WCT Holdings Berhad
(201101002327/930464-M)

Nurturing A Sustainable World

annual report 2019

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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

WCT means

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

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

AWARDS & ACHIEVEMENTS

INDUSTRY AWARDS

Malaysian Construction Industry Excellence Awards by 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

Safety and Health Assessment System in Construction (SHASSIC) Achiever

5-Star Rating - 2019
West Coast Expressway (Taiping-Banting)

5-Star Rating - 2019
MRT 2 Package S204: Construction and Completion of Elevated Stations and Other Associated Works at Kuchai Lama and Taman Naga Emas

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

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 Community Leadership Brand Award for Best Neighbourhood Mall 2018 - 2019
Paradigm Mall Petaling Jaya

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

Green Building Index (GBI)

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

Silver Award
Lot 2C5, Putrajaya, 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

AWARDS & ACHIEVEMENTS
cont'd

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

12 Million Safe Man Hours without any Lost Time Injury (LTI)
Petronas RAPID Pengerang Projects Package P20C1, Package 14-0401, Package 14-1702, Package 14-0302 and Package 14-0303
18 March 2018 - 5 November 2018

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. QM S00887

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

ENVIRONMENTAL MANAGEMENT SYSTEM CERTIFICATION

ISO 14001 : 2015
Environmental Management System for WCT Berhad (including WCT Construction Sdn Bhd)
Certification No. EMS 00520

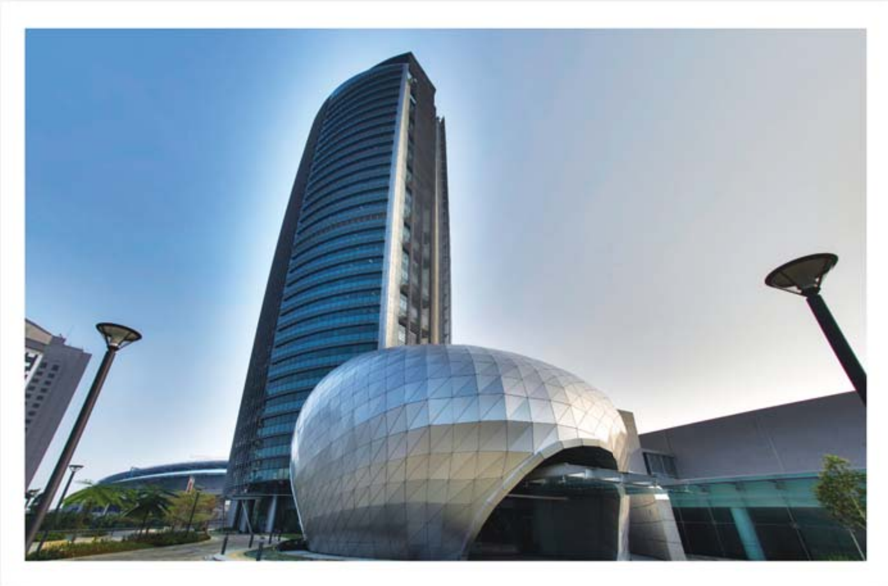
OCCUPATIONAL HEALTH & SAFETY MANAGEMENT SYSTEM CERTIFICATIONS

ISO 45001 : 2018
Occupational Health and Safety Management System for WCT Berhad (including WCT Construction Sdn Bhd)
Certification No. OHS 00221

OHSAS 18001 : 2007
Occupational Health and Safety Management System for WCT Land Sdn Bhd and its subsidiaries
Certification No. OHS 00227

ISO 45001 : 2018
Occupational Health and Safety Management System for WCT Machinery Sdn Bhd
Certification No. OHS 00503

CORE BUSINESSES AND OPERATING UNITS



ENGINEERING & CONSTRUCTION

MALAYSIA

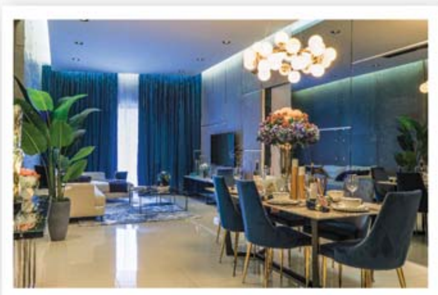
WCT Berhad
WCT Construction Sdn Bhd
WCT Machinery Sdn Bhd
WCT Products Sdn Bhd
Intraxis Engineering Sdn Bhd
KKBWCT Joint Venture Sdn Bhd
WCT TSR Sdn Bhd

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



CORE BUSINESSES AND OPERATING UNITS
cont'd

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
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

BOARD RISK AND SUSTAINABILITY COMMITTEE

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

Ng Soon Lai @ Ng Siek Chuan
(Chairman)
Dato' Lee Tuck Fook
Goh Chin Liong

COMPANY SECRETARIES

Loh Chee Mun (MAICSA 7025198)
(SSM PC NO.: 201908002041)
Chong Kian Fah (MIA 17238)
(SSM PC NO.: 201908003381)

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

DIVISIONAL OFFICES

Engineering & Construction

WCT Berhad
(198101000433/66538-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
(199401039203/324888-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
Room No.3, Building No. 54
Street No. 830, Zone 17
Al Mina Street, Old Salata
P.O.Box 200238
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.
(199601006647/378993-D)
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : +603-7890 4700
Fax : +603-7890 4670
E-mail : BSR.Helpdesk@boardroomlimited.com
Web : www.boardroomlimited.com

AUDITORS

Messrs Ernst & Young PLT
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
Anad & Noraini
Clarence Edwin Law Offices
Faizal Siow Brockett & Cho
Jeyaratnam & Chong
Mah-Kamariyah & Philip Koh
Raja Darryl & Loh
Sanjay Mohan & Co
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, Property Development and Property Investment & Management. With a track record of over 39 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 infrastructure and building related 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, 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 spreaded its wings to Kota Kinabalu, Sabah with the successful launch of d'Banyan Residency @ Sutera luxury homes as well as to Johor with the launch of 1Medini and Medini Signature condominiums in Iskandar Malaysia, Johor. Since 1997, WCT has delivered in excess of 17,000 units of residential and commercial properties worth RM5.9 billion in Gross Development Value (GDV). Currently, WCT has a land bank of approximately 820 acres in Malaysia.

WCT's Property Investment & Management Division primarily includes the ownership and management of shopping malls, office buildings, hotels and concession assets. The Group owns five shopping malls/ centre – Bukit Tinggi Shopping Centre in Klang, the airport mall - gateway@klia2 and SkyPark Terminal 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 projects and investments, evidenced by 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 and BrandLaureate Award for the Community Leadership Brand Award for Best Neighbourhood Mall 2018 – 2019 for Paradigm Mall Petaling Jaya.

