WCT Holdings Berhad
(930464-M)

2018
ANNUAL REPORT

MCIEA 2018
Builder of the Year Award

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**

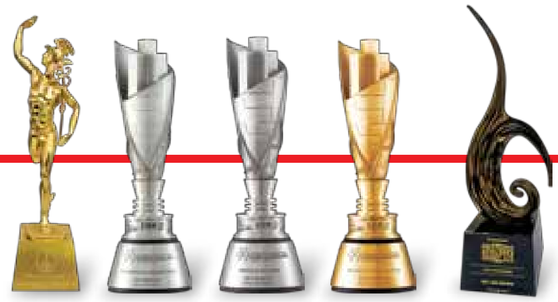
HUMILITY and **RESPECT** Our way of life

WCT means

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

CONTENTS

Awards & Achievements



INDUSTRY AWARDS

Malaysian Construction Industry Excellence Awards by the Construction Industry Development Board of Malaysia (CIDB)

Builder of the Year Award - 2018 & 2002
WCT Berhad

International Achievement Award
Ministry of Interior (MOI), Qatar - 2018
Yas Marina Circuit, U.A.E. - 2010
Bahrain International Circuit, Bahrain - 2004

Green Building Award - 2018
Ministry of International Trade & Industry (MITI) Headquarters, Kuala Lumpur, Malaysia

Contractor of the Year Award - 2010
Kota Kinabalu International Airport, Sabah, Malaysia

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

TTG Travel Awards

Best New City Hotel - 2018
New World Petaling Jaya Hotel, Paradigm Petaling Jaya, Selangor, Malaysia

Property Insight Prestigious Developer Awards (PIPDA)

Best Corporate Hotel Award – 2018
New World Petaling Jaya Hotel, Paradigm Petaling Jaya, Selangor, Malaysia

Top 10 Developers Award - 2016
WCT Land Sdn Bhd

Asia Pacific Property Awards

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

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

Highly Commended - Residential High-rise Architecture Malaysia 2015 - 2016
The Azure Residences, Paradigm Petaling Jaya, Selangor, Malaysia

QLASSIC Excellence Awards

High QLASSIC Achievement Award - 2016
Ministry of International Trade & Industry (MITI) Headquarters, Kuala Lumpur, Malaysia

Certificate of Excellence Award - 2013

Première Hotel, Klang, Selangor, Malaysia
Awarded by TripAdvisor

Malaysia Excellence Awards - 2011

Building Contracting Company of the year
Awarded by the Frost & Sullivan Malaysia

Industry Excellence Awards - 2004 & 2008

Export Excellence - Construction Services
Awarded by the Ministry of International Trade & Industry, Malaysia (MITI)

Road Engineering Excellence Award - 2007

Principal Contractor of Guthrie Corridor Expressway
Awarded by the Road Engineering Association of Malaysia

Green Building Index (GBI)

Gold Award
Ministry of International Trade & Industry, Malaysia (MITI) Headquarters, Kuala Lumpur, Malaysia

Silver Award
Lot 2C5, Putrajaya, Malaysia

CORPORATE AWARDS

Malaysia Best Employer Brand Awards

Best Employer Brand Awards - 2018
New World Petaling Jaya Hotel, Paradigm Petaling Jaya, Selangor, Malaysia

The BrandLaureate Award

Winner of the Most Valuable Brand in Engineering & Construction category (2017/2018) & (2007/2008)
WCT Berhad

Leadership in Energy & Environmental Design (LEED) Certification

Silver Certification under LEED 2009 Core and Shell Development - 2017
gateway@klia2 shopping mall, Sepang, Selangor, Malaysia

KLCC Group of Companies HSE Awards

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

SI-KPMG Shareholder Value Awards

Winner for the Construction, Infrastructure and Property Category - 2001
Awarded by Smart Investor-KPMG

CLIENT'S RECOGNITION

Awarded by 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) Award - 2015
Best Waste Minimisation Programme by Contractor for Lot 2C5, Putrajaya, Malaysia

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

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

Awarded by Petronas Refinery & Petrochemical Corporation

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

QUALITY, HEALTH & SAFETY 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. QMS 01306

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. OHS 00227

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

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
WCT TSR Sdn Bhd

OVERSEAS

WCT Berhad (Qatar Branch)
WCT Berhad (Dubai Branch)
Cebarco-WCT W.L.L. (Bahrain)
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

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 Malls Management Sdn Bhd
WCT Properties 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
Rahana Binti Abdul Rashid

AUDIT COMMITTEE

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

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
Email : enquiries@wct.my
Web : www.wct.com.my

DIVISIONAL OFFICES

Engineering & Construction

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

Property

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

OVERSEAS CORPORATE OFFICES

Qatar

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

Vietnam

B2-17, Nam Thien 2
Ha Huy Tap Street
Tan Phong Ward, District 7
Ho Chi Minh City, Vietnam
Tel : +848-5412 2474/75
Fax : +848-5412 2473

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
(Company No. 378993-D)
(Formerly known as 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 : BSR.Helpdesk@boardroomlimited.com

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) Bhd
Bank of China (Malaysia) Berhad
CIMB Bank Berhad
Bangkok Bank Berhad
Al-Rahji Banking & Investment Corporation (Malaysia) Berhad
Mashreqbank PSC
Doha Bank

SOLICITORS

Adnan Sundra & Low
Albar & Partners
Anad & Noraini
Jeyaratnam & Chong
Lee & Tengku Azrina
Mah-Kamariyah & Philip Koh
Mohanadass Partnership
Raja Darryl & Loh
Shu Yin, Teh & Taing
Soon Gan Dion & Partners
Tan & Lee
Tay & Helen Wong
Tea & Kelvin Kang
Tho, Hock & Chwan

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 venture companies. 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, office buildings, hotels and concession assets.

With a track record of over 38 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 approximately RM40.0 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, office towers, 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 17,000 units of residential and commercial properties amounting to a Gross Development Value (GDV) of RM5.5 billion. Currently, WCT has a land bank of approximately 853 acres in Malaysia.

The Group owns five shopping malls/centre - Bukit Tinggi Shopping Centre in Klang, the airport mall - gateway@klia2 and SkyPark Terminal 3 in Selangor, Paradigm Mall in Petaling Jaya and Paradigm Mall in Johor Bahru. The Group also owns Première Hotel in Klang and New World Petaling Jaya Hotel in Petaling Jaya. In 2018, WCT ventured into the development and management of commercial and aviation-related infrastructure and facilities at the Sultan Abdul Aziz Shah airport terminal in Subang, Selangor.

Our unwavering commitment to achieve a higher level of 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 & 2018, Builder of the Year Award 2002 & 2018, Contractor of the Year Award 2010, Green Building Award 2018 and Special Project Award 2001 from the Construction Industry Development Board of Malaysia (CIDB) and BrandLaureate Award for the Most Valuable Brand in Engineering & Construction 2017-2018.

In recent years, WCT started embarking actively on sustainable construction and has received various green building rating awards for its projects including the LEED Silver Certification under LEED 2009 Core and Shell Development for the airport mall, gateway@klia2; Green Building Index (GBI) Gold for the Ministry of International Trade & Industry (MITI) Headquarters; GBI Silver for Lot 2C5, Putrajaya (Commercial Office Building) and GBI Certified for the MyTOWN Shopping Centre.

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

Lot 2C5, Putrajaya

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 2018.

ECONOMIC OVERVIEW

In the fourth quarter of 2018, the Malaysian economy recorded higher growth of 4.7% (3Q 2018: 4.4%) despite global headwinds, supported by continued expansion in domestic demand amid receding supply disruptions. Private sector activity remained the main driver of domestic demand, while a rebound in exports of goods and services contributed towards the positive growth of net exports. On the supply side, the services and manufacturing sector remained the key drivers of growth. The services sector was supported by continued strength in consumer spending, particularly the retail segment. *(Source: BNM Quarterly Bulletin - Fourth Quarter 2018, Bank Negara Malaysia).*

For the full year 2018, Malaysia's economy grew at 4.7% with a Gross Domestic Product value of RM1.23 trillion at constant prices and RM1.43 trillion in current prices. During the year, all sectors recorded positive growth except for agriculture and the favourable performance of the various sectors were contributed by the services and manufacturing sectors. *(Source: Malaysia Economic Performance Fourth Quarter 2018, Department of Statistics Malaysia).*

The Malaysian headline inflation, measured by Consumer Price Index grew at a slower pace of 0.2% (Q4 2017: 3.6%) and was mainly attributed to the fixed RON95 and diesel pump prices as well as the muted impact of the reintroduction of Sales Tax and Service Tax in September 2018. *(Source: Malaysian Economy Fourth Quarter 2018, Ministry of Finance Malaysia).*

FINANCIAL REVIEW

During the financial year under review, the Group recorded improved revenue of 15% to RM2.30 billion as compared to RM2.00 billion (restated[1]) recorded in the preceding year, while the net profit for the year of RM107.9 million is lower than the preceding year's profit of RM228.2 million (restated[1]), mainly due to lower expected margins from the Group's ongoing construction and property development projects, higher finance costs and lower fair value gain on investment properties recorded in 2018.

The revenue of the Engineering and Construction Division grew by 23% to RM1.85 billion (2017: RM1.50 billion (restated[1])) resulting from higher billings from the local infrastructure projects undertaken by the Group. The division registered a higher operating profit of RM136.7 million (2017: RM44.3 million (restated[1])), as compared to the financial year ended 31 December 2017 which saw an impairment of amount due from a contract customer in Qatar amounting to RM164.6 million.

Chairman's Statement

cont'd

Meanwhile, the Group's Property Development Division recorded an operating profit of RM40.5 million (2017: RM86.8 million (restated[1])) on the back of a revenue of RM254.9 million (2017: RM426.4 million (restated[1])). The lower revenue and operating profit were mainly attributed to lesser contribution from property sales, higher finance costs and additional provisions for impairment of unsold property stocks and undeveloped lands.

The Property Investment and Management Division recorded a significant improvement in revenue at RM196.2 million for the financial year ended 31 December 2018 (2017: RM77.0 million) mainly due to additional revenue recognition from Paradigm Mall Johor Bahru. The operating profit from this segment of RM141.7 million in 2018 was mainly contributed by improved occupancy level of all the retail malls under management and recognition of fair value gain on investment properties amounting to RM176.9 million. The preceding year's operating profit was higher at RM270.5 million as the Group had then recognised a higher fair value gain on investment properties amounting to RM245.3 million.

CORPORATE AND BUSINESS DEVELOPMENTS

On 17 January 2018, WCT welcomed the opening of New World Hotel in Paradigm Petaling Jaya. This contemporary award-winning hotel features 300 spacious guestrooms, a 1,700 square-meter pillarless grand ballroom that accommodates up to 1,000 guests as well as a myriad of dining options.

On 2 April 2018, the Group via Skyline Domain Sdn Bhd, a subsidiary of WCT Land Sdn Bhd, ventured into the development and management of commercial and aviation-related infrastructure and facilities at the Sultan Abdul Aziz Shah Airport in Subang, Selangor by acquiring 60% equity interest in Subang SkyPark Sdn Bhd ("SSSB"). SSSB together with its subsidiaries are mainly involved in the operation and management of the commercial retail area of the airport terminal, a car parking area, a business aviation centre and a hangarage complex known as SkyPark Regional Aviation Centre.

In May 2018, Paradigm Mall Petaling Jaya commenced its first major asset enhancement works at Level LG after six years of service. The mall ramped up its F&B offerings with new eateries, including a new 15,473 square feet food court. In addition, Paradigm Mall PJ also reorganised the space within the mall by zoning the tenants according to their specialities.

In 2018, the Group had successfully secured three large-scale building construction contracts, namely the superstructure, façade and blockworks worth RM555.0 million in relation to the proposed mixed commercial development project undertaken by LQ Retail Sdn Bhd in Tun Razak Exchange, Kuala Lumpur, the superstructure works worth RM1.77 billion for a mixed commercial development project known as Pavilion Damansara Heights (Parcel 1) from Impian Ekspresi Sdn Bhd and the main contract works worth RM676.8 million for a retail mall project by PNB Merdeka Ventures Sdn Bhd via a joint venture. During the year, the Group's Engineering and Construction Division saw the successful completion of the construction of the commercial offices at Lot 2C5 Putrajaya for Putrajaya Holdings Sdn Bhd, the earthwork and pilling works at Tun Razak Exchange, Kuala Lumpur for Affin Bank and the serviced apartments in Paradigm Petaling Jaya.

The Group also successfully delivered vacant possession to the purchasers of Impiria Residensi serviced apartments in Bandar Bukit Tinggi 2, Klang and the *Rumah Selangorku* projects, namely Asteria, Azaria and Trifolis Apartments in Klang.

As part of its de-gearing programme, the Group had divested approximately 89 acres of its idle undeveloped land in Serendah, Selangor for total proceeds of RM61.1 million. Separately, the Group received a total compensation of RM56.0 million following the compulsory acquisition of approximately 6 acres of land in Klang by Prasarana Malaysia Berhad to make way for the ongoing Light Rail Transit 3 project.

CHANGE IN DIRECTORATE

The Board welcomes Puan Rahana binti Abdul Rashid who has joined the Board on 1 January 2019 as an Independent Non-Executive Director of the Company and serves as a member of the Audit Committee. She brings with her more than 30 years of corporate experience in the area of investment banking and finance.

PROSPECTS

For 2019, the Group will continue to adopt a prudent approach in our tenders and will focus on project execution to ensure that our projects can deliver sustainable level of revenue and profit. The Property Development Division will focus on building a stronger brand and increase its efforts in clearing its existing property inventory amidst a soft property market. The Group's retail mall segment is expected to register improved revenue and earnings supported by a high level of occupancy and improved footfall.

Barring any unforeseen circumstances, the Board envisages the Group to achieve satisfactory results for the coming financial year ending 31 December 2019.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I wish to extend my sincere appreciation and thanks to the management team and all the staff of the Group for their unwavering commitment and continuous contribution to the Group's growth and performance. I would also like to thank all our shareholders, investors, customers, sub-contractors, 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.

Tan Sri Lim Siew Choon
Executive Chairman
19 April 2019

1 *The revenue and profits for the Group for the financial year ended 31 December 2017 have been restated for the purpose of comparative information, in compliance with MFRS15: Revenue from Contracts with Customers, which has been adopted by the Group with effect from the financial year ended 31 December 2018. Refer to Note 2.2 of the audited financial statements for the financial year ended 31 December 2018 for further information.*

Management Discussion and Analysis

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Since 1981, WCT has been constructing a broad range of landmarks and infrastructure projects both locally and internationally, with key expertise in earthworks, expressways and highways, buildings, shopping malls and F1 racing circuits. Over the years, the Group has diversified into property development and investment and management, with focus in retail malls, commercial offices, hotels as well as aviation related infrastructure and facilities.

In 2018, the Group via its three core business segments, namely Engineering and Construction, Property Development and Property Investment and Management had delivered satisfactory financial results despite facing market uncertainties and changing macroeconomic conditions.

WCT's Engineering and Construction Division continues to be the main revenue and profit contributor, having successfully tendered and secured new building construction jobs worth more than RM2.5 billion to maintain its outstanding order book above RM6 billion. Amidst the challenging property market, the Group's Property Development Division deferred new property development launches and had focused on the sale of its existing residential property stocks. Meanwhile, the profit from the Property Investment and Management Division was supported by improved occupancy and footfalls for all the retail malls under management, via its improved trade mix planning as well as asset enhancement initiatives to upgrade and enhance its retail space.

Management Discussion and Analysis

cont'd

2018 marks a remarkable year for the Group as WCT Berhad was presented with three major awards, namely Builder of the Year 2018, International Achievement Award and the Green Building Award by the Construction Industry Development Board Malaysia at the annual Malaysian Construction Industry Excellence Awards 2018. A premier accolade acknowledged by the Malaysian construction industry for excellence in construction practices, WCT is indeed honoured and humbled to be awarded with these recognitions as it is a testament to WCT's proven track record and expertise in delivering excellent and quality products and services beyond customer expectations.

The Malaysian Construction Industry Excellence Awards 2018

INTERNATIONAL ACHIEVEMENT AWARD

WCT Berhad

CIDB Reg: 1960821-WP004390

The Malaysian Construction Industry Excellence Awards 2018

BUILDER OF THE YEAR AWARD

WCT Berhad

CIDB Reg: 1960821-WP004390

The Malaysian Construction Industry Excellence Awards 2018

GREEN BUILDING AWARD

WCT Berhad

CIDB Reg: 1960821-WP004390

WCT's achievements and success in the financial year under review were attributed to the commitment, passion and teamwork of its employees in driving excellence. To this end, the Group will continue to work towards developing, training and rewarding its employees as well as attracting new talents to the Group.

The growing awareness and demand for sustainable practices have also driven the Group to recognise its responsibility in incorporating sustainability throughout its operations. WCT endeavours to deliver its business goals efficiently and reliably while meeting the economic, environmental and social goals that are material to the Group. Our sustainability efforts in 2018 are highlighted in the Sustainability Statement on page 40 of this Annual Report.

GROUP FINANCIAL REVIEW

Financial Performance

For the financial year ended 31 December 2018 ("FY2018"), the Group recorded a significantly higher revenue of RM2,296.7 million as compared to RM2,005.0 million (restated[1]) recorded for the preceding year, representing an improvement of 15%. Profit attributable to equity holders for FY2018 was lower at RM107.9 million as compared to the preceding year's profit of RM228.2 million (restated[1]) mainly due to lower expected margins from the Group's on-going construction and property development projects, higher finance costs and lower fair value gain on investment properties in FY2018.

The Group's revenue and profit attributable to equity holders for the financial year ended 31 December 2017 before restatement (see Note 2.2 of the Audited Financial Statements of the Company for FY2018 on page 119 of the 2018 Annual Report for further details of the basis of restatement) were RM1,905.9 million and RM154.6 million respectively.

Segmental Review:

	Engineering and construction RM'000	Property development RM'000	Property investment and management RM'000	Total RM'000
2018				
Revenue	1,845,587	254,928	196,198	2,296,713
Revenue contribution (%)	80%	11%	9%	
Profit from operations	136,746	40,520	141,654	318,920
Operating profit contribution (%)	43%	13%	44%	
2017 (Restated)				
Revenue	1,501,531	426,435	76,986	2,004,952
Revenue contribution (%)	75%	21%	4%	
Profit from operations	44,252	86,772	270,544	401,568
Operating profit contribution (%)	11%	22%	67%	

Engineering and Construction Division

For FY2018, the revenue of the Engineering and Construction Division grew by 23% to RM1,845.6 million (2017: RM1,501.5 million (restated[1])) resulting from higher billings from the local infrastructure projects undertaken by the Group. This Division registered an operating profit of RM136.7 million which is higher as compared to the financial year ended 31 December 2017 (2017: RM44.3 million (restated[1])), which saw the impairment of an amount due from a contract customer in Qatar amounting to RM164.6 million.

Property Development Division

Revenue from the Property Development Division for the financial year ended 31 December 2018 was lower at RM254.9 million (2017: RM426.4 million (restated[1])) mainly due to slowdown in the property sales and the Group had not launched any new property projects for sale due to the weak property market sentiments. The lower operating profit of RM40.5 million (2017: RM86.8 million (restated[1])), were mainly due to lesser contribution from property sales, higher finance costs and write down in the value of property inventories and land held for property development amounting to RM19.0 million.

Property Investment and Management Division

The Property Investment and Management Division recorded a significant improvement in revenue at RM196.2 million for FY2018 (2017: RM77.0 million) mainly due to the full year revenue recognition from Paradigm Mall Johor Bahru ("Paradigm Mall JB"). The operating profit from this Division of RM141.7 million in FY2018 was mainly contributed by improved occupancy level of all the retail malls under management and recognition of fair value gain on investment properties. The preceding year's operating profit was higher at RM270.5 million as the Group had then recognised a higher fair value gain on investment properties amounting to RM245.3 million in 2017.

Management Discussion and Analysis
cont'd

Analysis of Consolidated Financial Position for FY2018

	2018	2017 (Restated)	Variance
Non-current assets	5,386,765	4,918,859	10%
Current assets	3,249,116	3,177,502	2%
Assets classified as held for sale	32,383	83,314	-61%
Total Assets	8,668,264	8,179,675	6%
Non-current liabilities	3,315,813	2,748,717	21%
Current liabilities	2,189,897	2,284,804	-4%
Liabilities classified as held for sale	-	4	-100%
Total Liabilities	5,505,710	5,033,525	9%
Total equity	3,162,554	3,146,150	

At the end of FY2018, the Group's total assets stood at RM8.67 billion, representing an increase of 6% as compared to the preceding financial year end. The non-current assets of the Group grew from RM4.92 billion (restated[1]) in 2017 to RM5.39 billion in 2018 mainly due to the increase in the properties under development, higher fair value of investment properties and intangible assets arising from the acquisition of 60% equity interest in Subang SkyPark Sdn Bhd ("SSSB") during the year. The current assets of the Group also expanded from RM3.18 billion (restated[1]) to RM3.25 billion principally due to increase in contract assets and amount due from associated companies. Non-current assets classified as held for sale decreased due to the completion of the disposal of 3 parcel of lands in Bandar Serendah during the year for total consideration of RM61.1 million.

Total Liabilities

The Group's total liabilities recorded an increase of 9% from RM5.03 billion (restated[1]) as at end of 2017 to RM5.51 billion as at end of 2018. The increase was mainly due to increase in borrowings and lease commitment payables arising from the acquisition of 60% equity interest in SSSB.

Borrowings increased by RM374.0 million mainly due to the issuance of RM510.0 million nominal amount of debt securities under the Group's RM1.50 billion Sukuk Murabahah Programme ("SUKUK"). During the FY2018, the Company had fully redeemed RM200.0 million nominal value of Medium Term Note and RM150.0 million nominal value of SUKUK upon their maturity. The Group had also drawn down additional credit facilities amounting to RM177.9 million to finance the Group's construction and property development projects during the year.

	Within 1 year RM'000	1-2 years RM'000	> 2 years RM'000	Total RM'000
Hire purchase payables	16,821	15,175	23,569	55,565
Term loans	112,514	130,576	473,224	716,314
MTN	-	800,000	-	800,000
Sukuk Murabahah	-	-	1,310,000	1,310,000
Revolving credits	754,177	-	-	754,177
Bankers' acceptances	23,081	-	-	23,081
	906,593	945,751	1,806,793	3,659,137
Percentage	25%	26%	49%	100%

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 and/or issue new shares as well as repurchase the Company's own 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 2018 stood at 1.03 time (2017: 0.88 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 Division in order to strengthen the Group's financial position and thereby improving the gearing level of the Group.

Owners' Equity

Owners' Equity increased marginally by 1% to RM3.16 billion (2017: RM3.15 billion (restated[1])) mainly due to increase in earnings, increase in share capital arising from the exercise of options under the Group's Employees' Share Option Scheme into new ordinary shares in the Company and increase in revaluation reserve relating to the Group's freehold land and buildings.

Liquidity

At the end of FY2018, the Group's current ratio, a yardstick that measures the state of the Group's financial liquidity, stood at 1.48 times (2017: 1.39 times). The current ratio indicates that the Group has adequate liquidity to meet its short-term obligations.

Consolidated Cash Flow Analysis

	2018 RM'000
Net cash used in operating activities	(83,415)
Net cash used in investing activities	(14,801)
Net cash generated from financing activities	6,273
Net decrease in cash and cash equivalents	(91,943)

Net cash used in operating activities

The Group had experienced a net cash outflow used in operating activities principally due to slower collection of trade receivables for certain projects undertaken by the Group. Further, the weaker property sales had also resulted in lower cashflow to finance the ongoing property development activities during the year.

Net cash used in investing activities

The Group's net cash outflow in investing activities is largely due to the acquisition of 60% equity interest in SSSB, the subscription of ordinary shares representing 20% equity interest in CORE Precious Development Sdn Bhd (formerly known as WCT Previous Development Sdn Bhd) as well as purchases of plant and machineries for the Group's ongoing construction projects.

Net cash generated from financing activities

The Group's net cash inflows from financing activities mainly consists of proceeds from the issuance of SUKUK amounting to RM510.0 million raised during the year and additional drawdown of credit facilities amounting to RM177.9 million. During the year, the Company had fully redeemed RM200.0 million nominal value of Medium Term Note and RM150.0 million nominal value of SUKUK upon their maturity.

Management Discussion and Analysis
cont'd

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 commitments and the level of available funds.

For the FY2018, the Board had recommended a final share dividend via a distribution of treasury shares on the basis of two (2) treasury shares for every one hundred (100) ordinary shares held on an entitlement date to be announced later, subject to obtaining the shareholders' approval at the forthcoming 8th Annual General Meeting of the Company.

For the last financial year ended 31 December 2017, the Company paid a final single tier cash dividend of RM42.3 million on 22 June 2018 on the basis of 3.00 sen per ordinary share held in the Company.

REVIEW OF OPERATING ACTIVITIES - ENGINEERING AND CONSTRUCTION

In the fourth quarter of 2018, the construction sector posted lower growth of 2.6% (Q3 2018: 4.6%) due to moderation in the civil engineering and special trade subsectors. The civil engineering subsector was impacted by near completion of large petrochemical projects and delays in highway construction. *(Source: BNM Quarterly Bulletin - Fourth Quarter 2018, Bank Negara Malaysia)*. Additionally, according to the Department of Statistics Malaysia, the Malaysian construction sector recorded RM36.5 billion in construction work done, recording a moderate growth of 4.1% year-on-year (Q3 2018: RM36.3 billion).

In 2018, WCT's Engineering and Construction Division remains the core business driver of the Group, contributing over 80% of the Group's consolidated revenue. Its outstanding order book of above RM6 billion comprises a well-balanced portfolio of civil, infrastructure and building construction projects which would augur well for the revenue and profit contribution over the next 2-3 years.

Procurement of New Building Contracts

In 2018, this Division successfully secured new building construction contracts worth more than RM 2.5 billion summarised as follows:

- On 14 September 2018 – WCT Berhad executed a trade contract worth RM555.0 million with Lendlease Projects (M) Sdn Bhd for the superstructure, façade and blockworks in relation to the proposed mixed commercial development project undertaken by LQ Retail Sdn Bhd in Tun Razak Exchange, Kuala Lumpur.
- On 14 September 2018 – WCT Berhad secured a contract worth RM1.77 billion from Impian Ekspresi Sdn Bhd for the construction and completion of the superstructure works in relation to the Pavilion Damansara Heights (Parcel 1) mixed commercial development project.
- On 21 December 2018, WCT Berhad via a joint venture was awarded the RM676.8 million main contract works for a retail mall developed by PNB Merdeka Ventures Sdn Bhd.

Artist's impression of Pavilion Damansara Heights (Parcel 1) mixed commercial development project

Award-Winning Year 2018

In 2018, WCT was presented with three prestigious Awards for the first time at the Malaysian Construction Industry Excellence Awards 2018. The first award was the Green Building Award for the Group's efforts in adopting green and sustainable practices in the construction and execution works for the commercial building for the Ministry of International Trade and Industry Headquarters in Kuala Lumpur. The second award, namely the International Achievement Award was in recognition for the Group's ability in constructing, completing and maintaining the Ministry of Interior's New Headquarters in Doha, Qatar. The final and most coveted award for the year was the Builder of the Year Award 2018, awarded to WCT Berhad for its technical capabilities as well as adoption of the best practices during the construction of Paradigm Mall in Johor Bahru and MyTOWN Shopping Centre in Kuala Lumpur.

In addition, the Group was also awarded by the BrandLaureate Award for the Most Valuable Brand in Engineering & Construction 2017-2018. The BrandLaureate BestBrands Awards recognises the achievements of brands that have shown great commitment to become market leaders and institution in their respective industries.

Successful Project Execution and Completion

In January 2018, WCT Berhad completed the construction of commercial office buildings and external works at Lot 2C5, Precinct 2, Putrajaya developed by Putrajaya Holdings Sdn Bhd. This Green Building Index Silver rated development comprises two building blocks of 7-storey podium and 14-storey tower with retail and associated facilities and two levels of basement carpark.

Lot 2C5, Putrajaya was completed in January 2018

As for its civil works project, WCT Berhad completed the earthwork and pilling works for a 47-storey office tower at Tun Razak Exchange in March 2018. In October 2018, the Group also completed the construction of serviced apartments in Paradigm Petaling Jaya, Selangor.

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.

Management Discussion and Analysis
cont'd

REVIEW OF OPERATING ACTIVITIES - PROPERTY DEVELOPMENT

According to the National Property Information Centre, in the third quarter of 2018, the number of unsold completed residential units in Malaysia hit a record high of 30,115 units, valued at RM19.54 billion, which was a 48.35% increase from 20,304 units, valued at RM12.49 billion recorded in the previous corresponding period.

Despite the current soft property market, the Group is encouraged by the various efforts taken by the Government via the Budget 2019 proposals to boost the residential property market. Under the national Home Ownership Campaign, the Government will exempt stamp duty on the instrument of transfer and loan agreement for purchases of new homes from developers valued between RM300,001 and RM1 million, for a period of 6 months, starting from 1 January 2019. In return, developers will offer a minimum price discount of 10% for these residential properties. *(Source: Budget 2019, Ministry of Finance Malaysia).*

In 2018, the Group's Property Development Division registered property sales of RM146.5 million and is mainly driven by sales of d'Laman Greenville luxury bungalows and semi-detached homes in Klang, The Azure Residences in Paradigm Petaling Jaya, Waltz Residences in Kuala Lumpur and Impiria Residensi In Klang.

Completed Projects

The Impiria Residensi, which is a freehold residential development in Klang was completed and handed over to the purchasers in February 2018. Impiria Residensi is nestled within an integrated commercial development comprising 403 units of service apartments, two levels of retails shops and a boutique hotel. This residential development features the three bedrooms layout at 1,065 square feet ("sq. ft.") and 3+1 bedrooms layout at 1,317 sq. ft. The development offers a wide range of facilities, including a 50-metre Olympic-sized length swimming pool, a kids' pool, a gymnasium, a jogging track, a BBQ corner, as well as a landscaped garden lounge. For FY2018, Impiria Residensi had a take-up rate of close to 70%.

Impiria Residensi in Bandar Bukit Tinggi 2, Klang

d'Laman Greenville, a gated and guarded residential development in Klang comprising 266 units of exclusive semi-detached and bungalow homes with a residents' only clubhouse was completed in May 2017. This 56-acre freehold development has an estimated GDV of RM555.5 million with a take-up rate of 90%.

In Klang, Selangor, the Group successfully completed and handed over 933 units of residential apartments to the purchasers for three *Rumah Selangorku* affordable housing projects namely, the Azaria, Asteria and Trifolis Apartments. These projects have a total estimated Gross Development Value ("GDV") of RM198.5 million. As at end of FY2018, these projects achieved an average take-up rate of 90%. In October 2018, WCT Land received the *Pembangunan Komuniti Sejahtera Award* from *Jabatan Perancangan Bandar dan Desa Negeri Selangor*, in recognition of WCT's contribution in building *Rumah Selangorku* affordable housing projects in Klang as well as WCT's commitment in building and developing the Selangor state, in line with the state's development aspirations.

WCT Land received the Pembangunan Komuniti Sejahtera Award from Jabatan Perancangan Bandar dan Desa Negeri Selangor

Azaria Apartments, Bandar Parklands in Klang

Asteria Apartments, Bandar Parklands in Klang

Trifolis Apartments, Bandar Bukit Tinggi 2 in Klang.

Ongoing Project

Waltz Residences is a freehold iconic residential tower located within a 63-acre integrated commercial development located in Kuala Lumpur. This urban chic development comprises 419 units of condominium and is spread over two wings, the 38-storey North Wing and the 33-storey South Wing. Waltz Residences has an estimated GDV of RM446.6 million.

Waltz Residences in Kuala Lumpur

REVIEW OF OPERATING ACTIVITIES - PROPERTY INVESTMENT AND MANAGEMENT

In the fourth quarter of 2018, the Consumer Sentiments Index ("CSI") recorded 96.8 points, below the 100-point threshold due to sentiments on job and income conditions. The CSI normalised from the 21-year high of 132.9 points in the second quarter of 2018, post the 14th general elections. *(Source: 4Q18 CSI, Malaysian Institute of Economic Research - MIER)*. Private consumption growth remained robust at 8.5% (3Q 2018: 9.0%), despite the increase in purchases during the tax holiday period in the previous quarter. Income and employment growth continued to drive household spending. *(Source: BNM Quarterly Bulletin - Fourth Quarter 2018, Bank Negara Malaysia).*

The retails malls/centre under the Group's Property Investment and Management Division include the Bukit Tinggi Shopping Centre in Klang, Paradigm Mall in Petaling Jaya, Paradigm Mall in Johor Bahru, gateway@klia 2 in Sepang and SkyPark Terminal 3 in Subang. The Group also owns two hotels, namely the Première Hotel in Klang and New World Hotel in Paradigm Petaling Jaya.

Despite the competitive and challenging retail landscape in 2018, the Group continued to focus on enhancing the attractiveness of the malls under management through various asset enhancement initiatives ("AEI") and the segment had recorded increased revenue contribution, mainly due to Paradigm Mall JB's full year in operations since its opening in November 2017.

gateway@klia2

Paradigm Mall Petaling Jaya

Paradigm Mall Johor Bahru

SkyPark Terminal 3

Retail Malls

In 2007, WCT opened Bukit Tinggi Shopping Centre, its maiden retail project in Klang. It has a gross area of 1 million sq. ft. and is currently under a long-term lease arrangement with AEON Co. (M) Bhd.

WCT's second retail mall, Paradigm Mall Petaling Jaya ("Paradigm Mall PJ") is located along Lebuhraya Damansara-Puchong. This 680,000 sq. ft. retail mall opened its doors in 2012 and has an occupancy rate of about 95% at the end of 2018. In May 2018, Paradigm Mall PJ conducted its first major AEI where part of the Level LG was reconfigured to reflect a contemporary design which houses a supermarket, a new food court and a variety of eateries and takeaway food outlets while the other floors underwent retail space reconfiguration according to specialities. As part of the effort to enhance shoppers' experience, Level CC mainly caters to Local Fashion, Bags & Leather Goods, Time Pieces, and Jewellery tenants. Level UG is dedicated to Beauty & Wellness Zone while Home & Living, Digital, Kids Entertainment, Toys are placed on Level 1. Fast Food, Gifts and Souvenirs, Bookstore and Sports are located on Level 2 and Cinema on Level 3. In 2018, the mall recorded a visitor footfall of approximately 15 million.

Level LG, Paradigm Mall Petaling Jaya

gateway@klia2, the Group's LEED Silver Certified airport mall was officially opened in May 2014. This 369,000 sq. ft. mall receives on average 110,000 travellers a day and is the "gateway" to klia2 airport terminal in Sepang. 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. To date, the mall enjoys a healthy occupancy rate of 90% and has a vibrant and diverse mix of tenants including relaxation lounges such as Aerotel Kuala Lumpur, Capsule Transit, Plaza Premium Lounge and over 60 food and beverage outlets.

Aerotel Kuala Lumpur in gateway@klia2

Management Discussion and Analysis
cont'd

In the southern region of Peninsular Malaysia, the Group opened Paradigm Mall JB in November 2017. Operating on a net lettable area of close to 1.3 million sq. ft., Paradigm Mall JB recorded a healthy occupancy rate of 93% at the end of 2018. The mall features high-quality shopping, dining and entertainment tenants including Parkson department store, Village Grocer, Golden Screen Cinemas, Camp5 indoor climbing gym and Blue Ice-Skating Rink and recorded a visitor footfall of approximately 21 million in 2018.

Blue Ice Skating Rink in Paradigm Mall JB

Camp5 indoor climbing gym in Paradigm Mall JB

Première Hotel in Klang

Hotels

In our hospitality segment, Première Hotel achieved an average occupancy rate of 55% in 2018. The 250-room 4-star corporate hotel continues to attract good interest from the business communities, government sectors as well as the leisure sectors particularly wedding and private events in Klang and beyond.

New World Petaling Jaya Hotel, the Group's second hotel celebrated its first anniversary in January 2019. This deluxe hotel features 300 spacious and bamboo floored guestrooms, including 20 suites with sweeping cityscape views. The hotel also offers guests an exquisite dining experience at Pasar Baru, The Lounge and PJ's Bar & Grill as well as a banquet facility which can cater up to 1,000 pax. During its first year of operations, the hotel was awarded various industry awards and the notables ones are TTG Travel Awards 2018: Best New City Hotel 2018, Travel Weekly Asia Readers' Choice Awards 2018: Best Design Hotel Asia Pacific and Property Insight's Prestigious Developer Award 2018: Best Corporate Hotel.

New World Petaling Jaya Hotel

Ballroom foyer in New World Petaling Jaya Hotel

GROUP OUTLOOK

In 2019, the Malaysian economy is expected to continue to expand at a steady pace where private sector activity and the continuation of civil engineering projects will lead the way as the main growth driver amid fiscal rationalisation, while the external sector would be weighed down by weaker global demand. *(Source: BNM Quarterly Bulletin - Fourth Quarter 2018 and Economic and Financial Developments in Malaysia in the Fourth Quarter of 2018, Bank Negara Malaysia).*

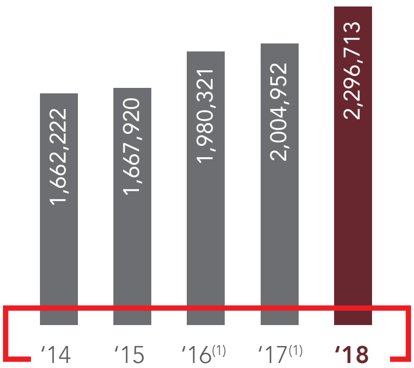
Despite the uncertainties surrounding the macroeconomic conditions, the Group's Engineering and Construction Division will be backed by its construction outstanding order book of above RM6 billion and will focus on timely project execution to ensure the projects deliver sustainable revenue and profit contribution to the Group.

The Group's Property Development Division will continue to intensify its marketing and sales initiatives. The Property Investment and Management Division will continue to enhance its offerings and services through its various asset enhancement initiatives to increase its retail malls occupancy and footfalls while increasing customer retention through its targeted customer loyalty programmes.

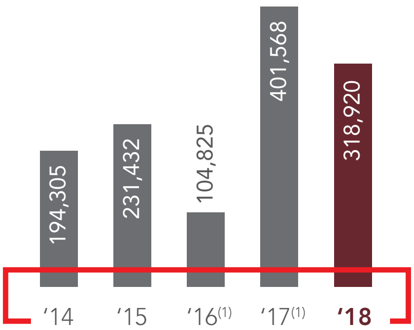
1 *Restated for purpose of comparative information, in compliance with MFRS15: Revenue from Contracts with Customers, which has been adopted by the Group with effect from the financial year ended 31 December 2018. Refer to Note 2.2 of the audited financial statements for the financial year ended 31 December 2018 for further information.*

Financial Highlights

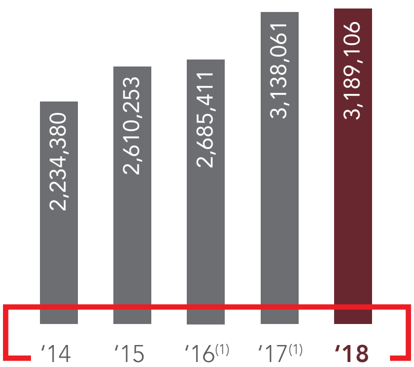
REVENUE
RM'000



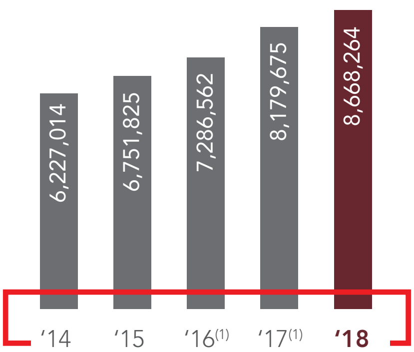
PROFIT FROM OPERATIONS
RM'000



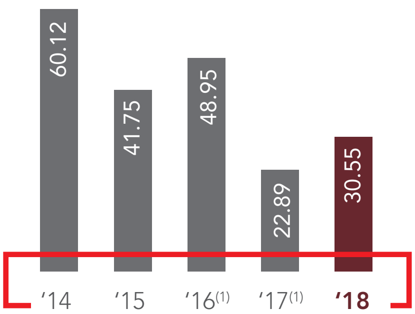
SHAREHOLDERS' FUND
RM'000



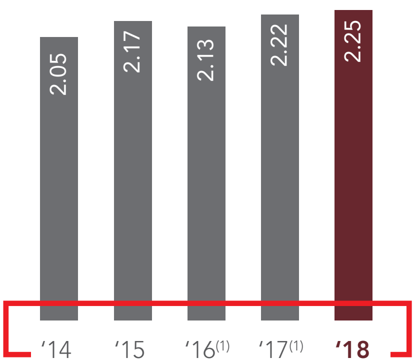
TOTAL ASSETS
RM'000



DIVIDEND PAYOUT RATIO
%



NET ASSETS PER SHARE
RM



		2018	Restated 2017[(1)]	Restated 2016[(1)]	2015	2014
Revenue	RM' 000					
Engineering and construction		1,845,587	1,501,531	1,625,217	1,278,257	1,210,582
Property development		254,928	426,435	293,349	328,553	391,722
Property investment & management		196,198	76,986	61,755	61,110	59,918
Total revenue		2,296,713	2,004,952	1,980,321	1,667,920	1,662,222
Profit from operations	RM' 000					
Engineering and construction		136,746	44,252	8,441	129,922	85,786
Property development		40,520	86,772	70,300	68,974	73,529
Property investment & management		141,654	270,544	26,084	32,536	34,990
Total profit from operations		318,920	401,568	104,825	231,432	194,305
Profit/(loss) attributable to equity holders of the Company	RM' 000	107,856	228,171	(4,933)	209,376	122,918
Issued share capital	RM' 000	3,210,984	3,210,132	631,061	600,410	546,276
Shareholders' fund	RM' 000	3,189,106	3,138,061	2,685,411	2,610,253	2,234,380
Total assets	RM' 000	8,668,264	8,179,675	7,286,562	6,751,825	6,227,014
Earnings/(loss) per share	Sen	7.73	16.67	(0.04)	18.37	11.04
Net assets per share	RM	2.25	2.22	2.13	2.17	2.05
Return on total assets	%	0.53%	2.76%	-0.11%	3.06%	1.94%
Net gearing ratio	times	1.03	0.88	0.93	0.78	0.65
Price Performance						
Ordinary Share						
High	RM	1.83	2.49	1.95	1.78	2.37
Low	RM	0.67	1.48	1.45	1.10	1.38
Close	RM	0.675	1.62	1.73	1.61	1.59
Warrant 2015/2020 (WCT-WE)[(2)]						
High	RM	0.31	0.570	0.225	0.28	-
Low	RM	0.045	0.180	0.165	0.13	-
Close	RM	0.055	0.265	0.185	0.19	-

Note:

(1) *Restated for purpose of comparative information, in compliance with MFRS 15: Revenue from Contracts with Customers, which has been adopted by the Group with effect from the financial year ended 31 December 2018. Refer to Note 2.2 of the audited financial statements for the financial year ended 31 December 2018 for further information.*

(2) *Listed on 4 September 2015.*

Profile of Directors

Tan Sri Lim Siew Choon
Executive Chairman
Malaysian/Male/Age: 58

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 35 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: 64

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.

