-	(78,732)
Profit after taxation						151,917
Assets and liabilities						
Segment assets	3,074,858	2,643,506	1,810,330	726	-	7,529,420
Interest in						
- associates	4,173	-	-	127,788	-	131,961
- joint ventures	-	191,537	290,533	-	-	482,070
						8,143,451
Segment liabilities	3,924,314	409,649	662,786	29	-	4,996,778

51. 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 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 loss of joint ventures	-	(773)	(6,453)	-	-	(7,226)
Taxation	-	-	-	-	-	(56,831)
Profit after taxation						65,169
Assets and liabilities						
Segment assets	2,781,413	2,596,778	1,310,465	816	-	6,689,472
Interest in						
- associates	-	-	-	147,969	-	147,969
- joint ventures	-	205,280	297,691	-	-	502,971
Non-current assets classified as held for sale	-	-	-	-	-	-
						7,340,412
Segment liabilities	3,572,855	376,804	592,727	42	-	4,542,428

51. 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	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Malaysia	1,727,684	1,650,452	6,795,932	5,683,588
Middle East	177,853	283,152	1,196,176	1,494,031
India	-	-	125,429	142,278
Others	351	-	25,914	20,515
Consolidated	1,905,888	1,933,604	8,143,451	7,340,412

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 49. The Group's normal trade credit terms for trade receivables are 30 to 90 days (2016: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

LIST OF PROPERTIES

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 2017 RM
1.	Paradigm Mall, Johor Bahru Lot 32665 (PTD 63695) Jalan Mewah Ria 2 Taman Bukiet Mewah 81200 Johor Bahru Johor	A 6-storey shopping mall together with 2 storey car park and a basement car park	1,309,213 sf (Retail net lettable area)	Freehold /1	Owner operated	1	Valuation: December 2017	1,097,477,942
2.	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.	On-going and Future mixed development	62.56 acres	Freehold	Property development project	-	Acquisition: SSA date – 14 March 2012; 25 November 2015	821,951,040
3.	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 2017	670,091,608
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	564,456,113
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	Occupied by AEON Co. (M) Bhd	1	Valuation: December 2017	449,392,732

LIST OF PROPERTIES

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 2017 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	208,287,790
		Completed stock properties: serviced residences	945.29 sf to 1,815.55 sf Total = 103,946 sf	Leasehold interest 99 years expiring on 9 February 2111/1	For sale	87	Completion : August 2017	83,157,061
7.	New World Petaling Jaya Hotel No.1 Jalan SS7/26A, Kelana Jaya, 47301 Petaling Jaya, Selangor.	A 5-star hotel with 300 fully furnished guest rooms with hotel facilities	316,466 sf	Leasehold interest 99 years expiring on 9 February 2111/1	Newly completed	1	Completion: 16 August 2017	279,000,000
8.	2 parcels of land: (1) H.S.(D) 478950, PTD 170704; and (2) H.S.(D) 478951, PTD 170705, Mukim Pulai, Daerah Johor Bahru, Negeri Johor.	Completed stock properties: residential condominiums, retail office, commercial office; sales gallery	655 sf to 20,328 sf Total = 490,722 sf	Leasehold interest 99 years expiring on 1 January 2111/1 to 3	For sale	285	Completion : June 2015 to March 2017	252,927,528
9.	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

LIST OF PROPERTIES

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 2017 RM
10.	10 plots of land: (1) No. Hakmilik 93465, Lot 27506; (2) No. Hakmilik 51352, Lot 2062; (3) No. Hakmilik 51351, Lot 2061; (4) No. Hakmilik 46257, Lot 1728; (5) No. Hakmilik 45141, Lot 1264; (6) No. Hakmilik 45140, Lot 1263; (7) No. Hakmilik 44426, Lot 1115; (8) No. Hakmilik 37880, Lot 1942; (9) No. Hakmilik 34713, Lot 4455; (10)No. Hakmilik 34715, Lot 4456, Mukim Bandar Serendah, Daerah Ulu Selangor, Negeri Selangor.	Future mixed development	608.63 acres	Freehold	Property Development Project	-	Acquisition: October 2011/ October 2014	147,404,173