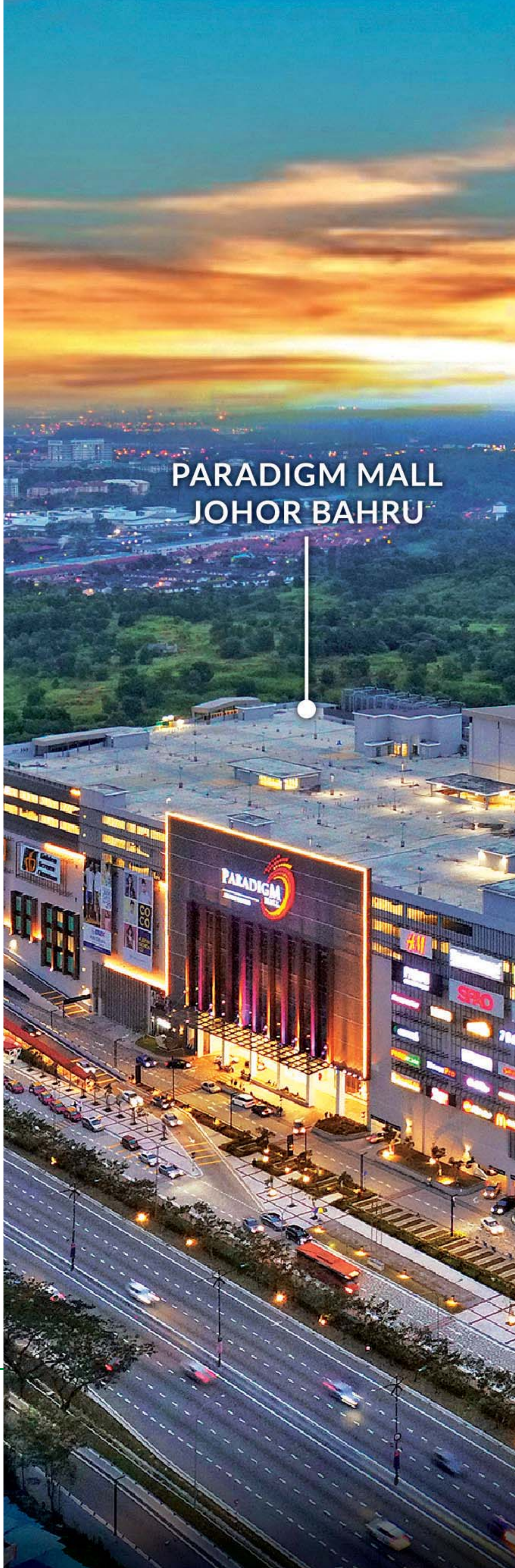
In recent years, WCT started embarking actively on sustainable construction and has received various green building rating awards for its projects including the LEED Silver Certification under LEED 2009 Core and Shell Development for the airport mall, gateway@ klia2; Green Building Index (GBI) Gold for 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.

Most recently in 2019, WCT demonstrated its occupational safety and health excellence by achieving the highest 5-star rating in the Safety and Health Assessment System in Construction (SHASSIC) for our involvement in the construction of the West Coast Expressway, (Taiping – Banting) and MRT2 S204 construction and completion of elevated stations and other associated works at Kuchai Lama and Taman Naga Emas.

As we continue to grow our portfolio, we remain committed to staying true to our core values of Winning, Commitment, Teamwork, Humility and Respect.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of WCT Holdings Berhad ("WCT"), I am pleased to present the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2019.



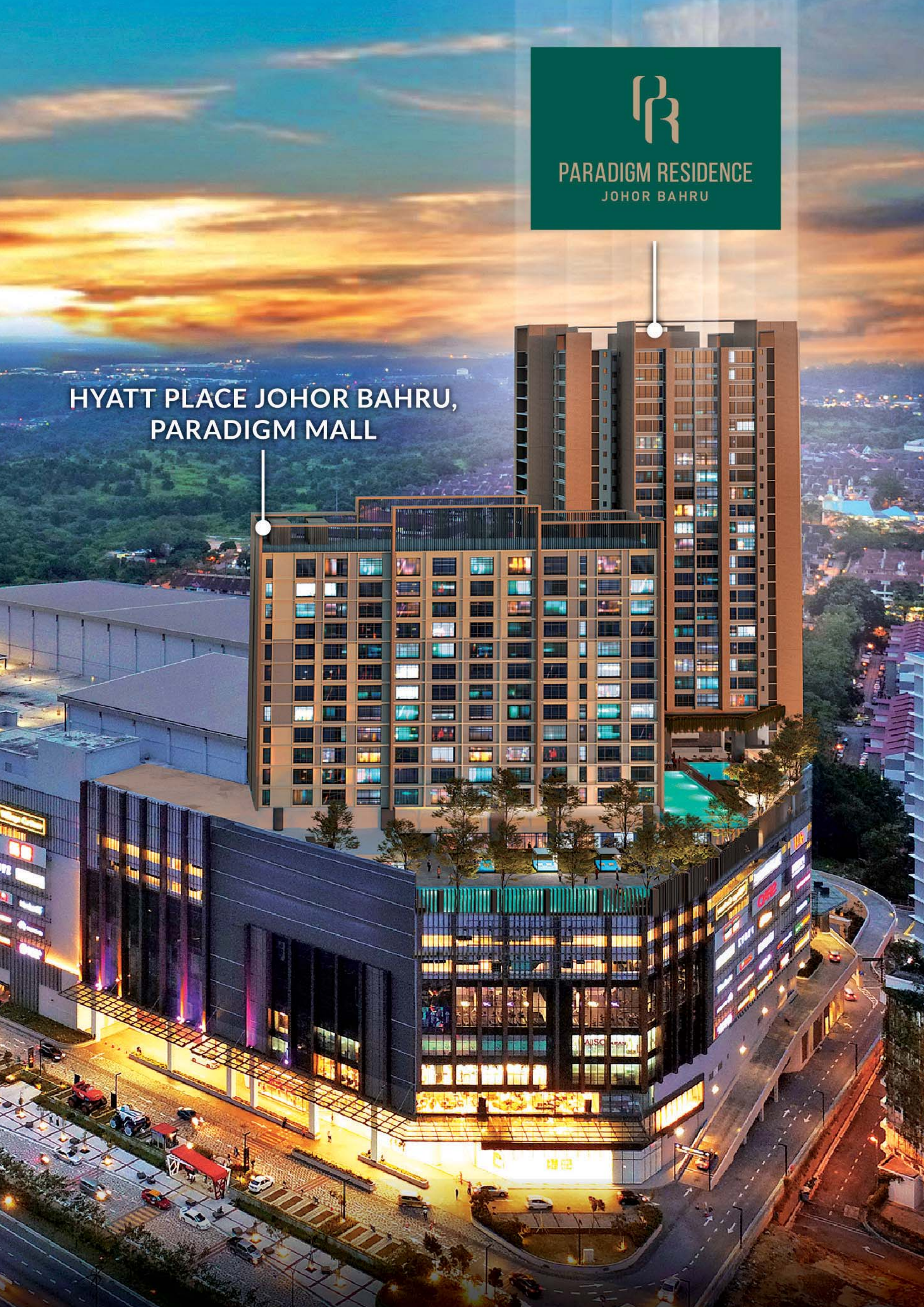
ECONOMIC OVERVIEW

In the fourth quarter of 2019, Malaysia recorded Gross Domestic Product ("GDP") of 3.6% (3Q 2019: 4.4%), mainly led by domestic demand, particularly private consumption. The stable employment market and positive income growth contributed to a robust private consumption growth of 8.1% (3Q 2019: 7.0%) and was supported by sustained retail spending on leisure and necessities. On the supply side, the construction sector grew 1%, driven by civil engineering, particularly transportation and infrastructure projects as well as residential properties which were supported by development of apartments and affordable homes. *(Source: BNM Quarterly Bulletin – Fourth Quarter 2019, Bank Negara Malaysia and Ministry of Finance – Malaysian Economy Fourth Quarter 2019).*

For the full year 2019, Malaysia's GDP growth moderated to 4.3%, compared with 4.7% growth in 2018, supported by stronger private sector spending, amid supply disruptions in the commodities sector *(Source: Ministry of Finance – Malaysian Economy Fourth Quarter 2019).*

Headline inflation moderated to 1% in 4Q 2019 (3Q 2019: 1.3%) as the impact of the sales and service tax ("SST") implementation lapsed, fuel inflation continued to exert downward pressure as domestic retail fuel price ceilings were maintained. On the other hand, core inflation was stable at 1.4% (3Q 2019: 1.5%), amid the absence of strong demand pressures and moderate expansion in private sector wages. *(Source: BNM Quarterly Bulletin – Fourth Quarter 2019).*

Paradigm Johor Bahru development


PARADIGM RESIDENCE
JOHOR BAHRU
HYATT PLACE JOHOR BAHRU,
PARADIGM MALL

CHAIRMAN'S STATEMENT
cont'd

FINANCIAL REVIEW

In the financial year ended 31 December 2019, the Group recorded lower revenue of RM1.84 billion as compared to RM2.30 billion recorded in the preceding year. The Group reported a loss attributable to equity holders of RM27.3 million as compared to the preceding year's profit of RM106.0 million[1] mainly due to provision for additional losses following the unfavourable final arbitral award in relation to a completed building construction project in Qatar ("Final Arbitral Award").