Goh Chin Liong*
Deputy Managing Director
Malaysian/Male/Age: 59

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: 57

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
cont'd

Tan Sri Marzuki Bin Mohd Noor
Independent Non-Executive Director
Malaysian/Male/Age: 70

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: 69

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.

Dato' Ng Sooi Lin
Independent Non-Executive Director
Malaysian/Male/Age: 63

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.

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: 64

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 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.

Rahana Binti Abdul Rashid*
Independent Non-Executive Director
Malaysian/Female/Age: 57

Rahana Binti Abdul Rashid was appointed to the Board on 1 January 2019. She completed her studies with a Bachelor of Science (Economics and Finance) in 1983 from Indiana State University, Terre Haute, Indiana, United States of America and continued her studies to receive a Master in Business Administration from the same university in 1984.

Puan Rahana started her career as Trainee Officer, Corporate Services Department with Raleigh Berhad (now known as Inter-Pacific Industrial Group Berhad) in 1984 before she extended her career into investment banking by joining Aseambankers Malaysia Berhad (now known as Maybank Investment Bank Berhad) in 1985. She joined Puncak Niaga (M) Sdn Bhd in 1996 as the General Manager, Corporate Finance. In 2001, Puan Rahana took a break from the corporate sector and undertook several consultancy assignments from various entrepreneurs.

In 2014, Puan Rahana took up the position of Chief Financial Officer in ORO Financecorp Ltd, a licensed microfinance corporation in Phnom Penh, Cambodia. Upon her return to Malaysia, Puan Rahana joined Tass Teck (Malaysia) Sdn Bhd, an IT specialist company, as the Finance Consultant in July 2016 and subsequently promoted to Director of Finance in March 2017.

Puan Rahana is a member of the Audit Committee.

Notes:

Save as disclosed in their respective profiles 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.

Please refer to Corporate Governance Overview Statement for the number of Board Meeting attended by the Directors 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: 54

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.

Ong Chou Wen
Chief Executive Officer – Property Development
Malaysian/Male/Age: 48

Mr Ong Chou Wen joined WCT Group as the Chief Executive Officer – Property Development on 8 April 2019. He graduated with a Bachelor of Art (Honours) in Architecture, Diploma Leading to MA in Architecture from the University of Sheffield, United Kingdom and is currently a registered graduate member of Pertubuhan Arkitek Malaysia and Lembaga Arkitek Malaysia.

Mr Ong is a veteran in the real estate industry, having helmed senior management positions in several Top-10 public listed property development companies. Prior to joining WCT Group, he was the Deputy Managing Director, HCK Capital Group Bhd, engaged to spearhead and establish the Group's property development arm (including its business development, sales and marketing departments) and has successfully launched 2 inaugural phases of HCK Group's *edu-series* developments namely *Edusentral* and *Edusphere* in 2017 with an overall GDV of RM3.10 billion. Mr Ong was the Chief Operating Officer of Southville City Sdn Bhd, a wholly-owned subsidiary of Mah Sing Group Berhad. He was responsible for re-planning, re-branding and development of the largest township development under Mah Sing Group, the 428 acres of Southville City with enhanced GDV worth approximately RM11.0 billion. Mr Ong's first exposure to property development was under TFHF joint-venture with Cheung Kong Holdings. As he returned to Malaysia, he continued with Putrajaya Holdings under the PETRONAS Group, where he undertook a variety of portfolios. Subsequently, as Project Director of Development Division at UEM Sunrise Bhd, he oversaw the development of numerous projects, including 10 Mont'Kiara, 11 Mont'Kiara, Angkasa Raya at KLCC, and the inaugural Sunrise branded mixed-use development namely Teega at Puteri Harbour, Nusajaya.

Selena Chua Kah Noi
Chief Executive Officer – Malls Management
Singaporean/Female/Age: 49

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

Ms Selena Chua overseas all the malls in WCT portfolio i.e. Paradigm Mall in Petaling Jaya, the airport mall - gateway@klia2 and SkyPark Terminal 3 in Selangor, 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.

Profile of Key Senior Management

cont'd

Chong Wah Hing
Director – Development
Malaysian/Male/Age: 46

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.

Ng Chee Kiet
Director of Corporate Strategy
Malaysian/Male/Age: 49

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

Chong Kian Fah
Director of Finance and Accounts/Company Secretary
Malaysian/Male/Age: 50

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.

Khor Loke Yew
Director of Legal Affairs and Secretarial
Malaysian/Male/Age: 49

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.

Lai Cheng Yee
Director (Executive Chairman's Office)
Malaysian/Female/Age: 44

Ms Lai joined the Company as the Director (Executive Chairman's Office) on 15 August 2018. She is an Associate Member of the Malaysian Institute of Chartered Secretaries & Administrators (MAICSA) and she also holds a Master's Degree in Economics from Universiti Malaya, Kuala Lumpur.

Ms Lai has over 20 years of professional experience working in local conglomerates such as B.I.G. Industries Berhad and the Pavilion Group as well as multinational FMCG companies such as Diethelm Malaysia, Procter & Gamber and F&N Malaysia. Ms Lai had built her career over the past years in the areas of corporate planning, projects management and research & analysis. She was heading the Corporate Planning & Insights department at F&N Malaysia before joining WCT Group. Ms Lai's key responsibilities in WCT Group include undertaking special projects and supporting the Executive Chairman in performance management and improvement as well as key initiatives implementation.

Wong Lim Fong
Head of Human Resources and Administration
Malaysian/Female/Age: 56

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

Ms Wong has 30 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 profiles, 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 2018/2019

January 2018

Completion of Commercial Office Building in Putrajaya

- WCT Berhad ("WCTB") had in January 2018 completed the construction of commercial office buildings and external works at Lot 2C5, Precinct 2, Putrajaya for Putrajaya Holdings Sdn Bhd. The development comprises 2 building blocks of 7-storey podium and 14-storey tower with retail and associated facilities and 2 levels of basement carpark.

February 2018

Handover of Impiria Residensi

- Impiria Residensi residential apartments were handed over to respective owners in February 2018. These homes are strategically located in Bandar Bukit Tinggi, Klang; a vibrant and highly sought-after location. It is the only residence in Klang that is directly linked to AEON Bukit Tinggi and has direct connectivity to the nearest proposed Light Rail Transit Line 3 (LRT3) station.

An Auspicious Chinese New Year Celebration

- WCT hosted a pre-Chinese New Year celebratory dinner on 9 February 2018 at New World Petaling Jaya Hotel to welcome the Lunar New Year with more than 500 staff and business associates attended at the event.

Corporate Diary 2018/2019

cont'd

April 2018

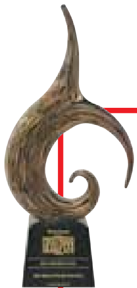
Acquisition of Subang SkyPark

- The Group had on 2 April 2018 acquired 60% equity interest in Subang SkyPark Sdn Bhd (SSSB) which involved the acquisition of the commercial retail area of the airport terminal in Sultan Abdul Aziz Shah Airport in Subang, known as SkyPark Terminal 3 and other aviation related infrastructure and facilities.

May 2018

WCT Group Bags the Most Valuable Brand Awards

- On 3 May 2018, the Group was awarded by the BrandLaureate Award for the Most Valuable Brand in Engineering & Construction 2017-2018. The BrandLaureate BestBrands Awards recognises the achievements of brands that have shown great commitment to become market leaders and institution in respective industries.



June 2018

Best Corporate Hotel Award

- On 1 June 2018, New World Petaling Jaya Hotel was awarded the Best Corporate Hotel at the Property Insight's Prestigious Developer Award 2018.

Seventh Annual General Meeting (AGM)

- WCT's Seventh AGM was held at New World Petaling Jaya Hotel on 6 June 2018 and was attended by over 100 shareholders and proxies. All resolutions tabled at the AGM were duly approved by shareholders.

Handover of Asteria and Azaria Affordable Apartments

- The owners of Asteria and Azaria affordable apartments received the keys to their new apartments in June 2018. The residential apartments are strategically located in the heart of Bandar Parklands in Klang, with excellent connectivity via several major highways, surrounded by 10 parks with natural landscaping for healthy recreation and outdoor activities.

Corporate Diary 2018/2019
cont'd

September 2018

WCTB Bags First Building Contract in Tun Razak Exchange

- WCTB had on 14 September 2018 executed a trade contract worth RM555.0 million with Lendlease Projects (M) Sdn Bhd ("Lendlease") for the superstructure, façade and blockworks in relation to Lendlease's proposed mixed commercial development project at Jalan Tun Razak/Jalan Davis, Bandaraya Kuala Lumpur.

WCTB Secures Superstructure Works Contract for Pavilion Damansara Heights (Parcel 1) Commercial Development

- On 14 September 2018, WCTB secured a contract worth RM1.774 billion from Impian Ekspresi Sdn Bhd for the construction and completion of the superstructure works in relation to the Pavilion Damansara Heights (Parcel 1) commercial development project.

Best New City Hotel Award

- The New World Petaling Jaya Hotel won the Best New City Hotel at the TTG Travel Award 2018 held on 20 September 2018.

WCTB Receives 3 prestigious awards at MCIEA 2018

- WCTB clinched three prestigious awards at the Malaysian Construction Industry Excellence Awards (MCIEA) 2018 held on 28 September 2018 in Kuala Lumpur. The awards are:

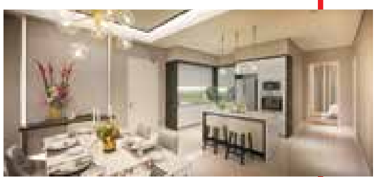
  Builder of the Year Award (2018) for its technical capabilities as well as the adoption of the best practices during the construction of Paradigm Mall Johor Bahru and MyTOWN Shopping Centre, Kuala Lumpur.

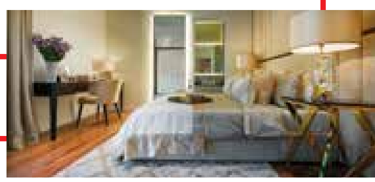
  International Achievement Award for its ability in constructing, completing and maintaining the Ministry of Interior (MOI)'s New Headquarters in Doha, Qatar.

  Green Building Award for the Ministry of International Trade and Industry (MITI) Headquarters, Kuala Lumpur, recognising its Green Building Index (GBI) Gold Rating and the environmentally sustainable design engineering of this green development.

Unveiling of Walts Residences New Show Units

- An Open Day Carnival was organised and held on 29 & 30 September 2018 to showcase the brand-new show units of the Waltz Residences at the WCT Sales Gallery (KL). The Waltz Residences is a freehold condominium located in the heart of Taman OUG, Kuala Lumpur with modern concept of living that combines excellent connectivity, amenities and facilities as well as state of the art security system.





October 2018

New Look for Paradigm Mall Petaling Jaya

- Paradigm Mall Petaling Jaya had in October 2018 completed the first phase of its Asset Enhancement Initiative (AEI) after six years in operation with new eateries and a new food court. In addition, Paradigm Mall Petaling Jaya also reconfigure the tenant mix according to their specialties and undertook other improvements including the implementation of car park guidance system and improved lighting.

November 2018

New World Petaling Jaya Hotel Bags Hospitality Asia Platinum Awards

- On 15 November 2018, New World Petaling Jaya Hotel won the Hospitality Asia Platinum Awards (HAPA) 2018/2020 for the Most Outstanding Hotel (HAPA Service Excellence Hotel/ Resort category) and Benchmark Achiever (HAPA 5-Star Hotel/ Resort category).

December 2018

WCTB Awarded Merdeka 118 Shopping Complex Contract

- On 21 December 2018, WCTB via a 51:49 joint venture company clinched the RM676.8 million main contract works for a 8 levels shopping complex podium to be constructed which forms part of the integrated development undertaken by PNB Merdeka Ventures Sdn Bhd comprising amongst others the PNB 118 Tower, the Park Hyatt Hotel and an observation deck.

Première Hotel Conferred with 2 Awards at the Pertandingan Kebersihan Premis Makanan dan Tandas Awam 2018

- In December 2018, Première Hotel in Klang was conferred with 2 awards at the Pertandingan Kebersihan Premis Makanan dan Tandas Awam 2018 hosted by the Majlis Perbandaran Klang (MPK) in Dewan Hamzah, Klang – Pertandingan Kebersihan Premis Makanan MPK 2018 – Kategori Makanan (Berhawa Dingin) and Pertandingan Kebersihan Tandas Awam MPK 2018 – Kategori Hotel.

February 2019

gateway@klia2 Receives BeSS Award Recognition

- gateway@klia2 was honoured to be the first airport mall to receive the BeSS - Bersih, Selamat dan Sihat (Clean, Safe and Healthy) Award Recognition from the Ministry of Health Malaysia (MoH) on 14 February 2019. YBhg. Dato' Dr Khalid Bin Ibrahim, Director of Selangor State Health presented the BeSS certificates to 47 food & beverages operators at gateway@klia2 for upholding stringent hygienic and food safety practices while promoting healthy dining experiences in the respective premises.

Sustainability Statement

In a rapidly changing business environment, sustainability provides a strategic approach to managing the limited resources of today whilst ensuring that we are able to meet the needs of our future generations. We are committed to understanding and addressing the impact of our businesses and operations beyond our economic capital as we grow our Group.

As sustainability evolves within the business environment, we stress the importance of sustainability efforts, particularly in managing our internal operations as well as how we respond to stakeholders' needs. These efforts are anchored by solid economic performance, sound environmental management and positive contribution to the community and undergirded by good governance practices. In 2018, our performance in these areas, our technical capabilities and our commitment to responsible and sustainable practices culminated in our recognition by the Construction Industry Development Board ("CIDB") Malaysia as the Builder of the Year 2018 at the Malaysian Construction Industry Excellence Awards.

This is our third year of sustainability reporting within our Annual Report and in this Statement we have enhanced our disclosure of key economic, environmental and social information. Such disclosure provides a basis for us to review our progress against global indicators and promotes greater transparency to our stakeholders on sustainability risks that we face as well as various opportunities arising therefrom. This year, we are able to demonstrate progressive improvements in our year-on-year data tracking and a more solid assessment of how key sustainability indicators are being managed in our Group's operations.

Scope

Our businesses are highly diversified with wide-reaching operations within Malaysia and overseas, from the construction of building and infrastructure projects to the development of townships, residential and commercial buildings as well as the management of retail malls, commercial offices and hotels. The scope of this report covers WCT's operations, mainly within the Klang Valley region of Malaysia, which include business activities conducted by our Engineering and Construction, Property Development and Property Investment and Management Divisions. The report also covers joint-ventures and subsidiaries. Where possible, we have extended the geographic scope to provide a wider overview of our performance.

Governance

Underpinning our approach to sustainability management is a strong governance structure. This ensures that sustainability cascades across our entire organisation, guided by the tone from the top. The Group's sustainability planning and strategies are carried out by a Sustainability Management Committee led by an Executive Director which reports to the Group Managing Director and the Board of Directors of the Company ("Board"). The committee is a central component of our governance structure to ensure more constructive and purposeful integration of sustainability initiatives across our operations. One of the key roles undertaken by the Sustainability Management Committee is to ensure that proper programmes and initiatives are effectively implemented and monitored, including new sustainability opportunities.

Who	Role
Board of Directors	Oversight of Group's sustainability related performance
Group Managing Director	Approves and provides advice on key sustainability-related matters
Group Sustainability Management Committee	Reviews, oversees and communicates the overall strategy and implementation of sustainability
Group Human Resource Department	Oversees Group Human Resource strategies, plans and performance
Quality, Environment, Safety and Health ("QESH") Department	Implements QESH programmes and monitors programme performance
Various projects, departments and committees	Executes specific and/or ad hoc sustainability initiatives and programmes

Sustainable Management Systems

Our Engineering and Construction Division's approach to protecting the environment is to address the environmentally significant impacts of our business activities and operations by implementing and maintaining an Environment Management System ("EMS") in compliance with ISO 14001:2015. The EMS is supported by WCT's management, particularly in communicating the importance of effective EMS implementation and employees' conformance to its requirements. With the management spearheading the integration of EMS, we are contributing towards an environmentally sustainable community where our business operates in a manner that reduces any adverse impacts on the environment, prevents pollution and protects the environment and resources. Technological options and financial, operational and business requirements are also considered when prioritising environmentally-related projects and activities. Using the EMS, we continue to evaluate annually and review the impact of our business on the environment, measure our progress and report on performance.

In addition to the EMS, the Group is certified with ISO 9001:2015 (Quality Management System) and OHSAS 18001:2007 (Occupational Safety and Health Management System) in order to ensure the quality and excellence of our service. In light of the nature, scale and impact of our activities, products and services, adherence to these international standards reinforces controls to ensure the ongoing sustainability of our operations. Our policy for compliance with the standards is aligned with our Integrated Quality, Safety & Health and Environmental policy, which sets out WCT's strategic direction, framework and commitment for continual improvement of the management systems as per the international standard requirements. It also ensures compliance with applicable laws, regulations and related obligations.

Managing Stakeholders

Due to our diverse business interests, we interact with a wide number of stakeholders, all with different priorities and requirements. We value our stakeholders' views and undertake regular engagements to identify their perspectives and concerns. Channels through which we reach out to stakeholders include electronic, web-based media platforms and face-to-face communications.

WCT's external stakeholders comprise, inter alia, business associates, customers, residents, shoppers, mall or office tenants and hotel guests. Internal stakeholders consist of Board members, senior management and employees, all of whom play a key role in the success of WCT Group. We prioritise delivering excellence in our products and services and building enduring relationships with all stakeholders.

Sustainability Statement
cont'd

Stakeholder Group	Engagement Platforms
Board of Directors	• Annual General Meetings • Company reports • Compliance with stock exchange requirements • Newsletters • Surveys
Employees	• Internal communications • Face-to-face meetings • Performance reviews • Code of ethics • Interviews • Community development programmes • Conferences
Customers	• Satisfaction surveys • Suggestion boxes • Social media • Newsletters • Site inspection
Investors	• Press releases • Face-to-face meetings • Conferences
Local Communities	• Town-hall meetings • Community development programmes • Press releases
Government	• Face-to-face meetings • Regular engagement for knowledge sharing • Press releases • Conferences • Surveys
Media	• Community development programmes • Press releases • Advertising • Conferences
Industry	• Surveys • Conferences • Interviews • Face-to-face meetings
Suppliers	• Face-to-face meetings • Annual re-assessment of supplier performance • Surveys
Research Partners	• Community development programmes • Research programmes • Conferences

Materiality

WCT regards sustainability management as a dynamic process. Factors such as global trends and stakeholders' expectations change over time, requiring the careful consideration of sustainability issues that remain most relevant to our businesses.

This year, we continue to adopt a systematic three-step approach – identification, prioritisation and validation – to map out the most important sustainability aspects that are pertinent to our businesses. The findings of this process are used to define the material topics that are disclosed in this Sustainability Statement. In addition, this approach enables us to constructively formulate strategies that will address any current or emerging sustainability issues that will impact our stakeholders and businesses.

STEP 01 Identification

In 2018, the Company conducted a review of material matters in the engineering and construction industry as well as the real estate industry. WCT's performance was also benchmarked against international and local industry leaders. Through this process, three new material matters which are relevant to WCT's business operations were identified and added to our list of material issues. This list is not exhaustive but represents the issues or aspects of the business that are highlighted as being financial, operational, reputational and socially relevant for the 2018 reporting cycle.

STEP 02 Prioritisation

A materiality assessment survey was distributed to better understand internal stakeholders' concerns and perceptions. Hard copies were circulated to the Board and Senior Management, while an online questionnaire was issued to other employees (Head of Departments and above). The survey requested that stakeholders rank 14 proposed material matters. It was open for almost one month and resulted in a total of 47 responses which were then used for assessing and plotting the materiality matrix.

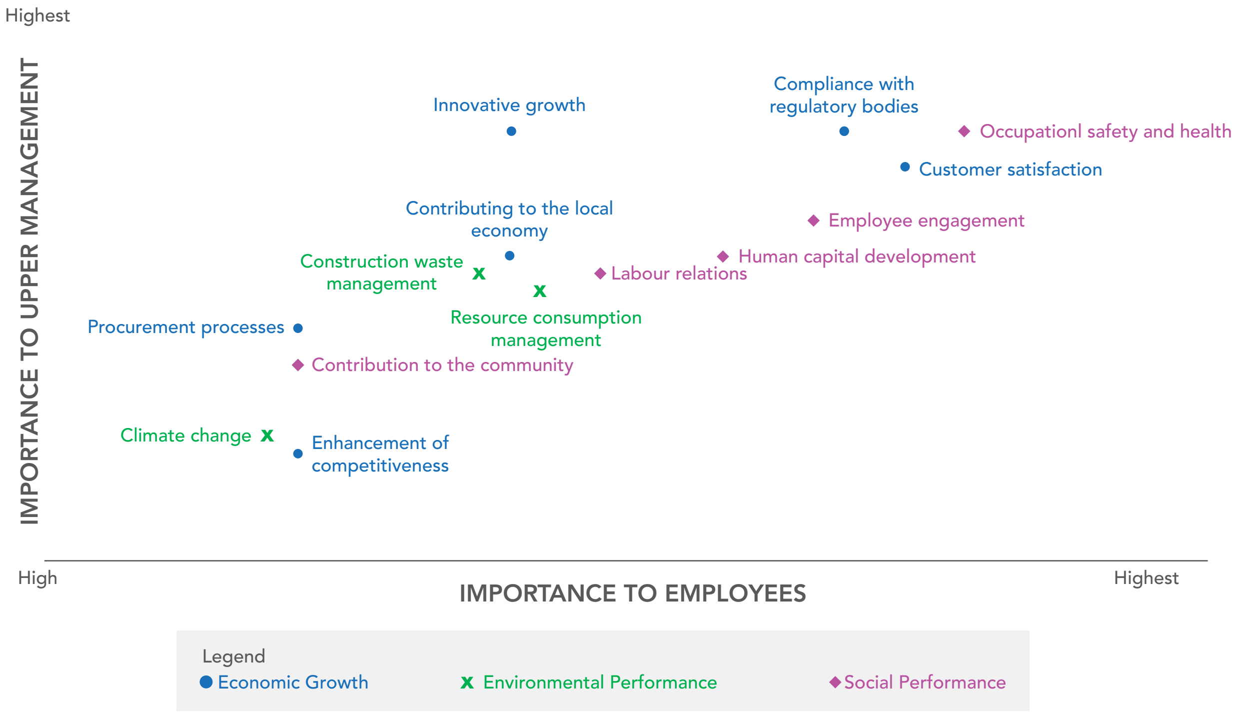
STEP 03 Validation

WCT reviewed the issues identified in terms of their influence on the Company and impact on various stakeholders. The findings were validated by the Sustainability Management Committee.

Materiality Matrix

The materiality matrix provides a clear picture of the immediate issues and interests of our stakeholders. It allows us to gain a deeper understanding of stakeholder perspectives and helps us to identify sustainability issues that we should increasingly focus on. The matrix influences current prioritisation of sustainability actions, programmes and activities. In formulating the materiality matrix this year, we have been able to show progress by assessing the views of internal stakeholders. Moving forward, we propose to further enhance our materiality assessment process by reaching out to external stakeholder groups and achieving a greater response rate from all stakeholder groups.

Sustainability Statement
cont'd



ECONOMIC GROWTH

As a responsible business entity with a diversified business portfolio including engineering and construction, property development and property investment and management, we seek to ensure sustainability across all our operations. We do so by contributing to local economic growth and offering our customers the best in terms of quality, affordability and innovation through reliable supply chain management and sustainable sourcing.

Procurement Management

Good procurement management supports the growth of local suppliers and ensures that we can deliver on our quality promises. Over the years, we have nurtured many of our long-time suppliers to enhance their processes and systems. In doing so, we are able to advance industry capacity and promote local economic development in Malaysia.

We are focused on ensuring that all purchased materials and services conform to specified requirements and standards via strong procurement processes and implementation of a Quality Management System in accordance with the ISO 9001:2015 standards. We regularly screen our hired or contracted suppliers against quality, environmental and social criteria.

Supporting local suppliers

We aim to support local businesses and ensure local materials and services are sourced where possible. As a result, we were able to reduce our costs and minimise the environmental impact of distributing materials from supplier to site. Through our efforts to support local businesses – which include local steel manufacturers, heavy machinery suppliers, concrete producers and construction material transportation services – we contribute to the local and national economy.

Supporting local suppliers

Description	Engineering and Construction[1]	Property Development
Total number of suppliers	118	684
Total number of local suppliers	114	683
Percentage of local suppliers (%)	96.6	99.9

In the Engineering and Construction Division, materials sourced from local suppliers accounted for 98.43% of total material costs.

Local supplier spending for construction projects[1]

Total amount spent on construction materials (RM)	194,219,178
Total amount spent on construction materials from local suppliers (RM)	191,178,402
Average spending on local suppliers per project (%)	99.28
Total division spending on local suppliers (%)	98.43

Sustainable construction materials

At WCT, we strive to source sustainable construction materials for our projects. As a result of this eco-friendly approach, our completed projects have a smaller environmental footprint and are more meaningful for our customers. The use of sustainable construction materials is also a key component of achieving green building certification for our projects. The sustainability criteria of the construction materials used in our projects is satisfied when one of the following aspects is met:

- Recycled content of the materials used
- Procurement of sustainably sourced timber
- Reusing materials for temporary work or structure

Recycled content materials

Recycled content is the proportion of materials that have been diverted from solid waste for reuse. The use of recycled content reduces the environmental footprint of a project by eliminating the impacts associated with the extraction, processing and production of raw, virgin materials. Three kinds of recycled content construction materials used in our projects include concrete, steel rebar and concrete reinforcement wire mesh. This approach of utilising sustainable construction materials contributes to our efforts in obtaining green building certifications for our projects, including the Green Building Index ("GBI") as described further in 'Green Buildings' on page 47.

Sustainably sourced timber

In projects that use wood-based structures, we seek to source sustainable timber that has been responsibly harvested from sustainably managed forests. We ensure that the sustainable timber sourced complies with requirements set by the Forest Stewardship Council ("FSC") and Malaysian Timber Council Certification ("MTCC"). In order to guarantee that our wood source is traceable, products certified with FSC/MTCC must be documented using the certified timber tracking sheet and catalogues, vendor letters and chain of custody numbers must be provided in the monthly GBI progress report.

In 2018, 1.39% of the timber procured in four projects, namely Tun Razak Exchange Contract 2 ("TRX C2"), West Coast Expressway ("WCE"), Mass Rapid Transit Police Quarters ("MRT PQ"), Mass Rapid Transit 2 ("MRT2") V204 ("MRT2 V204") was from sustainable resources.

During the construction of the Ministry of International Trade and Industry ("MITI") Headquarters in 2015, over 50% of all doors and door panels within the MITI building after occupancy were FSC/MTCC certified. This translates into a volume of 74.20m^3 FSC/MTCC certified wood against a total volume of 146.9m^3 wood products.

Material reuse

WCT Group reuses building materials and products to lessen the demand for virgin materials and reduce creation of waste. The material value of reused materials is either the purchase price, or if materials are not purchased – such as when they are reused onsite – the value of an equivalent new product if procured in the open market.

Methods by which we reuse construction materials include:

- System formwork
- Tabular temporary staging/scaffolding
- Sheet piles reused for temporary structures/works

One key system for reuse is the PERI formwork which has been used for beam, slab, wall and column construction. The system allows materials to be reused more than ten times within the project period, reducing costs and saving time.

Portal pier cast in situ PERI formwork at MRT V204

Wall PERI formwork at the mixed commercial development project in TRX

The PERI formwork on column, slab and core wall was used, among others, in the following projects:

- Superstructure, façade and blockworks in relation to the proposed mixed commercial development project undertaken by LQ Retail Sdn Bhd in Tun Razak Exchange ("TRX"), Kuala Lumpur
- Light Rapid Transit ("LRT3") Contract Package GS-03 and GS-02
- MRT2 V204/S204
- Refinery and Petrochemical Integrated Development ("RAPID") Package 1702 Substation

Green Buildings

Sustainable construction materials play an important role in the construction of green buildings. The reduced environmental impact of using such materials is just one of the many benefits that green buildings offer. These benefits can be clustered into three categories as follows:

Environmental – Green buildings eliminate and reduce negative impacts on the environment. They not only minimise waste and maximise energy and water efficiency, but also have a positive impact by generating their own energy or increasing biodiversity.

Economic – Green buildings offer a number of economic or financial benefits, positively impacting many different groups of people. Some benefits include cost savings on utility bills for tenants or households through energy and water efficiency. Green buildings also equate to a higher property value for developer and homeowners.

Social – Green buildings are also seen to bring positive social impact, providing enhanced health and wellbeing for those who work or live in green offices or homes.

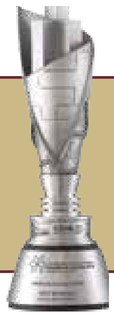
At present, we have constructed four buildings with green building standards and certification, including gateway@klia2 in Sepang, MITI Headquarters in Kuala Lumpur, MyTOWN Shopping Mall in Kuala Lumpur and Lot 2C5 in Putrajaya. In recognition of these benefits, we strive to design and develop more green buildings in the communities in which we operate.

GBI Silver, Lot 2C5 in Putrajaya

LEED Silver Certification under LEED 2009 Core and Shell Development, gateway@klia2 in Sepang

GBI Gold, MITI Headquarters in Kuala Lumpur

GBI Certified, MyTOWN Shopping Centre in Kuala Lumpur



At the recent Malaysian Construction Industry Excellence Awards 2018, WCT was awarded the Green Building Award in recognition of our efforts to adopt green and sustainable practices in the construction of the MITI Headquarters, Kuala Lumpur where we achieved a GBI Gold Rating score of 84 points and Quality Assessment System in Construction score of 82%.

In 2018, WCT was awarded three contract packages which are required to comply with green building standards and certifications. These projects, which are required to be constructed with materials that have recycled content, include:

Project	Targeted Green Building Certifications
1. Superstructure, façade and blockworks in relation to the proposed mixed commercial development project undertaken by LQ Retail Sdn Bhd in Tun Razak Exchange, Kuala Lumpur	• Leadership in Energy and Environmental Design ("LEED") – Gold • GBI – Gold
2. Superstructure works for a mixed commercial development project known as Pavilion Damansara Heights (Parcel 1) by Impian Expresi Sdn Bhd in Kuala Lumpur	• Green Mark Gold (Office Tower) • Green Mark Certified (Podium & Residential)
3. Main contract works for retail mall at PNB 118 by PNB Merdeka Ventures Sdn Bhd in Kuala Lumpur	• LEED – Gold • GBI – Silver

Customer Satisfaction

We believe that customer satisfaction is fundamental to our business and that assessing satisfaction is essential for progress. We document customer feedback via surveys which provide key analytics through which we can measure our efforts and improve our services. At the same time, we have established different channels and processes such as our social media platforms and customer service emails to enable customers to file complaints and claims, if any. This two-way dialogue is crucial for us to keep abreast of evolving needs and market requirements.

Reaching Out to Customers

Engineering and Construction Division

Customer satisfaction is crucial in all industries, not just in the service industry. With that in mind, the Engineering and Construction Division prepares a Project Quality Plan ("PQP") prior to the start of any projects in order to ensure the timely delivery of projects that meet our customers' expectations. The PQP sets out the objective, description, schedule, contract information and responsibility for a project. It also establishes plans for site layout, storage location and material and work quality, while setting guidelines for compliance with our internal Quality, Safety & Health and Environmental Policy. Through the PQP, we ensure that customer needs are met at every stage of a project, with the outcome being high-quality results that match customer expectations.

In order to track our success in customer satisfaction and gain valuable feedback, the Engineering and Construction Division provides survey forms to the companies with whom we hold contracts. The survey, which is conducted once a year, solicits feedback on the following criteria: work quality, on-time completion, customer technical services, co-ordination flexibility, project management, responsiveness, site management, and safety, health and environmental compliance. In 2018, we achieved a response rate of 90.48% for the Engineering and Construction Division survey, and a customer satisfaction rate of 83.2% with the projects we delivered.

Property Development Division

Upon the handover of the properties to the purchasers, the property management and maintenance department attends to the customers to ensure rectification works are completed to the required standards and that the properties are well managed. In 2018, we have conducted customer satisfaction surveys with the purchasers of Asteria and Azaria Apartments. Customers were invited to provide feedback on the timeliness and reliability of property delivery, the quality of our products and services and our responsiveness to customer needs. On average, approximately 78% of customers who responded to the surveys were satisfied with our services.

The facilities management team is responsible for managing our commercial properties, such as The Ascent corporate office tower at Paradigm Petaling Jaya and BBT ONE The Towers in Klang. The division has targets in place not only ensure that customer satisfaction is met but to place the onus on their teams to continuously carve out improvement plans for better management of facilities. A key objective is to respond to customer complaints on maintenance-related issues within one working day. The department also administers annual customer satisfaction surveys for the season pass holders and everyday users of BBT ONE The Towers car park in order to measure user satisfaction and identify areas for improvement. The survey, which received 100 responses in 2018, consists of questions pertaining to staff response to customer enquiries, overall car park environment including directional signages, traffic flow and parking equipment and the payment process. Overall, customers were satisfied with the car park environment and services provided by the company, with 95.75% providing a rating of "Good and Above".

A customer satisfaction survey was also completed for maintenance services at Tower A and B, BBT ONE The Towers focused on timeliness and reliability of delivery, quality of products and services and responsiveness to customer needs. The results of the survey showed that customers were satisfied, with 78.05% giving a rating of "Satisfied and Above".

Responsible Sales & Marketing

As a property developer, we are driven by high occupancy and take-up rates of our residential developments. In order to achieve this, we recognise the importance of responsible sales and marketing initiatives for achieving customer satisfaction. WCT's sales and marketing teams are therefore subjected to regular training sessions to ensure their delivery of the highest-quality service. At all times, our sales and marketing team must be in conformance to the Personal Data Protection Act and adhere to all related standard operating procedures.

Family-friendly activities at Paradigm Mall PJ

Kid-friendly shows and performances at Paradigm Mall JB

Shopper Experience

Over the years, we have diversified into retail mall ownership and management. Stellar examples are Paradigm Mall Petaling Jaya ("Paradigm Mall PJ"), Paradigm Mall Johor Bahru ("Paradigm Mall JB"), gateway@klia2 and SkyPark Terminal 3.

Once the site of an abandoned development project, our most recently completed mall, Paradigm Mall JB, is now positioned to serve as a premier shopping, dining and entertainment destination for the Southern region. WCT's transformation of the derelict project to a thriving retail destination contributed to our recognition as the Builder of the Year 2018 at the Malaysian Construction Industry Excellence Awards. Similarly, Paradigm Mall PJ has revitalised the local vicinity of Kelana Jaya and now provides many options for neighbourhood shoppers. The success of Paradigm Mall PJ lies with its location, which benefits from high footfall and a great mix of tenants. With their wide, open spaces, both Paradigm Mall PJ and Paradigm Mall JB also encourage community gatherings and family-friendly activities. At the other end of the spectrum, our retail mall/centre operating within airport terminals, namely gateway@klia2 in Sepang and SkyPark Terminal 3, cater to travellers and support a wider demographic.

In a shopper satisfaction survey conducted in 2018 for Paradigm Mall PJ and gateway@klia2 in Sepang, customers were invited to complete a questionnaire on their level of satisfaction with the different services and facilities available. The customers were asked to rate our service performance in a few areas including Security, Mall Facilities, Cleanliness, Car Park Facilities and Customer Service. Customers of gateway@klia2 were also invited to provide feedback on the Retail and Food and Beverage Outlets and the Transportation Hub at Level 1. The average level of satisfaction reported across all categories was 79.9% for Paradigm Mall PJ and 86.1% for gateway@klia2.

Customer service counter at gateway@klia2

gateway@klia2 was awarded the Bersih, Selamat dan Sihat ("BeSS") recognition for having eateries and food outlets that are clean, safe, and healthy. The initiative is an improvement programme within the existing monitoring programme implemented by the Ministry of Health Malaysia. gateway@klia2 is the first airport mall to receive this honour.

In 2018, WCT launched its own shoppers' loyalty programme, WCT Buddy. WCT Buddy is a multi-store, multi-mall cardless rewards programme using a mobile application that encourages shoppers to shop, earn Buddy Points and redeem Buddy Points for special rewards. This programme, which is currently available at Paradigm Mall PJ, requires no membership fee and offers a hassle-free experience by not requiring that shoppers carry a physical card.

Contributing to the Local Economy

We are builders and developers at heart and building thriving and sustainable neighbourhoods is part of our promise to our stakeholders. WCT's holistic approach to our projects ignites local economic revitalisation while addressing stakeholders' concerns, such as housing affordability and infrastructure developments, from the very beginning.

Affordable homes

The *Rumah Selangorku* housing scheme was introduced to provide affordable housing to residents of Selangor. With a particular focus on the lower to middle income segment, *Rumah Selangorku* addresses, amongst others, availability of choice of medium cost homes, the gap in prices of low-cost homes as well the issue of buyer affordability, with *Lembaga Perumahan dan Hartanah Selangor* placing a cap price of between RM188,000 to RM250,000 per unit.

Azaria Apartments completed in June 2018

To-date, we have launched a total of 933 units of affordable homes in Klang over three phases under the *Rumah Selangorku* programme with a total estimated gross development value of RM198.5 million. Out of the 933 units, 561 units are the Azaria and Asteria Apartments in Bandar Parklands, which were handed over in the first half of 2018, while 372 units are the Trifolis Apartments in Bandar Bukit Tinggi 2 ("BBT 2"), handed over at the end of 2018. An additional 320 units of Aronia Apartments in Bandar Parklands are scheduled for future launch.

In October 2018, WCT Land was a proud recipient of the *Pembangunan Komuniti Sejahtera Award* from *Jabatan Perancangan Bandar dan Desa Negeri Selangor*. The award is in recognition of WCT's *Rumah Selangorku* affordable housing projects in Klang as well as WCT's commitment to building and developing the Selangor state, in line with the state's development aspirations.

Sustainability Statement
cont'd

Segi Astana Sdn Bhd ("SASB") was awarded the Best Sustainable Energy/Renewable Finance Deal in Southeast Asia 2018 at the 12th Annual Alpha Southeast Asia Deal & Solution Awards 2018

SASB is an incorporated joint venture company between WCT and Malaysia Airport Holdings Berhad set up to undertake the privatisation of the construction, development and financing of gateway@klia2 on a build-operate-transfer model. In 2012, SASB established a RM470 million AAA-rated Danajamin-Guaranteed MTN Programme primarily to fund the construction and development of gateway@klia2. Following the completion of gateway@klia2, a LEED Silver certified building, SASB refinanced the MTN on a non-guaranteed, standalone financing structure via a new RM415 million ASEAN Green MTN Facility ("Green MTN").

The Green MTN is Malaysia's first-ever Malaysian Ringgit-rated bond issued under the ASEAN Green Bonds Standards. Furthermore, RAM Consultancy Services has accorded a Tier-3 Environmental Benefit rating on the MTN Facility, making this Malaysia's first Green Bond issuance that has engaged the services of a Malaysian external reviewer.