ANALYSIS OF SHAREHOLDINGS
As at 30 March 2018

(A) ORDINARY SHARES AS AT 30 MARCH 2018

Total number of issued shares : 1,415,581,871
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	2,935	23.40	129,583	0.01
100 - 1,000	1,704	13.59	653,819	0.05
1,001 - 10,000	4,880	38.91	19,557,911	1.38
10,001 and 100,000	2,455	19.57	67,335,338	4.76
100,001 to less than 5% of issued shares	565	4.50	809,491,976	57.18
5% and above of issued shares	4	0.03	518,413,244	36.62
Total	**12,543**	**100.00**	**1,415,581,871**	**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)*	247,207,674	17.47
2	Lembaga Tabung Haji	115,580,900	8.17
3	AmanahRaya Trustees Berhad *(Amanah Saham Bumiputera)*	79,295,711	5.60
4	Citigroup Nominees (Tempatan) Sdn Bhd *(Employees Provident Fund Board)*	76,328,959	5.39
5	Kumpulan Wang Persaraan (DiPerbadankan)	62,833,361	4.44
6	AmanahRaya Trustees Berhad *(Amanah Saham Wawasan 2020)*	41,297,308	2.92
7	Citigroup Nominees (Tempatan) Sdn Bhd *(Exempt An for AIA Bhd)*	32,488,132	2.30
8	Citigroup Nominees (Tempatan) Sdn Bhd *(Employees Provident Fund Board (Affin-HWG))*	28,933,639	2.04
9	Cartaban Nominees (Tempatan) Sdn Bhd *(PAMB for Prulink Equity Fund)*	16,324,605	1.15
10	AmanahRaya Trustees Berhad *(Amanah Saham Malaysia)*	16,206,290	1.15
11	HSBC Nominees (Asing) Sdn Bhd *(JPMCB Na for Vanguard Emerging Markets Stock Index Fund)*	16,133,862	1.14
12	HSBC Nominees (Tempatan) Sdn Bhd *(HSBC (M) Trustee Bhd for Affin Hwang Select Opportunity Fund (3969))*	15,789,420	1.12
13	AmanahRaya Trustees Berhad *(Public Islamic Select Treasures Fund)*	15,154,142	1.07
14	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *(Deutsche Trustees Malaysia Berhad for Eastspring Investments Islamic Small-Cap Fund)*	14,287,200	1.01

ANALYSIS OF SHAREHOLDINGS

As at 30 March 2018

(2) Thirty Largest Shareholders *cont'd*

No.	Names	No. of Shares	%*
15	HSBC Nominees (Asing) Sdn Bhd *(JPMCB Na for Vanguard Total International Stock Index Fund)*	13,868,794	0.98
16	Amsec Nominees (Tempatan) Sdn Bhd *(MTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-Dali))*	13,262,484	0.94
17	AmanahRaya Trustees Berhad *(Public Islamic Sector Select Fund)*	13,078,787	0.92
18	Cartaban Nominees (Asing) Sdn Bhd *(Exempt An for State Street Bank & Trust Company WEST CLT OD67))*	11,388,822	0.80
19	Citigroup Nominees (Tempatan) Sdn Bhd *(Employees Provident Fund Board (CIMB PRIN))*	10,923,101	0.77
20	Citigroup Nominees (Asing) Sdn Bhd *(CBNY for Dimensional Emerging Markets Value Fund)*	10,172,731	0.72
21	Citigroup Nominees (Asing) Sdn Bhd *(CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc)*	9,501,335	0.67
22	Goh Chin Liong	9,329,678	0.66
23	HSBC Nominees (Tempatan) Sdn Bhd *(HSBC (M) Trustee Bhd for Affin Hwang Select Asia (EX Japan) Quantum Fund (4579))*	8,610,067	0.61
24	Citigroup Nominees (Tempatan) Sdn Bhd *(Kumpulan Wang Persaraan (DiPerbadankan) (Kenanga))*	8,188,390	0.58
25	Citigroup Nominees (Asing) Sdn Bhd *(Exempt An for Citibank New York (Norges Bank 15))*	7,491,765	0.53
26	Malaysia Nominees (Tempatan) Sendirian Berhad *(Great Eastern Life Assurance (Malaysia) Berhad (LSF))*	7,266,272	0.51
27	AmanahRaya Turstees Berhad *(As 1Malaysia)*	7,120,735	0.50
28	AmanahRaya Trustees Berhad *(Public Islamic Equity Fund)*	6,946,893	0.49
29	Tokio Marine Life Insurance Malaysia Bhd *(As Beneficial Owner (PF))*	6,833,657	0.48
30	HSBS Nominees (Tempatan) Sdn Bhd *(HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (P))*	6,612,513	0.47
	Total:	**928,457,227**	**65.60**