The Group's Engineering and Construction Division recorded lower revenue of RM1.29 billion (FY2018: RM1.85 billion) mainly due to lower contribution from recently completed projects and some of the existing projects which are nearing completion. During the financial year under review, the Division recorded an operating loss of RM17.7 million (FY2018: operating profit of RM136.7 million) mainly due to provision for additional losses of RM146.7 million following the unfavourable Final Arbitral Award.

The Group's Property Development Division recorded higher operating profit of RM95.0 million (FY2018: RM42.2 million[1]) on the back of higher revenue of RM346.5 million (FY2018: RM254.9 million). The higher revenue and operating profit were mainly attributed to higher sales of undeveloped lands and property stocks during the financial year under review. In view of the weak property market conditions, the Group had also made additional provision for impairment of value of its unsold property stocks and land held for property development amounting to RM9.3 million and RM13.3 million, respectively to better reflect the fair value of these properties.

The Property Investment and Management Division recorded an improvement in revenue at RM203.5 million for the financial year ended 31 December 2019 (FY2018: RM196.2 million). The higher revenue was mainly contributed by the improved occupancy level of Paradigm Mall in Johor Bahru and higher rental income from Bukit Tinggi Shopping Mall in Klang. The Division recorded a lower operating profit of RM116.2 million (FY2018: RM141.7 million), mainly because in 2018, there was higher fair value gain on investment properties and receipt of government facilitation funds for the infrastructure costs incurred for Paradigm Mall Johor Bahru ("Paradigm Mall JB").

CORPORATE AND BUSINESS DEVELOPMENTS

On 20 June 2019, WCT entered into a management agreement with Hyatt to develop a new 200-room hotel to be named as Hyatt Place Johor Bahru, Paradigm Mall. The hotel will be erected on top of the existing Paradigm Mall JB and will feature a café, swimming pool, fitness centre as well as more than 2,400 square feet of meeting space. This hotel is set to open in 2022.

The Group's Engineering and Construction Division saw the successful completion of several projects during the financial year under review, including the 20-storey Police Quarters in Ulu Kelang, Selangor. In Johor, the Group successfully completed two packages at the Petronas RAPID Pengerang Site namely Package 20C1, the Common Construction Access and Permanent Roads contract and Package 14-1702, the Engineering, Procurement, Construction and Commissioning of Substations, Field Auxiliary Rooms, Operator Shelter Buildings and Local Control Building contract.

As part of the Group's on-going de-gearing initiatives, the Group had disposed of an industrial building for a cash consideration of RM18 million in January 2019 and also divested two parcels of undeveloped land in Klang, Selangor for total cash proceeds of RM109.7 million during the financial year.

In September 2019, the Company established a new Perpetual Sukuk Musharakah programme of RM1.0 billion in nominal value, which has been accorded a rating of "A (Stable)" by Malaysian Rating Corporation Berhad. The purpose of this programme is to raise alternative funding to finance the Group's working capital requirements as well as to refinance the Group's borrowings. On 27 September 2019, the Company successfully issued two tranches of Perpetual Sukuk Musharakah totalling to RM617.0 million in nominal value and early redeemed RM616.80 million nominal value of the Company's Medium-Term Notes, which were maturing in April and August 2020.

CHAIRMAN'S STATEMENT
cont'd

PROSPECTS

For the current financial year, the performance of the Group would inevitably be affected by the Covid-19 pandemic which had started early this year. The Movement Control Order ("MCO") which came into effect on 18 March 2020 had resulted in significant restriction in business activities and drop in demand for the Group's products and services. The extent of the impact of the Covid-19 pandemic on the Group's financial results would depend on various factors, including the speed of economic recovery, both domestically and internationally, as well as when the Covid-19 pandemic can be successfully curtailed.

As the Group navigates through the challenges ahead, emphasis will continue to be given to prioritise the safety and well-being of our staff, customers, business associates as well as the general public and communities in which we operate. Focus will also be given to maintain a healthy financial and cashflow position for the Group during these trying times.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I wish to extend my deepest gratitude and thanks to the management team and all staff of the Group for their dedication 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 co-operation and 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
18 June 2020

1 *Restated following the change in accounting policy on the capitalisation of borrowing costs and the reclassification of certain development costs from an investment property to inventory properties as disclosed in Note 54 to the financial statements.*

MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Since WCT's inception in 1981, the Group has been involved in the business of building a broad range of iconic buildings and notable infrastructure projects both locally and internationally and has since diversified into property development, investment and management with focus in retail malls, commercial offices, hotels as well as aviation related infrastructure and facilities.

The Group's key businesses - Engineering and Construction, Property Development and Property Investment and Management had delivered satisfactory financial performance in 2019 despite the challenging macroeconomic conditions and weak property market.

Having secured a strong order book, with outstanding value of about RM6.1 billion as at the beginning of 2019, our Engineering and Construction Division had focused more on careful planning and project execution, whilst successfully completed and handed over three projects during the financial year. The Group's Property Development Division continued to intensify its marketing and sales initiatives and managed to achieve higher sales volume in 2019 of RM322 million as compared to RM147 million in 2018. The Property Investment and Management Division continued to register improvement in its financial results whilst enjoying higher level of occupancy.

The Group believes in progressing towards becoming a sustainable organisation that helps shape a better tomorrow. In 2019, we strengthened our sustainability governance by setting up the Board Risk and Sustainability Committee and commenced a more strategic approach in our sustainability efforts by enhancing the tracking of our material sustainability matters, including the tracking of construction materials usage, energy and water consumption, waste management and social metrics such as workforce data and occupational, safety and health performances. Our sustainability efforts covering the economic, environmental and social goals in 2019 are highlighted in the Sustainability Statement on page 37 of this Annual Report.

WCT Group's Headquarters, Paradigm Petaling Jaya

GROUP FINANCIAL REVIEW

Financial Performance

For the financial year ended 31 December 2019 ("FY2019"), the Group reported a lower revenue of RM1.84 billion, which is 20% below the revenue of RM2.30 billion registered a year ago. The Group registered a loss attributable to equity holders of RM27.3 million as compared to the preceding year's profit of RM106.0 million (restated[1]) mainly due to provision for additional losses following the unfavourable final arbitral award in relation to a completed construction project in Qatar ("Final Arbitral Award"), lower profit contribution as a result of recently completed construction projects and projects which were nearing completion, higher finance costs as well as lower fair value gain on investment properties in FY2019 as compared to the financial year ended 31 December 2018 ("FY2018").