Infrastructure and Development

Cities and suburbs today have become sites of mass traffic and stress. Through our infrastructure projects, we work to enhance the connectivity and liveability of our communities. We are actively involved in infrastructure developments in Malaysia via our four contract packages under our MRT2 V204 projects, LRT3 and major highway packages under the Pan Borneo Highway (Sungai Arip Bridge – Bintulu Airport Junction) in Sarawak and West Coast Expressway in Selangor. These projects, upon completion are expected to contribute significantly to the development of the economy in both East and West Malaysia.

d'Laman Greenville, Bukit Tinggi, Klang

In the Klang Valley, we are also participating in the development of a Transit Oriented Township ("TOT") in Bandar Bukit Tinggi ("BBT"). A TOT is generally defined as a mixture of housing, office, retail and other amenities integrated into a walkable neighbourhood and located within a half-mile of quality public transportation. With the commencement of the LRT3 works in Klang, the home of BBT1, BBT2 and Bandar Parklands, the area will soon be served with three LRT stations. This is expected to transform BBT into a TOT development by the Group.

Enhancement of Competitiveness

Increasingly, WCT's expansion overseas has not only enhanced our global reach but challenged our people to strive for excellence at all levels. It is a testament to our years of experience in large-scale development and infrastructure projects that we are able to channel efforts that enhance our global competitiveness.

At the Malaysian Construction Industry Excellence Awards 2018 Awards, WCT was awarded the International Achievement Award for constructing, completing and maintaining the Qatar Ministry of Interior's New Headquarters in Doha. WCT successfully completed this project overcoming various international construction challenges such as cultural and market differences along the way.

Innovative Growth

CIDB Malaysia, under the Construction Industry Transformation Programme, is expected to establish a Fourth Industrial Revolution ("IR 4.0") roadmap for the construction industry by January 2020. The roadmap aims to provide a clear direction for the construction industry players, in particular Building Information Modelling ("BIM").

WCT has always embraced advancements in technology to enhance our product offering, processes and operations. We are seeing increasing penetration of digital interventions that are influencing how we work. One example of this is our use of visual models in design and construction by adopting strategic implementation of BIM systems in 3D and Virtual Design Construction in 4D in our Engineering and Construction work processes. We aim to enhance digitisation in phases in order to have a clearer work scope, minimise risk and reduce abortive works in building and construction.

Operating in a traditional brick and mortar industry, we are preparing our workforce for a digital world. Developing workforce skillsets to meet the future needs of the industry involves not only training and development, but mindset shifts, as our workforce needs to be agile and resilient to embrace fast-expanding technology.

Research Partnerships

We aim to keep abreast of the latest technology usage in the sectors relating to our businesses by collaborating with research institutes and education institutions to furnish our operations with the latest industry insights. Findings through such collaboration serve as a bridge between academic-based research and development with industry players.

Research - Recycling construction material

This two-year research programme is a pilot undertaken with Monash University to study the usage of existing asphalt as a subbase material for a temporary road diversion in the Pan Borneo Highway project. The project, which is forecasted to begin at the end of 2019, supports WCT's Green Technology Adoption Programme for infrastructure projects. Financially supported by WCT, the RM1 million programme has the following objectives:

- To promote knowledge transfer between the research institution and industry
- To conserve nature by minimising the use of natural products and promoting the usage of recycled products
- To publish the findings of the study on asphalt recycling materials for the benefit of future projects

Sustainability Statement

cont'd

Digital Worksite Solutions Production Study

As part of the LRT Contract Package TD1 project requirements for adopting a technology study, WCT, in partnership with Tractors Malaysia, conducted a productivity study on Digital Worksite Solutions system from 19th to 24th November 2018 at our Pan Borneo Highway project. The purpose of the study was to measure the productivity and accuracy levels of a motor grader and excavator when comparing the conventional technique, using stakes on the ground, and the new method, using Digital Worksite Solutions/Machine Control systems. The two methods were evaluated based on time, pass count and accuracy.

The results of the study confirmed that machine control and guidance can revolutionise the construction industry by allowing jobs to be completed more quickly, at a lower cost and with the highest degree of accuracy. The study also demonstrated that the new method yields productivity and unit cost improvements due to a reduction in surveying support, an increase in operational efficiency for earth moving and a decrease in the number of passes for fine grading. The new technique may also offer possible savings in fuel consumption.

Industrial Building Systems

In line with its drive towards more efficient resource and time management in developments, CIDB Malaysia has proposed greater adoption of Industrial Building Systems ("IBS") with the aim of increasing the efficiency, quality and productivity of projects. IBS, which is the pre-fabrication of building components off-site for later on-site assembly, results in minimal construction waste as resources used in the pre-fabrication process can be calculated and pre-determined.

In 2018, IBS was implemented at the RM133.93 million MRT PQ project, a police quarters redevelopment project at Taman Keramat, Bandar Ulu Kelang, Gombak, Selangor. Through adoption of IBS in such projects, precast components were ordered from local suppliers and manufacturers, significantly reducing the time required to fabricate components and assemble. IBS also allowed us to reduce the hiring of low-skilled foreign workers and to hire more skilled local workers for the work instead. This project achieved a 75% IBS score by utilising the precast panels, prefabricated steel trusses, blockwork system and reusable formwork system as required by the client.

MRT Police Quarters Project

Digital Tools for Equipment Optimisation

WCT Machinery Sdn Bhd ("WCT Machinery"), our machinery rental business has embraced the use of GPS systems for machine monitoring and tracking. These systems provide a platform for monitoring machine inventory, conditions, unauthorised use and maintenance workflow to maximise uptime and productivity. By accurately tracking machine location, fuel status and other operational information, the systems also help identify areas where operating costs can be reduced, such as through training machine operators, reducing idle time and improving fuel economy. The use of these systems also assists to prevent thefts by making 24-hour geolocational services available.

By sharing the data obtained from these platforms, WCT Machinery maximises the efficiency of their operations by reducing idle time, planning optimal travelling routes and identifying equipment that best fits the project requirements. These extensive monitoring and tracking services also determine the environmental impacts of their operating practices, providing a baseline for improvement.

ENVIRONMENTAL PERFORMANCE

At WCT, we have started to enhance the management of our environmental data in order to track savings and efficiency. We are always looking for better ways to collect information across the Group as the more we understand of our high impact areas, the better we are at channelling solutions towards effective environmental management.

Resource Consumption Management

As part of our efforts to monitor environmental quality, we have established an environmental monitoring programme at every construction project site in accordance with the project requirements. The programme includes the monitoring of air, noise (including vibration monitoring) and water (including silt trap monitoring) quality. The monitoring is undertaken either monthly or quarterly, depending on project requirements.

Energy

The two factors governing energy consumption in buildings are design and usage. At WCT, we are able to create energy efficient solutions at the design stage and thus influence how the building is then used. We firmly believe that no detail is too small when it comes to eco-friendly design and usage options, as it is a combination of different aspects that ultimately contribute to a reduction in energy consumption.

Examples of design solutions that our Property Development Division employs to minimise the energy requirements of buildings include incorporating the use of natural sunlight into the design of occupied spaces and providing a means for passive cooling of interior spaces. We also ensure efficient energy management through the appointment of an energy manager, the establishment of a pre-planned mechanical and electrical schedule to avoid spikes in demand and the installation of digital power meters for data recording and analysis.

Within our Investment and Management Division, we have undertaken various additional measures to reduce energy usage in our properties such as the installation of LED lights in select locations in gateway@klia2, Paradigm Mall JB and Paradigm Mall PJ, as well as the use of an energy-efficient cooling management system at Paradigm Mall PJ. Additionally, at gateway@klia2 we have implemented Building Management Systems ("BMS"') for all mechanical and engineering fans. The BMS is controlled through carbon sensor and fans will only be activated when required. At the same time, energy usage is further minimised at gateway@klia2 through the use of 18 watt/meter low energy light bulbs.

gateway@klia2 implements the Building Management System for all mechanical and engineering fans

Paradigm Mall PJ uses an energy-efficient cooling management system

Since the replacement of LED lighting in 2015, the electricity consumption for gateway@klia2 has seen a reduction of 30%. The total electricity consumption by LED lighting in the carpark amounted to 1,597,409 kWh in 2018, indicating energy savings of approximately 685,000 kWh over the year.

Total energy consumption

Location	Energy consumption (kWh)	Average energy use intensity (kWh/m²)
WCT Offices[2]	1,064,216.0	97.35
Hotels[3]	12,954,717.0	232.55
Retail Malls[4]	104,479,024.5	216.47

In 2018, the total electricity consumption for WCT's offices, headquarters, hotels and malls was approximately 118.5 million kWh and 6.1 million litres of diesel were used in four construction sites[1].

In order to minimise energy consumption, we have introduced the use of solar powered lights at our project sites, such as for access roads, guard houses and storage yards among others. These lights not only reduce the amount of unrenewable energy consumed by our operations, but also minimise the costs associated with trenching and wiring for non-solar lighting.

Water

WCT is cognisant that despite high levels of annual precipitation, water availability is a growing concern in the country. Over the years, numerous water crises in Malaysia have caused problems for communities by leading to a shortage of fresh and potable water.

We have adopted a wide range of measures to reduce water consumption at our properties, including installing water-efficient fittings and raising awareness on water conservation among our employees, customers and tenants. One such initiative is the rain water harvesting system at gateway@klia2, which collects water for external usage, such as watering plants. We also encourage all WCT employees to practice water conservation at all our offices and project sites by disseminating water conservation information and displaying awareness signage. At our project sites, water from wash troughs, sedimentation ponds and rainwater is recycled for use by water bowsers for wetting the ground surface or stockpile in order to reduce dust.

In 2018, WCT's total water consumption was approximately 1.1 million m^3 across its offices, headquarters, hotels and malls.

Tolal water consumption

Location	Water consumption (m^3)
WCT Offices[2]	999
Hotels[3]	101,266
Retail Malls[4]	1,028,875
Total	1,131,140

Waste Management

We recognise that the rapid growth in our industry contributes to increasing waste generation. Therefore, we have implemented a wide range of measures to reduce waste generation at source, facilitating recycling and ensuring waste disposal is undertaken in a responsible manner. In addition, we encourage our tenants, customers, suppliers and contractors to join forces in waste reduction by placing recycling bins at our properties.

In 2018, 7.9%, or 613 tonnes, of waste collected from three malls was diverted from landfills. We engaged an external contractor to segregate the recyclable material. While this currently represents a small proportion of our waste, we are committed to implementing more waste reduction measures moving forward.

Construction Waste and Effluent Management

We have established proper construction waste management practices at all our project sites by segregating the waste that is generated into construction waste, domestic waste and scheduled waste.

Construction waste is transported by licensed collectors to prescribed landfills and in managing the amount of construction waste generated from our projects, we have measures in place to reduce and recycle the waste sent to landfill.

We reused and recycled 2,617.2 tonnes of construction waste for 2018. Some of the materials were used for formwork, while others such as wood sheets were used to build temporary facilities like waste bins and as supporting facilities for the rest area. The remaining materials were sent to waste collectors and recycling centres. Recycling of waste materials is always undertaken via onsite segregation.

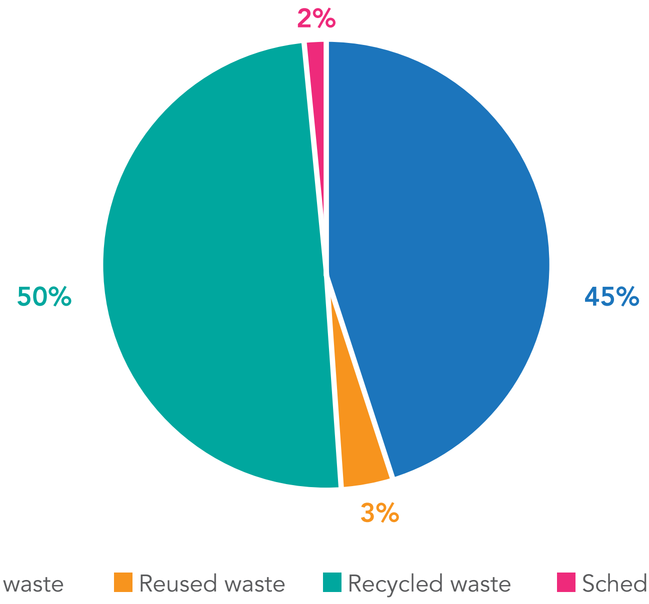
We are also able to reduce waste through the minimisation of packaging materials by purchasing material in bulk quantities, as well as preferential energy recovery from any remaining waste in lieu of landfill disposal. In order to continue meeting our goals, we are committed to adhering to best practices in materials management. About 2,170 tonnes of construction waste were landfilled in 2018.

We comply with the Environmental Quality (Scheduled Wastes) Regulations 2005 for proper handling and disposal of scheduled wastes. Scheduled wastes are segregated according to respective categories as stipulated in the regulations by the Department of Environment ("DOE").

In 2018, about 1.5% (71.9 tonnes) of all construction waste generated was scheduled waste, which was sent to authorised treatment facilities for disposal. As part of WCT's initiatives to reduce 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 to ensure good functionality and no leakage and spillage to ground surface. In addition, diesel or oil containment trays are provided to prevent oil spillage during the maintenance of construction equipment and machinery.

Oil spillage drill at our Pan Borneo Highway project site

Total waste generated from our construction project sites[5]



KKBWCT Joint Venture Sdn Bhd won the Project Assessment System (PROJAS) Award - Best Environment Management Team award for the Pan Borneo Highway project in 2018.

The group also performs controls on the quality of the water discharged into the environment and always complies with legal stipulations for effluent management. In order to ensure that water contaminated with sediment from these sites does not flow into clean water sources such as rivers and streams, we channel all effluent into silt traps before it is discharged from the project site. Additional preventative measures we undertake to control water quality at our sites include periodic desilting of silt traps to avoid high levels of siltation, in-situ water quality tests, particularly after rainfall events, and the upgrading of best management practices for activities such as silt fence installation, dam checks and the protection of exposed slopes.

Should the Total Suspended Solids ("TSS") value for water discharge exceed the specific limit stipulated under DOE standards and project requirements, immediate corrective measures are taken. This involves treating wastewater in accordance with the Wastewater Treatment Plan ("WTP") with the objective of bringing the TSS values below the acceptable limit. As the operation of the WTP incurs additional cost, we are committed to sound control and mitigation measures for water quality in order to both protect our environment and reduce our costs.

Noise Monitoring

Noise and vibration are constantly monitored at all project sites. If any control indicates that due to our site activity the noise or vibration levels have exceeded the acceptable thresholds, then the plant or equipment is immediately shut down and appropriate measures are taken to manage the noise levels.

Some of the measures undertaken by WCT to reduce noise pollution are:

- Implementation of noise shroud at the piling machine
- Implementation of preventive maintenance schedule to each equipment and machinery used at project site
- Night work permit to be obtained under certain conditions
- Installation of temporary and permanent noise barriers as a preventive measure, such as equipping generator sets with sound enclosures to minimise noise emission
- Frequent noise level monitoring conducted as a tool to measure the nuisance level
- Permanent noise and vibration measuring meter installed near to the receptors of the project site

Biodiversity and Conservation

In all our development and project sites, we strive to ensure that the in situ ecological balance is maintained and undertake biodiversity preservation and conservation efforts in accordance with regulatory requirements. We incorporate buffer zones during clearing works, especially for projects located close to sensitive areas, such as forests or watercourses, and when necessary commission Environmental Impact Assessments before work is undertaken. Our ecologically aware approach underlies our development philosophy for all projects.

Our Pan Borneo Highway project traversed a range of ecosystems, including poor and degraded forests, traditional subsistence farmlands and stretches of secondary forest. Due consideration was given to these environments during the construction phase, with site clearing done in localised and directional phases to allow the migration of wildlife to adjoining habitats. Riparian reserves along streams and the road alignment were also retained and adequate protection against scour and erosion was implemented. To further minimise the impacts of our operations on the local environment, employees were clearly advised on the prohibition on hunting protected species and the consequences and penalties that applied.

Climate Change

It is widely recognized that the emission of greenhouse gases due to human activities will continue to intensify global warming, leading to catastrophic economic and social consequences to humankind in the foreseeable future. As a property developer of considerable scale, we are both responsible for and vulnerable to the impacts of climate change, and so we need to define our management approach in terms of both mitigation and adaptation. Climate change exposes us to different physical and transitional risks, such as changes in policy and technology in the shift to a low-carbon economy, that may disrupt our operations.

Climate change impacts continue to be felt by all industries. As developers, we are focused on managing our climate footprint through energy emissions. We are on a journey to better understand our impact and will be looking to disclose some baseline information on our mitigation and adaptation approach in the coming year.

SOCIAL

We believe that our people are our key assets. In a rapidly evolving industry, the ability of our people to be future-ready is crucial for our continued progress. At WCT, we are committed to creating a dynamic and healthy workforce that is engaged and thriving and to prioritising occupational health and safety.

Workplace

For us to realise our human capital mission which is to "develop, train and reward passionate and committed employees", we are executing various strategic plans for talent development. We believe that our performance improvement and quality management systems along with our training and engagement investments have created a learning mindset amongst our employees who are keen to stay apace with our growing organisation. Some of the key systems in place are the ISO 9001:2015 (Quality Management System), OHSAS 18001:2007 (Occupational Health and Safety Management System) and ISO 14001:2015 (Environmental Management Systems). Maintaining the momentum with our workforce will support our mission-driven human capital agenda.

Our Workforce

Description	2018
Total number of employees	**3,002**
Percentage of employees by gender i) Female ii) Male	 21.7% 78.3%
Percentage of employees by age group i) <30 ii) 30-50 iii) >50	 36.4% 54.8% 8.8%
Percentage of employees by ethnicity i) Malay ii) Chinese iii) Indian iv) Others	 31.6% 12.9% 17.2% 38.3%
Percentage of employees by contract i) Permanent ii) Contract	 61.6% 38.4%
Percentage of new hires i) <30 ii) 30-50 iii) >50	**31.2%** 16.1% 14.4% 0.7%
Turnover rate i) <30 ii) 30-50 iii) >50	**23.9%** 10.5% 12.0% 1.4%
Percentage of women in management	11.7%

Human Capital Development

Management of continued talent development is supported by systemised performance measurements and appraisals. Based on the outcome of the various assessments, our capability development efforts, including Training Needs Analysis, are able to guide individual and team progress.

Description	2018
Total training hours	33,894.5
Total employees trained	6,240
Average training hours i) per employee ii) per employee in Management training iii) per employee in Non-management training	 29.84 0.47 29.38

Attracting Talent: Industry Collaboration Programmes

One of the key human capital challenges that we face is to recruit industry-ready new hires, especially fresh graduates. In an industry that requires high levels of technical competency, rapid familiarisation with both business and technical aspects is our priority.

As part of the MRT2 V204 and LRT3 GS02/GS03 project, we implemented a 3-month training programme targeted at interns and local graduates. The objective is to prepare selected students to join the construction and building industry by enhancing their knowledge through practical and hands-on experience which familiarises participants with construction project planning and scheduling. Since its inception in 2017, seven local graduates and seven student trainees have participated in the programme. WCT has allocated RM148,800 for the programme, which is expected to run until the year 2021.

Employee Engagement

Our business success relies on how well our employees adapt to the internal and external business environment and continue to be engaged. In order to nurture a resilient and adaptive workforce, all employees must be able to operate in an open and inclusive environment. We have in place various communication channels through which employees can be advised of broad company directions and voice their feedback to senior management. At the same time, we have harnessed the strength of working in teams as our project success often resides in strong teamwork. Additionally, to further improve our efforts for collaborative work, we have invested in technologies and systems for employees to reach out and understand better each other's work streams and flows.

We have also enhanced the benefits packages for employees. All our employees enjoy the following benefits:

- Health-care (5,128 individuals in 2018 benefited from our outpatient health care services)
- Insurance (coverage for all employees)
- Disability and invalidity coverage (nine individuals filed a claim via Social Security Organisation under this benefit, and three individuals filed a claim via Workmen Compensation Insurance)
- Maternity leave (24 female individuals in 2018 utilised their 60 days maternity leave)
- Paternity leave (53 male individuals in 2018 utilised their 3-day paternity leave)

Labour Relations

The nature of our Engineering and Construction business lies in large scale projects. Consequently, the workers involved in our value chain, including subcontractors, are from a diverse range of nationalities, backgrounds and skills. We abide by all rules and regulations of the Immigration Department of 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.

Occupational Safety and Health

Safety is our top priority and we have over the years established various controls and systems to enhance our efforts in this area. Here at WCT, safety is inculcated as an organisation-wide culture and seen as a non-negotiable priority for all. We have ensured that this priority is maintained even at our subcontractor level.

The Group's Quality, Environment, Safety and Health Department is constantly striving to enhance awareness and education on safety. All efforts support our adherence to, inter alia, the Safety and Health Assessment System in Construction and OHSAS 18001:2007 certification.

On-site at all projects, staff and 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. In 2018, 81 employees received first aid training. Employees also received a range of Occupational Safety and Health ("OSH") training programmes ranging from regulatory framework to machinery inspection.

Toolbox Talk at the proposed mixed commercial development project in TRX

In 2018, WCT's Property Development Division delivered targeted programmes and initiatives with the goal of meeting four key OSH objectives:

Objective	Achievements
To achieve 450,000 man-hours without lost-time injury for office sites and 55 million-man hours without lost-time injury for project sites.	Achieved 456,028 man-hours without any accident reported for office areas in 2018. Due to fewer project sites available in 2018, the target for man-hours without accidents was no longer representative of our operations. In 2018, we achieved 51,851,375 man-hours without accidents.
To have zero fatal accidents at site.	There were no fatal accidents reported at WCT's Property Development project sites in 2018.
To achieve an average of three training hours per employee per year (inclusive of main contractors' representatives) in relation to OSH and environmental issues.	An average of three training hours per employee was achieved for 2018.
To achieve a 90% and above compliance for all planned safety and health inspections for WCT Property Development Division's offices and project sites.	Over 90% inspection compliance was achieved.

At all times, our operations adhere to the highest standards guided by regulatory requirements and OHSAS 18001:2007. Hazard Identification and Risk Assessment and Determining Controls are documented to identify and address any potential hazards at our site areas and immediate action is expected to eliminate or reduce the intolerable potential risks to an acceptable level.

All WCT's property management and maintenance departments offices and project sites must establish a Safety and Health Committee ("SHC") with role-related responsibilities that facilitate effective implementation of these standards. SHC meetings are conducted either on a monthly, bi-monthly or quarterly basis to discuss safety and health related matters. During the meetings, all staff, contractors, subcontractors and service providers are able to voice their concerns in relation to safety and health matters. The SHC also provides informative trainings to enhance these parties' knowledge and awareness of OSH.

One key aspect that we are proud to note improvement in is with regard to our proactive measures undertaken for emergency preparedness and response. Emergency Response Plans ("ERPs") and teams are now in place to ensure preparedness in any situation. This includes prevention and mitigation of health and safety risks in the event of an incident or emergency situation.

WCT Machinery is committed to the responsible maintenance of construction machinery so as to ensure the health and safety of our employees. This includes maintaining machinery to manufacturer recommendations and keeping strict records of service, maintenance, repair and major breakdowns. In order to ensure adherence to best maintenance practices, WCT Machinery provides regular training for operations teams, mechanics and operators. This minimises the risk of dangerous equipment failure while also ensuring that equipment is operating with the greatest environmental efficiency.

Occupational Safety and Health Performance

Description	Engineering and Construction	Property Development
Lost Time Injury Frequency Rate Number of lost-time injury cases per 1 million-man hours	0.000002	0
Injury Rate Number of recordable incidents per man hours multiplied by 200,000	0.1692	0
Lost Day Rate Number of lost work days per man hours multiplied by 200,000	0.1917	0
Absolute number of fatalities	0	0

In 2018, our Engineering and Construction Division was honoured with the following Health, Safety, Security and Environment Awards and Recognitions by Petronas for our RAPID Engineering & Construction projects in Pengerang, Johor:

- Package 14-1702: Best Safety Performing Contractor for the month of March, April and August 2018.
- Package 14-1702: 3 million man-hours without Lost Time Injury on 3 May 2018.
- Package 14-1702: 4 million man-hours without Lost Time Injury on 11 October 2018.
- Package P20C1, 14-0302/0303/1702/0401: 12 million man-hours without lost time injury on 5 November 2018.

Contribution to the Community

It is important to WCT that our impact on the communities in which we operate is lasting and positive. We are therefore committed to supporting quality projects and programmes that bring about positive change in society. Many of these contributions are closely aligned with our core business activities and have therefore been reported in the relevant sections of this Sustainability Statement. Additional community initiatives for 2018 include the following:

WCT and Skim Latihan 1Malaysia

In 2018, WCT supported the recruitment and training of local graduates under the Skim Latihan 1Malaysia ("SL1M") initiative, with a pledge to commit RM14 million to the initiative over four years. SL1M is a training programme that aims to equip young Malaysian graduates with useful skills, knowledge and work experience, enhancing their marketability for future employment. The 12-month training programme builds participants' soft skills and provides on-the-job training for the development of a well-rounded future workforce. In 2018, WCT recruited 39 trainees under the programme.

Universiti Tunku Abdul Rahman ("UTAR") Site Visit

In addition to promoting skill development for young Malaysians through local graduate training, we are committed to sharing our technical knowledge for the enrichment of youth education. In 2018, we welcomed 44 students from the UTAR Institution of Civil Engineers to our MRT2 V204 project site, where students learned about the technical aspects of the project and gained first-hand exposure to the engineering and construction industry.

University of Malaya Boys' Basketball Team

At WCT, we believe that sports play an important role in youth development and have been a supporter of the University of Malaya Boys' Basketball Team ("UMBBT") since 2012. WCT's annual monetary contribution of RM50,000 provides the team with greater opportunities to enhance their skills through access to training and competitions, helping to grow the basketball programme at the University of Malaya. In 2018, our support helped fund the team's operation costs, including competition fees, jerseys, coaching equipment, and medical and travel expenses. The UMBBT basketball programme at WCT is currently led by WCT's Director of Legal Affairs & Secretarial, who supports UMBBT in his role as Head Coach for the team.

Community Workout Programme

As part of Paradigm Mall PJ's effort to encourage healthy lifestyle, the mall collaborated with its tenant Fitness First and conducted 14 free weekly community workout sessions such as Body Combat, Body Balance, Zumba and Bodyjam from August to November 2018. The sessions were held at the Boulevard, Level G and benefitted approximately 300 participants. Through the programmes, participants were guided on how to build their endurance, flexibility and strength while engaging themselves in a healthy social activity.

Environmental Campaign at SK Salak South

In conjunction with Hari Alam Sekitar Sedunia 2018, WCT together with the DOE Kuala Lumpur Branch organised an environmental campaign on 5 June 2018 for the students and teachers of SK Salak South, Taman Salak South. In line with the government and DOE's call for sustainable development, this campaign aimed to create awareness amongst students, teachers and the general public about the importance of conserving and protecting the environment by communicating how WCT cares for the environment throughout our operations.

The event, which was attended by more than 400 students and teachers, educated students on WCT's use of environmental indicators for measuring and monitoring environmental impacts at our project sites. This included a briefing session by WCT's senior environmental officer, who shared information about the environmental measurements taken during construction, and a demonstration using tracking tools such as a vibration meter, noise level meter and air quality monitoring equipment. Throughout the event, WCT promoted a fun and engaging learning environment with activities and goodie bags for the students.

School Rebuilding Programme in Bintulu, Sarawak

Planning and preparation works continued in 2018 for the SK Sg Setulan refurbishment project in Bintulu, Sarawak. The project represents the investment of over RM1.2 million in the construction of new facilities and structural maintenance at the school. The refurbished facility is expected to provide a more comfortable and safer learning and teaching environment to enhance the learning experience of school children in Bintulu. Construction for the project is forecasted to start in April 2019.

Room to Read

At WCT, we recognise our capacity to make important contributions to both local and international communities. In 2018, we demonstrated our global citizenship through our support for Room to Read, an international non-profit organisation that works to transform the lives of children in low-income countries by supporting literacy and gender equality in education. Over a five-week campaign period, WCT's New World Hotel in Paradigm PJ raised approximately RM15,000 through charity sales, donations and a cooking jamboree to contribute to Room to Read.

Sustainability Statement
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Community Fundraising Runs

In 2018 WCT supported a number of fundraising runs, through both financial contributions and employee participation. In addition to offering funding for worthy charitable causes, our participation in these events served as an employee engagement initiative, providing an opportunity for our employees to come together, both with each other and the local community, for the common good. Runs that we contributed to in 2018 include:

Laksamana Run 2018

Organised by the Tunku Laksamana Johor Cancer Foundation to raise funds for underprivileged cancer patients and their families.

- WCT was recognised as the Platinum sponsor, with a total contribution of RM100,000.
- More than 30 WCT employees took part in the event.

WCT the Platinum sponsor at the Laksamana Run 2018 in Johor Bahru.

Team WCT at The Edge KL Rat Race

The Edge Kuala Lumpur Rat Race 2018

Organised by The Edge Education Foundation to raise funds for projects or programmes related to education, training and skills development.

- WCT donated RM18,000 to the event
- Two management representatives participated in the CEO Race, and five employees took part in the Mixed Team Race.

Danajamin Mighty Run 2018

Organised by Danajamin Nasional Berhad to raise funds for The National Autism Society of Malaysia in order to assist their efforts to build an inclusive society for those with autism.

Five employees competed in the 10km competitive run and seven employees participated in the 5km fun run.

Our enthusiastic runners at the Dana Jamin Mighty Run

Support for External Programmes

In addition to these programmes, WCT's hotels and shopping centres support numerous external community programmes, including outreach to the underprivileged, environmental education and community health and wellness, among others. The total monetary contribution towards programmes of this kind was approximately RM100,000 in 2018.

MOVING FORWARD

At WCT, we are committed to driving economic growth in tandem with the protection of our environment and the development of our community. As we move forward, we remain accountable to our internal and external stakeholders' shifting sustainability priorities and conscious of our capacity to effect change within the nation. Our progress will continue to be marked by sound data-tracking and enhanced disclosure as we work towards the long-term integration of sustainability within our business operations.

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1 *Data for Engineering and Construction was calculated based on four construction projects (Tun Razak Exchange Contract 2 ("TRX C2"), West Coast Expressway ("WCE"), Mass Rapid Transit Police Quarters ("MRT PQ"), Mass Rapid Transit 2 ("MRT2") V204 ("MRT2 V204"). As this is our first year tracking this data, our current disclosure is limited to the information available for these four projects. Moving forward, we expect to provide more inclusive summary statistics.*

2 *WCT Offices consumption data consists of energy consumption for WCT Group offices in The Ascent in Paradigm Petaling Jaya and WCT Property Development offices and sales galleries*

3 *Hotels consumption data comprises energy consumption data for New World PJ Hotel from March to December 2018 and Premiere Hotel*

4 *Retail Malls consumption data consists of data from Paradigm Mall JB, Paradigm Mall PJ and gateway@klia2*

5 *Data was based on the following projects – MRT2 V204/S204, MRT PQ, Pan Borneo Highway, TRX C2, RAPID, WCE, LRT3 (TD1, GS02 and GS03).*

Corporate Governance Overview Statement

The Board of Directors ("the Board") of WCT Holdings Berhad ("WCT" or "the Company") recognises the importance of practising good corporate governance and is committed to apply 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") throughout the Group's operations and management 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 the application of three key principles set out in the Code and good corporate governance practices by the Company during the financial year ended 31 December 2018. The CG Report is available on the website of Bursa Securities together with the Company's 2018 Annual Report and is also posted on the Company's website (www.wct.com.my).

PRINCIPLE A: 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 nine (9) members, made up of the Executive Directors including the Executive Chairman, the Group Managing Director, the Deputy Managing Director, an Executive Director, and five (5) Independent Non-Executive Directors following the appointment of Puan Rahana Binti Abdul Rashid on 1 January 2019.

Each of the Director's profile is presented under the section titled "Profile of Directors" in the Company's 2018 Annual Report.

The current Board composition (whereby the majority of the Board members are Independent Directors) fully 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 as well as the recommendation under the Code, whereby the Company (being a Large Company as defined under the Code) shall have a Board comprising a majority of Independent Directors.

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 adequately 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.

The Board acknowledges the recommendation of the Code for the Company to have gender diversity policy with at least 30% women directors. Currently, Puan Rahana Binti Abdul Rashid is the only woman director sitting on the Board. The Board supports the policy to embrace gender diversity and inclusiveness and will continue to take steps to appoint new women director to the Board. Presently, the Board has not set any appropriate target to achieve boardroom gender diversity including the diversity in ethnicity and age. Importantly, 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 of the Board 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 Whistleblowing Policy, adopted by the Company in year 2017, provides an avenue and mechanism for any individual to report any 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.

➢ *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, internal audit and risk management reports, 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 which they can hold 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.

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 2018, a total of four (4) Board 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 Board meetings attended in 2018
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	4/4
Ng Soon Lai @ Ng Siek Chuan	4/4
Rahana Binti Abdul Rashid*	-

Notes:
** Appointed on 1 January 2019*

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 year, the Directors of the Company have attended an in-house training on "Implementing Sustainability Best Practices – Meeting Regulatory Requirements and Beyond" on 2 October 2018, which was organised for the Directors and senior management of WCT Group.

In addition to the above in-house training, the following Directors have also attended the external training programmes/seminars/conferences listed below:

Dato' Lee Tuck Fook
- Invest Malaysia Conference 2018 (23 & 24 January 2018)
- Affin Hwang Capital Conference Series 2018 – Rebuilding A New Malaysia (8 November 2018)

Tan Sri Marzuki Bin Mohd Noor*
- Audit Committee Conference 2018 – Internal Auditing in the Age of Disruption (27 March 2018)

Datuk Ab Wahab Bin Khalil*
- Directors' & Officers' Liabilities/Prospectus Offerings Securities Insurances (POSI) – A Competitive Risk Transfer Mechanism (22 January 2018)
- Audit Committee Conference 2018 – Internal Auditing in the Age of Disruption (27 March 2018)
- Case Study Workshop for Independent Directors "Rethinking – Independent Directors: Board Best Practice" (5 September 2018)
- National Economic Outlook Conference 2019-2020 – Technological Change and Market Efficiency (27 & 28 November 2018)

Dato' Ng Sooi Lin*
- Corporate Governance Breakfast Sessions (15 March 2018)

Ng Siek Chuan*
- Key Changes to Malaysian Code on Corporate Governance ("CG") and Overview of CG Guide Third Edition (6 February 2018)
- Workshop on Malaysian Financial Reporting Standards ("MFRS") 9 (26 February 2018)
- Corporate Governance Breakfast Sessions (2 March 2018)
- Independent Directors' Programme - The Essence of Independence (29 October 2018)

** 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 2018 Annual Report.

The Audit Committee is able to obtain external professional advice and where necessary, invite external auditors/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, terms of the offers and share option 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 met once during the financial year 2018 to consider and approve the options offered to the eligible employees including the Executive Directors under the ESOS.

(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

(ii) Tan Sri Marzuki Bin Mohd Noor
Member/Independent Non-Executive Director

(iii) Dato' Ng Sooi Lin
Member/Independent Non-Executive Director

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 2018, three (3) meetings were held and details of the attendance of the NRC members are as follows:

Name	Number of NRC meetings attended in 2018
Datuk Ab Wahab Bin Khalil	3/3
Tan Sri Marzuki Bin Mohd Noor	3/3
Dato' Ng Sooi Lin	3/3

During the financial year 2018, the NRC carried out the following activities:

(i) Reviewed the annual increment and bonuses of the employees of the Group;
(ii) Reviewed the annual increment and bonuses of all executive directors;
(iii) Discussed the board gender diversity as recommended in the Code;
(iv) Annual assessment and evaluation of the Board as a whole, committees of the Board, the individual directors and the independence of the Independent Directors;
(v) Annual review of the Board in respect of its size and the required mix of skills and experience;
(vi) Reviewed the re-election of three (3) directors retiring by rotation at the 7th Annual General Meeting;
(vii) Discussed and reviewed the proposed revised Directors' fees to Non-Executive Directors and benefit payable to all the Directors; and
(viii) Reviewed and made recommendations to the Board on the proposed appointment of Puan Rahana Binti Abdul Rashid as an Independent Non-Executive Director of the Company.

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 said 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 8th AGM are stated in the notice of the 8th 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 8th 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 2018 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 2018 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.

➢ ***ASSESSMENT OF INDEPENDENT DIRECTORS***

The Board acknowledges the importance of having 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 2018, satisfied with the level of independence demonstrated by all the four (4) Independent Directors of the Company and that they fulfil 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 has 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 operations 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, 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.

The aggregate fees, remuneration and other emoluments received by the Directors of the Company for the financial year ended 31 December 2018 are stated as follows:

The Company/Group	Salaries and Other Emoluments (RM)	Fees (RM)	Bonus (RM)	EPF (RM)	Benefits-in-kind (RM)	Insurance effected for Directors (RM)	Total (RM)
Executive Directors							
Tan Sri Lim Siew Choon	2,760,000	12,000	575,000	400,200	47,900	4,208	3,799,308
Dato' Lee Tuck Fook	2,400,000	12,000	500,000	348,000	-	1,166	3,261,166
Goh Chin Liong	1,980,000	12,000	412,500	287,100	63,800	4,569	2,759,969
Liang Kai Chong	1,140,000	12,000	237,500	165,300	35,800	6,491	1,597,091
Non-Executive Directors							
Tan Sri Marzuki Bin Mohd Noor	19,000	73,667	-	-	-	700	93,367
Datuk Ab Wahab Bin Khalil	14,000	73,667	-	-	-	700	88,367
Dato' Ng Sooi Lin	12,000	73,667	-	-	-	700	86,367
Ng Soon Lai @ Ng Siek Chuan	9,000	73,667	-	-	-	700	83,367
Rahana Binti Abdul Rashid*	-	-	-	-	-	-	-
Total (RM)	**8,334,000**	**342,668**	**1,725,000**	**1,200,600**	**147,500**	**19,234**	**11,769,002**

Notes:
** Appointed on 1 January 2019*

PRINCIPLE B: 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 interim financial results to shareholders as well as the Chairman's statement and Management Discussion and Analysis in the Company's 2018 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 at the end of each financial year as well as the financial results and their cash flows for that financial year.

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;
- all applicable approved accounting standards in Malaysia have been adopted; and
- prepare the financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue to be in operations for the foreseeable future.

The Directors are responsible for ensuring that the Group and the Company keep accounting records that disclose with reasonable accuracy the financial position of the Group and of 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 of the Company, and to prevent and detect fraud and other irregularities, where possible.

➢ *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 2018 Annual 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 and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants' independence requirements.

➢ *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 2018 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 2018 Annual Report.

PRINCIPLE C: 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 interim 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 as the Company's main source of information to the shareholders and investors while the Company's 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.

Any shareholders and/or stakeholders of the Group who may have concerns relating to the Group may directly convey 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.

➢ *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 is easily accessible by the shareholders. At the 7th AGM held on 6 June 2018, a presentation was given by the Senior Management to the shareholders on the Group's strategies, performance and latest developments including the Company's responses to the questions raised by the Minority Shareholders Watchdog Group (MSWG) on behalf of the minority shareholders of the Company. The Board encourages participation from shareholders by having a question and answer session during the AGM 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 8th AGM of the Company scheduled to be held on 12 June 2019 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 four (4) analyst briefings are held each year, usually to coincide with the release of the Group's quarterly interim financial results. Additional engagements with individual or group of analysts and fund managers may be held on an ad hoc basis as and when requested. A press conference is normally held after the AGM or any Extraordinary General Meeting of the Company.

Below is a summary of the investor relations activities undertaken during the financial year ended 31 December 2018:

	Total
Meetings/Conference calls with investors, analysts and fund managers	17
Investors briefings	4
Site visits	3
Press conference	1

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 also 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
Senior Manager - Corporate Affairs
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 2019 from the corporate governance perspective shall be to review the functions and composition of various Board Committees with the aim to enhance and strengthen the effectiveness of the said committees as well as to review Board policies, where required, so as to keep abreast with the fast changing business environment and in compliance with any new or amended rules and regulations relating to good corporate governance.

(This Statement on Corporate Governance has been approved by the Board of Directors on 19 April 2019)

The following additional disclosures are made in respect of the financial year ended 31 December 2018:

1. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSAL

There were no proceeds raised from any corporate proposal during the financial year ended 31 December 2018.

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 2018.

(ii) During the financial year, a total of 31,914,000 options were offered and granted to the eligible employees (including 2,650,000 options granted to the 4 Executive Directors) of the Group at an exercise price of RM0.82, out of which 822,000 options were subsequently exercised into 822,000 new ordinary shares during the year.

The total number of options granted, exercised and outstanding under the ESOS (2013/2023) since its commencement up to 31 December 2018 are as set out in the table below:

	Number of Options (Since commencement date up to 31 December 2018)	
Description	Grand Total	Directors
(a) Granted	62,165,000	8,604,000
(b) Exercised & include forfeited options	19,719,000	4,904,000
(c) Outstanding	42,446,000	3,700,000

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

Directors and Senior Management	FYE 2018	Since commencement date up to 31 December 2018
(a) Aggregate maximum allocation	15.70%	22.42%
(b) Actual no. of options granted	15.70%	21.76%

(iv) No options were granted to and exercised by the Independent Non-Executive Directors of the Company pursuant to the ESOS (2013/2023) in respect of the financial year ended 31 December 2018.