Note:

* *Based on 1,415,342,135 shares (Total number of issued share of 1,415,581,871 less treasury shares of 239,736)*

(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	-	-	247,207,674^	17.47
Legacy Pacific Limited	-	-	247,207,674#	17.47
Dominion Nexus Sdn Bhd	247,207,674	17.47	-	-
Employees Provident Fund Board	123,690,177	8.74	-	-
Lembaga Tabung Haji	119,598,502	8.45	-	-
Kumpulan Wang Persaraan *(Diperbadankan)*	84,840,218	5.99	-	-
AmanahRaya Trustees Berhad - Skim Amanah Saham Bumiputera	79,295,711	5.60	-	-

Notes:
* *Based on 1,415,342,135 shares (Total number of issued share of 1,415,581,871 less treasury shares of 239,736)*
^ *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 2015/2020 ("WARRANTS E") AS AT 30 MARCH 2018

Outstanding Warrants : 235,897,834
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	3,518	36.96	77,088	0.03
100 - 1,000	2,601	27.32	1,100,581	0.47
1,001 - 10,000	2,115	22.22	7,162,415	3.04
10,001 and 100,000	959	10.08	36,304,501	15.39
100,001 to less than 5% of outstanding Warrants	325	3.41	156,408,705	66.30
5% and above of outstanding Warrants	1	0.01	34,844,544	14.77
Total	**9,519**	**100.00**	**235,897,834**	**100.00**

ANALYSIS OF SHAREHOLDINGS

As at 30 March 2018

(2) Thirty Largest Warrants E Holders

No.	Names	No. of Warrants	%
1	WCT Capital Sdn Bhd	34,844,544	14.77
2	Lai Siew Khim	9,199,900	3.90
3	Goh Chye Keat	6,388,600	2.71
4	Affin Hwang Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Chia Kwoon Meng (M02))	6,004,800	2.55
5	Lim Kiang Huit	3,525,900	1.49
6	Cimsec Nominees (Asing) Sdn Bhd *(Pledged Securities Account for Lim Ai Ling (Gleneagles-CL))*	3,523,000	1.49
7	Citigroup Nominees (Tempatan) Sdn Bhd *(Exempt An for AIA Bhd)*	3,455,309	1.46
8	Loo Thin Poh	3,329,400	1.41
9	Maybank Securities Nominees (Asing) Sdn Bhd *(Maybank Kim Eng Securities Pte Ltd for Lim Chuan Seng)*	2,930,900	1.24
10	RHB Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Tan Shiow Peng)*	2,583,800	1.09
11	RHB Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Wong Tow Fock)*	2,583,300	1.09
12	Chan Ah Hock	2,000,000	0.85
13	Kenanga Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Yong Kwee Lian)*	2,000,000	0.85
14	Chan Huater	1,950,000	0.83
15	Wong Wai Lee	1,950,000	0.83
16	Loh Siew Choh	1,935,312	0.82
17	RHB Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Aliran Armada Sdn Bhd)*	1,889,000	0.80
18	CK Goh Holdings Sdn Bhd	1,770,000	0.75
19	Lim Chee Meng	1,760,000	0.75
20	Jimmy Peh Hock Jin	1,742,000	0.74
21	Ara Holdings Sdn Bhd	1,707,339	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 *(JPMCB Na for Vanguard Total International Stock Index Fund)*	1,594,005	0.68
24	Chan Huasheng	1,550,000	0.66
25	Goh Chin Liong	1,529,938	0.65
26	Tan Boon Peng	1,500,000	0.64
27	Yong Kwee Lian	1,500,000	0.64
28	Chu Yee Lim	1,443,739	0.61
29	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for AMB Value Trust Fund (4249))*	1,320,000	0.56
30	Public Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Lim Soon Chwee @ Oh Soon Chwee (E-BPT))*	1,229,000	0.52
	Total:	**110,418,886**	**46.81**

(C) STATEMENT OF DIRECTORS' INTERESTS IN THE SECURITIES OF THE COMPANY AS PER THE REGISTERS PURSUANT TO THE COMPANIES ACT, 2016 AS AT 30 MARCH 2018

(1) Directors' Interests in Ordinary Shares

	Direct Interest		Deemed Interest	
Name	No. of Shares	%*	No. of Shares	%*
Tan Sri Lim Siew Choon	-	-	247,207,674[1]	17.47
Goh Chin Liong	9,329,678	0.66	-	-
Liang Kai Chong	3,772,337	0.27	266,830[2]	0.02