The Group's segmental financial results for FY2019 and FY2018 are set out below: -

Segmental Review	Engineering and construction RM'000	Property development RM'000	Property investment and management RM'000	Total RM'000
31 December 2019				
Revenue	1,285,644	346,501	203,470	1,835,615
Revenue contribution (%)	70%	19%	11%	100%
(Loss)/profit from operations	(17,661)	95,004	116,170	193,513
Operating (loss)/profit contribution (%)	(9%)	49%	60%	100%
31 December 2018 (Restated)[1]				
Revenue	1,845,587	254,928	196,198	2,296,713
Revenue contribution (%)	80%	11%	9%	100%
Profit from operations	136,746	42,176	141,654	320,576
Operating profit contribution (%)	43%	13%	44%	100%

Engineering and Construction Division

For the FY2019, this Division recorded revenue of RM1.29 billion as compared to RM1.85 billion in FY2018 mainly due to lower level of construction activities during the year as a result of certain recently completed projects and projects which were nearing completion, whilst the new construction jobs are still in the early stages. On the back of lower revenue, this Division registered an operating loss of RM17.7 million for FY2019 (FY2018: operating profit of RM136.7 million) primarily due to the provision for additional losses of RM146.7 million, following the unfavourable Final Arbitral Award in relation to a completed construction project in Qatar and lower profit contribution as a result of certain recently completed projects and projects which are nearing completion.

Property Development Division

Revenue and operating profit from this Division for FY2019 improved to RM346.5 million (FY2018: RM254.9 million) and RM95.0 million (FY2018: RM42.2 million (restated[1])) respectively. The higher revenue and operating profit were mainly due to the higher revenue and profits from the sale of undeveloped lands in FY2019 of RM118.0 million and RM91.3 million respectively.

Reflecting the weak property market conditions, this Division had taken up additional impairment losses arising from marking down the book value of some of its unsold property stocks and land held for property development amounting to RM9.3 million and RM13.3 million, respectively in FY2019 (as compared to RM7.2 million and RM11.2 million, respectively in FY2018) to better reflect the fair value of these properties.

MANAGEMENT DISCUSSION & ANALYSIS
cont'd

Property Investment and Management Division

The Property Investment and Management segment recorded higher revenue of RM203.5 million, marking an improvement from the preceding financial year (FY2018: RM196.2 million). The higher revenue is mainly contributed by the improved occupancy level of Paradigm Mall in Johor Bahru and higher rental income from the Bukit Tinggi Shopping Mall in Klang. This Division registered lower operating profit of RM116.2 million (FY2018: RM141.7 million) mainly because during FY2018, there was higher fair value gain on investment properties of RM176.9 million and recognition of income arising from the receipt of government facilitation funds for the infrastructure costs incurred for Paradigm Mall Johor Bahru ("Paradigm Mall JB") amounting to RM21.0 million.

Analysis of Consolidated Financial Position as at 31 December 2019 and 2018

As at 31 December	2019 RM'000	2018 RM'000 (Restated)	Variance
Non-current assets	5,599,857	5,386,765	4%
Current assets	3,220,321	3,259,930	-1%
Assets classified as held for sale	-	32,383	-100%
Total Assets	8,820,178	8,679,078	2%
Non-current liabilities	2,679,929	3,316,269	-19%
Current liabilities	2,418,737	2,189,897	10%
Total Liabilities	5,098,666	5,506,166	-7%
Total Equity	3,721,512	3,172,912	17%

Total Assets

At the end of FY2019, the Group's total assets stood at RM8.8 billion, representing an increase of 2% as compared to the preceding financial year end. The non-current assets of the Group grew from RM5.4 billion as at end of FY2018 to RM5.6 billion as at end of FY2019 mainly due to the increase in the property development costs incurred and the recognition of right-of-use of assets in relation of certain properties under long-term lease in FY2019. The current assets of the Group reduced from RM3.3 billion to RM3.2 billion primarily due to higher collection from trade debtors, and lower levels of contract assets and inventories.

Total Liabilities

The Group's total liabilities recorded a decrease of 7% from RM5.5 billion as at end of FY2018 to RM5.1 billion as at end of FY2019. The decrease was mainly due to decrease in borrowings and trade payables.

Borrowings decreased by RM528.3 million mainly due to the early redemption of RM616.80 million nominal value of Medium-Term Notes, following a fund-raising exercise involving the issuance of Perpetual Sukuk Musharakah totalling RM617.0 million in nominal value during the financial year ("Perpetual Sukuk Musharakah").

An analysis of the maturities of the Group's borrowings as at end of FY2019 is as follows: -

	Within 1 year RM'000	1-2 years RM'000	> 2 years RM'000	Total RM'000
Hire purchase payables	17,231	16,407	11,264	44,902
Revolving credits	839,782	-	-	839,782
Term loans	137,940	154,022	433,755	725,717
MTN	183,250		-	183,250
Sukuk Murabahah	-	100,000	1,210,000	1,310,000
Bankers' acceptances	27,160	-	-	27,160
Total	1,205,363	270,429	1,655,019	3,130,811
Percentage	38%	9%	53%	

MANAGEMENT DISCUSSION & ANALYSIS
cont'd

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 FY2019 stood at 0.67 time (FY2018: 1.03 times). The Group is continuously working towards reducing its gearing level via various de-gearing initiatives, which include 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.

Equity

The total equity of the Company as at end of FY2019 increased by 17% to RM3.72 billion (FY2018: RM3.17 billion) mainly due to the issuance of the Perpetual Sukuk Musharakah, totalling RM617 million in nominal value, which is classified as equity of the Company.

Liquidity

At the end of FY2019, the Group's current ratio, a yardstick that measures the state of the Group's financial liquidity, stood at 1.33 times (FY2018: 1.49 times). The current ratio of 1.33 times indicates that the Group has adequate liquidity to meet its short-term financial obligations.

Consolidated Cash Flow Analysis

	RM'000
Net cash generated from operating activities	330,235
Net cash generated from investing activities	30,793
Net cash used in financing activities	(116,224)
Net increase in cash and cash equivalents	244,804

Net cash generated from operating activities

The Group registered an improvement in its net cashflow from its operating activities, mainly due to higher collection of trade receivables for certain projects undertaken by the Group. Further, the higher sales of unsold properties and undeveloped land during the year have also contributed positively to the Group's operating cashflows.

Net cash generated from investing activities

The Group's net cash inflows from investing activities were largely due to interest income earned on cash holdings, dividend income received from joint ventures and associates, as well as proceeds from the disposal of property, plant & equipment during the financial year.

Net cash used in financing activities

The Group registered a net cash outflow in its financing activities mainly due to the early redemption of RM616.8 million nominal value of Medium-Term Notes and scheduled repayments of term loans amounting to RM115.5 million and payment of interest expenses during the year. During FY2019, the Company had issued RM617.0 million nominal value of Perpetual Sukuk Musharakah and drawn down of additional credit facilities amounting to RM228.2 million.

Dividends

The Company is committed to pay annual dividends to its shareholders. The quantum of dividend is determined by the Board of Directors of the Company after taking into consideration the financial performance of the Group, the availability of retained earnings, capital commitments and the level of available funds of the Group before and after any declaration and payment of dividends to the shareholders of the Company.

For the FY2019, the Board has recommended a share dividend via a distribution of treasury shares on the basis of one (1) treasury share for every one hundred (100) ordinary shares in the Company held by the entitled shareholders on 12 August 2020, subject to obtaining the approval of the shareholders of the Company at the forthcoming 9th Annual General Meeting of the Company.

During FY2019, 27,626,878 treasury shares were distributed to the shareholders of the Company on the basis of two (2) treasury shares for every one hundred (100) existing ordinary shares held in the Company as at 18 June 2019.