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 2018 are as follows:

	Group (RM)	Company (RM)
Audit Fees	514,590	88,900
Non-Audit Fees	134,850	16,850

4. MATERIAL CONTRACTS INVOLVING DIRECTORS AND/OR MAJOR SHAREHOLDERS

There were no material contracts/transactions 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, if not then subsisting, entered into since the end of the previous financial year, other than the following transactions:

(i) the appointment of Kuala Lumpur Pavilion Sdn Bhd ("KLPSB") by WCT Hartanah Jaya Sdn Bhd (a wholly-owned subsidiary) as the Retail Consultant of Paradigm Mall in Johor Bahru, for a total fee of RM660,000 and leasing commission of RM1,295,414.20 for the financial year ended 31 December 2018; and

(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, for a total fee of RM300,000 for the financial year ended 31 December 2018;

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; and

(iii) the award of a building construction contract worth RM1.774 billion by Impian Ekspresi Sdn Bhd (a company in which Tan Sri Lim Siew Choon and Dato' Lee Tuck Fook have interests) to WCT Berhad, a wholly-owned subsidiary of the Company. (Please refer to Section 5 below for more information)

5. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE

At the 7th Annual General Meeting held on 6 June 2018, the Company had obtained a mandate from its shareholders to allow the Company and/or its subsidiaries to enter into recurrent related party transactions ("RRPT") of a revenue nature which are necessary for the Group's day-to-day operations with related parties.

The details of the RRPT conducted during the financial year ended 31 December 2018 pursuant to this mandate are as follow:

Transacting Company	Transacting Related Party	Interested Major Shareholder/ Director	Nature of Transaction	Value of Transaction
WCT Berhad ("WCTB")	Impian Ekspresi Sdn Bhd ("IESB")	Tan Sri Lim Siew Choon* Dato' Lee Tuck Fook*	Award of a building construction contract by IESB to WCTB^	RM1.774 billion

Note:

* *IESB is a company in which Tan Sri Lim Siew Choon, the major shareholder and Executive Chairman of the Company, has an indirect equity and both Tan Sri Lim Siew Choon and Dato' Lee Tuck Fook, the Group Managing Director of the Company, sit on the Board of IESB.*

^ *On 14 September 2018, WCTB had accepted a building construction contract worth RM1,773,699,466.22 from IESB for the construction and completion of the superstructure works in relation to the Pavilion Damansara Heights (Parcel 1) commercial development project.*

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, including maintaining a sound system of risk management and internal control to safeguard shareholders' investments and the Group's assets. The Board of Directors 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 2018 ("**FY2018**"). This Statement is prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements ("**LR**") 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**").

BOARD'S RESPONSIBILITY

The Board affirms its responsibility for maintaining a sound risk management framework and internal control system to safeguard shareholders' investment and the Group's assets, as well as to discharge its stewardship responsibility in identifying principal risks and ensuring the implementation of an appropriate risk management and internal control system to manage those risks.

The Board further recognises that internal audit is an integral part of risk management framework in achieving the Group's business objectives, and that such system is designed to manage rather than to eliminate the risk of failure to achieve the Group's business objectives. Accordingly, such system, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud, and can only mitigate and manage any adverse impact arising from a foreseeable future event or situation on the Group's objectives.

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 are operating adequately and effectively, in all material aspects, to mitigate any significant breakdown or weaknesses that may give rise to material losses being incurred by the Group during the financial year under review or that requires disclosure in the 2018 Annual Report.

During FY2018,

- The management-level Risk Management Committee ("**RMC**") reviewed, appraised and assessed the existing controls and action plans in place to mitigate and manage the Group's risk exposure, as well as raised issues of concerns and recommended mitigation actions. The RMC reports to the Audit Committee on a quarterly basis where key risks and mitigations actions are deliberated and recommended to be implemented. The Audit Committee then presented a summary of their deliberations to the Board.

- The adequacy and effectiveness of the internal controls were also reviewed by the Audit Committee, including reviewing reports on internal audits performed by Internal Audit Department ("**IAD**") during the year, as well as any internal controls issues reported by the external auditors. The Audit Committee deliberated on the audit issues and actions taken by Management, and a summary of these deliberations were presented to the Board.

FEATURES OF RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

1. AUTHORITY AND RESPONSIBLITY

The Group operates with an organisation structure with clearly defined reporting lines, areas of responsibilities and delegated authority limits.

a. The following board and management committee were established to assist the Board to discharge its duties; -

Audit Committee

The Audit Committee comprising all Independent Non-Executive Directors of the Company is responsible to provide an independent oversight of the implementation and operation of the Group's risk management framework. In addition, the Audit Committee also reviews the internal control procedures and processes of the Group and evaluates the adequacy and effectiveness of the Group's internal controls system. The Audit Committee also seeks the observation of the external auditors of the Group, whenever required. The terms of reference of the Audit Committee is available in WCT's official website at www.wct.com.my.

1. **AUTHORITY AND RESPONSIBLITY** *cont'd*

RMC

The RMC comprising Management representatives from various business divisions and support services is responsible to monitor and perform regular reviews on the Group's risk management processes and ascertain if the risk management framework approved by the Board is properly implemented throughout the Group's business and operations. The RMC reports directly to the Audit Committee.

Nomination & Remuneration Committee

This Committee assists the Board to establish formal and transparent procedures for the appointment of new directors to the Board; identify, consider, assess and recommend new nominees to the Board; annually review the effectiveness of the Board as a whole (in relation to its size and composition); develop the Group's remuneration policy and determine the remuneration package for the Group's Executive Directors; and propose remuneration to be paid to each Director for their services as well as member of a committee of the Board. The terms of reference of the Nomination & Remuneration Committee is available in WCT's official website at www.wct.com.my.

Option Committee

The Option Committee administer offering, granting and dealing of the share options and new ordinary shares issued under the Group's employees share option scheme ("**ESOS**") to be in accordance with relevant guidelines and approved by-laws governing the ESOS.

Management Committee ('MC")

MC reports to the Board on the effective implementation of strategic business plans for the Group. The MC comprising all the key senior management of the Group is responsible for the development of an overall corporate and business strategy which is presented annually to the Board for approval. The MC reports regularly to the Board on the progress of the execution of the strategic business plans approved by the Board with periodic financial and operational performance of the various business divisions as well as other strategic matters.

2. **POLICIES, PROCEDURES AND VALUES**

- Policies, procedures and guidelines are properly documented and made accessibly by all employees of the Group to ensure compliance with relevant laws, acts and regulations. These policies, procedures and guidelines are subject to periodic review and improvements.

- Discretionary Authority Limits ("**DAL**") duly approved by the Board are prescribed to govern the authority limits granted to the designated personnel who are properly authorised to operate their respective job responsibilities as well as to represent the Group in all official correspondences and documentations on behalf of the Group covering procurement, payment, investment, acquisition and disposal. The DAL are periodically reviewed and are made accessible to all employees for effective implementation.

- Proper guidelines for recruitment and termination of personnel and a performance appraisal system are in place. Employee's performance is regularly monitored, appraised and rewarded accordingly. Training programmes are identified and regularly scheduled for the Group's employees with the objective of continuously upgrading their skills, broadening their knowledge, improving 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.

- The Group's Vision, Mission and Core Values, are shared and communicated to all levels and are easily accessible on Group's official website. This includes Code of Conduct & Ethics for Employees, Code of Ethics for Company Directors, as well as avenues for whistle blowing.

2. POLICIES, PROCEDURES AND VALUES *cont'd*

- Centralised controls of selected key functions of the Group include: -
  - 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

This enable the Management to minimise risk exposure and increase both effectiveness and efficiency of operations.

3. AUDITS

- The IAD, which reports directly to the Audit Committee, perform internal audits on various operating units within the Group based on an audit plan approved by the Audit Committee. The IAD checks for compliance with policies and procedures and the effectiveness and adequacy of the internal control systems and highlights material findings, together with recommendations and action plans, in the quarterly Audit Committee meetings. Further details of IAD's functions and activities are set out in the Audit Committee Report contained in the 2018 Annual Report.

- The external auditors' audit plan, scope of work, and audit procedures to be adopted in the annual report for the financial year in relation to the audit service on the Group's financial statements are reviewed by the Audit Committee. The review also includes a review on the suitability, objectivity and independence of the external auditors.

- Subsidiaries that are accredited with QESH accreditation i.e. ISO 9001:2015, OHSAS 18001:2007 and ISO 14001:2015 undergo scheduled internal / external audits and the results of these audit are reported to the Management.

4. RISK MANAGEMENT

The Group's risk management activities are governed by the Risk Management Policy and Risk Management Frameworks approved by the Board, which have been put in place to provide a common understanding and approach in the application of risk management process across the Group. The RMC is responsible to developing, executing and maintaining the risk management system, including the continual review process of identified risks and the effectiveness of mitigation strategies and controls.

At operating unit level, risk owners are responsible for identifying risks that may have an impact on achieving their operational/financial and other business objectives. The identified risks are assessed using qualitative and quantitative aspects against their likelihood (based on risk appetite) and their impact matrix. Thereafter, gross risks are ranked accordingly, after taking into consideration of gross likelihood and gross impact should the risks occur, before they are ranked as Residual risks, after taking into consideration the effectiveness of controls and action plans taken to mitigate the risks. Detailed action plans would then be identified, in order to manage such risks to an acceptable level.

During the year, risks and mitigating actions are reported to the RMC before being presented to the Audit Committee on a quarterly basis.

5. **INFORMATION, COMMUNICATION AND MONITORING**

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

- Annual strategic business plans are prepared by all business units and are being monitored at quarterly Management Committee meetings and presented to the Board for information. The Board also reviews the operational and financial results on a quarterly basis before the Group's interim financial results are announced to Bursa.

- The Directors and Senior Management conduct regular visits to Group's project sites as well as principal investment properties and meet up with the Group's customers and business associates in order to review the Group' 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.

- The Group's performance and financial results are communicated to the shareholders, stakeholders and the general public on a quarterly basis via the release of interim financial reports. In addition, once a year, the Company would convene an Annual General Meeting whereby the Board would be able to brief the shareholders of the Company on the operational and financial performance of the Group. Company briefings with financial analysts and institutional investors are also conducted regularly to keep the investment community abreast with the development of the Group.

6. **INSURANCE**

As an entity with a diversified business portfolio, the Group faces exposure to various risks. Hence, where possible all such risks relating to the Group's business operations, assets and employees are adequately insured in order to minimise the related financial impact.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.26(b) of the LR of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with the Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants.

AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal controls system of the Group. The report from the external auditors was made solely for the Board in connection with their compliance with the LR of Bursa Securities. The external auditors do not assume responsibility to any person other than the Board in respect of any aspect of this report.

CONCLUSION

For the financial year ended 31 December 2018 and up to the date of issuance of this Statement, the Board is generally satisfied with the adequacy and effectiveness of the Group's risk management and internal controls system.

(This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board dated 19 April 2019)

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

(4) Ng Soon Lai @ Ng Siek Chuan
Member/Independent Non-Executive Director

(5) Rahana Binti Abdul Rashid
Member/Independent Non-Executive Director
(Appointed on 1 January 2019)

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 2018, a total of five (5) Audit Committee meetings were held and the attendance record of the members are as follows:

Name	Number of meetings attended in 2018
Tan Sri Marzuki Bin Mohd Noor	5/5
Datuk Ab Wahab Bin Khalil	5/5
Dato' Ng Sooi Lin	5/5
Ng Soon Lai @ Ng Siek Chuan	4/5
Rahana Binti Abdul Rashid*	-

Notes:
* *Appointed on 1 January 2019*

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 works 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 2018, the Audit Committee had carried out the following activities:

(1) Reviewed the quarterly unaudited financial reports of the Group before recommending the same to the Board for approval and release to Bursa Malaysia Securities Berhad;

(2) Reviewed the annual audited financial statements of the Company and the Group for the financial year ended 31 December 2017 together with the external auditors prior to submission to the Board for their consideration and approval;

(3) Reviewed the declaration of final dividend for financial year ended 31 December 2017 and thereafter, recommended it 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 their annual audit;

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

(6) Held two (2) discussions with the external auditors on 26 February 2018 and 26 November 2018 without the presence of management and executive directors;

(7) Reviewed the suitability, objectivity and independence of the external auditors to continue to act as the Company's external auditors;

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

(9) Reviewed thirty-four (34) internal audit reports on operational, financial and compliance audit for on-going and completed construction projects, on-going and completed property development projects, 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 actions taken on the respective audit recommendations;

(11) Discussed and approved thirty-two (32) internal audit plans for year 2019 for the Group;

(12) Reviewed the following prior to submission to the Board for consideration and approval:

(a) revised terms of reference of Audit Committee;
(b) Gearing Policy of WCT Group;
(c) revised terms of reference of Risk Management Committee;
(d) Risk Management Policy; and
(e) Risk Management Framework (including the Key Risk Indicators and Risk Appetite) of WCT Group.

(13) reviewed the quarterly risk reports and deliberated on the significant risks identified as well as management's responses and actions taken to mitigate such risks;

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

(15) Reviewed the following reports and statements and thereafter, recommended the same to the Board for inclusion in the Company's Annual Report 2017:

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

(16) Reviewed the related party transaction(s) and RRPT entered into by the Group 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; and

(17) Reviewed the report on the verification of allocation of options conducted by the Internal Auditors to ensure the options allocated and granted during the financial year under the Company's Employees' Share Option Scheme ("ESOS") were in accordance with the allocation criteria approved by the Options Committee and in compliance with the By-Laws of the ESOS.

D. INTERNAL AUDIT FUNCTION

The Internal Audit Department (IAD), which reports directly to the Audit Committee, serves as the internal audit function of the Group. The IAD performs internal audits on various operating units within the Group based on an audit plan approved by the Audit Committee. The IAD checks for compliance with policies and procedures and the effectiveness and adequacy of the internal control systems and highlights material findings, together with recommendations and action plans, in the quarterly Audit Committee meetings.

During the financial year ended 31 December 2018, 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 summary of internal audit reviews performed for the year are as follows:

Type of Review	Number of Completed Reviews
On-going construction & property development projects	15
Completed construction & property development projects	7
Property maintenance & operations	2
Mall operations	8
Ad-hoc reviews	2
Total:	**34**

The total cost incurred in respect of the Group's internal audit function for the financial year ended 31 December 2018 was approximately RM950,000 (FY2017: RM733,000.00).

FINANCIAL STATEMENTS

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 2018.

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 8, 9 and 10 to the financial statements respectively.

RESULTS

	Group RM'000	Company RM'000
Profit after taxation	46,212	1,499
Attributable to:		
Equity holders of the Company	107,856	1,499
Non-controlling interest	(61,644)	-
	46,212	1,499

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 of goodwill from acquisition of subsidiaries amounting to RM137,409,000 as disclosed in Notes 8(b) and 37(a) to the financial statements.

DIVIDENDS

Dividends paid by the Company since 31 December 2017 were as follows:

	RM'000
In respect of the financial year ended 31 December 2017:	
<u>Final dividend</u>	
Single-tier cash dividend of 3.00 sen per ordinary share on 1,409,923,835 ordinary shares paid on 22 June 2018	42,298

At the forthcoming Annual General Meeting, a final single-tier share dividend in respect of the financial year ended 31 December 2018 via a distribution of treasury shares on the basis of two (2) treasury shares for every one hundred (100) ordinary shares held will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2019.

Directors' Report
cont'd

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
Dato' Ng Sooi Lin
Ng Soon Lai @ Ng Siek Chuan
Rahana Binti Abdul Rashid (Appointed on 1 January 2019)

* *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
Ng Chee Kiet
Selena Chua Kah Noi
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 Iqbal Jafferi
Choo Kam Foo
Elina Binti Abdul Aziz
ISLA Ltd
Neoh Kim Wah (Appointed on 17 May 2018)
Leong Khai Ric (Appointed on 1 September 2018)

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").

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 37(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 41(a) 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 of the Company during the financial year were as follows:

	WCT Holdings Berhad			
	Number of ordinary shares			
	1 January 2018	Acquired	(Disposed)	31 December 2018
Tan Sri Lim Siew Choon				
- direct	-	24,300,000	-	24,300,000
- deemed **	247,207,674	-	-	247,207,674
Goh Chin Liong				
- direct	9,329,678	600,000	-	9,929,678
Liang Kai Chong				
- direct	3,772,337	-	-	3,772,337
- indirect (spouse)	266,830	-	-	266,830

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

	WCT Holdings Berhad			
	Number of Warrants 2015/2020			
	1 January 2018	Acquired	(Disposed/ Exercised)	31 December 2018
Goh Chin Liong				
- direct	1,529,938	-	-	1,529,938
Liang Kai Chong				
- direct	818,904	-	-	818,904
- indirect (spouse)	52,519	-	-	52,519

DIRECTORS' INTERESTS *cont'd*

The terms and conditions of Warrants 2015/2020 are disclosed in Note 29(e) to the financial statements.

	Number of options over ordinary shares pursuant to WCT Holdings Berhad's ESOS 2013/2023			
	1 January 2018	Granted	(Exercised)	31 December 2018
Tan Sri Lim Siew Choon	-	900,000	-	900,000
Dato' Lee Tuck Fook	-	800,000	-	800,000
Goh Chin Liong	900,000	600,000	(600,000)	900,000
Liang Kai Chong	750,000	350,000	-	1,100,000

Further information of the ESOS 2013/2023 are disclosed in Note 29(c) to the financial statements.

Other than the above, none of the Directors in office at the end of the financial year has any interest in ordinary share of 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 1,415,581,871 shares to 1,416,403,871 shares by way of the issuance of 822,000 new ordinary shares pursuant to the exercise of the ESOS at the exercise price of RM0.82 per ordinary share.

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

Details of the treasury shares are disclosed in Note 29(b) to the financial statements.

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

Details of the ESOS 2013/2023 are disclosed in Note 29(c) to the financial statements.

WARRANTS 2015/2020

Details of the Warrants 2015/2020 are disclosed in Note 29(e) to the financial statements.

INDEMNITY AND INSURANCE COSTS

The Company maintains a liability insurance for the Directors and officers of the Company and its subsidiaries in respect of their liability for any act or omission in their capacity as Directors or officers of the Company and its subsidiaries 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 2018. The amount of insurance premium paid by the Company for the year ended 31 December 2018 was RM33,008.

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.

(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 49 to the financial statements.

SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 50 to the financial statements.

ARBITRATION AWARD AND MATERIAL LITIGATION

Details of arbitration award and material litigation are disclosed in Notes 51 and 52 to the financial statements respectively.

AUDITORS AND AUDITORS' REMUNERATION

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

Auditors' remuneration is disclosed in Note 37(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 19 April 2019.

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 103 to 259 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 19 April 2019.

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 103 to 259 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 Petaling Jaya in Selangor Darul Ehsan
on 19 April 2019

Chong Kian Fah

Before me,

CHUA FONG LING (No: B519)
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 2018 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 103 to 259.

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

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group 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.

Acquisition of 60% equity interest in Subang SkyPark Sdn. Bhd.
(Refer to Notes 3.2(g), 8(b) and 49(d) to the financial statements)

The Group completed the acquisition of 60% equity interest in Subang SkyPark Sdn. Bhd. and its subsidiaries SkyPark RAC Sdn. Bhd. and SkyPark FBO Sdn. Bhd. (collectively "SSSB Group") on 2 April 2018, for a total net cash consideration of RM40,842,000.

In accordance with the requirements of MFRS 3 *Business Combinations*, the identifiable assets acquired and liabilities assumed of SSSB Group were recognised on the acquisition date and measured at fair value as at that date (Purchase Price Allocation ("PPA")), resulting in a goodwill of RM137,409,000, which was impaired as at reporting date.

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

Key audit matters *cont'd*

Acquisition of 60% equity interest in Subang SkyPark Sdn. Bhd. *cont'd*

We focused on the fair value measurement of assets and liabilities arising from the acquisition of SSSB Group due to the significance of the amount and the subjectivity involved in the PPA.

In addressing this area of focus, we reviewed procedures performed by a component auditor, which included amongst others, included the following procedures:

- Obtained an understanding of the methodology adopted in estimating the fair values of the identifiable assets and liabilities, and assessed whether such methodology is consistent with those used in the industry;

- Evaluated the key assumptions used in the cash flows relating to the estimation of the fair value of the intangible asset by developing independent expectations for retail rental growth rate, passenger growth rate, car park income growth rate (collectively "growth rates"), discount rate and compared their independent expectations to those used by management;

- Compared key parameters (such as rental income, passenger income, passenger volume growth rate vis-à-vis the maximum passenger capacity of Subang SkyPark Terminal, car park income and operating expenses) used by management to historical performance of SSSB Group, taking into consideration the current and expected market outlook;

- Assessed whether the discount rate used to determine the present value of the cash flows reflects the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive; and

- Checked mathematical accuracy of the cash flows and the extraction of input from source documents;

  In addition, we assessed the adequacy of disclosures in the financial statements.

Revenue and cost of sales from construction and property development activities
(Refer to Notes 3.1(a), 3.2(a), 3.2(b), 3.2(c), 33 and 34 to the financial statements)

The Group is involved in construction and property development activities for which revenue is recognised over time. During the financial year, the Group recognised revenue of approximately RM1,763,794,000 and RM196,095,000 from construction and property development activities respectively and they accounted for approximately 77% and 9% respectively of the Group's revenue. The related cost of sales from construction and property development activities were RM1,616,367,000 and RM115,936,000 respectively and they accounted for 84% and 6% respectively of the Group's cost of sales.

The amount of revenue and profit recognised are primarily dependent on the extent of actual costs incurred over 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 judgement and estimates are involved in estimating the total estimated costs of each construction and property development project.

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 revenue recognition and cost of sales of construction activities, we performed, amongst others, the following procedures:

- Obtained an understanding of the Group's processes and controls over revenue recognition and recording of cost of sales, including controls performed by management in estimating the total estimated cost of the construction activities;

- Read significant contracts entered into with customers and sub-contractors to obtain an understanding of the specific terms and conditions;

- Reviewed construction cost budgets by agreeing sub-contractor budgeted costs to letters of award, purchase orders, quotations and/or latest revisions of these documents. For costs of work to be performed internally by the Group, we obtained and evaluated the estimates by interviewing quantity surveyors, project directors, general managers of contracts department and benchmarked these budgeted costs against similar completed projects;

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

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

- Recomputed revenue recognised during the year using the input method by comparing total costs incurred against total budgeted cost; and

- Reviewed the adequacy of the Group's disclosures relating to construction contracts.

In addressing revenue recognition and cost of sales of property development activities, we performed, amongst others, the following procedures:

- Obtained an understanding of the Group's processes and controls over revenue recognition and recording of cost of sales, including controls performed by management in estimating the total estimated cost of the property development activities;

- Read significant contracts entered into with customers, on a sampling basis, to obtain an understanding of the specific terms and conditions;

- Reviewed property development cost budgets by agreeing construction (comprising piling, building, mechanical and electrical works) costs to letters of award to main contractors. For statutory and regulatory contributions, we benchmarked budgeted contributions to other similar property development projects, adjusted for differences in gross development value;

- With respect to variations in contract works and claims for costs not included in the contract price, we agreed the amounts to independent architect certificates;

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

- Recomputed revenue recognised during the year by comparing total costs incurred against total budgeted cost; and

- Reviewed the adequacy of the Group's disclosures relating to property development activities.

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

Key audit matters *cont'd*

Fair value of investment properties
(Refer to Notes 3.2(e) and 7 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 2018, the carrying amount of investment properties amounted to RM1,796,375,000 representing 33% and 21% 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 independent professional valuers adopted 2 valuation methods depending on the type of property: comparison method and investment method.

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 independent professional valuers;

- Obtained an understanding of the methodology adopted by the independent professional valuers in estimating the fair value of the investment properties and assessed whether such methodology is consistent with those used in the industry;

- Interviewed the independent professional valuers to obtain an understanding of their valuation process, the significant estimates and assumptions applied in their valuation model. Where the comparison method of valuation was adopted, we assessed the comparability of historical transactions used. We also obtained an understanding of the adjustments made by the valuers to account for differences in, amongst others, the property's location, time factor, property's size and tenure;

- Where investment method of valuation was adopted, we checked mathematical accuracy of the valuers' workings, and interviewed the valuers to evaluate the income generation data used in deriving the discounted cash flows, yield rate, outgoings rate, void rate and reversion rate used by the valuers;

- Assessed whether the yield, outgoings, void and reversion rates used to forecast the cash flows are reasonable vis-à-vis our understanding of the Group's business, historical trend and market outlook;

- Assessed whether the discount rate used to determine the present value of the cash flows reflects the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive; and

- Reviewed the adequacy of the Group's disclosures relating to investment properties.

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

Key audit matters *cont'd*

Carrying value of completed inventory properties
(Refer to Notes 3.2(d) and 16 to the financial statements)

As at 31 December 2018, the Group's portfolio of completed inventory properties with a net carrying value of RM518,102,000 (2017: RM460,853,000) was carried at the lower of cost and net realisable value.

Where there are indicators that the carrying value is above the net realisable value, the Group engaged independent professional valuers to assess the net realisable value of inventory properties. The independent professional valuers adopted the comparison method of valuation.

We considered the valuation of completed inventory properties as a key audit matter given the relative size of its carrying value in the statements of financial position and the significant judgement involved in estimating future selling prices and selling costs. These judgements may have a material impact on the calculation of net realisable value and therefore in determining the extent of write down, if any.

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

- Assessed the objectivity, independence, reputation and expertise of the independent professional valuers;

- Obtained an understanding of the methodology adopted by the independent professional valuers in estimating the fair value of the inventory properties and assessed whether such methodology is consistent with those used in the industry through interviews conducted with the valuers and review of the valuers' workings;

- Interviewed the independent professional valuers to obtain an understanding of their valuation process, the significant estimates and assumptions applied in their valuation model which included assessment of the comparability of the historical transactions used. We also obtained an understanding of adjustments made by the valuers to account for differences in, amongst others, the property's location, time factor, property's size and tenure;

- Reviewed estimates of costs to sell, which were calculated by management; and

- Reviewed the adequacy of the Group's disclosure relating to inventory properties.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

- conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on 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.

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

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

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 8 to the financial statements.

OTHER MATTERS

As stated in Note 2.1 to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards and International Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by Directors to the comparative information in the financial statements, including the statements of financial position of the Group and of the Company as at 31 December 2017 and 1 January 2017, the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year ended 31 December 2017 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 December 2018, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2018 do not contain misstatements that materially affect the financial position as at 31 December 2018 and the financial performance and cash flows for the year then ended.

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

Kuala Lumpur, Malaysia

Ng Kim Ling
No. 03236/04/2020 J
Chartered Accountant

Statements of Financial Position

As at 31 December 2018

	Note	Group			Company	
		31.12.2018 RM'000	31.12.2017 RM'000 (Restated)	01.01.2017 RM'000 (Restated)	31.12.2018 RM'000	31.12.2017 RM'000
Non-current assets						
Property, plant and equipment	4	366,942	340,984	328,295	2,893	3,725
Intangible asset	5	139,627	-	-	-	-
Inventory properties under development	6(a)	1,693,483	1,553,980	1,437,443	-	-
Investment properties	7	1,796,375	1,594,392	1,124,808	-	-
Investments in subsidiaries	8	-	-	-	3,674,027	3,668,753
Investments in associates	9	168,725	131,961	147,969	-	-
Investments in joint ventures	10(b)	422,257	482,070	502,971	777	351
Trade receivables	11	212,613	235,194	352,354	-	-
Contract assets	12	231,595	226,330	441,849	-	-
Other receivables	13	347,534	332,559	362,691	862	1,195
Due from related parties	14	2,375	8,360	7,181	1,092,318	749,175
Deferred tax assets	15	5,239	13,029	20,334	623	798
		5,386,765	4,918,859	4,725,895	4,771,500	4,423,997
Current assets						
Inventory properties under development	6(b)	217,237	252,877	622,571	-	-
Inventories	16	518,424	461,229	131,956	-	-
Trade receivables	11	830,625	1,047,255	649,488	-	-
Contract assets	12	647,957	362,412	173,767	-	-
Other receivables	13	167,805	151,924	248,351	522	1,281
Due from related parties	14	452,976	371,225	270,091	736,073	941,183
Tax recoverable		13,148	3,378	9,381	-	-
Cash and bank balances	17	400,944	527,202	455,062	76,566	115,455
		3,249,116	3,177,502	2,560,667	813,161	1,057,919
Assets classified as held for sale	18	32,383	83,314	-	-	-
		3,281,499	3,260,816	2,560,667	813,161	1,057,919

Statements of Financial Position

As at 31 December 2018

cont'd

	Note	Group 31.12.2018 RM'000	Group 31.12.2017 RM'000 (Restated)	Group 01.01.2017 RM'000 (Restated)	Company 31.12.2018 RM'000	Company 31.12.2017 RM'000
Current liabilities						
Trade payables	19	937,923	894,251	717,493	-	-
Contract liabilities	12	161,543	188,467	159,919	-	-
Other payables	20	166,083	160,319	120,297	30,111	24,486
Lease commitment payable	21	3,154	-	-	-	-
Due to related parties	14	155	6,271	3,801	-	-
Borrowings	22	906,593	1,028,047	823,490	-	350,000
Tax payable		14,446	7,449	9,282	1,650	1,461
		2,189,897	2,284,804	1,834,282	31,761	375,947
Liabilities classified as held for sale	18	-	4	-	-	-
		2,189,897	2,284,808	1,834,282	31,761	375,947
Net current assets		1,091,602	976,008	726,385	781,400	681,972
		6,478,367	5,894,867	5,452,280	5,552,900	5,105,969
Financed by:						
Equity attributable to equity holders of the Company						
Share capital	29	3,210,984	3,210,132	631,061	3,210,984	3,210,132
Share premium	30	-	-	2,310,960	-	-
Reserves	31	(1,479,039)	(1,490,865)	(1,506,001)	9,514	3,615
Retained earnings	31	1,487,202	1,419,178	1,261,589	252,443	292,606
Treasury shares, at cost	29	(30,041)	(384)	(12,198)	(30,041)	(384)
		3,189,106	3,138,061	2,685,411	3,442,900	3,505,969
Non-controlling interests	32	(26,552)	8,089	33,864	-	-
Total equity		3,162,554	3,146,150	2,719,275	3,442,900	3,505,969
Non-current liabilities						
Trade payables	19	65,266	72,452	173,518	-	-
Other payables	20	212,602	207,096	217,282	-	-
Contract liabilities	12	81,712	148,580	147,463	-	-
Lease commitment payable	21	105,776	-	-	-	-
Borrowings	22	2,752,544	2,257,132	2,158,712	2,110,000	1,600,000
Deferred tax liabilities	15	97,913	63,457	36,030	-	-
		3,315,813	2,748,717	2,733,005	2,110,000	1,600,000
		6,478,367	5,894,867	5,452,280	5,552,900	5,105,969

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 2018

		Group		Company	
		31.12.2018	31.12.2017	31.12.2018	31.12.2017
	Note	RM'000	RM'000	RM'000	RM'000
			(Restated)		
Revenue	33	2,296,713	2,004,952	138,908	148,925
Cost of sales	34	(1,922,044)	(1,596,688)	-	-
Gross profit		374,669	408,264	138,908	148,925
Other operating income	35	250,822	280,475	3,820	3,026
Administration expenses		(121,754)	(87,741)	(23,264)	(21,511)
Other expenses		(184,817)	(199,430)	(1,743)	(4,353)
Operating profit		318,920	401,568	117,721	126,087
Finance costs	36	(135,675)	(63,154)	(109,891)	(118,229)
Share of results of associates	9	7,242	2,332	-	-
Share of results of joint ventures	10(b)	(40,263)	(21,965)	-	-
Profit before taxation	37	150,224	318,781	7,830	7,858
Taxation	38	(104,012)	(93,315)	(6,331)	(5,146)
Profit after taxation		46,212	225,466	1,499	2,712
Attributable to:					
Equity holders of the Company		107,856	228,171	1,499	2,712
Non-controlling interests	32	(61,644)	(2,705)	-	-
		46,212	225,466	1,499	2,712
Earnings per share attributable to equity holders of the Company (sen)					
- Basic	39 (i)	7.73	16.67		
- Fully diluted	39 (ii)	7.69	16.62		

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 2018

	Group		Company	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		(Restated)		
Profit after taxation	46,212	225,466	1,499	2,712
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
- Foreign currency translation	1,306	(43,606)	-	-
Other comprehensive income to be reclassified to retained earnings in subsequent periods:				
- Revaluation of freehold land and buildings	6,226	1,462	-	-
Other comprehensive income/(loss) for the year, net of tax	7,532	(42,144)	-	-
Total comprehensive income for the year	53,744	183,322	1,499	2,712
Total comprehensive income for the year attributable to:				
Equity holders of the Company	115,613	186,937	1,499	2,712
Non-controlling interests	(61,869)	(3,615)	-	-
	53,744	183,322	1,499	2,712

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 2018

		Attributable to equity holders of the Company													
			Non-distributable							Distributable					
	Note	Share capital (Note 29) RM'000	Share premium (Note 30) RM'000	Treasury shares (Note 29) RM'000	Internal reorganisation reserve (Note 31) RM'000	Revaluation reserve (Note 31) RM'000	Other reserve (Note 31) RM'000	Capital reserve (Note 31) RM'000	Equity compensation reserve (Note 31) RM'000	Exchange reserve (Note 31) RM'000	General reserve (Note 31) RM'000	Retained earnings (Note 31) RM'000	Total RM'000	Non-controlling interests (Note 32) RM'000	Total equity RM'000
Group															
At 1 January 2018 (as previously stated)		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
Effect of adopting MFRS	2.2	-	-	-	-	-	-	-	-	(764)	-	241	(523)	-	(523)
At 1 January 2018 (restated)		3,210,132	-	(384)	(1,554,791)	62,528	22	61,646	4,345	(66,053)	1,438	1,419,178	3,138,061	8,089	3,146,150
Profit/(loss) for the financial year		-	-	-	-	-	-	-	-	-	-	107,856	107,856	(61,644)	46,212
Other comprehensive income/(loss)		-	-	-	-	6,226	-	-	-	1,531	-	-	7,757	(225)	7,532
Total comprehensive income/(loss) for the year		-	-	-	-	6,226	-	-	-	1,531	-	107,856	115,613	(61,869)	53,744
Transactions with owners															
Dividends paid to shareholders	40	-	-	-	-	-	-	-	-	-	-	(42,298)	(42,298)	-	(42,298)
Share options vested under ESOS	37(b)	-	-	-	-	-	-	-	6,288	-	-	-	6,288	-	6,288
Share options vested under ESOS included in investment in joint ventures		-	-	-	-	-	-	-	426	-	-	-	426	-	426
Arising from acquisition of subsidiaries	32	-	-	-	-	-	-	-	-	-	-	-	-	27,228	27,228
Arising from share buy-back	29	-	-	(29,657)	-	-	-	-	-	-	-	-	(29,657)	-	(29,657)
Arising from share options exercised	29, 30	674	-	-	-	-	-	-	-	-	-	-	674	-	674
Transfer within reserve for ESOS exercised	29, 30	179	-	-	-	-	-	-	(179)	-	-	-	-	-	-
Transfer within reserve		-	-	-	-	(1,820)	(10)	-	(636)	-	-	2,466	-	-	-
Incidental costs of new shares	29	(1)	-	-	-	-	-	-	-	-	-	-	(1)	-	(1)
At 31 December 2018		3,210,984	-	(30,041)	(1,554,791)	66,934	12	61,646	10,244	(64,522)	1,438	1,487,202	3,189,106	(26,552)	3,162,554

Consolidated Statement of Changes in Equity

For the Financial Year Ended 31 December 2018
cont'd

		Attributable to equity holders of the Company													
			Non-distributable								Distributable				
	Note	Share capital (Note 29) RM'000	Share premium (Note 30) RM'000	Treasury shares (Note 29) RM'000	Internal reorganisation reserve (Note 31) RM'000	Revaluation reserve (Note 31) RM'000	Other reserve (Note 31) RM'000	Capital reserve (Note 31) RM'000	Equity compensation reserve (Note 31) RM'000	Exchange reserve (Note 31) RM'000	General reserve (Note 31) RM'000	Retained earnings (Note 31) RM'000	Total RM'000	Non-controlling interests (Note 32) RM'000	Total equity RM'000
Group															
At 1 January 2017 (as previously stated)		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
Effect of adopting MFRS	2.2	-	-	-	-	-	-	-	-	(5,401)	-	(73,308)	(78,709)	-	(78,709)
At 1 January 2017 (restated)		631,061	2,310,960	(12,198)	(1,554,791)	61,066	54	2,846	6,743	(23,357)	1,438	1,261,589	2,685,411	33,864	2,719,275
Profit/(loss) for the financial year		-	-	-	-	-	-	-	-	-	-	228,171	228,171	(2,705)	225,466
Other comprehensive income/(loss)		-	-	-	-	1,462	-	-	-	(42,696)	-	-	(41,234)	(910)	(42,144)
Total comprehensive income/(loss) for the year		-	-	-	-	1,462	-	-	-	(42,696)	-	228,171	186,937	(3,615)	183,322
Transactions with owners															
Share dividends distributed to shareholders	40	-	-	11,814	-	-	-	-	-	-	-	(11,814)	-	-	-
Dividends paid to non-controlling interest	32	-	-	-	-	-	-	-	-	-	-	-	-	(22,560)	(22,560)
Subscription of shares of a subsidiary by non-controlling interest	32	-	-	-	-	-	-	-	-	-	-	-	-	400	400
Arising from placement shares	29	177,807	-	-	-	-	-	-	-	-	-	-	177,807	-	177,807
Arising from share options exercised	29, 30	11,121	322	-	-	-	-	-	-	-	-	-	11,443	-	11,443
Arising from conversion of warrants	29	77,374	-	-	-	-	-	-	-	-	-	-	77,374	-	77,374
Transfer within reserve for ESOS exercised	29, 30	2,269	129	-	-	-	-	-	(2,398)	-	-	-	-	-	-
Transfer within reserve		-	-	-	-	-	(32)	-	-	-	-	32	-	-	-
Bonus issue of a subsidiary	31	-	-	-	-	-	-	58,800	-	-	-	(58,800)	-	-	-
Incidental costs of new shares	29	(5)	-	-	-	-	-	-	-	-	-	-	(5)	-	(5)
Incidental costs of placement shares	29	(906)	-	-	-	-	-	-	-	-	-	-	(906)	-	(906)
Transition to no par value regime	29, 30	2,311,411	(2,311,411)	-	-	-	-	-	-	-	-	-	-	-	-
At 31 December 2017		3,210,132	-	(384)	(1,554,791)	62,528	22	61,646	4,345	(66,053)	1,438	1,419,178	3,138,061	8,089	3,146,150

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 2018

	Note	← Non-distributable			→	Distributable	
		Share capital	Share premium	Treasury shares	Equity compensation reserve	Retained earnings	Total equity
		(Note 29)	(Note 30)	(Note 29)	(Note 31)	(Note 31)	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company							
At 1 January 2018		3,210,132	-	(384)	3,615	292,606	3,505,969
Profit for the financial year, representing total comprehensive income for the year		-	-	-	-	1,499	1,499
Transactions with owners							
Share dividends distributed to shareholders	40	-	-	-	-	(42,298)	(42,298)
Share options vested under ESOS	37(b)	-	-	-	837	-	837
Share options vested under ESOS included in investment in subsidiaries		-	-	-	5,451	-	5,451
Share options vested under ESOS included in investment in joint ventures		-	-	-	426	-	426
Arising from share buy-back	29	-	-	(29,657)	-	-	(29,657)
Arising from share options exercised	29, 30	674	-	-	-	-	674
Transfer within reserve for ESOS exercised	29, 30	179	-	-	(179)	-	-
Transfer within reserve for ESOS forfeited		-	-	-	(636)	636	-
Incidental costs of new shares	29	(1)	-	-	-	-	(1)
At 31 December 2018		3,210,984	-	(30,041)	9,514	252,443	3,442,900

Statement of Changes in Equity

For the Financial Year Ended 31 December 2018
cont'd

	Note	Share capital (Note 29) RM'000	Share premium (Note 30) RM'000	Treasury shares (Note 29) RM'000	Equity compensation reserve (Note 31) RM'000	Retained earnings (Note 31) 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, representing total comprehensive income for the year		-	-	-	-	2,712	2,712
Transactions with owners							
Share dividends distributed to shareholders	40	-	-	11,814	-	(11,814)	-
Arising from placement shares	29	177,807	-	-	-	-	177,807
Arising from share options exercised	29,30	11,121	322	-	-	-	11,443
Arising from conversion of warrants	29	77,374	-	-	-	-	77,374
Transfer within reserve for ESOS exercised	29,30	2,269	129	-	(2,398)	-	-
Incidental costs of new shares	29	(5)	-	-	-	-	(5)
Incidental costs of placement shares	29	(906)	-	-	-	-	(906)
Transition to no par value regime	29,30	2,311,411	(2,311,411)	-	-	-	-
At 31 December 2017		3,210,132	-	(384)	3,615	292,606	3,505,969

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

	Group		Company	
	31.12.2018 RM'000	31.12.2017 RM'000 (Restated)	31.12.2018 RM'000	31.12.2017 RM'000
Cash flows from operating activities				
Profit before taxation	150,224	318,781	7,830	7,858
Adjustments for:				
Interest income	(39,562)	(30,064)	(102,123)	(122,541)
Dividend income	-	-	(19,533)	(14,744)
Interest expense	135,675	63,154	109,891	118,229
Finance cost/(income) from financial assets at amortised cost	84	(17,873)	-	-
Net unrealised foreign exchange loss	15,407	21,089	-	-
Allowance for expected credit losses:				
- related parties	-	-	69	-
- third parties	2,372	1,017	-	-
Impairment loss on contract asset	-	164,588	-	-
Impairment of goodwill on acquisition of subsidiaries	137,409	-	-	-
Amortisation of intangible assets	5,436	-	-	-
Property, plant and equipment:				
- depreciation	23,222	14,237	934	925
- (gain)/loss on disposal	(9,786)	1,681	-	1
- written off	280	44	-	-
Bad debts written off	9	1,196	-	3
Reversal of allowance for expected credit losses	(296)	(2,481)	-	-
Net write down in value of land held for sale	1,820	-	-	-
Net write down in value of inventory properties:				
- completed inventory properties	7,799	949	-	-
- land held for property development	11,238	-	-	-
Share options vested under ESOS	6,288	-	837	-
Investment properties:				
- gain on disposal	(273)	-	-	-
- fair value gain	(176,886)	(245,321)	-	-
Gain on deemed disposal of a subsidiary	(318)	-	-	-
Reversal of provision of foreseeable losses for contract assets	(46)	(214)	-	-
Share of results of associates	(7,242)	(2,332)	-	-
Share of results of joint ventures	40,263	21,965	-	-
Operating profit/(loss) before changes in working capital	303,117	310,416	(2,095)	(10,269)
Working capital changes:				
Development expenditure	(57,028)	(13,066)	-	-
Related parties	(110,461)	(120,932)	(137,856)	4,649
Joint ventures	1,415	(1,064)	-	-
Inventories	(76,232)	12,486	-	-
Receivables	(10,541)	(294,367)	1,023	(1,526)
Payables	(65,182)	134,053	5,625	4,065
Lease commitment payable	(1,250)	-	-	-
Cash flows (used in)/generated from operations	(16,162)	27,526	(133,303)	(3,081)
Taxation paid	(67,253)	(54,936)	(5,967)	(5,752)
Net cash used in operating activities	(83,415)	(27,410)	(139,270)	(8,833)

Statements of Cash Flows

For the Financial Year Ended 31 December 2018
cont'd

	Group		Company	
	31.12.2018 RM'000	31.12.2017 RM'000 (Restated)	31.12.2018 RM'000	31.12.2017 RM'000
Cash flows from investing activities				
Dividend received	-	-	19,533	14,744
Interest received	39,562	30,064	102,123	122,541
Purchase of property, plant and equipment	(56,895)	(37,704)	(102)	(179)
Purchase of investment properties	(4,908)	(185,154)	-	-
Purchase of land held for property development	-	(80,000)	-	-
Acquisition of subsidiary, net of cash acquired	(42,206)	-	-	-
Subscription of shares of a subsidiary by non-controlling interest	-	400	-	-
Investment in RCPS-A of a subsidiary	-	-	-	(453,000)
Investment in an associate	(49,603)	-	-	-
Dividend received from joint ventures	18,561	-	-	-
Dividend received from associates	3,293	18,810	-	-
Uplift of/(placement in) deposits in licensed banks	52,381	24,755	49,235	(49,235)
Proceeds from disposal of				
- property, plant and equipment	18,917	5,518	-	6
- investment properties	6,097	-	-	-
Net cash (used in)/generated from investing activities	(14,801)	(223,311)	170,789	(365,123)
Cash flows from financing activities				
Dividends paid	(42,298)	-	(42,298)	-
Interest paid	(183,516)	(150,527)	(109,891)	(118,229)
Proceeds from placement shares	-	177,807	-	177,807
Proceeds from share options exercised	674	11,443	674	11,443
Proceeds from conversion of warrants	-	77,374	-	77,374
Purchase of treasury shares	(29,657)	-	(29,657)	-
Payments to hire purchase payables	(11,475)	(6,154)	-	-
Proceeds from term loans	33,642	85,153	-	-
Proceeds from Sukuk Murabahah	510,000	200,000	510,000	200,000
Proceeds from revolving credits	367,042	355,564	-	-
Repayment of Sukuk Murabahah	(150,000)	-	(150,000)	-
Repayment of Medium term notes	(200,000)	-	(200,000)	-
Repayment of term loans	(99,019)	(77,143)	-	-
Repayment of revolving credits	(199,184)	(263,561)	-	-
Proceeds from/(repayment of) bankers' acceptances	10,065	(12,021)	-	-
Incidental costs of issuance of new shares	(1)	(5)	(1)	(5)
Incidental costs of issuance of placement shares	-	(906)	-	(906)
Net cash generated from/(used in) financing activities	6,273	397,024	(21,173)	347,484
Net (decrease)/increase in cash and cash equivalents	(91,943)	146,303	10,346	(26,472)
Exchange differences	17,664	(41,201)	-	-
Cash and cash equivalents at beginning of the financial year	441,061	335,959	66,220	92,692
Cash and cash equivalents at end of the financial year	366,782	441,061	76,566	66,220

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

		Group		Company	
		31.12.2018	31.12.2017	31.12.2018	31.12.2017
	Note	RM'000	RM'000	RM'000	RM'000
			(Restated)		
Cash and bank balances	17	400,944	527,202	76,566	115,455
Cash and bank balances attributable to assets classified as held for sale	18	-	402	-	-
		400,944	527,604	76,566	115,455
Less: Deposits with maturity more than 3 months	17	(2,773)	(49,404)	-	(49,235)
Less: Deposits with licensed banks pledged as security	17	(31,389)	(37,139)	-	-
Total cash and cash equivalents		366,782	441,061	76,566	66,220

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 8, 9 and 10 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 19 April 2019.