(2) 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	-	-
Liang Kai Chong	818,904	0.35	52,519[2]	0.02

Notes:
* Based on 1,415,342,135 shares (Total number of issued shares of 1,415,581,871 less treasury shares of 239,736)
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

(3) Directors' Interests in Options over Ordinary Shares

Name	No. of Options Outstanding
Goh Chin Liong	900,000
Liang Kai Chong	750,000

NOTICE OF SEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventh Annual General Meeting ("7th AGM") of WCT Holdings Berhad ("WCT" or "the Company") will be held at Ballroom 1, Level 2, New World Petaling Jaya Hotel, Paradigm, No. 1, Jalan SS7/26A, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia, on Wednesday, 6 June 2018 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 2017 together with the Reports of the Directors and Auditors thereon.

2. To declare and approve the payment of a final single tier cash dividend of 3.0 sen per ordinary share for the financial year ended 31 December 2017. ***Resolution 1***

3. To re-elect the following Directors who retire in accordance with Article 70 of the Company's Articles of Association and being eligible, offered themselves for re-election:

   (a) Tan Sri Marzuki bin Mohd Noor ***Resolution 2***
   (b) Mr. Liang Kai Chong ***Resolution 3***
   (c) Mr. Ng Soon Lai @ Ng Siek Chuan ***Resolution 4***

4. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. ***Resolution 5***

As Special Business

To consider and, if thought fit, to pass the following Ordinary Resolutions:

5. **Payment of Directors' fees and benefits**

   "THAT the Directors' fees and benefits for the period from the conclusion of this AGM up till the conclusion of the next AGM of the Company to be held in 2019, be and is hereby approved for payment." ***Resolution 6***

6. **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 approval does not exceed ten percent (10%) of the total number of 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 7***

7. **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 number of issued 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 2017 amounted to RM292,605,223.00;

(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 a 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 8***

NOTICE OF SEVENTH ANNUAL GENERAL MEETING

8. **Proposed Renewal of 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 26 April 2018 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.

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 be 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.

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 shareholders' mandate." ***Resolution 9***

9. **Proposed Granting of Options to Tan Sri Lim Siew Choon**

"THAT approval be and is hereby given for the Company to offer and to grant to Tan Sri Lim Siew Choon, being the Executive Chairman of the Company, options to subscribe for such number of new ordinary shares in the Company ("WCT Shares") under the Company's Employees Share Option Scheme (2013/2023) ("WCT ESOS") PROVIDED THAT not more than 10% of the WCT Shares available under the WCT ESOS shall be allocated to him if he, either singly or collectively through persons connected with him, holds 20% or more of the total number of WCT Shares (excluding treasury shares).

AND THAT subject always to such terms and conditions of WCT ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing the WCT ESOS." ***Resolution 10***

10. **Proposed Granting of Options to Dato' Lee Tuck Fook**

"THAT approval be and is hereby given for the Company to offer and to grant to Dato' Lee Tuck Fook, being the Group Managing Director of the Company, options to subscribe for such number of WCT Shares under the WCT ESOS PROVIDED THAT not more than 10% of the WCT Shares available under the WCT ESOS shall be allocated to him if he, either singly or collectively through persons connected with him, holds 20% or more of the total number of WCT Shares (excluding treasury shares).

AND THAT subject always to such terms and conditions of WCT ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing the WCT ESOS." ***Resolution 11***

11. **Proposed Granting of Options to Tan Sri Marzuki Bin Mohd Noor**

"THAT approval be and is hereby given for the Company to offer and to grant to Tan Sri Marzuki Bin Mohd Noor, being the Independent Non-Executive Director of the Company, options to subscribe for such number of WCT Shares under the WCT ESOS PROVIDED THAT not more than 10% of the WCT Shares available under the WCT ESOS shall be allocated to him if he, either singly or collectively through persons connected with him, holds 20% or more of the total number of WCT Shares (excluding treasury shares).

AND THAT subject always to such terms and conditions of WCT ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing the WCT ESOS." ***Resolution 12***

12. **Proposed Granting of Options to Datuk Ab Wahab Bin Khalil**

"THAT approval be and is hereby given for the Company to offer and to grant to Datuk Ab Wahab Bin Khalil, being the Independent Non-Executive Director of the Company, options to subscribe for such number of WCT Shares under the WCT ESOS PROVIDED THAT not more than 10% of the WCT Shares available under the WCT ESOS shall be allocated to him if he, either singly or collectively through persons connected with him, holds 20% or more of the total number of WCT Shares (excluding treasury shares).