MANAGEMENT DISCUSSION & ANALYSIS
cont'd

REVIEW OF OPERATING ACTIVITIES - ENGINEERING AND CONSTRUCTION

The construction sector recorded higher growth of 1.0% (3Q 2019: -1.5%) in the fourth quarter of 2019 with higher civil engineering activities, which was mainly attributable to the improved residential sub-sector with increased affordable housing activities. The construction sector was also supported by transportation projects and higher growth in special trade sub-sector due to ongoing solar projects and higher installation and finishing works from the completion of petrochemical and mixed development projects. *(Source: BNM Quarterly Bulletin – Fourth Quarter 2019, Bank Negara Malaysia).*

Post the 14th General Election in 2018, the local construction industry landscape slowed down with slower roll-out of new construction contracts as a result of reviews on several mega projects and public infrastructure spending cuts. Despite experiencing a challenging year in terms of new contracts procurement, our Engineering and Construction Division continues to be the Group's main contributor of revenue, accounting for 70% of the Group's consolidated revenue. The Division's well-balanced portfolio of building, civil and infrastructure works is backed by a strong order book, with outstanding value of about RM5 billion as of end of 2019.

During the financial year, the Division successfully completed the 20-storey Police Quarters project at Ulu Kelang, Selangor which consists of 300 units of police quarters along with complete facilities and amenities. Additionally, the Division completed two civil works packages under Petronas's Refinery and Petrochemical Integrated Development ("RAPID") in Pengerang, Johor. The two packages are Package 20C1 for the construction of the Common Construction Access and Permanent Roads worth RM341.9 million and Package 14-1702 for the Engineering, Procurement, Construction and Commissioning of Substations, Field Auxiliary Rooms, Operator Shelter Buildings and Local Control Building worth RM316.0 million.

Police Quarters - Ulu Kelang, Selangor, Malaysia

Package 14-1702 - Petronas RAPID Pengerang Site

MANAGEMENT DISCUSSION & ANALYSIS
cont'd

The Division was accorded the highest 5-Star Rating for Safety and Health Assessment System in Construction ("SHASSIC") achievement by CIDB Malaysia for its involvement in the West Coast Expressway (Taiping – Banting) project and Mass Rapid Transit 2 ("MRT2") Package S204 project for construction and completion of elevated stations and other associated works at Kuchai Lama and Taman Naga Emas.

5-Star Rating in SHASSIC

West Coast Expressway (Taiping – Banting)

MRT2 Package S204

Highway Concessions

The Group's investment in the two highway projects under the Build-Operate-Transfer concessions in India namely the 64-km Panagarh-Palsit Expressway ended in 2019, while the Durgapur Expressway in West Bengal, India will end in 2020.

MANAGEMENT DISCUSSION & ANALYSIS
cont'd

REVIEW OF OPERATING ACTIVITIES - PROPERTY DEVELOPMENT

In the first half of 2019, the Malaysian property market remained resilient with a marginal increase of 6.9% in volume and 0.8% in value with a total of 160,172 transactions compared to 149,862 transactions in 1H2018. Based on the data, the residential sub-sector has contributed significantly with 62.4% market share of the overall property market. *(Source: National Property Information Centre - NAPIC).*

The sector was spurred by several government-driven initiatives amid the market conditions and high volume of unsold property units in the property market. The initiatives include the Rent-To-Own Financing Scheme, Home Ownership Campaign, Bank Negara Fund for Affordable Homes, Youth Housing Scheme, lowering of the foreign ownership threshold on high rise property prices and the revision of the Real Property Gain Tax treatment on disposal of properties after five years. *(Source: Budget 2020, Bank Negara Malaysia).*

In 2019, the Group's Property Development Division had ramped up its marketing and promotional efforts, which resulted in improved sales performance. The Division recorded RM322 million in property sales, marking a surge of 120% from RM147 million recorded in the financial year 2018. The increased property sales were backed by strong strategic planning of marketing campaigns, better product positioning and aggressive sales initiatives of its completed and ongoing projects to new and effective sales channels.

On-going Projects

Waltz Residences is a freehold residential tower located within a 63-acre integrated commercial development in Kuala Lumpur. This development comprises 419 units of single and dual-key homes and is spread over two wings, the 38-storey North Wing and the 33-storey South Wing. Targeted to complete by June 2020, Waltz Residences has an estimated GDV of RM467.8 million with a take-up rate of 68% as of end 2019.

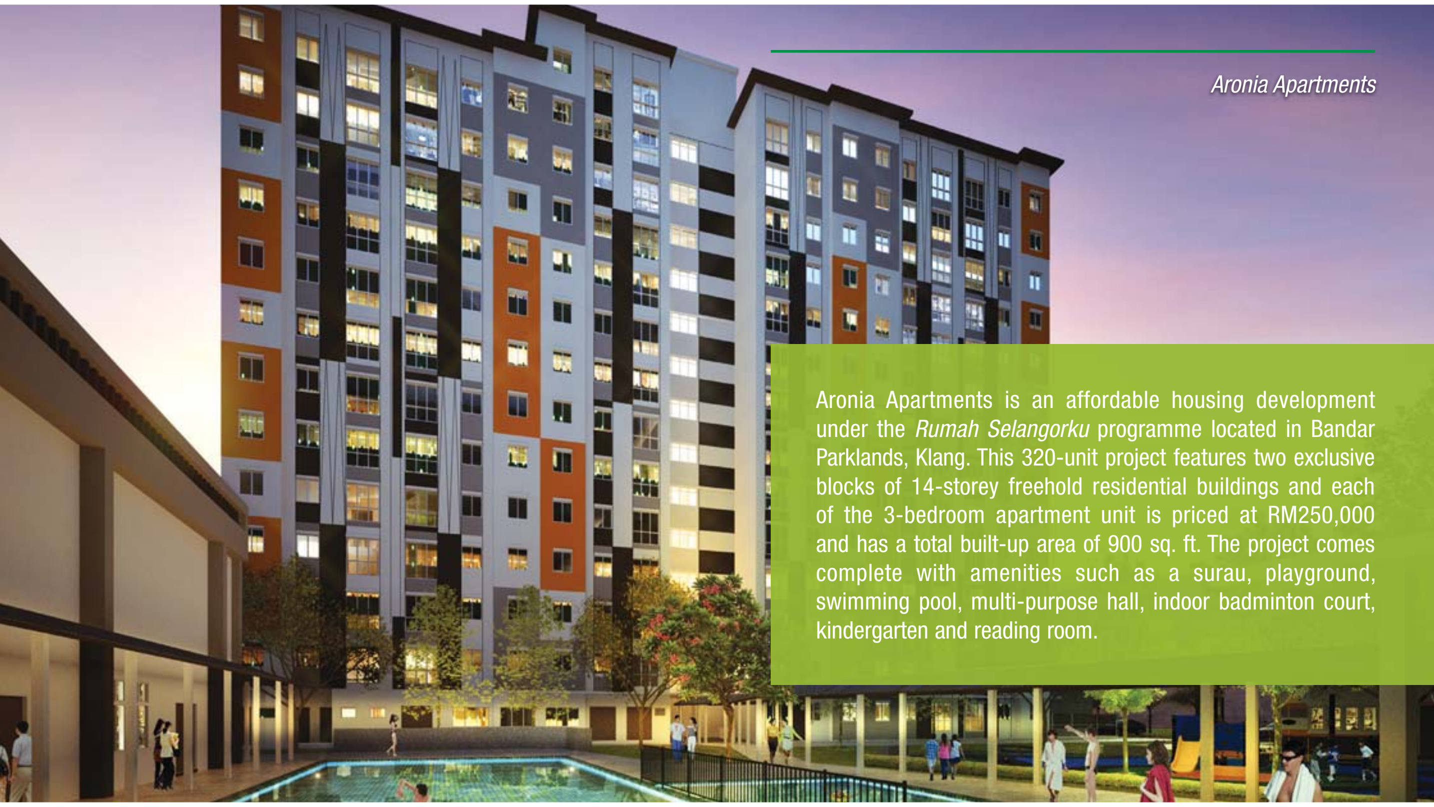
Waltz Residences

MANAGEMENT DISCUSSION & ANALYSIS
cont'd

During the financial year under review, the Group launched two new property projects, namely the Paradigm Residence Johor Bahru in Johor and the Aronia Apartments in Klang, Selangor.