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 Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 ("the Act") in Malaysia.

For periods up to and including the year ended 31 December 2017, the Group and the Company prepared their financial statements in accordance with Financial Reporting Standards ("FRS"). These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with MFRS and applied *MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards.*

As provided in MFRS 1, first-time adopter of MFRS Framework can elect optional exemptions from full retrospective application of MFRS. The Group has elected not to apply MFRS 3 *Business Combinations* and MFRS 10 *Consolidated Financial Statements* retrospectively, that is not to restate any of its business combinations that occurred before the date of transition to MFRS.

In addition, MFRS 1 provides the option to apply MFRS 123 *Borrowing Costs*, prospectively from the date of transition or from a specified date prior to the date of transition. This provides relief from full retrospective application of MFRS 123 which would requires restatement of borrowing costs component capitalised prior to the date of transition. The Group has elected to apply MFRS 123 prospectively from the date of transition.

The Group and the Company have consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 January 2017 and throughout all comparable periods presented, as if these policies had always been in effect.

Accordingly, the Group and the Company have prepared financial statements that comply with MFRS applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017, as described in the summary of significant accounting policies. In preparing the financial statements, the Group's and the Company's opening statements of financial position was prepared as at 1 January 2017, the Group's and the Company's date of transition to MFRS. Note 2.2 explains the principal adjustments made by the Group and the Company in restating their FRS financial statements, including the statements of financial positions as at 1 January 2017 and the financial statements for the year ended 31 December 2017.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 First-time adoption of Malaysian Financial Reporting Standards

The adoption of the above standards and interpretation did not have any significant effect on the financial statements of the Group and of the Company except as discussed below:

MFRS 9: Financial Instruments

MFRS 9 Financial Instruments replaces *MFRS 139 Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the cash flow characteristics and business model in which the financial assets are managed. The new standard contains three classifications for financial assets measured at amortised cost, fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVOCI") and eliminates the existing MFRS 139 categories of loan and receivables, held-to-maturity, and available-for-sale.

Based on the analysis of the Group's and of the Company's financial assets and liabilities as at 1 January 2018 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 and to the Company's financial statements as follows:

(i) Classification and measurement

Under MFRS 9, debt instruments are subsequently measured at FVTPL, amortised cost, or fair value through other comprehensive income ("OCI"). The classification is based on two criteria: the Group's and the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's and of the Company's business model was made as of the date of initial application, 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of MFRS 9 did not have a significant impact to the Group and to the Company. Trade and other receivables classified as loans and receivables as at 31 December 2017 are classified and measured as debt instruments at amortised cost beginning 1 January 2018 as they are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest.

The Group and the Company have not designated any financial liabilities as at FVTPL and OCI. There are no changes in classification and measurement for the Group's and for the Company's financial liabilities.

(ii) Impairment

The adoption of MFRS 9 has fundamentally changed the Group's and the Company's accounting for impairment losses for financial assets by replacing MFRS 139's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. MFRS 9 requires the Group and the Company to recognise an allowance for ECLs for all debt instruments not held at FVTPL and contract assets.

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

2.2 First-time adoption of Malaysian Financial Reporting Standards *cont'd*

MFRS 9: Financial Instruments *cont'd*

(ii) Impairment cont'd

The Group and the Company applied the simplified approach and record lifetime expected losses on all trade receivables.

The adoption of MFRS 9 did not have a significant financial impact on the Group's and on the Company's financial statements.

The accounting policies that relate to the recognition, classification, measurement and derecognition of financial instruments and impairment of financial assets are amended to comply with the provisions of MFRS 9, while the hedging accounting requirements under this standard are not relevant to the Group and to the Company.

MFRS 15: Revenue from Contracts with Customers

MFRS 15 supersedes MFRS 118: *Revenue*, MFRS 111: *Construction Contracts* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

MFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures.

The Group and the Company adopted MFRS 15 using the full retrospective method of adoption. The effect of the transition on the current period has not been disclosed as the standard provides an optional practical expedient. The Group and the Company did not apply any of the other available optional practical expedients.

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

2.2 First-time adoption of Malaysian Financial Reporting Standards *cont'd*

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

The reconciliation of equity as at 1 January 2017 (date of transition to MFRS) and 31 December 2017 and profit or loss for year ended 31 December 2017 are as follows:

		As previously reported under FRS	Adjustments increase/ (decrease)	MFRS
		RM'000	RM'000	RM'000
Group				
Statement of financial position - 1 January 2017				
Non-current assets				
Trade receivables	(a),(b)	827,821	(475,467)	352,354
Contract assets	(a),(b)	-	441,849	441,849
Current assets				
Trade receivables	(a),(b)	832,991	(183,503)	649,488
Contract assets	(a),(b)	-	173,767	173,767
Property development costs	(b)	633,067	(10,496)	622,571
Non-current liabilities				
Other payables	(a)	364,745	(147,463)	217,282
Contract liabilities	(a)	-	147,463	147,463
Deferred tax liabilities	(c)	40,955	(4,925)	36,030
Current liabilities				
Trade payables	(a)	784,742	(67,249)	717,493
Contract liabilities	(a),(b)	-	159,919	159,919
Other payables	(b)	183,183	(62,886)	120,297
Equity				
Exchange reserve	(a)	(1,500,600)	(5,401)	(1,506,001)
Retained earnings	(a),(b),(c)	1,334,897	(73,308)	1,261,589

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

2.2 First-time adoption of Malaysian Financial Reporting Standards *cont'd*

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

The reconciliation of equity as at 1 January 2017 (date of transition to MFRS) and 31 December 2017 and profit or loss for year ended 31 December 2017 are as follows (cont'd):

		As previously reported under FRS RM'000	Adjustments increase/ (decrease) RM'000	MFRS RM'000
Group				
Statement of financial position - 31 December 2017				
Non-current assets				
Trade receivables	(a),(b)	461,524	(226,330)	235,194
Contract assets	(a),(b)	-	226,330	226,330
Current assets				
Trade receivables	(a),(b)	1,374,573	(327,318)	1,047,255
Contract assets	(a),(b)	-	362,412	362,412
Property development costs	(b)	251,747	1,130	252,877
Non-current liabilities				
Other payables	(a)	355,676	(148,580)	207,096
Contract liabilities	(a)	-	148,580	148,580
Deferred tax liabilities	(c)	53,237	10,220	63,457
Current liabilities				
Trade payables	(a)	966,853	(72,602)	894,251
Contract liabilities	(a),(b)	-	188,467	188,467
Other payables	(b)	249,657	(89,338)	160,319
Equity				
Exchange reserve	(a)	(1,490,101)	(764)	(1,490,865)
Retained earnings	(a),(b),(c)	1,418,937	241	1,419,178

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

2.2 First-time adoption of Malaysian Financial Reporting Standards *cont'd*

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

The reconciliation of equity as at 1 January 2017 (date of transition to MFRS) and 31 December 2017 and profit or loss for year ended 31 December 2017 are as follows (cont'd):

		As previously reported under FRS RM'000	Adjustments increase/ (decrease) RM'000	MFRS RM'000
Group				
Statement of profit or loss - 31 December 2017				
Revenue	(a),(b)	1,905,888	99,064	2,004,952
Cost of sales	(a),(b)	1,578,224	18,464	1,596,688
Administration expenses	(b)	95,273	(7,532)	87,741
Taxation	(c)	78,732	14,583	93,315

The adoption of MFRS 15 did not have a material impact on equity, profit or loss and OCI of the Company. Accordingly, the Company's statement of financial position as at 1 January 2017 is not presented. The impact on the statement of cash flows for the year ended 31 December 2017 only relates to the changes in profit before tax from continuing operations, certain adjustments to reconcile profit before tax to net cash flows from operating activities, and working capital adjustments. However, there was no impact on the net cash flows from operating activities. The cash flows from investing and financing activities were not affected.

The nature of these adjustments are described below:

(a) Construction contract revenue

Before the adoption of MFRS 15, construction contract revenue was recognised in accordance with MFRS 111: *Construction Contracts*, when the total costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds 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. Under MFRS 15, such amount due from customer represents a right to consideration in exchange for goods or services transferred to the customer known as contract assets while the amount due to contract customers represents the obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. .

Therefore, upon adoption of MFRS 15, the Group reclassified RM506,252,000 (1 January 2017: RM419,983,000) from amount due from customers and RM333,069,000 (1 January 2017: RM293,654,000) from amount due to customers to contract assets and contract liabilities respectively as at 31 December 2017 and as at 1 January 2017.

(b) Property development revenue

Some contracts for the sale of completed inventory properties or inventory properties under development include consideration payable to a customer. Consideration payable to a customer includes cash amounts that the Group pays, or expects to pay, to the customer. Previously, consideration payable to a customer was expensed immediately to cost of sales or administration expenses when incurred. Under MFRS 15, consideration payable to a customer is accounted for as a reduction of the transaction price and thus revenue and should be recognised at the later of when the Group transfers the promised goods or services to the customer or when the Group promises to pay the consideration.

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

2.2 First-time adoption of Malaysian Financial Reporting Standards *cont'd*

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

The nature of these adjustments are described below (cont'd):

(b) Property development revenue *cont'd*

Accordingly, the Group reclassified RM82,490,000 (1 January 2017: RM119,633,000) from accrued billings (previously disclosed in trade receivables) to contract assets as at 31 December 2017 and decreased the 2017 revenue by RM10,698,000 to reflect inclusion of considerations payable to customers in the contracts' transaction price.

(c) Other adjustments

In addition to the adjustments described above, upon the adoption of MFRS 15, other items of the primary financial statements such as deferred taxes and retained earnings were adjusted as necessary.

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.

The application of these amendments has had no impact on the Group and on the Company as the Group's and the Company's practice were in line with the clarifications issued.

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*

Short-term exemptions in paragraphs E3–E7 of MFRS 1 were deleted because they have now served their intended purpose. The application of these amendments do not have any impact on the Group's and on the Company's financial statements.

ii. *MFRS 128: Investments in Associates and Joint Ventures – Clarification that measuring investees at FVTPL 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 FVTPL.

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

2.2 First-time adoption of Malaysian Financial Reporting Standards *cont'd*

Annual Improvements to MFRS Standards 2014–2016 Cycle *cont'd*

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

ii. *MFRS 128: Investments in Associates and Joint Ventures – Clarification that measuring investees at FVTPL is an investment-by-investment choice* *cont'd*

This amendments clarify that (cont'd):

- 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.

The application of these amendments do not have any impact on the Group's and on the Company's financial statements.

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 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 101: *Definition of Material (Amendments to MFRS 101)*	1 January 2020
MFRS 3: *Business Combinations (Amendments to MFRS 3)*	1 January 2020
MFRS 108: *Definition of Material (Amendments to MFRS 108)*	1 January 2020
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 9: Prepayment Features with Negative Compensation (Amendments to MFRS 9)

Under MFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the "SPPI" criterion) and the instrument is held within the appropriate business model for that classification. The amendments to MFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments are not expected to have significant impact on the Group's and on the Company's financial statements.

MFRS 16: Leases

MFRS 16 was issued in January 2016 and it replaces MFRS 117: *Leases*, IC Interpretation 4: *Determining whether an Arrangement contains a Lease*, IC Interpretation 115: *Operating Lease – Incentives* and IC Interpretation 127: *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

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

MFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under MFRS 117.

Transition to MFRS 16

The Group and the Company plan to adopt MFRS 16 retrospectively to each prior reporting period presented. The Group and the Company will elect to apply the standard to contracts that were previously identified as leases applying MFRS 117 and IFRIC 4. The Group and the Company will therefore not apply the standard to contracts that were not previously identified as containing a lease applying MFRS 117 and IFRIC 4: *Determining whether an arrangement contains a lease*.

The Group and the Company will elect to use the exemptions applicable to the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group and the Company have leases of certain office equipment (i.e., printing and photocopying machines) that are considered of low value.

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

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

MFRS 16: Leases *cont'd*

During 2018, the Group and the Company have performed a detailed impact assessment of MFRS 16. The adoption of MFRS 16 is not expected to have significant effects on the financial statements of the Company. For Group, the preliminary impact of MFRS 16 adoption is expected to be, as follows:

Impact on equity (increase/(decrease)) as at 1 January 2018:

	RM'000
Equity	
Retained earnings	(3,319)

Impact on equity (increase/(decrease)) as at 31 December 2018:

	RM'000
Assets	
Property, plant and equipment (right-of-use assets)	179,412
Investments in joint ventures	(397)
Liabilities	
Lease liabilities	190,220
Deferred tax liabilities	(2,594)
Equity	
Retained earnings	(8,611)

Impact on the statement of profit or loss (increase/(decrease)) for the year ended 31 December 2018:

	RM'000
Cost of sales	(19,260)
Other expenses	13,264
Finance costs	12,617
Share of results of joint ventures	260
Taxation	(1,589)
Profit for the year, attributable to equity holders of the Company	(5,292)

Due to the adoption of MFRS 16, the Group's operating profit will improve, while its interest expense will increase. This is due to the change in the accounting for expenses of leases that were classified as operating leases under MFRS 117.

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

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

Annual Improvements 2015-2017 Cycle (issued in December 2017)

These improvements include:

- MFRS 3: *Business Combinations*

  The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

  An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments are currently not applicable to the Group and to the Company but may apply on future business combinations of the Group and of the Company.

- MFRS 11: *Joint Arrangements*

  A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in MFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

  An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments are currently not applicable to the Group and to the Company but may apply to future transactions.

- MFRS 112: *Income Taxes*

  The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

  An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's and the Company's current practice is in line with these amendments, the Group and the Company do not expect any effect on the Group's and on the Company's financial statements.

- MFRS 123: *Borrowing Costs*

  The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

  An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. The Group and the Company are in the process of assessing the amendments on the Group's and on the Company's financial statements.

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

2.4 Basis of consolidation

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

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

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

(ii) exposure, or rights, to variable returns from its investment with the investee; and

(iii) the ability to use its power over the investee to affect its returns.

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

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

(ii) rights arising from other contractual arrangements; and

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

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

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

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

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

2.4 Basis of consolidation *cont'd*

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

Business combinations and goodwill

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

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9: *Financial Instruments* 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 MFRS 9, it is measured in accordance with the appropriate MFRS. 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.

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

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

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

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

2.6 Foreign currencies

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

(a) Transactions and balances

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

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

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

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

(b) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and their statements of 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

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

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

2.8 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. 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
Renovations	5 to 10 years
Office equipment	3 to 10 years
Furniture and fittings	3 to 10 years

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

2.8 Property, plant and equipment *cont'd*

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 Intangible assets

Intangible assets are measured on initial recognition at cost. The cost of intangible asset of the Group comprises cost incurred in relation to a service concession arrangement which includes the refurbishment cost of a terminal building, a car parking area, a business aviation centre and a hangarage complex in Sultan Abdul Aziz Shah Airport of Subang and the present value of the lease commitment over the concession period.

Following initial recognition, the cost of the intangible assets are amortised over the concession period and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2.10 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.

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 and the Company hold 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 and the Company account for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

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

2.10 Investment properties *cont'd*

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 Group and 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.

2.11 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 their 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.

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.

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

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

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.

2.12 Non-current assets held for sale

The Group and the Company classify 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.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable MFRSs. 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 MFRS 5: *Non-current Assets Held for Sale* 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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.13 Subsidiaries

A subsidiary is an entity over which the Group and the Company have 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.

2.14 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 and 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 recognise 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.

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.

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

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

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.

2.15 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 MFRSs 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.

2.16 Financial assets and financial liabilities

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 subsequently measured at amortised cost, fair value through OCI, and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15. Refer to the accounting policies in Note 2.25.

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

2.16 Financial assets and financial liabilities *cont'd*

(i) Financial assets *cont'd*

Initial recognition and measurement *cont'd*

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how they manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

The Group and the Company have no financial assets carried at fair value through OCI (for both debt and equity instruments) or financial assets carried at FVTPL.

Financial assets at amortised cost (debt instruments)

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost includes trade receivables, cash and bank balances and loan to an associate and joint ventures.

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

2.16 Financial assets and financial liabilities *cont'd*

(i) Financial assets *cont'd*

Derecognition

A financial asset is primarily derecognised when:

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

- The Group and the Company have transferred their rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either the Group or the Company:

  (a) have transferred substantially all the risks and rewards of the asset; and

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

When the Group and the Company have transferred their rights to receive cash flows from an asset or has entered into a pass-through arrangement, they evaluates if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their 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 recognise an allowance for ECLs for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

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

2.16 Financial assets and financial liabilities *cont'd*

(i) Financial assets *cont'd*

Impairment of financial assets *cont'd*

The Group and the Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, 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, amounts due to related parties and loans and borrowings including bank overdrafts.

Subsequent measurement

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

<u>Trade and other payables, amounts due to related parties</u>

These are subsequently measured at amortised cost using the EIR method.

<u>Loan and borrowings</u>

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate 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 profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

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

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

2.16 Financial assets and financial liabilities *cont'd*

(iii) Offsetting of financial instruments

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

2.17 Cash and short-term deposits

Cash and short-term deposits in the statements 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.

2.18 Inventory property

(i) Completed inventory property and inventory property under development

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory property and is measured at the lower of cost and net realisable value ("NRV"). NRV 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.

Principally, this is property that the Group develops and intends to sell before, or on completion of, development.

Cost incurred in bringing each property to its present location and condition includes:

- Freehold and leasehold rights for land

- Amounts paid to contractors for development

- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, development overheads and other related costs

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs necessary to make the sale.

When an inventory property is sold, the carrying amount of the property is recognised as an expense in the period in which the related revenue is recognised. The carrying amount of inventory property recognised in profit or loss is determined with reference to the directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold.

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

2.18 Inventory property *cont'd*

(ii) 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 inventory property 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.

(iii) Consumable stocks

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

Consumable stocks are valued at lower of cost and NRV.

2.19 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 for the amount of the obligation. When the Group and the Company expect some or all of a provision to be reimbursed, 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 statements 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.

2.20 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.

2.21 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.

2.22 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 are 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.23 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 participate 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.

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

2.24 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 or to 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 statements 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.

2.25 Revenue

Revenue from contracts with customers

The Group and the Company recognise revenue from contracts with customers for the provision of services and sale of goods based on the five-step model as set out below:

(i) Identify contract with a customer

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

(ii) Identify performance obligations in the contract

A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer. Refer to Note 2.25(a) and Note 2.25(b) for assessment made by the Group and by the Company in identification of performance obligation.

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

2.25 Revenue *cont'd*

Revenue from contracts with customers *cont'd*

(iii) Determine the transaction price

The transaction price is the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

In determining the transaction price, the Group and the Company consider the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer. Refer to Note 2.25(a) and Note 2.25(b) for assessment made by the Group and by the Company in determining the transaction price.

(iv) Allocate the transaction price to the performance obligation(s) in the contract

For a contract that has more than one performance obligation, the Group and the Company allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group and the Company expect to be entitled in exchange for satisfying each performance obligation.

(v) Determine the timing of revenue recognition

The Group and the Company satisfy a performance obligation and recognise revenue over time if the Group's and the Company's performance:

(i) Do not create an asset with an alternative use to the Group and to the Company and have an enforceable right to payment for performance obligation completed to-date; or

(ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or

(iii) Provide benefits that the customer simultaneously receives and consumes as the Group perform.

For performance obligations where any one of the above conditions are met, revenue is recognised over time at which the performance obligation is satisfied. Refer to Note 2.25(a) and Note 2.25(b) for assessment made by the Group and the Company in determining the timing of revenue recognition.

For performance obligations that are satisfied over time, the Group and the Company determined that the input method is the best method in measuring progress of the services because there is direct relationship between the Group's and the Company's effort and the transfer of service to the customer.

The Group and the Company exclude the effect of any costs incurred that do not contribute to the Group's and to the Company's performance in transferring control of goods or services to the customer and adjusts the input method for any costs incurred that are not proportionate to the Group's and to the Company's progress in satisfying the performance obligation.

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

2.25 Revenue *cont'd*

Revenue from contracts with customers *cont'd*

The Group's and the Company's key sources of revenue from contracts with customers and the application of the accounting standard for each of revenue is discussed below.

(a) Revenue from engineering and construction works

(i) Identify performance obligation(s) in the contract

In determining whether there are promises in the contract that are separate performance obligations, the Group assessed that it is responsible for the overall management of the project and identifies various goods and services to be provided based on the contract with the customer which generally include design work, material procurement, site preparation and foundation pouring, framing and plastering, mechanical and electrical work and finishing work. The Group accounts for these items as a single performance obligation because it provides a significant service of integrating the goods and services (the inputs) into the completed property (the combined output) which the customer has contracted to buy.

(ii) Determine the transaction price - financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in MFRS 15, the Group does not adjust the promised amount of consideration for the effects of significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less or is immaterial.

(iii) Determine the transaction price - variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. At the end of each reporting period, the Group updates the estimated transaction price, including its assessment of whether an estimate of variable consideration is constrained to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

(iv) Determine the timing of revenue recognition

The Group has determined that the performance obligation is satisfied over time as the performance by the Group does not create an asset with alternative use to the Group. The Group has concluded that, at all times, it has an enforceable right to payment for performance completed to date. Therefore, control transfers over time for these contracts.

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

2.25 Revenue *cont'd*

Revenue from contracts with customers *cont'd*

(b) Revenue from sale of inventory property

(i) Identify performance obligations in the contract

(a) Sale of completed inventory property

The sale of completed inventory property constitutes a single performance obligation as the Directors have assessed and concluded that separate promises (other than the delivery of the completed inventory property) within a contract is immaterial to the overall sale of completed inventory property.

(b) Sale of inventory property under development

In determining whether there are promises in the contract that are separate performance obligations, the Group assessed that it is responsible for the overall management of the project and identifies various goods and services to be provided, including design work, site preparation and foundation pouring, framing and plastering, mechanical and electrical work, installation of fixtures (e.g., windows, doors, cabinetry, etc.) and finishing work. The Group accounts for these items as a single performance obligation because it provides a significant service of integrating the goods and services (the inputs) into the completed property (the combined output) which the customer has contracted to buy.

(ii) Determine the transaction price - financing component

For some contracts involving the sale of inventory property, the Group is entitled to receive an initial deposit. This is not considered a significant financing component because it is for reasons other than the provision of financing to the Group. The initial deposits are used to protect the Group from the counter parties failing to adequately complete some or all of their obligations under the contract where customers do not have an established credit history or have a history of late payments.

In addition, for certain contracts involving the sale of inventory property, the Group may require customers to make progress payments of up to 10.00% of the selling price, as work progresses, that give rise to a significant financing component. The Group adopted the practical expedient for the significant financing component, as it generally expects, at contract inception, that the length of time between when the customers pays for the asset and when the Group transfers the asset to the customer will be one year or less.

(iii) Determine the transaction price - consideration payable to the customer

Some contracts with a customer include consideration payable to a customer. Consideration payable to a customer includes cash amounts that the Group pays, or expects to pay, to the customer such as rebate, liquidated ascertained damages, legal fees and maintenance charges paid on behalf of the customer. Consideration payable to a customer is accounted for as a reduction of the transaction price and thus revenue, and should be recognised at the later of when the Group transfers the promised goods or services to the customer or when the Group promises to pay the consideration.

If the consideration payable to the customer contains variable consideration, the Group apply the guidance on variable consideration as described in Note 2.25(a)(iii).

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

2.25 Revenue *cont'd*

Revenue from contracts with customers *cont'd*

(b) Revenue from sale of inventory property *cont'd*

(iv) Determine the timing of revenue recognition

(a) Sale of completed inventory property

The Group has determined that its performance obligation(s) is satisfied at the point in time when control transfers. For unconditional exchange of contracts, transfer of control generally occurs when legal title transfers to the customer. For conditional exchanges, transfer of control generally occurs when all conditions precedent are satisfied.

(b) Sale of inventory property under development

The Group has determined that the performance obligation is satisfied over time as the performance by the Group does not create an asset with alternative use to the Group. The Group has concluded that, at all times, it has an enforceable right to payment for performance completed to date. Therefore, control transfers over time for these contracts.

Other revenue

(a) Interest income

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

(b) Dividend income

Dividend income is recognised in the profit or loss as and when declared or the right to receive payment is established.

(c) Management fees

Management fees are recognised as and when services are rendered.

(d) Rental income

The Group earns revenue from acting as a lessor in operating leases. Rental income arising from operating leases on investment property and hiring of machineries is accounted for on a straight-line basis over the lease term and is included in revenue in the statements of profit or loss due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Group is reasonably certain that the tenant will or will not exercise that option.

The initial direct costs and tenant lease incentives are presented as current assets in the statements of financial position.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the statements of profit or loss when the right to receive them arises.

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

2.25 Revenue *cont'd*

Other revenue *cont'd*

(e) Car park income

Revenue from car park operations is recognised as and when services are rendered.

(f) 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.

2.26 Contract balances

(a) Contract assets and contract liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer.

A contract liability is the obligation to transfer goods or services to a customer for which the Group or the Company have received consideration or an amount of consideration is due from the customer.

Unlike the method used to recognise contract revenue over time, the amounts billed to the customer are based on achievement of the various milestones established in the contract. The amounts recognised as revenue for a given year do not necessarily coincide with the amounts billed to or certified by the customer. In the case of contracts in which the goods or services transferred to the customer exceed the related amount billed, the difference is recognised (as a contract asset) and is presented in the statements of financial position as "Contract assets", whereas in contracts in which the goods or services transferred are lower than the amount billed to the customer, the difference is recognised (as a contract liability) and is presented in the statements of financial position as "Contract liabilities".

Further details on contract assets and contract liabilities are disclosed in Note 12.

(b) Trade receivables

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

Further details on trade receivables are disclosed in Note 11.

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.

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

2.27 Taxes *cont'd*

(b) **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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.

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

2.27 Taxes *cont'd*

(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 respectively in the statements of financial position.

Effective from 1 June 2018, the rate was reduced from 6.00% to 0% and GST was subsequently abolished and replaced by Sales and Service Tax on 1 September 2018.

(d) Sales and Service Tax ("SST")

When SST is incurred, SST is recognised as part of the cost of acquisition of the asset or as part of the expense items as applicable as SST is not recoverable from the taxation authority.

Whereas, revenue is recognised net of the amount of SST billed as it is payable to the taxation authority. SST payable to the taxation authority is included as part of payables in the statements 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. Additional disclosures on each of these segments are shown in Note 53, including the factors used to identify the reportable segments and the measurement basis of segment information.

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 statements 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 and the Company measure 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 and the Company.

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

2.32 Fair value measurement *cont'd*

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.

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

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 and the Company determine whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to 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, property, plant and equipment and non-recurring measurement, such as assets held for distribution in discontinued operation.

External valuers are involved for valuation of significant assets, such as properties 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 of 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) Revenue from contracts with customers

(i) Identify performance obligations in the contract

With respect to the revenue from engineering and construction works and revenue from sales of inventory under development, the Group concluded the goods and services transferred in each contract constitute a single performance obligation as the Group is responsible for all the goods and services specified in the contracts and the overall management of the project. Although the goods and services are capable of being distinct, the Group accounts for them as a single performance obligation because they are not distinct in the context of the contract. The Group uses those goods and services as inputs and provides a significant service of integrating them into a combined output for which the customer has contracted.

(ii) Determine the timing of revenue recognition

The Group has evaluated the timing of revenue recognition based on a careful analysis of the rights and obligations under the terms of the contract.

The Group has generally concluded that contracts relating to sales of completed properties are recognised at a point in time when control transfers. For unconditional exchanges of contracts, control is generally expected to transfer to the customer together with the legal title. For conditional exchanges, this is expected to take place when all the conditions precedent are satisfied.

For contracts relating to the provision of engineering and construction services and sale of property under development, the Group has considered the factors contained in the contracts and concluded that the control of the assets is transferred to the customer over time because:

- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. That is, the Group has considered various factors that indicate that the customer controls the part-constructed property as it is being constructed, e.g., the fact that the customer is able to pledge the property under development while it is being constructed, the customer's ability to change any specification of the property as it is being constructed. However, none of the factors is determinative and therefore, the Group has carefully weighed all factors and used judgement to determine that it meets the over-time criteria.

- The Group's performance does not create an asset with alternative use to the Group. Furthermore, the Group has an enforceable right to payment for performance completed to date. It has considered the factors that indicate that it is restricted (contractually or practically) from readily directing the property under development for another use during its development. In addition, the Group is at all times entitled to an amount that at least compensates it for performance completed to date (usually costs incurred to date plus a reasonable profit margin). In making this determination, the Group has carefully considered the contractual terms as well as any legislation or legal precedent that could supplement or override those contractual terms.

3. **SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS** *cont'd*

3.1 Critical judgements made in applying accounting policies *cont'd*

(a) Revenue from contracts with customers *cont'd*

(ii) Determine the timing of revenue recognition *cont'd*

The Group has determined that the input method is the best method for measuring progress for these contracts because there is a direct relationship between the costs incurred by the Group and the transfer of goods and services to the customer.

3.2 Key sources of estimation and uncertainty

The key assumptions concerning the future and other key sources of estimation and uncertainty at the reporting 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) Measurement of progress when revenue is recognised over time

For contracts that meet the over time criteria of revenue recognition, the Group generally uses the cost incurred method as a measure of progress for its contracts because it best depicts the Group's performance of its obligation. Under this method of measuring progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. When costs are incurred, but do not contribute to the progress in satisfying the performance obligation (such as unexpected amounts of wasted materials, labour or other resources), the Group excludes the effect of those costs. Also, the Group adjusts the input method for any cost incurred that are not proportionate to the Group's progress in satisfying the performance obligation.

(b) Estimation of cost to complete the performance obligation

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. In the event of contract variations, the Group engages professional consultants to determine the quantum of the contract variations to be recognised.

(c) Estimation of variable consideration

The Group estimates variable considerations, generally liquidated ascertained damages to be included in the transaction price through project monitoring. Project monitoring is a constant and ongoing process that can identify potentially serious delays in a project.

The Group has a monthly monitoring model which effectively updates each project's progress to date and the completion forecast. For each project, the model used the historical data progress forecast (including costs incurred and milestones reached) and current economic conditions to derive expected completion date of the project. The expected completion date is applied to determine the expected value of the variable consideration. Any significant changes in expectation as compared to historical pattern will impact the expected timing of completion estimated by the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS *cont'd*

3.2 Key sources of estimation and uncertainty *cont'd*

(d) **Estimation of net realisable value for inventory property**

Inventory property is stated at the lower of cost and NRV.

NRV for completed inventory property is assessed based on an opinion of a qualified independent valuer and comparable transactions identified by the Group for property in the same geographical market serving the same real estate segment.

NRV in respect of inventory property under development is assessed based on an opinion of a qualified independent valuer, less estimated costs to complete the development and the estimated costs necessary to make the sale.

(e) **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 2018 for land and buildings and investment properties. For investment properties, 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.

(f) **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 five-year forecast 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.

(g) **Fair value of identified assets and assumed liabilites in a business combination**

During the year, the Group acquired a group of subsidiaries and accounted the acquisition as a business combination. Further details on the acquisition are disclosed in Note 8(b).

The group of subsidiaries is principally involved in the management and maintenance of commercial and aviation related infrastructure and facilities, comprising a terminal building, car parking area, a business aviation centre and a hangarage complex at Sultan Abdul Aziz Shah Airport in Subang governed under a service concession arrangement as disclosed in Note 5.

The Group identified all of the assets acquired and all of the liabilities assumed and measure the fair value of net assets acquired at the acquisition date.

In deriving the value-in-use ("VIU") to measure the fair value of identified assets and liabilities in the business combination, management estimated future cash flows from the cash-generating unit ("CGU") and chose a suitable discount rate in order to calculate the present values of those cash flows.

The recoverable amount of the CGU was determined based on VIU calculations using cash flow projections based on financial budgets approved by management covering a period of 20 years and 8 months.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS *cont'd*

3.2 Key sources of estimation and uncertainty *cont'd*

(g) Fair value of identified assets and assumed liabilites in a business combination *cont'd*

The following describes key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill:

(i) Annual growth rates covering rental, passenger service fee, ground handling charges, cleaning and maintenance expenses ranging between 1.00% and 5.00% which were determined based on management's best estimates taking in to account industry trends and past performances of the segments; and

(ii) A post-tax discount rate of 11.50% was applied in determining the recoverable amount of the CGU. The discount rate was estimated based on an industry weighted average cost of capital.

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Leasehold land	Buildings	Plant and machinery	Motor vehicles	Renovations, office equipment, furniture and fittings	Machinery work in progress	Building work in progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group									
At 31 December 2018									
Cost/valuation									
At 1 January 2018	43,396	14,046	157,672	236,464	68,676	55,360	-	19,648	595,262
Additions	-	-	1,065	49,630	5,305	9,692	11,943	7,249	84,884
Transferred to assets classified as held for sale (Note 18(iii))	(10,500)	-	(10,556)	-	-	-	-	-	(21,056)
Disposals	-	-	(1,832)	(49,843)	(2,012)	(348)	-	-	(54,035)
Written off	-	-	-	(1,222)	(239)	(1,500)	-	-	(2,961)
Revaluation surplus	2,300	-	5,732	-	-	-	-	-	8,032
Acquisition of new subsidiaries	-	-	-	-	10	280	-	-	290
Exchange differences	-	-	-	270	66	185	-	-	521
At 31 December 2018	35,196	14,046	152,081	235,299	71,806	63,669	11,943	26,897	610,937
Accumulated depreciation and impairment									
At 1 January 2018	-	395	28,971	153,704	29,128	42,080	-	-	254,278
Depreciation charge for the financial year	-	110	7,694	20,710	4,766	5,371	-	-	38,651
Transferred to assets classified as held for sale (Note 18(iii))	-	-	(1,236)	-	-	-	-	-	(1,236)
Disposals	-	-	(1,736)	(40,892)	(2,000)	(276)	-	-	(44,904)
Written off	-	-	-	(1,064)	(136)	(1,216)	-	-	(2,416)
Restatement of accumulated depreciation on revaluation	-	-	(840)	-	-	-	-	-	(840)
Exchange differences	-	-	-	253	41	168	-	-	462
At 31 December 2018	-	505	32,853	132,711	31,799	46,127	-	-	243,995
Net carrying amount									
At 31 December 2018	35,196	13,541	119,228	102,588	40,007	17,542	11,943	26,897	366,942

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

	Freehold land	Leasehold land	Buildings	Plant and machinery	Motor vehicles	Renovations, office equipment, furniture and fittings	Machinery work in progress	Building work in progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group (cont'd)									
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 7)	-	-	-	-	-	-	-	(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*

	Renovations, office equipment, furniture and fittings Total RM'000
Company	
At 31 December 2018	
Cost	
At 1 January 2018	6,168
Additions	102
At 31 December 2018	6,270
Accumulated depreciation	
At 1 January 2018	2,443
Depreciation charge for the financial year	934
At 31 December 2018	3,377
Net carrying amount	
At 31 December 2018	2,893
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

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 and impairment. Freehold land and buildings in Malaysia were revalued on 31 December 2018 by the Directors based on the valuation performed by Henry Butcher Malaysia Sdn. Bhd. and PA International Property Consultants 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 2018 would have been as follows:

	Group	
	31.12.2018	31.12.2017
	RM'000	RM'000
Freehold land and buildings		
Cost	91,496	98,704
Accumulated depreciation	(10,577)	(11,484)
Net book value	80,919	87,220

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

	Freehold land		Buildings	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Group				
Valuation	35,196	43,396	152,081	157,672
Accumulated depreciation	-	-	(32,853)	(28,971)
	35,196	43,396	119,228	128,701

Significant unobservable valuation input:

	Range	
	31.12.2018	31.12.2017
Price per square feet	RM18 - RM808	RM18 - RM627

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

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

(a) *cont'd*

Reconciliation of fair value

	Group	
	31.12.2018	**31.12.2017**
	RM'000	**RM'000**
As at 1 January	172,097	175,629
Level 3 revaluation recognised	8,872	1,423
Additions during the year	1,065	1,724
Disposals during the year	(96)	-
Transferred to assets classified as held for sale	(19,820)	-
Depreciation charge during the year	(7,694)	(6,679)
As at 31 December	154,424	172,097

Fair value hierarchy disclosures for freehold land and buildings are disclosed in Note 46(f)(i).