AND THAT subject always to such terms and conditions of WCT ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing the WCT ESOS." ***Resolution 13***

13. **Proposed Granting of Options to Dato' Ng Sooi Lin**

"THAT approval be and is hereby given for the Company to offer and to grant to Dato' Ng Sooi Lin, being the Independent Non-Executive Director of the Company, options to subscribe for such number of WCT Shares under the WCT ESOS PROVIDED THAT not more than 10% of the WCT Shares available under the WCT ESOS shall be allocated to him if he, either singly or collectively through persons connected with him, holds 20% or more of the total number of WCT Shares (excluding treasury shares).

AND THAT subject always to such terms and conditions of WCT ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing the WCT ESOS." ***Resolution 14***

NOTICE OF SEVENTH ANNUAL GENERAL MEETING

14. **Proposed Granting of Options to Ng Soon Lai @ Ng Siek Chuan**

"THAT approval be and is hereby given for the Company to offer and to grant to Ng Soon Lai @ Ng Siek Chuan, being the Independent Non-Executive Director of the Company, options to subscribe for such number of WCT Shares under the WCT ESOS PROVIDED THAT not more than 10% of the WCT Shares available under the WCT ESOS shall be allocated to him if he, either singly or collectively through persons connected with him, holds 20% or more of the total number of WCT Shares (excluding treasury shares).

AND THAT subject always to such terms and conditions of WCT ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing the WCT ESOS." ***Resolution 15***

15. **Proposed Granting of Options to Goh Kai Hao**

"THAT approval be and is hereby given for the Company to offer and to grant to Goh Kai Hao, being an employee of WCT and son of Mr Goh Chin Liong (Deputy Managing Director of the Company), options to subscribe for such number of WCT Shares under the WCT ESOS PROVIDED THAT not more than 10% of the WCT Shares available under the WCT ESOS shall be allocated to him if he, either singly or collectively through persons connected with him, holds 20% or more of the total number of WCT Shares (excluding treasury shares).

AND THAT subject always to such terms and conditions of WCT ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing the WCT ESOS." ***Resolution 16***

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 7th AGM, the Company shall obtain a General Meeting Record of Depositors as at 31 May 2018 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 7th AGM of the Company.

NOTICE OF DIVIDEND PAYMENT AND ENTITLEMENT DATE

NOTICE IS ALSO HEREBY GIVEN that a final single tier cash dividend of 3.0 sen per ordinary share for the financial year ended 31 December 2017, if approved at the 7th AGM of the Company, will be payable on 22 June 2018.

The entitlement date shall be fixed on 11 June 2018 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 11 June 2018 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.

NOTICE OF SEVENTH ANNUAL GENERAL MEETING

By Order of the Board

LOH CHEE MUN
CHONG KIAN FAH
Company Secretaries

Selangor Darul Ehsan
26 April 2018

NOTICE TO HOLDERS OF WARRANTS 2015/2020 ("WARRANTS E")

In order to be entitled to the final dividend proposed by the Directors of the Company pending the approval being obtained from the Company's shareholders at the forthcoming 7th AGM, holders of Warrants E must first exercise their warrants and subscribe for new ordinary shares in the Company. All duly executed and completed Warrants E Subscription Form must be received by the Company's Share Registrar latest by 5.00 p.m. on Friday, 25 May 2018 in order for the holders of Warrants E to be entitled to the said final 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 10 a.m. on 5 June 2018.*
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 2017

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 6

The proposed Ordinary Resolution 6, if passed, will facilitate the payment of Directors' fees and benefits payable to the Directors of the Company and its subsidiaries for the period commencing from 1 June 2018 until the conclusion of the next AGM of the Company to be held in 2019, in accordance with the payment structure as set out below:-

NOTICE OF SEVENTH ANNUAL GENERAL MEETING

	The Company		Subsidiary Company
	Executive Director	Non-Executive Director	Director
Director's Fee (per month)	RM1,000	RM7,000	RM1,000
Board Meeting Attendance Fee (per meeting attended)	-	RM1,000	-
Board Committee Meeting Attendance Fee (per meeting attended)	-	RM2,000 (Chairman) RM1,000 (Member)	-
Other benefits	-	Insurance premium on Group Personal Insurance & Group Hospitalization Scheme, Directors and Officers Liability Insurance as well as other claimable expenses incurred in the course of carrying out their duties.	-

The abovementioned Director's fees and benefits which are subject to the approval of the shareholders of the Company at the forthcoming AGM do not include salaries, benefits and emoluments of the Executive Directors of the Company and the directors of the Company's subsidiary companies which they receive by virtue of and pursuant to their contracts of service or employment.