Paradigm Residence Johor Bahru

Paradigm Residence Johor Bahru is a 263-unit freehold service residence featuring four layouts ranging from 530 - 1,123 square feet ("sq. ft.") The development is located above Paradigm Mall JB and next to a proposed 200-room hotel to be known as Hyatt Place Johor Bahru, Paradigm Mall, that is set to open in 2022. This 30-storey development is expected to complete by end of 2022 and has an estimated GDV of RM178.6 million with a take-up rate of 62% as of end 2019.



Aronia Apartments

Aronia Apartments is an affordable housing development under the *Rumah Selangorku* programme located in Bandar Parklands, Klang. This 320-unit project features two exclusive blocks of 14-storey freehold residential buildings and each of the 3-bedroom apartment unit is priced at RM250,000 and has a total built-up area of 900 sq. ft. The project comes complete with amenities such as a surau, playground, swimming pool, multi-purpose hall, indoor badminton court, kindergarten and reading room.

MANAGEMENT DISCUSSION & ANALYSIS
cont'd

REVIEW OF OPERATING ACTIVITIES - PROPERTY INVESTMENT AND MANAGEMENT

In the fourth quarter of 2019, it was reported that private consumption growth increased to 8.1% (3Q 2019: 7.0%) and was mainly derived from positive income and employment growth. The growth was supported by sustained spending on necessities, such as food and transportation, and leisure-related expenditure such as restaurants and hotels and recreational services. *(Source: Bank Negara Malaysia via the BNM Quarterly Bulletin – Fourth Quarter 2019).*

The Group's Property Investment and Management Division manages five retail malls/ centre, two hotels and an aviation-related infrastructure and facilities known as the SkyPark Aviation at the Sultan Abdul Aziz Shah Airport, Subang. The retail malls/ centre include the Bukit Tinggi Shopping Centre in Klang, Paradigm Mall in Petaling Jaya, Paradigm Mall in Johor Bahru, the airport mall known as gateway@klia2 and Skypark Terminal in Subang, while the hotels include the Première Hotel in Klang and New World Hotel in Paradigm Petaling Jaya.

Retail Malls

The performance of the Malaysian retail industry is largely driven by internal and external market environment and the retail growth rate had remained moderate in 2019. The Group stayed focused on generating strong operational cash flows from its retail malls/ centre by maintaining high levels of occupancy and driving customer retention and footfalls to the malls through selective asset enhancement initiatives ("AEI") and organising key events in the malls. During the year, Paradigm Mall JB earned three entries into the Malaysia Book of Records through its on-ground events and activities namely, the 'Biggest Cat's Meow Inflatable Playground in Malaysia', 'Largest Number of Balloons Dropped in An Event' and 'Biggest Upside-Down Christmas Tree', while Paradigm Mall PJ and gateway@klia2 earned an entry each during Christmas with the 'Most Number We Bare Bears on a Christmas Tree' and 'Biggest Jenga Replica in Malaysia' respectively.

Paradigm Mall PJ underwent its first major AEI works in 2018 since its opening where the retail offerings were enhanced and parts of the mall were also reconfigured to reflect a contemporary design. The mall is set to further strengthen its position as a 'funtertainment mall' with the impending opening of an indoor challenge park at the Boulevard area. During the financial year under review, Paradigm Mall PJ with retail lettable area of 659,000 sq. ft. recorded an occupancy rate of about 98% and approximately 15 million footfall. In June 2019, Paradigm Mall PJ was the proud recipient of The BrandLaureate Community Leadership Brand Award for 'Best Neighbourhood Mall 2018 – 2019', signifying Paradigm Mall PJ's brand promise in delivering the best mall service and its contribution to the community.

The Group's largest retail mall, Paradigm Mall JB with a net lettable area of close to 1.3 million sq. ft. in Johor Bahru, opened its doors in November 2017. 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. In 2019, Paradigm Mall JB recorded a healthy occupancy rate of 94% and visitor footfall of approximately 22 million.

gateway@klia2, the Group's LEED Silver Certified airport mall with retail lettable area of 383,000 sq. ft. was officially opened in May 2014. This mall is the "gateway" to klia2 airport terminal in Sepang with a vibrant and diverse retail offering, including relaxation lounges and over 60 food and beverage outlets. The mall provides one-stop convenience to travellers and the surrounding neighbourhood and

MANAGEMENT DISCUSSION & ANALYSIS
cont'd

Paradigm Petaling Jaya development comprising the mall, New World Hotel, The Azure Residences, Sapphire Paradigm service apartment and The Ascent corporate office tower.

also houses the transportation hub connecting klia2 to the Kuala Lumpur City Centre via buses, taxis and the Express Rail Link. In 2019, the mall enjoyed a healthy occupancy rate of 96% and recorded visitor footfall of approximately 43 million.

SkyPark Terminal at the Sultan Abdul Aziz Shah Airport, Subang is strategically located approximately 30 minutes from the Kuala Lumpur City Centre. The airport terminal services Firefly and Malindo Air flights and caters to the airline passengers from the surrounding areas. SkyPark Terminal's carpark was recently upgraded for approximately RM1.7 million with improved traffic management and enhanced security features such as installation of LED lighting, panic buttons, surveillance system as well as provision of a designated women-only parking zone to elevate the accessibility and safety of the carpark.

MANAGEMENT DISCUSSION & ANALYSIS
cont'd

Hotels

In 2019, it was reported that the Kuala Lumpur hospitality industry recorded the lowest revenue per available room and hotel operators and owners faced the challenge of increasing footfalls to its premises despite the arrival of 20.11 million tourists in 2019 *(Source: STR Inc and Tourist Arrivals, Tourism Malaysia).* The drop in revenues experienced by the hospitality industry were mainly due to the increase in supply of new hotels and short-term rental units at residential homes and has had an impact on our Group's hotels.

The Group's maiden hotel in Klang, Première Hotel is a 250-room 4-star corporate hotel in Klang. In 2019, the hotel recorded lower average occupancy rate of 47% as compared to the average occupancy rate of 55% achieved in 2018. The hotel received the BeSS – *Bersih, Selamat dan Sihat* (Clean, Safe and Healthy) award from the Ministry of Health Malaysia for three of the hotel's outlets – The Buzz, Royal Gourmet and Ichi Poolbar.

New World Petaling Jaya Hotel, the Group's second hotel at Paradigm PJ is a 5-star hotel featuring 300 spacious and bamboo floored guestrooms, eight meeting rooms and a 1,700 square-metre pillarless banquet facility which can cater up to 1,000 pax. The hotel also offers guests an exquisite dining experience at Pasar Baru, The Lounge and PJ's Bar & Grill at the hotel's rooftop. In 2019, the hotel recorded an average occupancy rate of 50%.