(b) During the financial year, the Group and the Company acquired property, plant and equipment by way of the following:

	Group		Company	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash	60,104	37,704	102	179
Hire purchase	24,780	27,335	-	-
Other payables	-	2,752	-	-
	84,884	67,791	102	179

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

	Group	
	31.12.2018	**31.12.2017**
	RM'000	**RM'000**
Motor vehicles	26,668	20,754
Machineries	45,501	22,716
	72,169	43,470

(d) The freehold land, buildings and building work in progress with an aggregate carrying amount of RM118,880,000 (2017: RM111,575,000) are pledged to financial institutions for term loans obtained as disclosed in Note 26.

(e) Interest costs of RM3,209,000 (2017: Nil) was capitalised within building work in progress during the financial year as disclosed in Note 36.

5. INTANGIBLE ASSET

	Group 31.12.2018 RM'000	Group 31.12.2017 RM'000
Concession asset		
Cost less amortisation		
At 1 January	-	-
Acquisition of new subsidiaries (Note 8(b))	145,063	-
	145,063	-
Amortisation (Note 37(a))	(5,436)	-
At 31 December	139,627	-

By virtue of the commercial agreement and supplemental commercial agreement signed between Subang SkyPark Sdn. Bhd. ("SSSB"), a subsidiary of the Company, Malaysia Airports Holdings Berhad ("MAHB") and Malaysia Airport Sdn. Bhd. dated 20 August 2010 and 7 March 2013 respectively, SSSB was given the concession right to manage, operate and maintain a commercial retail area in the airport terminal of Sultan Abdul Aziz Shah Airport in Subang known as Subang SkyPark Terminal 3, a car parking area, a business aviation centre and a hangarage complex known as SkyPark Regional Aviation Centre.

The concession shall be for a period of 30 years from 4 December 2007 to 3 December 2037, with option for extension of 29 years, to be agreed between SSSB and MAHB. Pursuant to the Sub-lease Agreement dated 4 December 2007 and the Supplement Sub-lease Agreement dated 17 November 2010 signed between SSSB and MAHB, throughout the concession period, SSSB has contractual obligations to make monthly lease payment to MAHB which give rise to recognition of lease commitment payables as disclosed in Note 21.

Upon the expiry of the concession period, the Subang SkyPark Terminal 3, car park and hangarage complex shall be handed over by SSSB to MAHB at no cost.

6. INVENTORY PROPERTY UNDER DEVELOPMENT

(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 2017	863,903	305,062	268,478	1,437,443
Additions	85,167	-	91,835	177,002
Reclassified to assets held for sale	(46,592)	-	(13,873)	(60,465)
At 31 December 2017/1 January 2018	902,478	305,062	346,440	1,553,980
Additions	105,424	-	50,758	156,182
Reclassification	348	8	(356)	-
Impairment of undeveloped lands (Note 37(a))	(11,238)	-	-	(11,238)
Transferred to inventory properties under development (Note 6(b))	(1,960)	-	(3,481)	(5,441)
At 31 December 2018	995,052	305,070	393,361	1,693,483

6. INVENTORY PROPERTY UNDER DEVELOPMENT *cont'd*

(a) Land held for property development *cont'd*

On 5 March 2018, WCT Green Sdn. Bhd. ("WCTG"), a wholly-owned subsidiary of WCT Land Sdn. Bhd. ("WCTL"), which in turn is a wholly-owned subsidiary of the Company, entered into a Joint Development Agreement ("JDA") with Tanjung Nakhoda (M) Sdn. Bhd. ("TNSB") 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. In accordance with the terms of the JDA, WCTG is responsible for all development costs, and is entitled to all gross development value less TNSB's entitlement of RM104,638,000.

Included in land held for property development is freehold land TNSB's entitlement amounting to RM104,638,000, of which RM100,671,000 was repaid during the year. The remaining RM3,967,000 amount payable is included in other payables (Note 20(b)).

(b) Property development costs

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Group				
At 31 December 2018				
Cumulative property development costs				
At 1 January 2018	86,881	10,712	1,034,139	1,131,732
Cost incurred during the financial year	584	-	147,057	147,641
Reversal of completed projects	(21,159)	(10,712)	(370,864)	(402,735)
Transferred from land held for property development (Note 6(a))	1,960	-	3,481	5,441
Transferred to investment properties (Note 7)	(1,930)	-	(2,172)	(4,102)
Unsold units transferred to completed inventory properties	(1,743)	-	(94,206)	(95,949)
At 31 December 2018	64,593	-	717,435	782,028
Cumulative costs recognised in statements of profit and loss				
At 1 January 2018 (restated)	(40,770)	(10,712)	(827,373)	(878,855)
Recognised during the financial year	(4,973)	-	(83,698)	(88,671)
Reversal of completed projects	21,159	10,712	370,864	402,735
At 31 December 2018	(24,584)	-	(540,207)	(564,791)
Property development costs as at 31 December 2018	40,009	-	177,228	217,237

6. **INVENTORY PROPERTY UNDER DEVELOPMENT** *cont'd*

(b) Property development costs *cont'd*

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Group *cont'd*				
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 7)	(85)	-	57	(28)
Unsold units transferred to completed inventory properties	(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 (restated)	(36,061)	(9,562)	(539,197)	(584,820)
Recognised during the financial year	(4,709)	(1,150)	(303,692)	(309,551)
Reversal of completed projects	-	-	15,516	15,516
At 31 December 2017 (restated)	(40,770)	(10,712)	(827,373)	(878,855)
Property development costs as at 31 December 2017 (restated)	46,111	-	206,766	252,877

The carrying amount of freehold land and development cost included contract cost assets of RM238,000 and RM524,000 respectively as at 31 December 2018.

The property development costs with a carrying amount of RM176,806,000 (2017: RM113,336,000) are pledged to a financial institution for a term loan obtained as disclosed in Note 26.

Interest costs of RM50,937,000 (2017: RM56,978,000) were capitalised within development costs during the financial year as disclosed in Note 36.

7. 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 2018	1,594,392	-	1,594,392
Additions	26,819	-	26,819
Transferred from property development costs (Note 6(b))	4,102	-	4,102
Disposals	(5,824)	-	(5,824)
Gain from fair value adjustment (Note 35)	176,886	-	176,886
At 31 December 2018	1,796,375	-	1,796,375
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 6(b))	-	28	28
Transferred from IPUC to investment properties	853,053	(853,053)	-
Gain from fair value adjustment (Note 35)	245,321	-	245,321
At 31 December 2017	1,594,392	-	1,594,392

IPUC were measured at cost due to the fair value of the IPUC could not be determined reliably prior to their completion.

In the previous financial year, interest expense of RM30,395,000 was capitalised within IPUC (Note 36).

	Group	
	31.12.2018	31.12.2017
	RM'000	RM'000
Income derived from investment properties (Note 33):		
- Rental income	158,124	48,208
- Car park income	14,521	7,240
Direct operating expenses (including repair and maintenance) of income generating properties (Note 37)	(59,117)	(18,099)
Profit arising from investment properties carried at fair value	113,528	37,349

Investment properties with an aggregate carrying amount of RM70,356,000 (2017: RM49,920,000) are held under lease terms.

Investment properties are stated at their fair value as at 31 December 2018. Valuations were performed by Henry Butcher Malaysia Sdn. Bhd., PA International Property Consultants Sdn. Bhd. and C.H. Williams Talhar & Wong, professional independent valuers and members of the Institution of Surveyors, Malaysia in accordance with International Valuation Standards using Investment Method and Comparison Method.

7. INVESTMENT PROPERTIES *cont'd*

Investment properties with an aggregate carrying amount of RM1,724,019,000 (2017: RM1,495,278,000) are pledged as securities for borrowings as disclosed in Note 26.

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 46(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 2017	37,920	447,498	10,600	496,018
Transferred from IPUC to investment properties	-	853,053	-	853,053
Gain on fair value adjustments recognised in profit or loss (Note 35)	-	243,921	1,400	245,321
As at 31 December 2017/1 January 2018	37,920	1,544,472	12,000	1,594,392
Additions	-	26,819	-	26,819
Transferred from property development costs (Note 6(b))	-	4,102	-	4,102
Disposals	(220)	(5,604)	-	(5,824)
Gain on fair value adjustments recognised in profit or loss (Note 35)	(700)	177,586	-	176,886
As at 31 December 2018	37,000	1,747,375	12,000	1,796,375

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

	Valuation technique	Significant unobservable inputs	Range (weighted average) 2018	2017
Retail and office properties	Investment method	Estimated rental value per square feet per month	RM1.20 - RM3.79	RM2.42 - RM2.50
		Rent growth per annum	7.00%	7.41%
		Long term vacancy rate	10.00% - 20.00%	10.00%
		Discount rate	6.00% - 7.50%	6.00% - 6.50%
Retail properties	Comparison method	Difference in location, time factor, size, and tenure	-25.00% - -10.00%	-25.00% - +5.00%
Vacant lands	Comparison method	Difference in location, time factor, size, and tenure	-10.00% - +20.00%	-20.00% - +20.00%

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

7. 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 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 RM37,000,000 (2017: RM37,700,000).

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	31.12.2018	**31.12.2017**
	RM'000	**RM'000**
Unquoted shares, at cost	3,204,915	3,204,915
Equity contribution	-	177
Redeemable convertible preference shares-A	453,000	453,000
Arising from ESOS granted to subsidiaries' employees	16,112	10,661
	3,674,027	3,668,753

8. INVESTMENTS IN SUBSIDIARIES *cont'd*

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Principal activities	Proportion of ownership interest 2018 (%)	2017 (%)
WCT Berhad	Malaysia	Engineering, construction works and investment holding	100	100
WCT Land Sdn. Bhd.	Malaysia	Investment holding	100	100
WCT Equity Sdn. Bhd. (1)	Malaysia	Provision of treasury and fund management services	100	100
Held by WCT Berhad:				
WCT Construction Sdn. Bhd.	Malaysia	Engineering and construction works	100	100
WCT Overseas Sdn. Bhd. (1)	Malaysia	Investment holding	100	100
WCT Plantations Sdn. Bhd. (1)	Malaysia	Plantations*	100	100
WCT Green Sdn. Bhd. (1) (Note 8(a))	Malaysia	Property development and construction works	-	100
WCT Group Sdn. Bhd. (1)	Malaysia	General trading, land and property investment and investment holding*	100	100
Cebarco-WCT W.L.L. (1)	Kingdom of Bahrain	Construction works	50	50
WCT Engineering Vietnam Company Limited (1)	Vietnam	Construction of civil and industrial projects*	100	100
WCT (S) Pte. Ltd. (1)	Singapore	Investment holding	100	100
Allied WCT L.L.C. (1)	Sultanate of Oman	General on civil constructions*	70	70
WCT Oman Roads L.L.C. (1) (Note 8(e))	Sultanate of Oman	Building and general construction of residential and non residential building*	-	60
Held by WCT (S) Pte. Ltd.:				
WCT-DPN Company Limited (1)	Vietnam	Development and management	70	70

8. 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 2018 (%)	2017 (%)
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. (1)	Malaysia	Construction work	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. (1)	Malaysia	Investment holding	100	100
Camellia Tropicana Sdn. Bhd. (1)	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
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. (1)	Malaysia	Investment holding	100	100

8. 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 2018 (%)	2017 (%)
Held by WCT Land Sdn. Bhd. (cont'd):				
WCT Assets Sdn. Bhd. (1)	Malaysia	Property development*	100	100
WCT Realty Sdn. Bhd. (1)	Malaysia	General trading, land and property investment and investment holding*	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	Property development*	100	100
CORE Precious Development Sdn. Bhd. (formerly known as WCT Precious Development Sdn. Bhd. (Note 8(c))	Malaysia	Property development	20	20
WCT Phenomenon Development Sdn. Bhd. (1)	Malaysia	Property development*	100	100
WCT Malls Management Sdn. Bhd. (1)	Malaysia	Malls management	100	100
Kekal Kirana Sdn. Bhd.	Malaysia	Property development	100	100
WCT Green Sdn. Bhd. (1) (Note 8(a))	Malaysia	Construction works & property development	100	-
Skyline Domain Sdn. Bhd. (1) (Note 8(b))	Malaysia	Investment holding	100	-
WCT (MM2H) Sdn. Bhd. (Note 8(d))	Malaysia	Property investment and development*	100	-

8. **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 2018 (%)	2017 (%)
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 Skyline Domain Sdn. Bhd.:				
Subang SkyPark Sdn. Bhd. (1) (Note 8(b))	Malaysia	Business of development of commercial aviation related infrastructure and facilities together with its management and maintenance.	60	-
Held by Subang SkyPark Sdn. Bhd.:				
SkyPark RAC Sdn. Bhd. (1) (Note 8(b))	Malaysia	Business of development of hangarage complexes and the provision of maintenance, repair, overhaul ("MRO") engineering services.	100	-
Held by Subang SkyPark Sdn. Bhd. and SkyPark RAC Sdn. Bhd.:				
SkyPark FBO Malaysia Sdn. Bhd. (1) (Note 8(b))	Malaysia	Provision of full range of ground services for all aircraft types and model.	100	-

8. 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 2018 (%)	2017 (%)
Held by WCT Overseas Sdn. Bhd.:				
WCT (International) Private Limited [1]	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

* *Intended principal activities*

Subsidiaries are audited by Ernst & Young Malaysia except for:

[1] Audited by firms other than Ernst & Young

(a) Transfer of shareholding of a subsidiary

On 1 March 2018, WCT Berhad, a wholly-owned subsidiary of the Company, transferred its entire equity interest in WCTG, represented by 2 ordinary shares in WCTG to WCTL, a wholly-owned subsidiary of the Company, for a total consideration of RM2.00.

(b) Acquisition of 60.00% equity interest in SSSB Group

On 21 March 2018, WCTL acquired the entire equity interest in Skyline Domain Sdn. Bhd. ("SDSB"), represented by 2 ordinary shares for a total cash consideration of RM2.00. Upon the completion of the acquisition, SDSB became a wholly-owned subsidiary of WCTL.

On 2 April 2018, SDSB acquired 60.00% equity interest in SSSB for a cash consideration of RM44,556,000 via a share purchase agreement. Consequently, SSSB and its subsidiaries ("SSSB Group"), namely SkyPark FBO Sdn. Bhd. and SkyPark RAC Sdn. Bhd. became subsidiaries of the Company.

Upon execution of the sales and purchase agreement, SSSB's amounts due to third parties totalling RM3,714,000 were assigned to SDSB via a deed of assignment, where SDSB retained all rights, interest, benefits, advantages, claims and demands against the amounts due to third parties ("Assignment of Debt").

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

(b) Acquisition of 60.00% equity interest in SSSB Group *cont'd*

Details of cash flow arising from the acquisition are as follows:

	RM'000
Purchase consideration, settled in cash	44,556
Cash and cash equivalents arising from acquisition of subsidiaries	(2,350)
Net cash outflow from acquisition of subsidiaries	42,206

Details of net liabilities assumed and goodwill arising from the above acquisition are as follows:

	Carrying value RM'000	Fair value RM'000
Property, plant and equipment	290	290
Intangible assets	153,272	145,063
Trade and other receivables	8,011	8,011
Amount due from related companies	206	206
Cash and bank balances	2,350	2,350
Trade and other payables	(21,894)	(21,894)
Amount due to holding company	(13,378)	(13,378)
Provision for taxation	(757)	(757)
Lease commitment payable	(103,875)	(103,875)
Borrowings	(85,356)	(85,355)
Net liabilities assumed	(61,131)	(69,339)
Total purchase consideration net of Assignment of Debt		40,842
Fair value of non-controlling interest (Note 32)		27,228
		68,070
Net liabilities assumed		69,339
Goodwill on acquisition		137,409

The Directors have performed an impairment assessment on the goodwill on acquisition and concluded that the discounted cash flows was unable to support the carrying value of goodwill attached to the CGU. Accordingly, the entire RM137,409,000 goodwill was impaired during the financial year of which RM54,964,000 is attributable to non-controlling interest (Note 32).

(c) Dilution of interest in an associate arising from issuance of new shares

On 24 April 2018, CORE Precious Development Sdn. Bhd. (formerly known as WCT Precious Development Sdn. Bhd.) has became a 20.00% owned associate company of WCTL following the reconstitution of the Board of Directors of CORE Precious Development Sdn. Bhd.. Further details and the gain on dilution of interest are disclosed in Note 18(i) and Note 9(a) respectively.

8. INVESTMENTS IN SUBSIDIARIES *cont'd*

(d) Incorporation of a new subsidiary

On 17 May 2018, WCTL incorporated a wholly-owned subsidiary company, WCT (MM2H) Sdn. Bhd. ("WCTMM2H"). The share capital and number of issued shares of WCTMM2H is RM1.00 comprising 1 ordinary share.

(e) Deregistration of a subsidiary

On 18 September 2018, WCT Oman Roads L.L.C., a company incorporated in the Sultanate of Oman had completed the liquidation process and has cancelled its Commercial Registration with the Ministry of Commercial and Industry, Oman and is accordingly dissolved.

(f) 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 2018	Group 2017
Intraxis Engineering Sdn. Bhd. ("IESB")	Malaysia	40%	40%
Cebarco-WCT W.L.L. ("Cebarco WCT Bahrain")	Kingdom of Bahrain	50%	50%
Subang Skypark Sdn. Bhd. and its wholly-owned subsidiaries SkyPark RAC Sdn.Bhd. SkyPark FBO Malaysia Sdn.Bhd. ("SSSB Group")	Malaysia	40%	-

	Group 2018 RM'000	Group 2017 RM'000
Accumulated balances of material non-controlling interests:		
IESB	522	559
Cebarco WCT Bahrain	5,570	6,769
SSSB Group	(32,862)	-
Other individually immaterial non-controlling interests	218	761
	(26,552)	8,089
Total comprehensive (loss)/income allocated to material non-controlling interests:		
IESB	(37)	34
Cebarco WCT Bahrain	(1,199)	(3,558)
SSSB Group	(5,126)	-
Other individually immaterial non-controlling interests	(543)	(91)
	(6,905)	(3,615)

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

(f) **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 2018:

	IESB RM'000	Cebarco WCT Bahrain RM'000	SSSB Group RM'000	Total RM'000
Revenue	-	-	20,415	20,415
Cost of sales	-	(2,842)	(4,333)	(7,175)
Gross (loss)/profit	-	(2,842)	16,082	13,240
Other income	77	205	2,691	2,973
Administrative expenses	(19)	-	(8,928)	(8,947)
Other expenses	-	-	(5,956)	(5,956)
Finance costs	(151)	-	(16,470)	(16,621)
Loss before tax	(93)	(2,637)	(12,581)	(15,311)
Income tax expense	-	-	(235)	(235)
Loss for the year	(93)	(2,637)	(12,816)	(15,546)
Other comprehensive income for the year, net of tax	-	239	-	239
Total comprehensive loss	(93)	(2,398)	(12,816)	(15,307)
Attributable to:				
Non-controlling interests	(37)	(1,199)	(5,126)	(6,362)
Other individually immaterial non-controlling interests	-	-	-	(543)
	(37)	(1,199)	(5,126)	(6,905)

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

(f) **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 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 expense	(27)	-	(27)
Profit/(loss) for the year	85	(5,462)	(5,377)
Other comprehensive loss 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	-	-	(91)
	34	(3,558)	(3,615)

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

(f) **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 2018:

	IESB RM'000	Cebarco WCT Bahrain RM'000	SSSB Group RM'000	Total RM'000
Property, plant and equipment	-	-	2,609	2,609
Intangible asset	-	-	139,529	139,529
Trade and other receivables (current)	2,115	-	7,084	9,199
Cash and bank balances (current)	952	10,326	1,726	13,004
Trade and other payables				
- Current	(1,261)	(108)	(19,674)	(21,043)
- Non-current	-	-	(4,000)	(4,000)
Lease commitment payables				
- Current	-	-	(3,154)	(3,154)
- Non-current	-	-	(105,776)	(105,776)
Amount due (to)/from related parties (current)	(501)	922	(41,369)	(40,948)
Interest-bearing loans and borrowings				
- Current	-	-	(10,466)	(10,466)
- Non-current	-	-	(48,457)	(48,457)
Tax payable	-	-	(109)	(109)
Total equity	1,305	11,140	(82,057)	(69,612)
Attributable to:				
Non-controlling interest	522	5,570	(32,822)	(26,730)
Equity Capital Contribution	-	-	(40)	(40)
Other individually immaterial non-controlling interests	-	-	-	218
Total non-controlling interest	522	5,570	(32,862)	(26,552)

8. INVESTMENTS IN SUBSIDIARIES *cont'd*

(f) 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 and other receivables:			
- Current	45	29,612	29,657
- Non-current	-	13,260	13,260
Cash and bank balances (current)	3,877	6,322	10,199
Trade and other payables:			
- Current	(1,260)	(46)	(1,306)
- Non-current	-	(32,985)	(32,985)
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	-	-	761
Total non-controlling interest	559	6,769	8,089

	IESB RM'000	Cebarco WCT Bahrain RM'000	SSSB Group RM'000	Total RM'000
Summarised cash flows information for year ended 31 December 2018:				
Operating activities	(2,851)	3,799	13,155	14,103
Investing activities	77	205	2,691	2,973
Financing activities	(151)	-	(16,470)	(16,621)
Net (decrease)/increase in cash and cash equivalents	(2,925)	4,004	(624)	455

8. INVESTMENTS IN SUBSIDIARIES *cont'd*

(f) 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).

	IESB	Cebarco WCT Bahrain	SSSB Group	Total
	RM'000	RM'000	RM'000	RM'000
Summarised cash flows information for year ended 31 December 2017:				
Operating activities	(536)	(1,613)	-	(2,149)
Investing activities	126	-	-	126
Net decrease in cash and cash equivalents	(410)	(1,613)	-	(2,023)

9. INVESTMENTS IN ASSOCIATES

	Group 31.12.2018	31.12.2017
	RM'000	RM'000
Unquoted shares, at cost	110,108	60,108
Share of pre-acquisition profits and reserves	(79)	-
Group's share of post acquisition profit and reserves	88,150	84,201
	198,179	144,309
Exchange difference	(29,454)	(12,348)
	168,725	131,961
Represented by:		
Group's share of net identifiable assets	168,725	131,961

9. INVESTMENTS IN ASSOCIATES *cont'd*

Details of the associates are as follows:

Name of company	Country of incorporation	Principal activities	Proportion of ownership interest 2018 (%)	2017 (%)
Held by WCT Berhad:				
Khalid Abdulrahim Group WCT W.L.L.	Kingdom of Bahrain	Construction works	50	50
KKBWCT Joint Venture Sdn. Bhd. ("KKBWCT") [1]	Malaysia	Construction works	30	30
Held by WCT Land Sdn. Bhd.:				
CORE Precious Development Sdn. Bhd. (formerly known as WCT Precious Development Sdn. Bhd. ("CORE Precious") (Note 9(a))	Malaysia	Property development	20	-
Held by WCT (International) Private Limited:				
Gamuda-WCT (Offshore) Private Limited and its subsidiary	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.

9. **INVESTMENTS IN ASSOCIATES** *cont'd*

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.

These associates have no material capital commitments as at 31 December 2018 or 2017.

These associates have reported a combined contingent liabilities of RM60,118,000 (2017: RM130,946,000) as at reporting date. The Group's share of these contingent liabilities approximate RM18,035,000 (2017: RM39,284,000) as disclosed in Note 44(d).

(a) Dilution of interest in an associate arising from issuance of new shares

On 24 April 2018, CORE Precious Development Sdn. Bhd. ("CORE Precious") (formerly known as WCT Precious Development Sdn. Bhd.) became an associate of WCTL following the reconstitution of the Board of Directors of CORE Precious, resulting in a gain on dilution of interest of RM318,000 (Note 8(c)).

The movement in the Group's investments in associates was due to the following:

	RM'000
Reclassification of investment in subsidiary (in WCTL) to investment in associates	100
Additional subscription of shares in CORE Precious during the year (Note 18(i))	49,900
	50,000

Further details are disclosed in Note 18(i).

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	CORE Precious	Mapex	Emas	Other individually immaterial associates	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2018						
(i) Summarised statements of financial position						
Non-current assets	2,330	1,010	48,351	40,065	248,930	340,686
Current assets	160,159	252,168	139,291	119,982	55,630	727,230
Total assets	162,489	253,178	187,642	160,047	304,560	1,067,916
Non-current liabilities	(3,367)	-	(3,098)	(550)	-	(7,015)
Current liabilities	(137,881)	(4,713)	(66,262)	(44,722)	(1,793)	(255,371)
Total liabilities	(141,248)	(4,713)	(69,360)	(45,272)	(1,793)	(262,386)
Net assets	21,241	248,465	118,282	114,775	302,767	805,530

9. 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	CORE Precious	Mapex	Emas	Other individually immaterial associates	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2018 (cont'd)						
(ii) Summarised statements of profit and loss and other comprehensive income						
Revenue	219,530	-	5,683	24,226	19,839	269,278
Finance income	-	-	15,839	10,658	-	26,497
Profit/(loss)for the year	7,326	(1,140)	(7,807)	10,397	14,997	23,773
(iii) Group's share of net assets, representing carrying amount of Group's interest in associates	6,372	49,693	35,485	34,433	27,551	153,534
Foreign exchange effect on investments in subsidiaries of associates	-	-	9,525	5,666	-	15,191
	6,372	49,693	45,010	40,099	27,551	168,725
(iv) Group's share of results of associates						
Profit/(loss) for the year	2,198	(228)	(2,342)	3,119	4,495	7,242
(v) Dividend received from associates	-	-	-	-	3,293	3,293

9. **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	CORE Precious 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
(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	-	-	7,500	4,461	-	11,961
	4,173	-	48,081	40,742	38,965	131,961

9. 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	CORE Precious	Mapex	Emas	Other individually immaterial associates	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2017 (cont'd)						
(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

10. 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 2018 (%)	Proportion of ownership interest 2017 (%)
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

10. 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 2018 (%)	Proportion of ownership interest 2017 (%)
Held by WCT Berhad: *cont'd*				
Arabtec Construction L.L.C. - WCT Engineering Joint Venture	United Arab Emirates	Construction work	50	50
AES - WCT Contracting L.L.C.	United Arab Emirates	Road, bridges and dam contracting	49	49
WCT Berhad - Al-Ali Joint Venture [1]	Qatar	Execution of Lusail City Development Project, Construction Package CP07-C-1B, Commercial Boulevard Road D3, Road A4, Internal Roads, Utilities and Underground Car Parks 2, 3, 4 and 5	70	70

[1] Audited by member firms of Ernst & Young Global. All other joint operations are audited by firms other than Ernst & Young.

All joint operations are unincorporated except for AES - WCT Contracting L.L.C..

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

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

The Group's aggregate share of the current assets, non-current assets, current liabilities, non-current liabilities, income and expenses of the joint operations are as follows:

	Group	
	31.12.2018	**31.12.2017**
	RM'000	**RM'000**
Assets and liabilities		
Current assets	80,824	89,617
Non-current assets	707,101	746,085
Total assets	787,925	835,702
Current liabilities	(545,155)	(598,588)
Non-current liabilities	(263,575)	(252,133)
Total liabilities	(808,730)	(850,721)
Net liabilities	(20,805)	(15,019)
Results		
Revenue	174,404	177,853
Expenses	(179,964)	(137,123)
(Loss)/profit before tax	(5,560)	40,730
Taxation	-	-
(Loss)/profit after tax	(5,560)	40,730
Other comprehensive (loss)/income for the year, net of tax	(226)	2,214
Total comprehensive (loss)/income	(5,786)	42,944

(b) Investments in joint ventures

	Group		Company	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
	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	5,867	64,691	-	-
Unrealised profit	2,965	4,380	-	-
Arising from ESOS granted to joint ventures' employees	777	351	777	351
	422,257	482,070	777	351
Represented by:				
Group's share of net identifiable assets	422,257	482,070	777	351

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

(b) Investments in joint ventures *cont'd*

Details of the joint ventures are as follows:

Name of joint ventures	Country of incorporation	Principal activities	Proportion of ownership interest 2018 (%)	Proportion of ownership interest 2017 (%)
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.

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
2018			
(i) Summarised statements of financial position			
Non-current assets	921,373	550,794	1,472,167
Current assets	365,521	115,331	480,852
Total assets	1,286,894	666,125	1,953,019
Non-current liabilities	(43,552)	(461,052)	(504,604)
Current liabilities	(796,985)	(48,205)	(845,190)
Total liabilities	(840,537)	(509,257)	(1,349,794)
Net assets	446,357	156,868	603,225

10. 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
2018 (cont'd)			
(ii) Summarised statements of profit and loss and other comprehensive income			
Revenue	108,803	127,224	236,027
(Loss)/profit for the year	(88,158)	30,640	(57,518)
(iii) Group's share of net assets, representing carrying amount of Group's interest in joint ventures	312,450	109,808	422,258
(iv) Group's share of results of joint ventures	(61,711)	21,448	(40,263)
(v) Dividend received from joint ventures	-	18,561	18,561

	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	106,920	482,070
(iv) Group's share of results of joint ventures	(38,787)	16,822	(21,965)

11. TRADE RECEIVABLES

	Group	
	31.12.2018	31.12.2017
	RM'000	RM'000
		(Restated)
Current		
Trade receivables	558,617	714,437
Retention sum on contracts receivable within 1 year	293,048	351,290
	851,665	1,065,727
Less: Allowance for expected credit losses	(21,040)	(18,472)
	830,625	1,047,255
Non-current		
Trade receivables	21,196	20,714
Retention sum on contracts receivable after 1 year	191,417	214,480
	212,613	235,194
Total	1,043,238	1,282,449

Details of the Group's trade receivables subject to enforcement of an arbitration award are disclosed in Note 51.

(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 (2017: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis. Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit risk management. The Group seeks to maintain strict control over its outstanding receivables and provision for expected credit losses is performed at each reporting date. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest bearing, except for certain receivables in the previous financial year amounting to RM136,675,000 which bore interest at 6.56% per annum.

As at the reporting date, management has taken the current market conditions into account when assessing the credit quality of contract and trade receivables. Each business unit 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 51. Accordingly, after taking all pertinent considerations, the Directors believe that no further allowance is required in excess of the allowance for expected credit losses already made.

11. 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			
2018			
Not past due	785,853	(5,510)	780,343
Past due 0-30 days	106,163	-	106,163
Past due 31-120 days	72,350	-	72,350
Past due more than 120 days	99,912	(15,530)	84,382
	1,064,278	(21,040)	1,043,238
2017 (Restated)			
Not past due	1,029,587	(3,996)	1,025,591
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
	1,300,921	(18,472)	1,282,449

Movements of the allowance for expected credit losses of trade receivables are as follows:

	Group	
	31.12.2018 RM'000	31.12.2017 RM'000
At 1 January	18,472	20,443
Acquisition of SSSB Group	871	-
Charge for the year	1,934	826
Written off	(147)	-
Reversal of allowance	(190)	(2,142)
Exchange differences	100	(655)
At 31 December	21,040	18,472

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.

12. CONTRACT BALANCES

	Group	
	31.12.2018 RM'000	31.12.2017 RM'000 (Restated)
Contract assets		
Current		
Contract assets - construction (Note (a))	612,730	279,922
Contract assets - property development (Note (b))	35,227	82,490
	647,957	362,412
Non-current		
Contract assets - construction (Note (a))	231,595	226,330
Total	879,552	588,742
Contract liabilities		
Current		
Contract liabilities - construction (Note (a))	(161,078)	(184,489)
Contract liabilities - property development (Note (b))	(465)	(3,978)
	(161,543)	(188,467)
Non-current		
Contract liabilities - construction (Note (a))	(81,712)	(148,580)
Total	(243,255)	(337,047)

12. CONTRACT BALANCES *cont'd*

(a) **Details of the contracts assets/(liabilities) from construction are as follows:**

	Group	
	31.12.2018	**31.12.2017**
	RM'000	**RM'000**
		(Restated)
Aggregate costs incurred to date	12,414,243	11,136,306
Add: Attributable profits	212,025	183,324
Less: Foreseeable losses	(130)	(176)
	12,626,138	11,319,454
Less: Progress billings	(11,839,537)	(10,911,014)
Less: Advances received from customers on contracts	(185,066)	(235,257)
	601,535	173,183
Presented as:		
Contract assets - construction	844,325	506,252
Contract liabilities - construction	(242,790)	(333,069)
	601,535	173,183
Contract revenue recognised during the financial year (Note 33(a)(i))	1,763,794	1,412,732
Contract cost recognised during the financial year (Note 34)	(1,616,367)	(1,185,573)

In the previous financial year, the Group recognised an impairment loss on the contract asset amounting to RM164,588,000 as disclosed in Note 37(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 contract asset of RM164,588,000.

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

	Group	
	31.12.2018	**31.12.2017**
	RM'000	**RM'000**
		(Restated)
Wages and salaries	59,160	60,174
Other staff related expenses	36,667	35,530
Hiring of machineries	67,591	56,366
Rent of premises	2,102	4,054
Depreciation of property, plant and equipment	15,429	24,041
Property, plant and equipment written off	265	5

12. CONTRACT BALANCES *cont'd*

(b) Details of the contracts assets/(liabilities) from property development are as follows:

	Group	
	31.12.2018	**31.12.2017**
	RM'000	**RM'000**
		(Restated)
At beginning of the year	78,512	105,905
Consideration payable to customers	1,875	14,285
Revenue recognised during the year (Note 33(a)(i))	239,144	426,326
	319,531	546,516
Less: Progress billings during the year	(284,769)	(468,004)
At end of the year	34,762	78,512
Presented as:		
Contract assets - property development	35,227	82,490
Contract liabilities - property development	(465)	(3,978)
	34,762	78,512
Contract revenue recognised during the financial year (Note 33(a)(i))	239,144	426,326
Contract cost recognised during the financial year (Note 34)	144,451	294,387

13. OTHER RECEIVABLES

	Group		Company	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current				
Sundry receivables	46,428	40,456	95	488
Deposits	19,617	26,588	4	4
Advances to sub-contractors (Note (i))	106,441	85,344	-	-
Prepayments	2,279	6,301	423	789
Advances to non-controlling interest of subsidiaaries (Note (ii))	1,687	1,581	-	-
	176,452	160,270	522	1,281
Less: Allowance for expected credit losses	(8,647)	(8,346)	-	-
	167,805	151,924	522	1,281

13. OTHER RECEIVABLES *cont'd*

	Group		Company	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Non-current				
Deposits	8,685	9,648	1	1
Sundry receivables	28,002	18,094	-	-
Advances to sub-contractors	56,020	56,783	-	-
Prepayments	3,419	2,342	861	1,194
Performance security deposit (Note 51)	251,408	245,692	-	-
	347,534	332,559	862	1,195
Total	515,339	484,483	1,384	2,476

(i) The Group's outstanding advances to sub-contractors in excess of 1 year as at 31 December 2018 amounted to RM14,690,000 (2017: RM10,556,000). 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 expected credit loss. These advances will be recouped through deduction from work to be performed by sub-contractors.

(ii) Advances to non-controlling interest of subsidiaries are unsecured, non-interest bearing and the repayment term is repayable on demand.

Credit risk

Movements of the allowance for expected credit losses of other receivables are as follows:

	Group	
	31.12.2018	31.12.2017
	RM'000	RM'000
At 1 January	8,346	8,585
Charge for the year	438	191
Reversal of allowance	(106)	(339)
Exchange differences	(31)	(91)
At 31 December	8,647	8,346

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 51.

14. DUE FROM/(TO) RELATED PARTIES

	Group		Company	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Due from related parties:				
Current				
Subsidiaries				
- current accounts				
- interest bearing	-	-	718,018	896,119
- non-interest bearing	-	-	17,365	44,549
Associates				
- trade accounts				
- interest bearing	41,606	-	-	-
- non-interest bearing	65,040	12,283	-	-
- current accounts				
- interest bearing	-	2,891	-	-
- non-interest bearing	3,024	6	-	-
Joint ventures				
- trade accounts				
- interest bearing	157,284	148,461	-	-
- non-interest bearing	17,450	27,530	-	-
- current accounts				
- interest bearing	160,080	178,618	-	-
- non-interest bearing	8,492	1,436	690	515
	452,976	371,225	736,073	941,183
Non-current				
Subsidiaries				
- current accounts				
- interest bearing	-	-	1,073,100	749,175
- non-interest bearing	-	-	19,218	-
Joint ventures				
- trade accounts				
- non-interest bearing	2,375	8,360	-	-
	2,375	8,360	1,092,318	749,175
	455,351	379,585	1,828,391	1,690,358
Due to related parties:				
Current				
Associates				
- current accounts				
- non-interest bearing	-	(3,441)	-	-
Joint ventures				
- trade accounts				
- non-interest bearing	(154)	(2,808)	-	-
- current accounts				
- non-interest bearing	(1)	(22)	-	-
	(155)	(6,271)	-	-

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

Further details on related party transactions and information on financial risks are disclosed in Notes 41 and 46 respectively.

Balances with related parties are unsecured, bear interest ranging from 5.00% to 6.00% (2017: 4.808% to 6.40%) per annum during the financial year.

Trade accounts have a credit terms of 90 days (2017: 90 days) whereas current accounts are repayable on demand.

15. DEFERRED TAXATION

	Group		Company	
	31.12.2018 RM'000	31.12.2017 RM'000 (Restated)	31.12.2018 RM'000	31.12.2017 RM'000
At 1 January (restated)	50,428	15,696	(798)	(282)
Recognised in the profit or loss (Note 38)	40,289	34,209	175	(516)
Recognised in equity (Note 38)	2,646	(39)	-	-
Exchange differences	(689)	562	-	-
At 31 December	92,674	50,428	(623)	(798)
Presented after appropriate offsetting as follows:				
Deferred tax assets	(5,239)	(13,029)	(623)	(798)
Deferred tax liabilities	97,913	63,457	-	-
	92,674	50,428	(623)	(798)

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

Deferred tax assets of the Group:

	Provision for foreseeable losses RM'000	Other payables RM'000	Unused tax losses and unabsorbed capital allowances RM'000	Total RM'000
At 1 January 2018 (restated)	(10)	(5,240)	(17,686)	(22,936)
Recognised in the profit or loss	(3,446)	1,021	(4,763)	(7,188)
Exchange differences	-	-	(689)	(689)
At 31 December 2018	(3,456)	(4,219)	(23,138)	(30,813)
At 1 January 2017 (restated)	(90)	(3,216)	(10,560)	(13,866)
Recognised in the profit or loss	80	(2,024)	(7,688)	(9,632)
Exchange differences	-	-	562	562
At 31 December 2017 (restated)	(10)	(5,240)	(17,686)	(22,936)

15. **DEFERRED TAXATION** *cont'd*

Deferred tax liabilities of the Group:

	Inventory property under development RM'000	Asset revaluation RM'000	Accelerated capital allowances RM'000	Others RM'000	Total RM'000
At 1 January 2018	(3,235)	30,224	30,792	15,583	73,364
Recognised in the profit or loss	8,975	34,155	8,466	(4,119)	47,477
Recognised in equity	-	2,646	-	-	2,646
At 31 December 2018	5,740	67,025	39,258	11,464	123,487
At 1 January 2017	(11,092)	18,862	30,399	(8,607)	29,562
Recognised in the profit or loss	7,857	11,401	393	24,190	43,841
Recognised in equity	-	(39)	-	-	(39)
At 31 December 2017	(3,235)	30,224	30,792	15,583	73,364

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 assets of the Company:

	Other payables RM'000
At 1 January 2018	(856)
Recognised in the profit or loss	190
At 31 December 2018	(666)
At 1 January 2017	(336)
Recognised in the profit or loss	(520)
At 31 December 2017	(856)

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM'000
At 1 January 2018	58
Recognised in the profit or loss	(15)
At 31 December 2018	43
At 1 January 2017	54
Recognised in the profit or loss	4
At 31 December 2017	58

15. DEFERRED TAXATION *cont'd*

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

	Group	
	31.12.2018	**31.12.2017**
	RM'000	**RM'000**
Unused tax losses	50,717	23,275
Unused tax losses in foreign countries	120	60
Unused tax losses in foreign branches	75,749	13,049
	126,586	36,384
Deferred tax at rates prevailing in the respective jurisdictions, if recognised	19,765	6,900

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.

Under New Section 44(5F) of the Income Tax Act 1967, unabsorbed business losses up to the year of assessment 2018 shall be deductible against the aggregate of statutory incomes until the year of assessment 2025. Any amount that has not been deducted at the end of the year of assessment 2025 shall be disregarded.

Any unabsorbed business losses for the year of assessment 2019 onwards shall be deductible for a maximum period of seven consecutive years of assessment immediately following that year of assessment. Any amount which is not deductible at the end of the period of seven years of assessment shall be disregarded.

16. INVENTORIES

	Group	
	31.12.2018 RM'000	31.12.2017 RM'000
Consumable stocks, at cost	322	376
Completed inventory property, at cost	183,999	457,978
Completed inventory property, at net realisable value	334,103	2,875
	518,424	461,229
Costs of inventories recognised as an expense	(103,771)	(74,549)

Certain properties held for sale with an aggregate carrying amount of RM2,311,000 (2017: RM2,412,000) are in the process of being registered in the respective subsidiaries' names.

17. CASH AND BANK BALANCES

	Group		Company	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Deposits:				
With licensed banks [(a)]	235,624	298,886	74,988	113,883
With licensed banks [(a), (b)]	31,389	37,139	-	-
	267,013	336,025	74,988	113,883
Cash and bank balances	104,102	127,313	1,578	1,572
Cash held under Housing Development Accounts [(c)]	29,624	62,796	-	-
Escrow account	205	1,068	-	-
	133,931	191,177	1,578	1,572
Total cash and bank balances	400,944	527,202	76,566	115,455

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

	Group		Company	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Less than 3 months	264,240	286,621	74,988	64,648
More than 3 months but less than 1 year	2,773	49,404	-	49,235
	267,013	336,025	74,988	113,883

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

(c) 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 46.

18. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	Group	
	31.12.2018	31.12.2017
	RM'000	RM'000
Assets		
Arising from dilution of interest in a subsidiary (Note 18(i))	-	22,849
Arising from disposal of land held for property development (Note 18(ii))	14,383	60,465
Arising from disposal of property, plant and equipment (Note 18(iii))	18,000	-
	32,383	83,314
Liabilities		
Arising from dilution of interest in a subsidiary (Note 18(i))	-	4

(i) On 29 August 2017, WCTL and WCT Precious Development Sdn. Bhd. ("WCTPD") 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").

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)	20.00%	65.00%	15.00%	100.00%
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.

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

(i) (cont'd)

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)		20.00%	65.00%	15.00%	100.00%
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 for a total cash consideration of RM400,000 (Note 32).

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

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

On 24 April 2018, the parties completed the Proposed Joint Investment and WCTPD was renamed to CORE Precious Development Sdn. Bhd. ("CORE Precious"). The Board of Directors of CORE Precious was reconstituted and CORE Precious became an associate to WCTL. The accounting impact on the dilution of interest is disclosed in Note 9(a).

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

(ii) In the previous financial year, the Group had committed 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. This transaction was completed during the financial year.

(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. This transaction was completed subsequent to the financial year ended 31 December 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. This transaction was completed during the financial year.

(iii) On 8 October 2018, WCT Berhad, a wholly-owned subsidiary of the Company had entered into a conditional sale and purchase agreement with TT Dotcom Sdn. Bhd. for the disposal of a piece of freehold land held under Geran 215231, Lot 61850, Bandar Glenmarie, Daerah Petaling, State of Selangor measuring 4,251 square metres together with an individual-designed factory complex comprising of four storey office building, an annexed three storey warehouse and a guardhouse erected thereon for a total consideration of RM18,000,000. The Group has written down the carrying amount of the land and building to its net realisable value, resulting in the write down of value of RM1,820,000 (Note 37(a)). A deposit of RM1,260,000 and stakeholder sum of RM540,000 was received on 27 September 2018. This transaction was completed subsequent to the financial year ended 31 December 2018.

19. TRADE PAYABLES

	Group	
	31.12.2018	31.12.2017
	RM'000	RM'000
		(Restated)
Current		
Trade payables	737,221	617,679
Retention sum on contracts payable within 1 year	200,702	276,572
	937,923	894,251
Non-current		
Trade payables	5,655	5,526
Retention sum on contracts payable after 1 year	59,611	66,926
	65,266	72,452
Total	1,003,189	966,703

19. TRADE PAYABLES *cont'd*

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2017: 30 to 90 days).

Details of trade payables subject to enforcement of an arbitration award are disclosed in Note 51.

20. OTHER PAYABLES

	Group		Company	
	31.12.2018 RM'000	31.12.2017 RM'000 (Restated)	31.12.2018 RM'000	31.12.2017 RM'000
Current				
Sundry payables	6,042	11,921	109	61
Accruals	78,676	70,254	29,532	24,005
Provision for foreseeable losses [a]	272	278	-	-
Advances from a non-controlling interest of subsidiaries				
- non-interest bearing	270	288	-	-
Advances from shareholders of associate				
- non-interest bearing	736	-	-	-
Advances from shareholders of joint ventures				
- non-interest bearing	43,745	41,834	-	-
Others	36,342	35,744	470	420
	166,083	160,319	30,111	24,486
Non-current				
Sundry payables	185,672	181,451	-	-
Advances from a non-controlling interest of subsidiaries				
- non-interest bearing	4,000	-	-	-
Others	22,930	25,645	-	-
	212,602	207,096	-	-
Total	378,685	367,415	30,111	24,486

All amounts due under other payables are unsecured, non-interest bearing and are repayable on demand.

Details of other payables subject to enforcement of an arbitration award are disclosed in Note 51.

20. OTHER PAYABLES *cont'd*

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

	Group	
	31.12.2018	31.12.2017
	RM'000	RM'000
At 1 January	278	289
Utilised during the year	(6)	(11)
At 31 December	272	278

(b) Included in sundry payables is an amount of RM3,967,000 (2017: Nil) representing the proprietor's entitlement payable to TNSB, a third party, pursuant to the Joint Development Agreement dated 5 March 2018 as disclosed in Note 6(a).

21. LEASE COMMITMENT PAYABLE

	Group	
	31.12.2018	31.12.2017
	RM'000	RM'000
Future minimum lease payments:		
Not later than 1 year	12,086	-
Later than 1 year and not later than 2 years	12,433	-
Later than 2 years and not later than 5 years	37,663	-
Later than 5 years	144,926	-
Total future minimum lease payments	207,108	-
Less: Future finance charges	(98,178)	-
Present value of finance lease liabilities	108,930	-
Analysis of present value of lease commitment payables:		
Not later than 1 year	3,154	-
Later than 1 year and not later than 2 years	3,759	-
Later than 2 years and not later than 5 years	13,595	-
Later than 5 years	88,422	-
	108,930	-
Less: Amount due within 12 months	(3,154)	-
Amount due after 12 months	105,776	-

The Group's lease commitment payable arise from the acquisition of 60.00% equity interest in SSSB Group as disclosed in Note 8. The lease commitment payable is in relation to the concession assets recognised as intangible asset as disclosed in Note 5.

22. BORROWINGS

	Note	Group 31.12.2018 RM'000	Group 31.12.2017 RM'000	Company 31.12.2018 RM'000	Company 31.12.2017 RM'000
Current					
Secured:					
Hire purchase payables	23	16,821	9,690	-	-
Revolving credits	24	392,177	279,164	-	-
Term loans	26	112,514	46,720	-	-
		521,512	335,574	-	-
Unsecured:					
Revolving credits	24	362,000	307,155	-	-
Bankers' acceptances	25	23,081	13,016	-	-
Term loans	26	-	22,302	-	-
Medium term notes	27	-	200,000	-	200,000
Sukuk Murabahah	28	-	150,000	-	150,000
		385,081	692,473	-	350,000
		906,593	1,028,047	-	350,000
Non-current					
Secured:					
Hire purchase payables	23	38,744	29,818	-	-
Term loans	26	603,800	627,314	-	-
		642,544	657,132	-	-
Unsecured:					
Medium term notes	27	800,000	800,000	800,000	800,000
Sukuk Murabahah	28	1,310,000	800,000	1,310,000	800,000
		2,110,000	1,600,000	2,110,000	1,600,000
		2,752,544	2,257,132	2,110,000	1,600,000
Total borrowings					
Hire purchase payables	23	55,565	39,508	-	-
Revolving credits	24	754,177	586,319	-	-
Bankers' acceptances	25	23,081	13,016	-	-
Term loans	26	716,314	696,336	-	-
Medium term notes	27	800,000	1,000,000	800,000	1,000,000
Sukuk Murabahah	28	1,310,000	950,000	1,310,000	950,000
		3,659,137	3,285,179	2,110,000	1,950,000

22. BORROWINGS *cont'd*

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

	Group		Company	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revolving credits	371,927	349,072	-	-
Term loans	216,945	250,587	-	-
Hire purchase	4,403	9,119	-	-
Bank overdrafts	24,500	49,500	-	-
Medium term notes	200,000	-	200,000	-
Sukuk Murabahah	190,000	550,000	190,000	550,000
Other trade lines	79,843	203,491	-	-
	1,087,618	1,411,769	390,000	550,000

Other information on the borrowings are disclosed in Note 46.

23. HIRE PURCHASE PAYABLES

	Group	
	31.12.2018	**31.12.2017**
	RM'000	**RM'000**
Future minimum lease payments:		
Not later than 1 year	19,397	11,520
Later than 1 year and not later than 2 years	16,876	10,989
Later than 2 years and not later than 5 years	24,759	21,456
Total future minimum lease payments	61,032	43,965
Less: Future finance charges	(5,467)	(4,457)
Present value of finance lease liabilities	55,565	39,508
Analysis of present value of hire purchase payables:		
Not later than 1 year	16,821	9,690
Later than 1 year and not later than 2 years	15,175	9,645
Later than 2 years and not later than 5 years	23,569	20,173
	55,565	39,508
Less: Amount due within 12 months	(16,821)	(9,690)
Amount due after 12 months	38,744	29,818

The hire purchase payables are secured by a charge over the leased assets (Note 4) and bears weighted average effective interest rate at 5.14% (2017: 4.99%) per annum.

24. REVOLVING CREDITS

	Group	
	31.12.2018	31.12.2017
	RM'000	RM'000
Secured		
Revolving credit I	70,000	70,000
Revolving credit II	322,177	209,164
	392,177	279,164
Unsecured		
Revolving credit III	15,000	15,000
Revolving credit IV	347,000	292,155
	362,000	307,155
	754,177	586,319

Revolving credit I is secured on the same terms as Term Loan I, disclosed in Note 26 and bears interest at 0.75% (2017: 0.75%) per annum over the bank's cost of funds.

Revolving credit II is secured by a charge over bank accounts receiving all contract proceeds of 3 local projects (2017: 3 local projects) undertaken by the Group and bears interest ranging from 4.25% to 4.75% (2017: 4.31% to 6.06%) per annum.

Revolving credit III is secured by corporate guarantee from a subsidiary and bears interest at 1.25% (2017: 1.25%) per annum over the bank's cost of funds.

Revolving credit IV is unsecured and bears interest at rates ranging from 4.12% to 5.70% (2017: 3.00% to 5.15%) 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.

25. BANKERS' ACCEPTANCES

	Group	
	31.12.2018	31.12.2017
	RM'000	RM'000
Unsecured		
Bankers' acceptances	23,081	13,016

The bankers' acceptances bear interest at rates ranging from 4.15% to 4.23% (2017: 3.91% to 4.06%) per annum. These bankers' acceptances have a maturity period of 73 to 120 (2017: 112 to 120) days.

26. TERM LOANS

	Group	
	31.12.2018	31.12.2017
	RM'000	RM'000
Secured		
Term loan I	177,600	199,200
Term loan II	291,040	316,160
Term loan III	178,333	158,674
Term loan IV	19,241	-
Term loan V	50,100	-
	716,314	674,034
Unsecured		
Term loan VI	-	22,302
Total term loans	716,314	696,336
The term loans are repayable as follows:		
Not later than 1 year	112,514	69,022
Later than 1 year and not later than 2 years	130,576	105,394
Later than 2 years and not later than 5 years	452,651	362,770
Later than 5 years	20,573	159,150
	716,314	696,336
Less: Amount due within 12 months	(112,514)	(69,022)
Amount due after 12 months	603,800	627,314

(i) Term loan I together with the revolving credit I (Note 24) obtained by a subsidiary are secured by way of a fixed charge over the freehold lands owned by 2 subsidiaries as disclosed in Notes 4 and 7; 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 5.00% (2017: 5.00%) per annum. The term loan I was extended for a 5 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.

26. TERM LOANS *cont'd*

(ii) Term loan II comprises facilities obtained by a subsidiary via a facility agreement dated 18 December 2014 ("the TL-II Facilities") as follows *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, 6 and 7, 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 9^{th} quarter from the date of first drawdown i.e., 7 April 2017. The margin of profit rate is 1.20% (2017: 1.20%) per annum and 1.00% (2017: 1.00%) above the bank's cost of funds during the construction stage and upon completion respectively.

TL1 and TL3 are not draw down 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 draw down of the TL-III Facilities.

The TL-III Facilities are secured by way of a first legal charge and specific debenture over the OUG Project Land as disclosed in Note 6; 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, 6 and 7, 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 9^{th} 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% (2017: 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 9^{th} 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) The Term loan IV bears interest at a rate of 1.25% (2017: Nil) per annum above the bank's base lending rate and is repayable over 36 quarterly instalments starting from 1 August 2013 inclusive of interests.

Term loan IV is secured by way of a first party first legal charge over the sub-lease lands, debenture and legal proceeds of the retail space at Subang SkyPark Terminal, legal assignment over bank accounts receiving all the rental proceeds, legal assignment of the rights and benefits under the sub-lease agreement and commercial agreement and corporate guarantees' from subsidiaries.

26. TERM LOANS *cont'd*

(v) The Term loan V comprises 2 term loans, bear interest 1.25% (2017: Nil) per annum above the bank's base lending rate and is repayable in 48 and 56 quarterly instalments commencing 2 years from the date of first draw down.

Term loan V is secured by way of a third party second legal charge over the sub-lease lands held by a subsidiary of the Company, debenture, third party debenture over a subsidiary, legal assignment of rental proceeds, insurance and bank account receiving the rental proceeds, and corporate guarantees from subsidiaries.

(vi) In the previous financial year, Term loan VI 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% and had a maturity period of 3 months. The loan was fully repaid during the financial year.

27. MEDIUM TERM NOTES ("MTN")

	Group/Company	
	31.12.2018	**31.12.2017**
	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	800,000	-
Later than 2 years and not later than 5 years	-	800,000
	800,000	1,000,000
Less: Amount due within 12 months	-	(200,000)
Amount due after 12 months	800,000	800,000

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.

27. MEDIUM TERM NOTES ("MTN") *cont'd*

On 30 August 2013, WCTB further 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.

The RM200,000,000 MTN was fully repaid during the financial year.

28. SUKUK MURABAHAH

	Group/Company	
	31.12.2018	**31.12.2017**
	RM'000	**RM'000**
Unsecured		
The Sukuk Murabahah are repayable as follows:		
Not later than 1 year	-	150,000
Later than 2 years and not later than 5 years	800,000	100,000
Later than 5 years	510,000	700,000
	1,310,000	950,000
Less: Amount due within 12 months	-	(150,000)
Amount due after 12 months	1,310,000	800,000

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.

28. SUKUK MURABAHAH *cont'd*

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. This Sukuk Murabahah was fully repaid during the financial year.

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.

On 4 January 2018 and on 23 February 2018, the Company issued additional RM200,000,000 of Sukuk Murabahah under the Shariah principle of Murabahah in 2 series of RM100,000,000. Both series have tenure of 7 years at profit rate of 5.55% per annum and payable semi-annually in arrears commencing 6 months after the issue date.

On 17 April 2018, the Company issued an additional 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.

29. SHARE CAPITAL

	Group/Company			
	Number of ordinary shares		Amount	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	'000	'000	RM'000	RM'000
Authorised:				
At 1 January	-	2,000,000	-	1,000,000
Adjustment for the effects of Companies Act 2016[1]	-	(2,000,000)	-	(1,000,000)
At 31 December	-	-	-	-
Issued and fully paid:				
At 1 January	1,415,581	1,262,121	3,210,132	631,061
Share options exercised under:				
- ESOS 2013/2023 (Note 29(c))	822	7,912	674	11,121
Conversion of Warrants:				
- 2013/2017 (Note 29(d))	-	44,368	-	75,869
- 2015/2020 (Note 29(e))	-	724	-	1,505
Placement shares	-	100,456	-	177,807
Transfer within reserve arising from ESOS exercised	-	-	179	2,269
Incidental costs of new shares	-	-	(1)	(5)
Incidental costs of placement shares	-	-	-	(906)
Adjustment for the effect of Companies Act 2016 (Note 30)[1]	-	-	-	2,311,411
At 31 December	1,416,403	1,415,581	3,210,984	3,210,132

[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.*

29. SHARE CAPITAL *cont'd*

(a) Issue of shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from 1,415,581,871 shares to 1,416,403,871 shares by way of the issuance of 822,000 new ordinary shares pursuant to the exercise of the ESOS at the exercise price of RM0.82 per ordinary share.

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 1 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, the Company repurchased a total of 35,572,300 of its issued ordinary shares from the open market at an average price of RM0.83 per share. The total consideration paid for the repurchase including transaction costs was RM29,656,738 (2017: Nil). The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127(4) of the Companies Act 2016.

As at 31 December 2018, the total shares held as treasury shares amounted to 35,812,036 (2017: 239,736) ordinary shares at a total cost of RM30,041,084 (2017: RM384,347).

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");

(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.

29. SHARE CAPITAL *cont'd*

(c) Employees' share option scheme 2013/2023 ("ESOS 2013/2023") *cont'd*

The salient terms of the ESOS 2013/2023 are as follows *cont'd:*

(ii) An employee of the Group shall be eligible to participate in the ESOS 2013/2023 if, as at the date of the ESOS 2013/2023 offer, such employee *cont'd*:

Any non-executive director of the Company who is not involved in the day-to-day management of the Company and who, on the offer date, has served any company within the Group for at least 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

(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.

29. **SHARE CAPITAL** *cont'd*

(c) **Employees' share option scheme 2013/2023 ("ESOS 2013/2023")** *cont'd*

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

			Number of share options					
			Outstanding	Movement during the year			Outstanding	Exercisable
Grant date	Expiry date	Exercise price	at 1 January	Granted	(Exercised)	(Forfeited)	at 31December	at 31 December
		RM	'000	'000	'000	'000	'000	'000
2018								
30 August 2013	18 July 2023	1.63	6,296	-	-	(1,050)	5,246	5,246
15 August 2014	18 July 2023	1.55	5,102	-	-	(281)	4,821	4,821
18 September 2015	18 July 2023	1.18	2,899	-	-	(187)	2,712	2,712
12 June 2018	12 June 2021	0.82	-	30,895	(822)	(406)	29,667	29,667
			14,297	30,895	(822)	(1,924)	42,446	42,446
WAEP (RM)			1.51	0.82	0.82	1.40	1.03	1.03
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

29. SHARE CAPITAL *cont'd*

(c) Employees' share option scheme 2013/2023 ("ESOS 2013/2023") *cont'd*

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

	WAEP RM	Exercise period
2018		
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
12 June 2018	0.82	12.06.2018 - 12.06.2021
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

At 31 December 2018, there are 42,446,000 (2017: 14,297,000) options exercisable at the WAEP of RM1.03 (2017: RM1.51) each. The exercise and vesting period is from 30 August 2013 to 18 July 2023.

(ii) Share options exercised during the financial year

Options exercised during the financial year resulted in the issuance of 822,000 (2017: 7,912,000) ordinary shares at a WAEP of RM0.82 (2017: RM1.45).

(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:

	12 June 2018	18 September 2015	15 August 2014	30 August 2013
Fair value of share options at grant date (RM)	0.22	0.32	0.24	0.40
Weighted average share price (RM)	0.82	1.35	2.29	2.44
Weighted average exercise price (RM)	0.82	1.18	2.05	2.15
Expected volatility	42.04%	21.95%	21.95%	16.66%
Expected life (year)	3	10	10	10
Risk free rate	3.86%	3.88%	4.10%	3.42%
Expected dividend yield	3.59%	4.88%	2.90%	2.73%

29. SHARE CAPITAL *cont'd*

(c) Employees' share option scheme 2013/2023 ("ESOS 2013/2023") *cont'd*

(iii) Fair value of share options granted during the financial year *cont'd*

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 2013/2017

The movements 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 2017	163,624
Converted to ordinary shares	(44,368)
Lapsed	(119,256)
At 31 December 2017	-

Warrants 2013/2017 had lapsed on 11 December 2017.

(e) 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 2017	236,621
Converted to ordinary shares	(724)
At 31 December 2017/31 December 2018	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;

29. SHARE CAPITAL *cont'd*

(e) Warrants 2015/2020 *cont'd*

The salient terms of the warrants are as follows (cont'd):

(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.

30. SHARE PREMIUM

	Group/Company	
	31.12.2018	31.12.2017
	RM'000	RM'000
Non-distributable		
At 1 January	-	2,310,960
Arising from share options exercised	-	322
Transfer within reserve arising from ESOS exercised	-	129
Adjustment for the effect of Companies Act 2016 (Note 29)	-	(2,311,411)
At 31 December	-	-

31. RESERVES

		Group		Company	
		31.12.2018	31.12.2017	31.12.2018	31.12.2017
	Note	RM'000	RM'000	RM'000	RM'000
			(Restated)		
Non-distributable					
Revaluation reserve	(a)	66,934	62,528	-	-
Other reserve		12	22	-	-
Capital reserve	(b)	61,646	61,646	-	-
Equity compensation reserve	(c)	10,244	4,345	9,514	3,615
Exchange reserve	(d)	(64,522)	(66,053)	-	-
Internal reorganisation reserve	(e)	(1,554,791)	(1,554,791)	-	-
		(1,480,477)	(1,492,303)	9,514	3,615
Distributable					
General reserve	(f)	1,438	1,438	-	-
		(1,479,039)	(1,490,865)	9,514	3,615

31. **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) **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.

(f) **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

(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

(g) **Retained earnings**

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

32. NON-CONTROLLING INTERESTS

	Group	
	31.12.2018	31.12.2017
	RM'000	RM'000
At 1 January	8,089	33,864
Share of losses for the financial year	(6,680)	(2,705)
Share of impairment of goodwill (Note 8(b))	(54,964)	-
Dividends paid	-	(22,560)
Arising from acquisition of SSSB Group (Note 8(b))	27,228	-
Subscription of shares of a subsidiary (Note 18(i))	-	400
Exchange differences	(225)	(910)
At 31 December	(26,552)	8,089

33. REVENUE

	Group		Company	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000 (Restated)	RM'000	RM'000
Revenue from contracts with customers (Note (a))	2,127,177	1,946,919	18,101	11,748
Interest income	11,412	9,825	101,274	122,433
Dividend income	-	-	19,533	14,744
Rental income (Note 7)	158,124	48,208	-	-
	2,296,713	2,004,952	138,908	148,925

33. **REVENUE** *cont'd*

(a) **Revenue from contracts with customers**

(i) **Disaggregated revenue information**

Set up below is the disaggregation of the Group's and the Company's revenue from contracts with customers:

	Group		Company	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Type of goods or services:				
Engineering and construction works (Note 12(a))	1,763,794	1,412,732	-	-
Revenue from property development (Note 12(b)):				
- Completed inventory properties	43,049	6,074	-	-
- Inventory properties under development	196,095	420,252	-	-
	239,144	426,326	-	-
Others:				
- Management fees	11,314	4,610	18,101	11,748
- Sale of goods	78,196	76,335	-	-
- Car park income (Note 7)	14,521	7,240	-	-
- Hotel income	20,208	19,676	-	-
	124,239	107,861	18,101	11,748
Total revenue from contracts with customers	2,127,177	1,946,919	18,101	11,748

(ii) **Timing of revenue recognition**

At a point in time	167,288	113,935	18,101	11,748
Over time	1,959,889	1,832,984	-	-
Total revenue from contracts with customers	2,127,177	1,946,919	18,101	11,748

Information on the Group's identification of performance obligations, determination of the timing of revenue recognition and measurement of progress when revenue is recognised over time are disclosed in Note 2.25.

Contract balances, comprising trade receivables, contract assets and contract liabilities are disclosed in Note 11 and Note 12 respectively.

33. **REVENUE** *cont'd*

(a) **Revenue from contracts with customers** *cont'd*

(iii) **Remaining performance obligations**

The transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) as at 31 December, are as follows:

	Group	
	31.12.2018	**31.12.2017**
	RM'000	**RM'000**
Within one year		
- Engineering and construction works	2,058,000	1,763,794
- Property development	58,983	77,313
	2,116,983	1,841,107
More than one year		
- Engineering and construction works	4,369,000	3,853,805
- Property development	21,664	66,349
	4,390,664	3,920,154
Total in future years	6,507,647	5,761,261

The remaining performance obligations expected to be recognised relate primarily to engineering and construction works and property development.

34. **COST OF SALES**

	Group	
	31.12.2018	**31.12.2017**
	RM'000	**RM'000**
		(Restated)
Construction contract costs (Note 12(a))	1,616,367	1,185,573
Cost of inventory properties (Note 12(a)):		
- Inventory properties under development	115,936	293,137
- Completed inventory properties	28,515	1,250
Cost of goods sold	75,256	73,299
Cost of maintenance of investment properties (Note 7)	54,597	15,437
Cost of services provided	19,335	18,315
Cost incurred on car park operation (Note 7)	4,520	2,662
Cost of sales - hotel	7,518	7,015
	1,922,044	1,596,688

35. OTHER OPERATING INCOME

	Group		Company	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Interest income	12,579	11,981	849	108
Interest income from joint ventures	7,544	6,241	-	-
Interest income from associates	1,303	79	-	-
Murabahah profits	6,724	1,938	-	-
	28,150	20,239	849	108
Net unrealised loss on foreign exchange	(15,407)	(21,089)	-	-
Rental income	6,253	9,747	2,540	2,516
Gain/(loss) on disposal of property, plant and equipment	9,786	(1,681)	-	(1)
Gain on disposal of investment properties	273	-	-	-
Gain on deemed disposal of a subsidiary (Note 8(c))	318	-	-	-
Net realised gain on foreign exchange	11,367	617	-	-
Fair value gain on investment properties (Note 7)	176,886	245,321	-	-
Finance (cost)/income from financial assets carried at amortised cost	(84)	17,873	-	-
Sale of scaffolding	-	70	-	-
Insurance claim	163	659	-	-
Reversal of allowance for expected credit losses	296	2,481	-	-
Facilitation funds received	20,992	-	-	-
Others	11,829	6,238	431	403
	250,822	280,475	3,820	3,026

36. FINANCE COSTS

	Group		Company	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Interest expense				
- term loans	39,597	35,651	-	-
- bank overdrafts	38	24	-	-
- banker's acceptances	743	687	-	-
- revolving credits	30,536	21,849	-	-
- hire purchase	2,625	1,575	-	-
- lease commitment	6,305	-	-	-
- profit on MTNs	38,479	44,600	38,479	44,600
- profit on Sukuk Murabahah	71,412	45,081	71,412	45,081
- interest to subsidiaries	-	-	-	28,548
- others	86	1,060	-	-
	189,821	150,527	109,891	118,229
- less: Amount capitalised under property, plant and equipment (Note 4)	(3,209)	-	-	-
- less: Amount capitalised under property development costs (Note 6(b))	(50,937)	(56,978)	-	-
- less: Amount capitalised under investment properties (Note 7)	-	(30,395)	-	-
	135,675	63,154	109,891	118,229

37. PROFIT BEFORE TAXATION

	Group		Company	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
(a) The following amounts have been included in arriving at profit before taxation:				
Auditors' remuneration				
- statutory	861	677	106	73
- underprovision in prior years	68	86	16	8
Rental of premises	1,313	2,943	2,771	2,796
Amortisation of intangible asset (Note 5)	5,436	-	-	-
Depreciation of property, plant and equipment	23,222	14,237	934	925
Bad debts written off	9	1,196	-	3
Allowance for expected credit losses				
- related parties	-	-	69	-
- third parties	2,372	1,017	-	-
Impairment loss on contract asset (Note 12(a))	-	164,588	-	-
Impairment of goodwill on acquisition of subsidiaries (Note 8(b))	137,409	-	-	-
Property, plant and equipment written off	280	44	-	-
Net write down in value of land held for sale (Note 18(iii))	1,820	-	-	-
Net write down in value of inventory properties				
- completed inventory properties	7,799	949	-	-
- land held for property development (Note 6(a))	11,238	-	-	-
Direct expenses (including repair and maintenance) attributable to income generating investment properties (Note 7)	59,117	18,099	-	-
Reversal of foreseeable losses for contract assets	(46)	(214)	-	-
(b) Employee benefits expense				
Staff costs (excluding Directors' remuneration)				
- wages and salaries	72,485	56,463	2,925	3,124
Social security costs	774	572	8	6
Employees' Provident Fund contribution	7,096	7,032	441	484
Bonus and ex-gratia	4,569	6,059	512	622
ESOS expenses	6,288	-	837	-
Other staff related expenses	3,897	6,929	271	567
	95,109	77,055	4,994	4,803

37. 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 2018								
Group								
Executive								
Tan Sri Lim Siew Choon	2,760	12	575	400	-	48	4	3,799
Dato' Lee Tuck Fook	2,400	12	500	348	-	-	1	3,261
Goh Chin Liong	1,980	12	413	287	-	64	4	2,760
Liang Kai Chong	1,140	12	238	165	-	36	6	1,597
	8,280	48	1,726	1,200	-	148	15	11,417
Non-executive								
Tan Sri Marzuki Bin Mohd Noor	19	73	-	-	-	-	1	93
Datuk Ab Wahab Bin Khalil	14	73	-	-	-	-	1	88
Dato' Ng Sooi Lin	12	73	-	-	-	-	1	86
Ng Soon Lai @ Ng Siek Chuan	9	73	-	-	-	-	1	83
	54	292	-	-	-	-	4	350
	8,334	340	1,726	1,200	-	148	19	11,767

37. **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 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

37. 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 2018								
Company								
Executive								
Tan Sri Lim Siew Choon	2,760	12	575	400	-	48	4	3,799
Dato' Lee Tuck Fook	2,400	12	500	348	-	-	1	3,261
Goh Chin Liong	1,980	12	413	287	-	64	4	2,760
Liang Kai Chong	1,140	12	238	165	-	36	6	1,597
	8,280	48	1,726	1,200	-	148	15	11,417
Non-executive								
Tan Sri Marzuki Bin Mohd Noor	19	73	-	-	-	-	1	93
Datuk Ab Wahab Bin Khalil	14	73	-	-	-	-	1	88
Dato' Ng Sooi Lin	12	73	-	-	-	-	1	86
Ng Soon Lai @ Ng Siek Chuan	9	73	-	-	-	-	1	83
	54	292	-	-	-	-	4	350
	8,334	340	1,726	1,200	-	148	19	11,767

37. 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

38. TAXATION

	Group		Company	
	31.12.2018 RM'000	31.12.2017 RM'000 (Restated)	31.12.2018 RM'000	31.12.2017 RM'000
Current income tax:				
Malaysian income tax	61,853	60,395	5,419	5,674
Under/(overprovision) in prior years	1,870	(1,289)	737	(12)
	63,723	59,106	6,156	5,662
Deferred income tax (Note 15):				
Relating to origination and reversal of temporary differences	38,325	33,876	171	(537)
Underprovision in prior years	1,964	333	4	21
	40,289	34,209	175	(516)
Taxation reported in profit or loss	104,012	93,315	6,331	5,146
Deferred tax related to items recognised in OCI during the year:				
Revaluation of land and buildings included in property, plant and equipment (Note 15)	2,646	(39)	-	-

Domestic current income tax is calculated at the Malaysian statutory tax rate of 24.00% (2017: 24.00%) of the estimated assessable profit for the financial year.

On 10 April 2017, the Income Tax (Exemption) (No.2) Order 2017 ("Order") was gazetted to provide a special income tax exemption to a qualifying person and the exemption is granted based on the incremental amount of chargeable income from preceding year and is applicable for years of assessment 2017 and 2018. The exemption given is computed based on the percentage of increased chargeable income and according to the formula prescribed in the Order, range from 1.00% to 4.00%.

Malaysian entities within the Group are eligible to enjoy such exemption under this Order.

Tax in foreign jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

38. 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:

	31.12.2018 RM'000	31.12.2017 RM'000 (Restated)
Group		
Profit before taxation	150,224	318,781
Taxation at Malaysian statutory tax rate of 24.00% (2017: 24.00%)	36,054	76,507
Effect of different tax rates in foreign branches	3,556	14,571
Effect of zero tax rates in foreign countries	1,255	4,916
Effect of share of results of associates	(1,738)	(560)
Effect of share of results of joint ventures	9,663	5,272
Effect of changes in tax rates on real property gain tax	19,343	-
Effect on different tax rate for fair value in investment properties	(24,764)	(42,811)
Effect on tax exemption	(12,901)	(1,720)
Income not subject to tax	(1,089)	(1,952)
Expenses not deductible for tax purposes	57,934	25,224
Utilisation of previously unrecognised tax losses	(881)	-
Deferred tax assets not recognised during the year	7,467	3,475
Deferred tax assets in foreign countries not recognised during the year	9	9
Deferred tax assets in foreign branches not recognised during the year	6,270	11,340
Underprovision of deferred tax in prior years	1,964	333
Under/(overprovision) of income tax in prior years	1,870	(1,289)
Tax expense for the financial year	104,012	93,315

38. 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 (cont'd):

	31.12.2018	31.12.2017
	RM'000	RM'000
Company		
Profit before taxation	7,830	7,858
Taxation at Malaysian statutory tax rate of 24.00% (2017: 24.00%)	1,879	1,886
Income not subject to tax	(4,907)	(3,695)
Expenses not deductible for tax purposes	8,807	6,946
Underprovision of deferred tax in prior years	4	21
Under/(overprovision) of income tax in prior years	737	(12)
Tax expense for the financial year	6,520	5,146

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.

39. 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	
	31.12.2018	31.12.2017
	RM'000	RM'000
		(Restated)
Profit attributable to ordinary equity holders of the Company	107,856	228,171
Weighted average number of shares in issue	1,396,056	1,369,146
Basic earnings per share (sen)	7.73	16.67

39. EARNINGS PER SHARE *cont'd*

(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	
	31.12.2018 RM'000	31.12.2017 RM'000 (Restated)
Profit attributable to ordinary equity holders of the Company	107,856	228,171
Weighted average number of shares in issue	1,396,056	1,369,146
Effect of dilution:		
Share options	7,078	3,363
Adjusted weighted average number of shares in issue and issuable	1,403,134	1,372,509
Diluted earnings per share (sen)	7.69	16.62

There have been no other transactions involving ordinary shares between reporting date and the date of completion of these financial statements, except for events as disclosed in Note 50.

40. DIVIDENDS

	Group/Company				
	Dividends in respect of year			Dividends recognised in year	
	31.12.2018	31.12.2017	31.12.2016	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000	RM'000
Recognised during the year:					
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
Final dividend comprising:					
- Single-tier cash dividend of 3.00 sen per ordinary share on 1,409,923,835 ordinary shares paid on 22 June 2018	-	42,298	-	42,298	-
	-	42,298	11,814	42,298	11,814

At the forthcoming Annual General Meeting, a final single-tier share dividend in respect of the financial year ended 31 December 2018 via a distribution of treasury shares on the basis of two (2) treasury shares for every one hundred (100) ordinary shares held will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2019.

41. RELATED PARTY DISCLOSURES

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

	Group		Company	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Contract revenue from :				
- joint ventures	11,665	38,620	-	-
- associates	123,384	57,914	-	-
- a company in which certain Directors have interest	23,107	-	-	-
Rent expense payable to subsidiaries	-	-	(2,771)	(1,198)
Rent expense payable to a joint venture	(93)	(1,695)	-	(1,598)
Office utilities expense payable to subsidiaries	-	-	(181)	(55)
Office utilities expense payable to a joint venture	-	(196)	-	(196)
Season parking expense payable to a joint venture	(288)	(225)	(288)	(225)
Management fee receivable from subsidiaries	-	-	16,208	9,108
Management fee receivable from joint ventures	11,314	4,610	1,893	2,640
Gross dividend receivable from a subsidiary	-	-	19,533	14,744
Gross dividend receivable from a joint venture	18,561	-	-	-
Gross dividend receivable from associates	3,293	18,810	-	-
Interest receivable from subsidiaries	-	-	97,454	116,642
Interest receivable from joint ventures	7,544	6,241	-	-
Interest receivable from associates	1,303	79	-	-
Interest payable to a subsidiary	-	-	-	(28,548)
Rental income receivable from subsidiaries	-	-	2,540	2,516
Office utilities income receivable from subsidiaries	-	-	150	152
Season parking income receivable from subsidiaries	-	-	273	216
Gross dividend payable to non-controlling interest of subsidiaries	-	(22,560)	-	-

41. RELATED PARTY DISCLOSURES *cont'd*

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

	Group		Company	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net (advances to)/repayments from:				
Associates	(3,568)	793	-	-
Joint ventures	11,461	(73,432)	-	-
Non-controlling interest of subsidiaries	(106)	8	-	-
Fees payable for retail management to company in which certain Directors have interest	(870)	(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 14.

(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 37(c)) for the financial year are as follows:

	31.12.2018	**31.12.2017**
	RM'000	**RM'000**
Salaries	3,317	2,762
Other emoluments	2	36
Fees	60	32
Bonus	771	903
Employees' Provident Fund contribution	345	331
Benefits-in-kind	111	98
	4,606	4,162

42. OPERATING LEASE ARRANGEMENTS

(a) The Group as lessee

The Group and the Company have entered into non-cancellable operating lease agreements for the use of land and buildings. These leases have an average life of between 1 to 5 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	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Future minimum rental payments:				
Not later than 1 year	3,003	3,415	3,017	2,263
Later than 1 year and not later than 5 years	12,556	1,087	5,531	-
	15,559	4,502	8,548	2,263

The lease payments and rent capitalised under construction contracts during the financial year are disclosed in Note 12(a).

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

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the statement of financial position date but not recognised as receivables, are as follows:

	Group	
	31.12.2018	**31.12.2017**
	RM'000	**RM'000**
Future minimum rental receivables:		
Not later than 1 year	143,812	91,602
Later than 1 year and not later than 5 years	269,234	160,135
Later than 5 years	41,325	2,229
	454,371	253,966

Rental income earned from these investment properties during the financial year is disclosed in Note 33.

43. COMMITMENT

	Group		Company	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Approved and contracted for:				
Property, plant and equipment	87,853	401	122	142
Development land	-	200,700	-	-
	87,853	201,101	122	142

44. CONTINGENT LIABILITIES

	Group		Company	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
(a) Corporate guarantees given to:				
- Financial institutions for credit facilities granted to subsidiaries and joint ventures	7,000	7,000	3,698,653	2,887,798
- Contract customers and consultants of subsidiaries to secure the performance of the subsidiaries' obligation for the works	-	-	217,081	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	135,000	478,549	415,000
	1,431,080	1,431,080	4,394,283	3,431,194

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.

44. CONTINGENT LIABILITIES *cont'd*

		Group	
		31.12.2018	31.12.2017
		RM'000	RM'000
(b)	Performance, advance payment and tender guarantee granted to:		
	Clients of subsidiaries	997,137	965,394
	Clients of joint operations	255,005	245,379
		1,252,142	1,210,773

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.

Included in the bank guarantee of RM1,252,142,000 (2017: RM1,210,773,000) is the performance guarantee of approximately RM186,000,000 (2017: RM188,000,000) issued for a joint venture project in Qatar.

The Company and its partner, Gamuda Berhad formed a 49:51 joint venture ("GWJV") to undertake the design and to construct the airfield paving, tunnel and detention ponds of the New Doha International's Airport Project in the state of Qatar. Pursuant to the conditions of contract, GWJV had issued a performance bond of QAR336,000,000 (equivalent to approximately *RM383,000,000) to the client to guarantee the due performance and obligations of GWJV in the project. In January 2014, GWJV was issued with the initial acceptance certificate signifying the completion of the project, pending issuance of the final acceptance certificate upon expiry of the maintenance period in January 2015. The airport commenced operations in April 2014. To-date, whilst the final acceptance certificate has yet to be issued, the performance bond has not been returned to GWJV even though the project has been completed and the airport has been in continuous operations since April 2014. The performance bond remains enforceable unless it is returned by the client for cancellation.

The GWJV has been in communication with and will continue to engage the project owner for issuance of the final acceptance certificate and return of the performance bond to GWJV.

* *Based on exchange rate as at 31 December 2018*

		Group	
		31.12.2018	31.12.2017
		RM'000	RM'000
(c)	Tax matters under appeal by a subsidiary	3,906	4,166
(d)	Share of contingent liabilities of associates (Note 9)	18,035	39,284

44. CONTINGENT LIABILITIES *cont'd*

(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 RM121,831,000*) 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 2018*

(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 QAR181,573,000 (equivalent to RM207,117,000*) 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. The Board is of the 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 2018*

45. CONTINGENT ASSETS

	Group	
	31.12.2018	31.12.2017
	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 51	743,072	726,178

46. 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 RM1,315,900 (2017: RM1,018,400) lower/higher, arising mainly as a result of higher/lower interest expense on floating rate loans, borrowings and higher/lower interest income.