Resolution 7

The proposed Ordinary Resolution 7, if passed, will empower the Directors to allot shares in the Company up to an amount not exceeding 10% of the total number of issued 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. Details of the total proceeds raised from the Placement exercise and its utilisation are disclosed in this Annual Report.

On 16 October 2017, the Company had announced that it proposes to undertake a new placement exercise involving up to 140,000,000 new ordinary shares pursuant to the shareholders' mandate granted to the Board by the Company's shareholders at the 6th AGM held on 1 June 2017. There has been no new allotment of shares by the Company pursuant to the said placement exercise.

Resolution 8

The proposed Ordinary Resolution 8, if passed, is to give authority to the Company to purchase its own shares for up to 10% of the Company's total number of issued 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 26 April 2018 which despatched together with the Company's Annual Report 2017 for further information.

Resolution 9

The proposed Ordinary Resolution 9, 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 26 April 2018 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.

Resolution 10, 11, 12, 13, 14, 15 & 16

The proposed Ordinary Resolution 10, 11, 12, 13, 14, 15 &16, if passed, is to give authority to the Company to offer and to grant to the Directors and an employee of the Company, options to subscribe for such number of WCT Shares in accordance with the provisions of the By-Laws governing the WCT ESOS, in recognition of their contribution to the Company and to enable them to participate in the Company's future growth.

ADMINISTRATIVE DETAILS

Meeting	:	Seventh Annual General Meeting ("7th AGM")
Date	:	Wednesday, 6 June 2018
Time	:	10.00 a.m.
Venue	:	Ballroom 1, Level 2, New World Petaling Jaya Hotel, Paradigm, No.1, Jalan SS7/26A, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan.

PARKING

There is ample parking space at the designated parking levels in New World Petaling Jaya Hotel and Paradigm Mall, Petaling Jaya. 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 7th 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 7th 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 7th 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 7th AGM at the foyer outside Ballroom 1 on Level 2.

LUNCH

Upon the conclusion of the 7th AGM, a buffet lunch will be served at the foyer outside Ballroom 1, on the same level.

RECORD OF DEPOSITORS FOR ATTENDANCE AT 7TH AGM

For the purpose of determining a member's eligibility to attend and vote at the 7th AGM, the Company shall obtain a General Meeting Record of Depositors as at 31 May 2018 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 7th AGM.

LOCATION MAP TO NEW WORLD PETALING JAYA HOTEL

Date: 26 April 2018

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 Seventh Annual General Meeting of the Company to be held at Ballroom 1, Level 2, New World Petaling Jaya Hotel, Paradigm, No. 1, Jalan SS7/26A, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 6 June 2018 at 10.00 a.m. or at any adjournment thereof.

This proxy is to vote on the resolutions set out in the Notice of Seventh 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 cash dividend for the financial year ended 31 December 2017		
2	To re-elect Tan Sri Marzuki Bin Mohd Noor as Director of the Company		
3	To re-elect Mr Liang Kai Chong as Director of the Company		
4	To re-elect Mr Ng Soon Lai @ Ng Siek Chuan as Director of the Company		
5	To re-appoint Messrs Ernst & Young as Auditors of the Company		
6	To approve the payment of Directors' fees and benefits		
7	To authorise the allotment of new shares		
8	To approve the Proposed Renewal of Share Buy-Back Authority		
9	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Parties Transactions		
10	To approve the Proposed granting of options to Tan Sri Lim Siew Choon		
11	To approve the Proposed granting of options to Dato' Lee Tuck Fook		
12	To approve the Proposed granting of options to Tan Sri Marzuki Bin Mohd Noor		
13	To approve the Proposed granting of options to Datuk Ab Wahab Bin Khalil		
14	To approve the Proposed granting of options to Dato' Ng Sooi Lin		
15	To approve the Proposed granting of options to Ng Soon Lai @ Ng Siek Chuan		
16	To approve the Proposed granting of options to Goh Kai Hao		

Dated this ____________day of ______________ 2018

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 10 a.m. on 5 June 2018.*
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

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