The Buzz at Première Hotel

Hotel Lobby at New World Petaling Jaya Hotel

MANAGEMENT DISCUSSION & ANALYSIS
cont'd

SkyPark Aviation

The SkyPark Aviation services and facilities at the Sultan Abdul Aziz Shah Airport, Subang offer a one-stop and comprehensive list of private aviation handling amenities. The services comprise fixed-based operation services of 24/7 operations coordination centre, trips support, crew facilities, private VIP rooms, ground handling and support services such as in-flight kitchen catering services, laundry and dish washing services, aircraft disinfection, line maintenance, transit and overnight handling as well as customs, immigration & quarantine ("CIQ") clearance. The integrated hangarage facilities, apron space for aircraft positioning and short and long-term aircraft parking and the hangar complex which provides meeting, conference and event facilities are 24/7 Aviation Security ("AVSEC") guarded. Other services include aircraft washing, polishing, deep cleaning and painting services.

Hangarage facilities at SkyPark Regional Aviation Centre

GROUP OUTLOOK

The Covid-19 pandemic is severely affecting Malaysia's 2020 economic prospects. The strict measures to contain the spread of the pandemic domestically has affected both external demand and domestic growth, particularly consumer-oriented and labour-intensive industries, including services sectors providing consumer services and the construction sectors. Following the implementation of the Movement Control Order ("MCO") which came into effect on 18 March 2020 and subsequently the Conditional MCO on 4 May 2020, the Malaysian economy is expected to contract in the second quarter and will gradually pick up in 2H 2020 with support from fiscal, monetary and financial measures and progress in transport-related projects by the public sector. In 2021, the Malaysian economy is expected to register a positive recovery, in line with the projected improvement in global growth. *(Source: BNM Quarterly Bulletin – First Quarter 2020, Bank Negara Malaysia).*

For the current financial year ending 31 December 2020, the performance of the Group is expected to be affected by the Covid-19 pandemic. The MCO had resulted in significant restriction in business activities across all the business segments of the Group. Whilst construction works have resumed during the Conditional MCO period, the level of activities on site is expected to be generally lower as the Group adopts more stringent preventive measures to mitigate the viral transmission and safeguard the wellbeing of our workers and employees.

The Covid-19 pandemic and recent implementation of the MCO have also further resulted in a significant drop in demand for the Group's products and services, including the lower sales of property units, drop in consumer spending and shopper footfall in our retail malls as well as temporary suspension of our hotel operations.

The extent of impact of the Covid-19 pandemic on the Group's financial results remain uncertain at this juncture, as it would depend on various factors, including the speed of economic recovery, both domestically and internationally, as well as when Covid-19 pandemic can be effectively curtailed.

In order to navigate through this challenging time, the Group has started implementing various cost cutting initiatives to mitigate the impact of the decline in revenue.

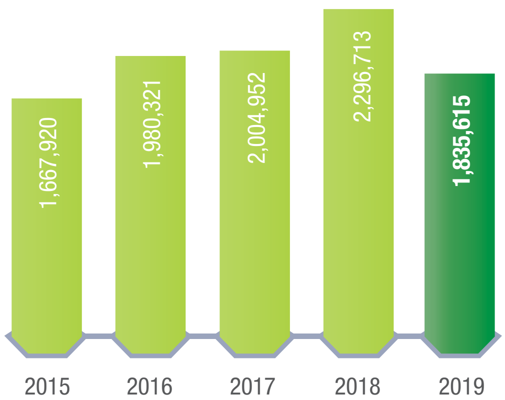
The Group's Engineering and Construction Division is expected to continue to be supported by its outstanding orderbook of over RM5 billion and to focus on project execution to deliver sustainable level of financial results. The recently secured building construction job worth RM1.2 billion for the superstructure works for Phase 2 of Pavilion Damansara Heights in March 2020 has further strengthen the Group's outstanding orderbook.

For the Group's property development as well as property investment activities, the Group will endeavour to reposition its sales and marketing efforts, including to leverage on new technologies and marketing channels to drive the future sales and revenue.

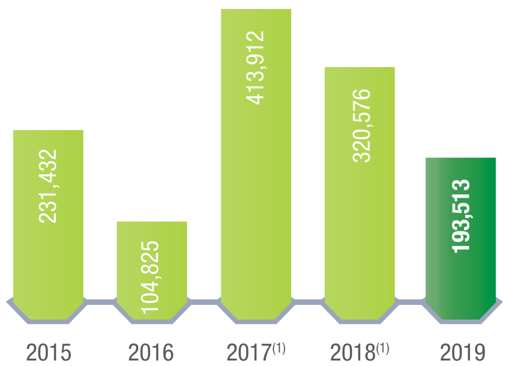
1 *Restated following the change in accounting policy on the capitalisation of borrowing costs and the reclassification of certain development costs from an investment property to inventory properties as disclosed in Note 54 to the financial statements.*