46. 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 reporting date and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk:

	Note	WAEIR %	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
			RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 December 2018									
Group									
Fixed rate									
Deposits	17	3.14	267,013	-	-	-	-	-	267,013
Hire purchase payables	23	5.14	(16,821)	(15,175)	(14,280)	(7,231)	(2,058)	-	(55,565)
Term loans	26	5.00	(21,600)	(21,600)	(21,600)	(112,800)	-	-	(177,600)
MTN	27	4.46	-	(800,000)	-	-	-	-	(800,000)
Sukuk Murabahah	28	5.32	-	-	(100,000)	(400,000)	(300,000)	(510,000)	(1,310,000)
Floating rate									
Revolving credits	24	4.79	(754,177)	-	-	-	-	-	(754,177)
Bankers' acceptances	25	4.18	(23,081)	-	-	-	-	-	(23,081)
Term loans	26	5.54	(90,914)	(108,976)	(117,870)	(152,596)	(47,785)	(20,573)	(538,714)
Company									
Fixed rate									
Deposits	17	3.19	74,988	-	-	-	-	-	74,988
MTN	27	4.46	-	(800,000)	-	-	-	-	(800,000)
Sukuk Murabahah	28	5.32	-	-	(100,000)	(400,000)	(300,000)	(510,000)	(1,310,000)
At 31 December 2017									
Group									
Fixed rate									
Deposits	17	3.12	336,025	-	-	-	-	-	336,025
Hire purchase payables	23	4.99	(9,690)	(9,645)	(8,831)	(8,857)	(2,485)	-	(39,508)
Revolving credits	24	3.00	(55,755)	-	-	-	-	-	(55,755)
Term loans	26	5.03	(43,902)	(21,600)	(21,600)	(21,600)	(112,800)	-	(221,502)
MTN	27	4.46	(200,000)	-	(800,000)	-	-	-	(1,000,000)
Sukuk Murabahah	28	5.17	(150,000)	-	-	(100,000)	(400,000)	(300,000)	(950,000)
Floating rate									
Revolving credits	24	4.63	(530,564)	-	-	-	-	-	(530,564)
Bankers' acceptances	25	3.92	(13,016)	-	-	-	-	-	(13,016)
Term loans	26	5.10	(25,120)	(83,794)	(75,120)	(75,120)	(56,530)	(159,150)	(474,834)

46. FINANCIAL INSTRUMENTS *cont'd*

(b) Interest rate risk *cont'd*

	Note	WAEIR %	Within 1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	More than 5 years RM'000	Total RM'000
At 31 December 2017									
Company									
Fixed rate									
Deposits	17	3.07	113,883	-	-	-	-	-	113,883
MTN	27	4.46	(200,000)	-	(800,000)	-	-	-	(1,000,000)
Sukuk Murabahah	28	5.17	(150,000)	-	-	(100,000)	(400,000)	(300,000)	(950,000)

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.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in AED, QAR and USD against the respective functional currencies of the Group's entities, with all variables held constant.

		Group	
		31.12.2018 RM'000 Profit net of tax	31.12.2017 RM'000 Profit net of tax
AED/RM -	Strengthen 3.00%	12,309	11,982
	Weakened 3.00%	(12,309)	(11,982)
QAR/RM -	Strengthen 3.00%	11,006	12,152
	Weakened 3.00%	(11,006)	(12,152)
USD/RM -	Strengthen 3.00%	667	637
	Weakened 3.00%	(667)	(637)

46. **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	UAE Dirhams	Qatar Riyals	Omani Riyals	Vietnamese Dong	United States Dollars	Euro	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
As at 31 December 2018								
Cash, deposit and bank balances	10,326	537	30,717	-	8	588	-	42,176
Receivables	909	648,575	263,098	874	101	19,824	-	933,381
Payables	(109)	(313,892)	(113,971)	-	(2)	(610)	-	(428,584)
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)

(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.

46. FINANCIAL INSTRUMENTS *cont'd*

(d) Liquidity risk *cont'd*

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within 1 year RM'000	More than 1 year less than 5 years RM'000	More than 5 years RM'000	Total RM'000
Group				
As at 31 December 2018				
Trade and other payables	1,103,734	286,744	-	1,390,478
Lease commitment payables				
- Principal	3,154	17,354	88,422	108,930
- Interest	8,932	32,742	56,504	98,178
Due to related parties	155	-	-	155
Loans and borrowings				
- Principal	906,593	2,221,971	530,573	3,659,137
- Interest	180,793	334,856	58,187	573,836
	2,203,361	2,893,667	733,686	5,830,714
As at 31 December 2017				
Trade and other payables	1,054,570	290,343	-	1,344,913
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
	2,234,100	2,403,009	471,715	5,108,824
Company				
As at 31 December 2018				
Other payables	30,111	-	-	30,111
Loans and borrowings				
- Principal	-	1,600,000	510,000	2,110,000
- Interest	105,957	254,847	52,275	413,079
	136,068	1,854,847	562,275	2,553,190
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

46. FINANCIAL INSTRUMENTS *cont'd*

(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 other receivables, due from related parties and 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 11(a).

The exposure of credit risk for trade receivables as at the reporting date by geographic region are as follows:

	Group	
	31.12.2018	**31.12.2017**
	RM'000	**RM'000**
		(Restated)
Malaysia	732,827	861,221
Middle East	310,411	420,862
Vietnam	-	366
	1,043,238	1,282,449

46. FINANCIAL INSTRUMENTS *cont'd*

(f) Fair values

(i) The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

			Fair value measurement using		
	Note	Total RM'000	Quoted prices (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000
Group					
As at 31 December 2018					
Assets measured at fair value					
Investment properties	7	1,796,375	-	-	1,796,375
Property, plant and equipment					
- Freehold land and buildings	4	154,424	-	-	154,424
As at 31 December 2017					
Assets measured at fair value					
Investment properties	7	1,594,392	-	-	1,594,392
Property, plant and equipment					
- Freehold land and buildings	4	172,097	-	-	172,097

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.

46. 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:

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
As at 31 December 2018				
Financial asset				
Trade and other receivables under arbitration award	398,593	#	-	-
Financial liabilities				
Trade and other payables under arbitration award	(463,603)	#	-	-
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)	#	-	-

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 51.

46. FINANCIAL INSTRUMENTS *cont'd*

(f) Fair values *cont'd*

The management assessed that cash and short-term deposits, trade and other receivables, trade and other payables, due from/to related parties and borrowings 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 2018 was assessed to be insignificant.

46. **FINANCIAL INSTRUMENTS** *cont'd*

(g) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(i) Financial assets at amortised cost (debt instruments) ("FAAC")
(ii) Financial liabilities at amortised cost ("FLAC")

At 31 December 2018	Note	Carrying amount RM'000	FAAC RM'000	FLAC RM'000
Group				
Financial assets				
Trade receivables	11	1,043,238	1,043,238	-
Other receivables, excluding prepayment and advances to sub-contractors	13	347,180	347,180	-
Due from related parties	14	455,351	455,351	-
Cash and bank balances	17	400,944	400,944	-
		2,246,713	2,246,713	-
Financial liabilities				
Due to related parties	14	(155)	-	(155)
Trade payables	19	(1,003,189)	-	(1,003,189)
Other payables, excluding provision for foreseeable losses	20	(378,413)	-	(378,413)
Lease commitment payable	21	(108,930)	-	(108,930)
Borrowings	22	(3,659,137)	-	(3,659,137)
		(5,149,824)	-	(5,149,824)
Company				
Financial assets				
Other receivables, excluding prepayment	13	100	100	-
Due from related parties	14	1,828,391	1,828,391	-
Cash and bank balances	17	76,566	76,566	-
		1,905,057	1,905,057	-
Financial liabilities				
Other payables	20	(30,111)	-	(30,111)
Borrowings	22	(2,110,000)	-	(2,110,000)
		(2,140,111)	-	(2,140,111)

46. 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 2017	Note	Carrying amount RM'000	FAAC RM'000	FLAC RM'000
Group				
Financial assets				
Trade receivables	11	1,282,449	1,282,449	-
Other receivables, excluding prepayment and advances to sub-contractors	13	333,713	333,713	-
Due from related parties	14	379,585	379,585	-
Cash and bank balances	17	527,202	527,202	-
		2,522,949	2,522,949	-
Financial liabilities				
Due to related parties	14	(6,271)	-	(6,271)
Trade payables	19	(966,703)	-	(966,703)
Other payables, excluding provision for foreseeable losses	20	(367,137)	-	(367,137)
Borrowings	22	(3,285,179)	-	(3,285,179)
		(4,625,290)	-	(4,625,290)
Company				
Financial assets				
Other receivables, excluding prepayment	13	493	493	-
Due from related parties	14	1,690,358	1,690,358	-
Cash and bank balances	17	115,455	115,455	-
		1,806,306	1,806,306	-
Financial liabilities				
Other payables	20	(24,486)	-	(24,486)
Borrowings	22	(1,950,000)	-	(1,950,000)
		(1,974,486)	-	(1,974,486)

47. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	1 January 2018 RM'000	Cash flows RM'000	Other RM'000	31 December 2018 RM'000
Current interest-bearing loans and borrowings	1,028,047	(169,684)	48,230	906,593
Non-current interest-bearing loans and borrowings	2,257,132	543,642	(48,230)	2,752,544
Total liabilities from financing activities	3,285,179	373,958	-	3,659,137

	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

Company	1 January 2018 RM'000	Cash flows RM'000	Other RM'000	31 December 2018 RM'000
Current interest-bearing loans and borrowings	350,000	(350,000)	-	-
Non-current interest-bearing loans and borrowings	1,600,000	510,000	-	2,110,000
Total liabilities from financing activities	1,950,000	160,000	-	2,110,000

	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

48. CAPITAL MANAGEMENT

For the purpose of the Group's and of the Company's capital management, capital includes issued capital 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.

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 net gearing ratio of the Group at the reporting date stood at 1.03 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.

	Group		Company	
	31.12.2018 RM'000	31.12.2017 RM'000 (Restated)	31.12.2018 RM'000	31.12.2017 RM'000
Loans and borrowings	3,659,137	3,285,179	2,110,000	1,950,000
Less: Cash and bank balances	(400,944)	(527,202)	(76,566)	(115,455)
Net debt	3,258,193	2,757,977	2,033,434	1,834,545
Equity attributable to the owners of the Company	3,189,106	3,138,061	3,442,900	3,505,969
Non-controlling interest	(26,552)	8,089	-	-
Total equity	3,162,554	3,146,150	3,442,900	3,505,969
Net gearing ratio	103%	88%	59%	52%

The gearing ratio is not governed by the MFRS and IFRS and its defination and calculation may vary from one group/company to another.

49. SIGNIFICANT EVENTS

During the financial year:

(a) Additional issuance of Sukuk Murabahah

Details on issuance of additional Sukuk Murabahah are disclosed in Note 28.

(b) Transfer of shareholding of a subsidiary

Details on the transfer of shareholding of a subsidiary are disclosed in Note 8(a).

(c) Acquisition of joint development rights

Details on the acquisition of joint development rights are disclosed in Note 6(a).

(d) Acquisition of 60.00% equity interest in SSSB Group

Details on the acquisition are disclosed in Note 8(b).

(e) Dilution of interest in an associate arising from issuance of new shares

Details on the subscription and shareholders agreement of a subsidiary are disclosed in Note 8(c) and Note 18(i).

(f) Incorporation of a new subsidiary

Details on the acquisition of a new subsidiary are disclosed in Note 8(d).

(g) Deregistration of a subsidiary

Details on the deregistration of a subsidiary are disclosed in Note 8(e).

50. SUBSEQUENT EVENTS

(a) Proposed placement

On 18 January 2018, Bursa Malaysia approved the listing and quotation of up to 140,000,000 placement shares ("Placement Shares") on the Main Market of Bursa Malaysia ("Proposed Placement") 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.

50. SUBSEQUENT EVENTS *cont'd*

(a) Proposed placement *cont'd*

On 3 January 2019, Bursa Malaysia approved WCT's application for an extension of time of six (6) months up to 16 July 2019 for WCT to implement the Proposed Placement subject to the Company procuring its shareholders' mandate for the issuance of the Placement Shares at the forthcoming annual general meeting ("AGM") (in the event the Proposed Placement is implemented after the said AGM of the Company). To-date the issue price for the Placement Shares has not been fixed and no Placement Shares have been issued pursuant to the Placement.

(b) Incorporation of new joint venture company

WCTB jointly together with TSR Bina Sdn Bhd ("TSRB"), a wholly-owned subsidiary of TSR Capital Berhad ("Joint Venture"), have on 21 December 2018 accepted and executed the Letter of Acceptance issued by PNB Merdeka Ventures Sdn. Bhd. in respect of the main contract work for a shopping complex project known as "Cadangan Membina 1 Blok Bangunan Podium Kompleks Membeli-belah 8 Tingkat Di Fasa 2, Di atas Lot 795, 796, 797, 799, 800, 20007, 20008 & Sebahagian Lot-Lot 743, 746, 802, 803, Mukim Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan" for a contract sum of RM676,800,000 ("the Contract").

WCTB and TSRB have on 9 January 2019 jointly incorporated a company, namely "WCT TSR Sdn. Bhd." ("WCT-TSR"), 51:49 joint venture to undertake the Contract.

WCT-TSR, a company incorporated in Malaysia, has an issued and paid-up share capital of RM100 comprising 100 ordinary shares.

(c) Issuance of ordinary share capital

Between the reporting date and the date of completion of these financial statements, the issued and fully paid-up ordinary share capital of the Company was increased from 1,416,403,871 shares to 1,416,519,871 shares by way of the issuance of 116,000 new ordinary shares pursuant to the exercise of the ESOS at the exercise price of RM0.82 per ordinary share.

51. 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 RM260,834,000*) and the Advance Payment Guarantee amounting to AED77,300,000 (Group's share: AED38,650,000 or approximately RM43,708,000*). 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 RM1,583,211,000*).

51. ARBITRATION AWARD *cont'd*

On 27 February 2013, WCTB Dubai Branch was informed by Arabtec that its board of directors has agreed to Meydan's proposal for Arabtec and Meydan to withdraw all pending legal cases as between themselves without prejudice to their respective rights and proceed with negotiations for an amicable settlement. Pursuant thereto, Arabtec and Meydan had 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 RM1,583,211,000*).

On 8 July 2015, WCTB Dubai Branch received the Final Award of the Arbitration Tribunal in DIAC Case No. 02/2009, dated 5 July 2015 ("the Award"), where the Tribunal has found and ruled in favor of WCTB Dubai Branch, amongst others, that:

1. Meydan's cancellation and purported termination of the Contract was unlawful, invalid and of no effect; and

2. Meydan was not entitled to call on the Joint Venture's Performance Security and must repay the same.

Consequently, the Tribunal awarded to and in favor of WCTB Dubai Branch, and ordered Meydan to pay WCTB Dubai Branch a total of AED1,152,651,000 (approximately RM1,303,493,000*). WCTB Dubai Branch has filed an application for an order to recognise the Award with the local Dubai Civil Courts on 4 March 2019 and the said proceedings is on-going.

Concurrently, Meydan has also filed an application in the local Dubai Civil Court to annul the Award.

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 as the grounds for annulment of an arbitration award are relatively limited and are not applicable to the above Award.

Due to the inherent uncertainty over the outcome of the legal proceedings, no recognition has been given to the contingent assets described in Note 45.

51. ARBITRATION AWARD *cont'd*

The Group's share of assets and liabilities of the Joint Venture are as follows:

	31.12.2018 RM'000 *	31.12.2017 RM'000 #
Statement of financial position		
Non-current assets		
Property, plant and equipment	1	1
Trade receivables		
Contract receivables [(1)]	21,196	20,714
Contract assets [(1)]	231,595	226,330
Retention sum receivable [(1)]	49,858	48,724
Other receivables		
Advances paid to suppliers and sub-contractors [(1)]	56,019	54,746
Performance security deposits (Note 13)	251,408	245,692
Others	33,158	32,404
	643,235	628,611
Current assets		
Cash and bank balance	1	-
Other receivables		
Sundry receivables	1	2
Advances paid to suppliers and sub-contractors	5,094	4,978
	5,096	4,980
Total assets	648,331	633,591
Non-current liabilities		
Trade payables [(2)]	5,655	5,526
Retention sum payable [(2)]	1,929	1,885
Other payables [(2)]	185,672	181,451
Performance security payable to related party	256,264	250,438
Advances received from customer [(2)]	56,019	54,746
Amounts due to related parties	185,045	180,661
	690,584	674,707
Current liabilities		
Trade payables	311	304
Other payables	9,865	9,641
Retention payable - current portion	3,979	3,888
Advance received from customer	8,602	8,407
	22,757	22,240
Total liabilities	713,341	696,947
Exchange reserve	13,132	11,653
Net liabilities	(65,010)	(63,356)
Deficit	(51,878)	(51,703)

51. ARBITRATION AWARD *cont'd*

The Group's share of assets and liabilities of the Joint Venture are as follows: *cont'd*

(1) *Include receivables of RM249,738,000 (2017: RM243,608,000) in respect of the Nominated Sub-contractors of the Nad Al Sheba Racecourse project.*

(2) *Include payables of RM249,738,000 (2017: RM243,608,000) in respect of the Nominated Sub-contractors of the Nad Al Sheba Racecourse project.*

In accordance with the Group's accounting policy relating to contracts where the outcome cannot be estimated reliably, revenue has been recognised only to the extent of contract costs incurred to date, which management considers is not doubtful of recovery and therefore no allowance has been made against the amounts due from the customer for contract work. No profit has been taken up on the contract to date pending the outcome of the abovementioned legal proceedings.

* *Based on exchange rate as at 31 December 2018*
# *Based on exchange rate as at 31 December 2017*

52. MATERIAL LITIGATION

Segi Astana Sdn Bhd ("SASB"), had on 21 March 2019 through its solicitors served a Notice of Arbitration dated 21 March 2019 on Malaysia Airports Holdings Berhad ("MAHB"), claiming against MAHB a sum of RM70,000,000 in respect of losses and damages suffered pertaining to, inter alia, the delay in the commencement of the commercial operation of the KLIA-2 Integrated Complex. The sums are payable pursuant to the Concession Agreement dated 22 September 2011 executed between SASB, WCTB and MAHB ("Concession Agreement").

Concurrently, SASB and WCTB have on 21 March 2019, received a Notice of Arbitration from MAHB through its solicitors, whereby MAHB is claiming from SASB and WCTB fixed monthly charges of RM958,849 per month for the supply of chilled water for the cooling system of the KLIA-2 Integrated Complex from September 2013 to date, allegedly due pursuant to the Concession Agreement ("MAHB's Claim").

Both SASB and WCTB are disputing MAHB's Claim and are taking the necessary legal actions to defend and oppose MAHB's Claim. The parties are currently going through the process of constituting an arbitral tribunal.

The Board is, after consultation with its solicitors, of the view that SASB and WCTB have a strong defence against MAHB's Claim and SASB's and WCTB's chances of success in the arbitration proceedings are good.

53. 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.

53. 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 2018						
Revenue						
Revenue from external customers	1,845,587	254,928	196,198	-	-	2,296,713
Inter-segment revenue	1,388,809	248,818	18,605	-	(1,656,232)	-
Total revenue	3,234,396	503,746	214,803	-	(1,656,232)	2,296,713
Result						
Profit from operations	136,746	40,520	141,654	-	-	318,920
Finance costs						(135,675)
Share of profit/(loss) of associates	2,188	(227)	-	5,281	-	7,242
Share of loss of joint ventures	-	(25,031)	(15,232)	-	-	(40,263)
Taxation						(104,012)
Profit after taxation						46,212
Assets and liabilities						
Segment assets	3,171,715	2,703,234	2,201,455	878	-	8,077,282
Interest in						
- associates	7,200	49,693	-	111,832	-	168,725
- joint ventures	-	166,307	255,950	-	-	422,257
						8,668,264
Segment liabilities	4,238,240	447,212	820,236	-	22	5,505,710

53. 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	Property development	Property investment and management	Unallocated	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2017 (Restated)						
Revenue						
Revenue from external customers	1,501,531	426,435	76,986	-	-	2,004,952
Inter-segment revenue	1,635,801	174,101	6,687	-	(1,816,589)	-
Total revenue	3,137,332	600,536	83,673	-	(1,816,589)	2,004,952
Result						
Profit from operations	44,252	86,772	270,544	-	-	401,568
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						(93,315)
Profit after taxation						225,466
Assets and liabilities						
Segment assets	3,110,802	2,643,786	1,810,330	726	-	7,565,644
Interest in						
- associates	4,173	-	-	127,788	-	131,961
- joint ventures	-	191,537	290,533	-	-	482,070
						8,179,675
Segment liabilities	3,959,677	411,033	662,786	29	-	5,033,525

53. 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	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Malaysia	2,122,309	1,826,748	7,572,826	6,861,093
Middle East	174,404	177,853	962,523	1,167,239
India	-	-	111,838	125,429
Others	-	351	21,077	25,914
Consolidated	2,296,713	2,004,952	8,668,264	8,179,675

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 11 and Note 51. The Group's normal trade credit terms for trade receivables are 30 to 90 days (2017: 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 2018 RM
1.	Paradigm Mall, Johor Bahru Jalan Mewah Ria 2, Taman Bukiet Mewah, 81200 Johor Bahru, Johor Darul Takzim.	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 /2	Owner operated	1	Valuation: December 2018	1,156,141,555
2.	Eight (8) parcels of land at Mukim of Petaling, Daerah Kuala Lumpur, Wilayah Persekutuan.	On-going and Future mixed development	49.47 acres	Freehold	Property development project	-	Acquisition: SSA date – 14 March 2012; 25 November 2015	922,449,442
3.	Paradigm Mall, No.1, Jalan SS7/26A, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan.	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 /6	Owner operated	1	Valuation: December 2018	642,451,061
4.	No. 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 / 11	Leased to AEON Co. (M) Bhd	1	Valuation: December 2018	575,000,000
5.	Terminal klia2, KL International Airport, Jalan klia 2/1, 64000 KLIA, Sepang, Selangor Darul Ehsan.	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 / 5	Owner operated	1	Completion: 20 September 2013	545,429,503
6.	No. 1, Jalan SS7/26A, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan.	Completed stock properties: serviced residences	1,001.04 sf to 1,722.22 sf Total = 296,578 sf	Leasehold interest 99 years expiring on 9 February 2111/1	For sales	229	Completion: October 2018	279,812,679
			945.29 sf to 1,815.55 sf Total = 72,070 sf	Leasehold interest 99 years expiring on 9 February 2111/2	For sales	57	Completion: August 2017	

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 2018 RM
7.	New World Petaling Jaya Hotel No.1, Jalan SS7/26A, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan.	A five-star hotel with 300 fully furnished guest rooms with hotel facilities	316,466 sf	Leasehold interest 99 years expiring on 9 February 2111/2	Newly completed	1	Completion: 16 August 2017	274,270,327
8.	No 2, Persiaran Medini Utara 3, 79000 Nusajaya, Johor Darul Takzim.	Completed stock properties: residential condominiums, retail office, commercial office	655 sf to 20,328 sf Total = 490,722 sf	Leasehold interest 99 years expiring on 1 January 2111/2 to 4	For sales	285	Completion: June 2015 to March 2017	251,543,565
9.	Nine (9) parcels of land at 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	200,145,613
10.	Ten (10) plots of land at Mukim Bandar Serendah, Daerah Ulu Selangor, Negeri Selangor.	Future mixed development	608.63 acres	Freehold	Property Development Project	-	Acquisition: October 2011/ October 2014	147,618,854

Analysis of Shareholdings
As at 29 March 2018

(A) ORDINARY SHARES AS AT 29 MARCH 2019

Total number of issued shares : 1,416,419,871^
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	2,892	17.95	127,443	0.01
100 - 1,000	2,033	12.62	915,853	0.06
1,001 - 10,000	6,795	42.17	31,757,030	2.24
10,001 - 100,000	3,765	23.36	109,427,403	7.73
100,001 to less than 5% of issued shares	625	3.88	743,666,433	52.50
5% and above of issued shares	4	0.02	530,525,709	37.46
Total	**16,114**	**100.00**	**1,416,419,871**	**100.00**

^ *including treasury shares of 35,812,036*

(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	17.91
2.	Urusharta Jamaah Sdn Bhd	118,655,900	8.59
3.	Citigroup Nominees (Tempatan) Sdn Bhd *(Employees Provident Fund Board)*	85,366,424	6.18
4.	AmanahRaya Trustees Berhad *(Amanah Saham Bumiputera)*	79,295,711	5.74
5.	AmanahRaya Trustees Berhad *(Amanah Saham Malaysia 2 – Wawasan)*	41,297,308	2.99
6.	Lim Suan	32,183,800	2.33
7.	Citigroup Nominees (Tempatan) Sdn Bhd *(Exempt An for AIA Bhd)*	29,421,332	2.13
8.	Citigroup Nominees (Tempatan) Sdn Bhd *(Employees Provident Fund Board (Affin-HWG))*	25,821,739	1.87
9.	Cimsec Nominees (Tempatan) Sdn Bhd *(CIMB Bank For Lim Siew Choon (PBCL-OG0591))*	24,100,000	1.75
10.	HSBC Nominees (Asing) Sdn Bhd *(JPMCB NA For Vanguard Total International Stock Index Fund)*	16,391,194	1.19
11.	AmanahRaya Trustees Berhad *(Amanah Saham Malaysia)*	16,206,290	1.17
12.	HSBC Nominees (Asing) Sdn Bhd *(JPMCB NA for Vanguard Emerging Markets Stock Index Fund)*	15,971,862	1.16
13.	AmanahRaya Trustees Berhad *(Public Islamic Select Treasures Fund)*	15,154,142	1.10
14.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *(Deutsche Trustees Malaysia Berhad for Eastspring Investments Islamic Small-Cap Fund)*	14,399,600	1.04

(2) **Thirty Largest Shareholders** *cont'd*

No.	Names	No. of Shares	%*
15.	Affin Hwang Nominees (Asing) Sdn Bhd *(Exempt An For Philip Securities (Hong Kong) Ltd (Clients' Account))*	13,630,800	0.99
16.	UOB Kay Hian Nominees (Asing) Sdn Bhd *(Exempt An For UOB Kay Hian Pte Ltd (A/C Clients))*	12,606,113	0.91
17.	Citigroup Nominees (Asing) Sdn Bhd *(CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc)*	11,740,147	0.85
18.	Citigroup Nominees (Tempatan) Sdn Bhd *(Employees Provident Fund Board (CIMB PRIN))*	10,923,101	0.79
19.	Citigroup Nominees (Asing) Sdn Bhd *(CBNY for Dimensional Emerging Markets Value Fund)*	10,922,915	0.79
20.	Cartaban Nominees (Asing) Sdn Bhd *(Exempt An For State Street Bank & Trust Company (West CLT OD67))*	10,777,559	0.78
21.	AmanahRaya Trustees Berhad *(Amanah Saham Bumiputra 3 - Didik)*	10,003,700	0.72
22.	Goh Chin Liong	9,929,678	0.72
23.	Maybank Nominees (Tempatan) Sdn Bhd *(MTrustee Berhad For CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI) (419455))*	9,223,884	0.67
24.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *(Deutsche Trustees Malaysia Berhad For Eastspring Investmentssmall-Cap Fund)*	8,611,000	0.62
25.	Cartaban Nominees (Tempatan) Sdn Bhd *(PBTB For Takafulink Dana Ekuiti)*	7,507,054	0.54
26.	Citigroup Nominees (Asing) Sdn Bhd *(CBNY For DFA Emerging Markets Small Cap Series)*	7,415,702	0.54
27.	AmanahRaya Turstees Berhad *(Amanah Saham Malaysia 3)*	7,120,735	0.52
28.	AmanahRaya Trustees Berhad *(Public Islamic Equity Fund)*	6,946,893	0.50
29.	HSBC Nominees (Tempatan) Sdn Bhd *(HSBC (M) Trustee Bhd For Allianz Life Insurance Malaysia Berhad (P))*	6,912,513	0.50
30.	Cartaban Nominees (Asing) Sdn Bhd *(SSBT Fund J724 For SPDR S&P Emerging Markets ETF)*	6,388,396	0.46

Note:
** Based on 1,380,607,835 shares (Total number of issued shares of 1,416,419,871 less treasury shares of 35,812,036)*

(3) **Substantial Shareholders as per Register of Substantial Shareholders**

Name	Direct Interest No. of Shares	Direct Interest %*	Deemed Interest No. of Shares	Deemed Interest %*
Tan Sri Lim Siew Choon	24,300,000	1.76	247,207,674^	17.91
Legacy Pacific Limited	-	-	247,207,674#	17.91
Dominion Nexus Sdn Bhd	247,207,674	17.91	-	-
Employees Provident Fund Board	130,415,742	9.45	-	-
Urusharta Jamaah Sdn Bhd	118,655,900	8.59	-	-
AmanahRaya Trustees Berhad - Skim Amanah Saham Bumiputera	79,295,711	5.74	-	-

Notes:
** Based on 1,380,607,835 shares (Total number of issued shares of 1,416,419,871 less treasury shares of 35,812,036)*
^ 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 29 MARCH 2019**

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	3,545	37.38	78,211	0.03
100 - 1,000	2,540	26.78	1,065,379	0.45
1,001 - 10,000	2,039	21.50	7,028,501	2.98
10,001 - 100,000	1,024	10.80	40,604,027	17.21
100,001 to less than 5% of outstanding Warrants	335	3.53	155,777,172	66.04
5% and above of outstanding Warrants	1	0.01	31,344,544	13.29
Total	**9,484**	**100.00**	**235,897,834**	**100.00**

(2) **Thirty Largest Warrants E Holders**

No.	Names	No. of Warrants	%
1.	WCT Capital Sdn Bhd	31,344,544	13.29
2.	Lai Siew Khim	9,420,000	3.99
3.	Kenanga Nominees (Tempatan) Sdn Bhd *(Pledge Securities Account For Yong Kwee Lian)*	4,000,000	1.70
4.	Cimsec Nominees (Asing) Sdn Bhd *(Pledged Securities Account For Lim Ai Ling (Gleneagles-CL))*	3,694,200	1.57
5.	Lim Kiang Huit	3,525,900	1.49
6.	Citigroup Nominees (Tempatan) Sdn Bhd *(Exempt An For AIA Bhd)*	3,455,309	1.46
7.	RHB Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account For Tan Shiow Peng)*	2,583,800	1.10
8.	RHB Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account For Wong Tow Fock)*	2,583,300	1.10
9.	Cimsec Nominees (Tempatan) Sdn Bhd *(CIMB Bank for Nazri Bin Abdullah @ Nazri Bhupalan (MM0581))*	2,500,000	1.06
10.	Yong Kwee Lian	2,500,000	1.06
11.	Wong Wai Lee	2,150,000	0.91
12.	So Dak Sern	2,100,000	0.89
13.	Ang Ching Keong	2,025,000	0.86
14.	Chan Ah Hock	2,000,000	0.85
15.	Chan Huater	1,950,000	0.83
16.	RHB Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Aliran Armada Sdn Bhd)*	1,889,000	0.80
17.	Woo Siew Hoe	1,764,000	0.75
18.	Jimmy Peh Hock Jin	1,742,000	0.74
19.	Ara Holdings Sdn Bhd	1,707,339	0.72
20.	Beh Chye Meng	1,669,774	0.71
21.	HSBC Nominees (Asing) Sdn Bhd *(JPMCB NA for Vanguard Total International Stock Index Fund)*	1,594,005	0.68
22.	Goh Chin Liong	1,529,938	0.65
23.	Gurmit Singh A/L Shamir Singh	1,500,000	0.64
24.	Ooi Bok Khoon	1,500,000	0.64
25.	Lim Chee Meng	1,499,900	0.64
26.	Tan Boon Peng	1,450,000	0.61
27.	Chua Choy Hoon	1,300,000	0.55
28.	Lim Teng Hai	1,268,000	0.54
29.	Maybank Nominiess (Tempatan) Sdn Bhd *(Conrado De Pheyno Pui)*	1,209,500	0.51
30.	Maybank Nominees (Tempatan) Sdn Bhd *(Tan Boon Hwa)*	1,160,000	0.49

(D) STATEMENT OF DIRECTORS' INTERESTS IN THE SECURITIES OF THE COMPANY AS PER THE REGISTERS PURSUANT TO THE COMPANIES ACT, 2016 AS AT 29 MARCH 2019

(1) Directors' Interests in Ordinary Shares

	Direct Interest		Deemed Interest	
Name	No. of Shares	%*	No. of Shares	%*
Tan Sri Lim Siew Choon	24,300,000	1.76	247,207,674[1]	17.91
Goh Chin Liong	9,929,678	0.72	-	-
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 1,380,607,835 shares (Total number of issued shares of 1,416,419,871 less treasury shares of 35,812,036)*
[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 Unexercised
Tan Sri Lim Siew Choon	900,000
Dato' Lee Tuck Fook	800,000
Goh Chin Liong	900,000
Liang Kai Chong	1,100,000

Notice of Eighth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eighth Annual General Meeting ("8th AGM") of WCT Holdings Berhad ("WCT" or "the Company") will be held at Ballroom II, Ground Floor, Première Hotel, Bandar Bukit Tinggi 1/KS6 Jalan Langat, 41200 Klang, Selangor Darul Ehsan, Malaysia, on Wednesday, 12 June 2019 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 2018 together with the Reports of the Directors and Auditors thereon.

2. To declare and approve the final single tier share dividend via a distribution of treasury shares on the basis of two (2) treasury shares for every one hundred (100) existing ordinary shares held in the Company in respect of the financial year ended 31 December 2018. Any fractions arising from the distribution of treasury shares will be disregarded. ***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) Dato' Lee Tuck Fook ***Resolution 2***
   (b) Datuk Ab Wahab Bin Khalil ***Resolution 3***
   (c) Mr. Goh Chin Liong ***Resolution 4***

4. To re-elect Puan Rahana Binti Abdul Rashid who retires in accordance with Article 75 of the Company's Articles of Association and being eligible, offered herself for re-election. ***Resolution 5***

5. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. ***Resolution 6***

As Special Business

To consider and, if thought fit, to pass the following Ordinary and Special Resolutions:

6. **Payment of Directors' fees**

   "THAT the Directors' fees for the period from 13 June 2019 until the next Annual General Meeting ("AGM") of the Company to be held in 2020, be and is hereby approved for payment." ***Resolution 7***

7. **Payment of Directors' benefits**

   "THAT the Directors' benefits (excluding Directors' fees) for the period from 13 June 2019 until the next AGM of the Company to be held in 2020, be and is hereby approved for payment." ***Resolution 8***

8. **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 9***

9. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature ("Proposed Renewal of RRPT Mandate")**

"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 29 April 2019 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 the 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 the 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 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 the Proposed Renewal of RRPT Mandate." ***Resolution 10***

10. **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 Constitution and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and approvals of 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 ordinary shares of 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 based on its audited financial statements for the financial year ended 31 December 2018;

(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 11***

11. **Special Resolution**

Proposed Adoption of the New Constitution of the Company

"THAT approval be and is hereby given to the Company to revoke the existing Memorandum and Articles of Association of the Company in its entirety with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in Appendix III of the Circular to Shareholders dated 29 April 2019 be and is hereby adopted as the Constitution of the Company.

AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as are necessary and/or expedient with full powers to assent to any variations, modifications and/or amendments as may be required by any relevant authorities to give full effect to the foregoing." ***Special Resolution 1***

12. To transact any other business of which due notice shall have been given.

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 8th AGM, the Company shall obtain a General Meeting Record of Depositors as at 3 June 2019 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 8th AGM of the Company.

NOTICE OF DIVIDEND PAYMENT AND ENTITLEMENT DATE

NOTICE IS ALSO HEREBY GIVEN that a final single tier share dividend in respect of the financial year ended 31 December 2018 via a distribution of treasury shares on the basis of two (2) treasury shares for every one hundred (100) existing ordinary shares held in the Company ("Share Dividend"), if approved at the 8th AGM of the Company, will be credited into the entitled Depositors' Securities Accounts on 28 June 2019. Any fractions of the treasury shares arising from the distribution of the treasury shares shall be disregarded.

The entitlement date shall be fixed on 18 June 2019 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 18 June 2019 in respect of ordinary transfers; and

(b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

Subject to the approval of the Bursa Malaysia Depository Sdn Bhd ("Bursa Depository") for the transfer of treasury shares under the Share Buy-back Account by bulk transfer method of debiting and crediting, the treasury shares to be distributed under the Share Dividend will be credited into the entitled Depositors' Securities Accounts maintained with Bursa Depository on 28 June 2019.

By Order of the Board

LOH CHEE MUN (MAICSA 7025198)
CHONG KIAN FAH (MIA 17238)
Company Secretaries

Selangor Darul Ehsan
29 April 2019

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 8th 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 together with the appropriate remittance must be received by the Company's Share Registrar latest by 5.00 p.m. on Monday, 3 June 2019 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 11 June 2019.*
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 2018

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

Resolutions 7 and 8

The proposed Ordinary Resolutions 7 and 8, if passed, will facilitate the payment of Directors' fees and benefits payable/provided to the Directors of the Company and its subsidiaries for the period commencing from 13 June 2019 until the next AGM of the Company to be held in 2020, in accordance with the payment schedule as set out below:

	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)	-

The Directors' benefits (excluding Directors' fees) payable/provided to Non-Executive Directors of the Company comprise meeting attendance fees and benefit-in-kind such as insurance coverage pursuant to the Group's 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 pursuant to Section 230(1) of the Companies Act, 2016, 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.

Payment of Directors' fees and benefits to the Directors of the Company will be made by the Company and its subsidiaries on monthly in arrears and/or as and when incurred, if the proposed Resolutions 7 and 8 have been passed at the 8th AGM. The Board is of the view that it is just and equitable for the Directors to be paid the Directors' fees and benefits on such basis, after they have discharged their responsibilities and rendered their services to the Company and its subsidiaries throughout the current period.

Resolution 9

The proposed Ordinary Resolution 9, 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 funds 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. This 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.

On 16 October 2017, the Company had announced that it proposes to undertake a share placement exercise involving up to 140,000,000 new ordinary shares. To-date, there has been no allotment of new ordinary shares by the Company pursuant to the said share placement exercise. The proposed Ordinary Resolution 9, if passed, will empower the Directors of the Company to implement the said share placement if need be, subject to the approval being granted by Bursa Malaysia Securities Berhad.

Resolution 10

The proposed Ordinary Resolution 10, 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 29 April 2019 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 11

The proposed Ordinary Resolution 11, 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 29 April 2019, which is despatched together with the Company's Annual Report 2018, for further information.

Special Resolution 1

The proposed Special Resolution 1, if passed, will bring the Company's Constitution in line with the Companies Act, 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

In view of the substantial amendments to be made to the existing Memorandum and Articles of Association ("M&A") of the Company, the Board proposed that the existing M&A be revoked in its entirety with immediate effect and by the replacement thereof with a new Constitution. Please refer to Part C of the Circular to Shareholders dated 29 April 2019 for further information.

D. STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING
(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

- **Details of individuals who are standing for election as Directors (excluding Directors standing for a re-election)**

  There are no individuals who are standing for election as Directors at the forthcoming 8th AGM of the Company.

- **Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

  Details of the general mandate to issue securities in the Company pursuant to Section 75 and 76 of the Companies Act, 2016 are set out in Explanatory Note for Resolution 9 of the Notice of this meeting.

Administrative Details

Meeting : Eighth Annual General Meeting ("8^{th} AGM")
Date : Wednesday, 12 June 2019
Time : 10.00 a.m.
Venue : Ballroom II, Ground Floor, Première Hotel, Bandar Bukit Tinggi 1/KS6 Jalan Langat, 41200 Klang, Selangor Darul Ehsan, Malaysia

PARKING

There is ample parking space at the designated parking levels in Première Hotel, Klang. Please follow the relevant signage to the car parks.

REGISTRATION

Registration will commence at 9.00 a.m. and will remain open until the conclusion of the 8^{th} 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 8^{th} 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 8^{th} AGM will be conducted on a poll. Boardroom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn Bhd) is appointed as the Poll Administrator to conduct the polling process and Boardroom Corporate Services Sdn Bhd (formerly known as Boardroom Corporate Services (KL) 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 8^{th} AGM at the foyer outside Ballroom II on the Ground Level.

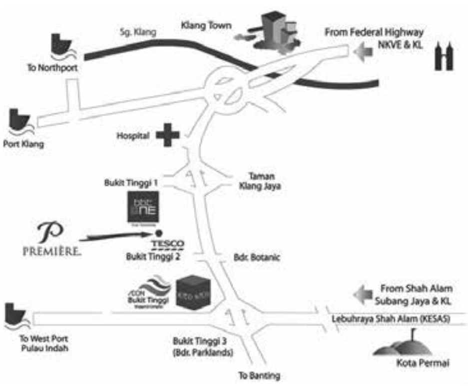
LUNCH

Upon the conclusion of the 8^{th} AGM, a buffet lunch will be served at the Ballroom I and III on the Ground Level.

RECORD OF DEPOSITORS FOR ATTENDANCE AT 8^{TH} AGM

For the purpose of determining a member's eligibility to attend and vote at the 8^{th} AGM, the Company shall obtain a General Meeting Record of Depositors as at 3 June 2019 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 8^{th} AGM.

LOCATION MAP TO PREMIÈRE HOTEL, KLANG



Date: 29 April 2019

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 Eighth Annual General Meeting of the Company to be held at Ballroom II, Ground Floor, Première Hotel, Bandar Bukit Tinggi 1/KS6 Jalan Langat, 41200 Klang, Selangor Darul Ehsan on Wednesday, 12 June 2019 at 10.00 a.m. or at any adjournment thereof.

This proxy is to vote on the resolutions set out in the Notice of Eighth Annual General Meeting as indicated with an "X" in the appropriate spaces provided. If this form of proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain from voting at his/her discretion.

ORDINARY RESOLUTIONS		FOR	AGAINST
1	To approve the final single tier share dividend for the financial year ended 31 December 2018.		
2	To re-elect Dato' Lee Tuck Fook as Director of the Company.		
3	To re-elect Datuk Ab Wahab Bin Khalil as Director of the Company.		
4	To re-elect Mr Goh Chin Liong as Director of the Company.		
5	To re-elect Puan Rahana Binti Abdul Rashid as Director of the Company.		
6	To re-appoint Messrs Ernst & Young as Auditors of the Company.		
7	To approve the payment of Directors' fees.		
8	To approve the payment of Directors' benefits.		
9	To authorise the allotment of new shares.		
10	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions.		
11	To approve the Proposed Renewal of Share Buy-back Authority.		
SPECIAL RESOLUTION			
1	To approve the Proposed Adoption of the New Constitution of the Company.		

Dated this ______________ day of ________________ 2019

____
Signature(s)/Common Seal of member(s)

No. of Ordinary Shares Held

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 11 June 2019.*
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

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