FINANCIAL HIGHLIGHTS

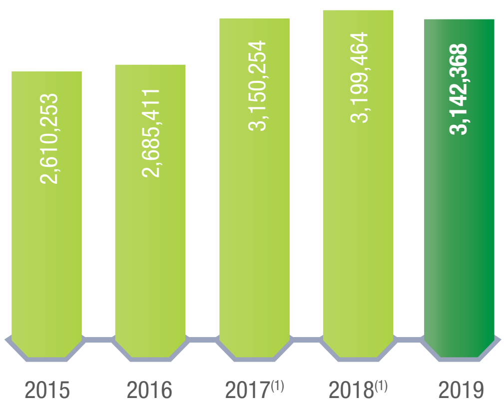
REVENUE
RM'000



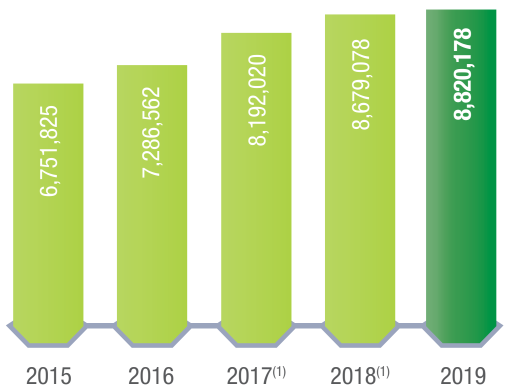
PROFIT FROM OPERATIONS
RM'000



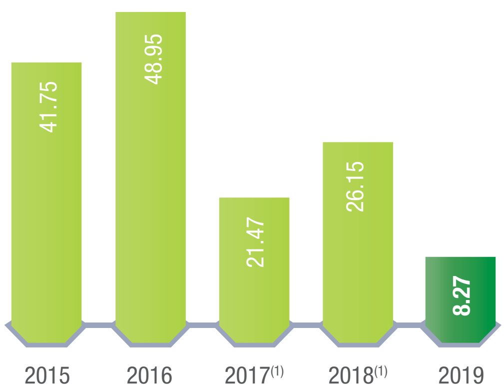
SHAREHOLDERS' FUND
RM'000



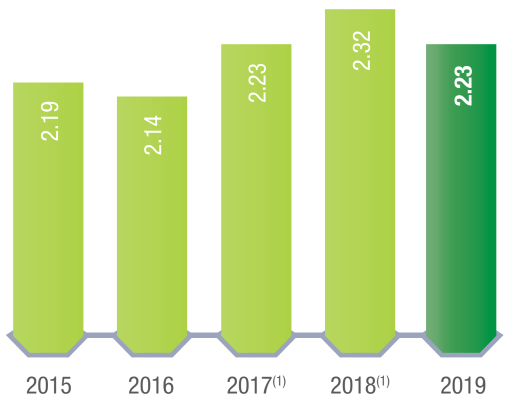
TOTAL ASSETS
RM'000



DIVIDEND PAYOUT RATIO
%



NET ASSETS PER SHARE
RM



FINANCIAL HIGHLIGHTS
cont'd

		2019	Restated 2018(1)	Restated 2017(1)	2016	2015
Revenue						
Engineering and construction	RM' 000	1,285,644	1,845,587	1,501,531	1,625,217	1,278,257
Property development	RM' 000	346,501	254,928	426,435	293,349	328,553
Property investment and management	RM' 000	203,470	196,198	76,986	61,755	61,110
Total revenue	RM' 000	1,835,615	2,296,713	2,004,952	1,980,321	1,667,920
(Loss)/profit from operations						
Engineering and construction	RM' 000	(17,661)	136,746	44,252	8,441	129,922
Property development	RM' 000	95,004	42,176	82,548	70,300	68,974
Property investment and management	RM' 000	116,170	141,654	287,112	26,084	32,536
Total profit from operations	RM' 000	193,513	320,576	413,912	104,825	231,432
(Loss)/profit attributable to equity holders of the Company	RM' 000	(27,321)	106,021	240,364	(4,933)	209,376
Issued share capital	RM' 000	3,212,796	3,210,984	3,210,132	631,061	600,410
Shareholders' fund	RM' 000	3,142,368	3,199,464	3,150,254	2,685,411	2,610,253
Total assets	RM' 000	8,820,178	8,679,078	8,192,020	7,286,562	6,751,825
(Loss)/earnings per share	Sen	(1.95)	7.59	17.56	(0.04)	18.37
Net assets per share	RM	2.23	2.32	2.23	2.14	2.19
Return on total assets	%	(0.39%)	0.51%	2.90%	(0.11%)	3.06%
Net gearing ratio	times	0.67	1.03	0.87	0.93	0.78
Price Performance						
Ordinary Share						
High	RM	1.19	1.83	2.49	1.95	1.78
Low	RM	0.667	0.67	1.48	1.45	1.10
Close	RM	0.87	0.675	1.62	1.73	1.61
Warrant 2015/2020 (WCT-WE)						
High	RM	0.18	0.31	0.570	0.225	0.28
Low	RM	0.035	0.045	0.180	0.165	0.13
Close	RM	0.04	0.055	0.265	0.185	0.19

(1) Restated following the change in accounting policy on the capitalisation of borrowing costs and the reclassification of certain development costs from an investment property to inventory properties as disclosed in Note 54 to the financial statements.

PROFILE OF DIRECTORS

TAN SRI LIM SIEW CHOON*
Executive Chairman
Malaysian/Male/Age: 60

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 36 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 direct shareholdings in the Company and indirect equity interest held by Dominion Nexus Sdn Bhd.

DATO' LEE TUCK FOOK
Group Managing Director
Malaysian/Male/Age: 66

Dato' Lee Tuck Fook was appointed to the Board on 2 November 2016 as a 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 a Non-Independent 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. He also sits on the board of directors in several private limited companies which are involved in property development, retail management and operations.

Dato' Lee is a member of the Options Committee and act as an Adviser to the Management Committee of the Company.

GOH CHIN LIONG
Deputy Managing Director
Malaysian/Male/Age: 61

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 of the Company.

PROFILE OF DIRECTORS
cont'd

LIANG KAI CHONG
Executive Director
Malaysian/Male/Age: 58

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 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 of the Company.

TAN SRI MARZUKI BIN MOHD NOOR*
Independent Non-Executive Director
Malaysian/Male/Age: 72

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 serves as a member of the Board Risk and Sustainability Committee and Nomination & Remuneration Committee of the Company. He is also the Senior Independent Non-Executive Director of the Company.

PROFILE OF DIRECTORS
cont'd

DATUK AB WAHAB BIN KHALIL
Independent Non-Executive Director
Malaysian/Male/Age: 71

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.

Served as Adjunct Professor at the Faculty of Business and Management UiTM and Arshad Ayub Graduate Business School UiTM. Adviser to the Institute of Business Excellence UiTM.

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

DATO' NG SOOI LIN*
Independent Non-Executive Director
Malaysian/Male/Age: 65

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 chairs the Board Risk and Sustainability Committee and is a member of the Audit Committee and Nomination & Remuneration Committee of the Company.

PROFILE OF DIRECTORS
cont'd

NG SOON LAI @ NG SIEK CHUAN
Independent Non-Executive Director
Malaysian/Male/Age: 66

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 the chairman of the Options Committee and serves as a member of the Audit Committee of the Company.

RAHANA BINTI ABDUL RASHID
Independent Non-Executive Director
Malaysian/Female/Age: 59

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 (M) Berhad, 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 and Board Risk and Sustainability Committee of the Company.

Notes:

Save as disclosed in their respective profile and the related party transactions as disclosed in Section 4 & 5 under Other Disclosures of this Annual Report, none of the Directors have:

(i) any family relationship with any Director and/or major shareholder of the Company.
(ii) any conflict of interest with the Company.
(iii) been convicted of any offences within the past 5 years other than traffic offences, if any.
(iv) been imposed with any public sanction or penalty 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 Constitution and being eligible, are offering themselves for re-election.*

PROFILE OF KEY SENIOR MANAGEMENT

NG ENG KEAT
Director of Construction
Malaysian/Male/Age: 55

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: 50

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, 11Mont'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:50

Ms Selena Chua joined WCT Group as the Chief Executive Officer for malls managementon 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's portfolio i.e. Paradigm Mall in Petaling Jaya, the airport mall - gateway@klia2 and SkyPark Terminal 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 of 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
Chief Operating Officer
Malaysian/Male/Age: 47

Mr Chong joined WCT Group as Assistant Development Manager in April 2004 and was subsequently promoted as the Chief Operating Officer of Property Division on 1 July 2019. 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 a mixed commercial and residential 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 a high-end landed property project in Kota Kinabalu, Sabah.

NG CHEE KIET
Director of Corporate Strategy
Malaysian/Male/Age: 50

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 28 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: 51

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.

PROFILE OF KEY SENIOR MANAGEMENT
cont'd

KHOR LOKE YEW
Director of Legal Affairs and Secretarial
Malaysian/Male/Age: 51

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: 46

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: 58

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 position of Senior Human Resources And Administration Manager in 2004 and subsequently assumed the current position on 1 January 2017. Ms Wong primarily oversees the Group's human resources and administration matter of Engineering and Construction Division.

Notes:

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

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

CORPORATE DIARY 2019/2020

JANUARY 2019

A True Food Haven

On 2 January 2019, Paradigm Mall Petaling Jaya marked a significant milestone with the opening of a 15,473 square feet food haven located on Level LG following the completion of the first phase of its Asset Enhancement Initiatives. Aptly named Food Arcade, shoppers are spoilt for dining choices with close to 20 authentic local and international cuisines at the Halal food court.

FEBRUARY 2019

A Spectacular Chinese New Year at WCT

In February 2019, WCT Group played host to spectacular lion dance performance at various WCT offices which included WCT headquarters at The Ascent Paradigm, WCT Malls, Première Hotel Klang and New World Petaling Jaya Hotel to mark the Chinese New Year festivities.

CORPORATE DIARY 2019/2020
cont'd

FEBRUARY 2019

Opening of WCT Property Gallery (JB)

The Group proudly opened the doors of its new sales gallery – WCT Property Gallery (JB) on 16 February 2019. Located on Level UG of Paradigm Mall Johor Bahru, the new sales gallery offers potential home buyers an insight into the Company's upcoming projects in Johor.

MARCH 2019

A Showcase of Excellence

From 19 to 21 March 2019, WCT Berhad proudly showcased its portfolio, expertise and achievements at the 7th Ecobuild Southeast Asia 2019 co-locating with ASEAN Super 8 and International Construction Week ("ICW") held at the Malaysia International Trade & Exhibition Centre ("MITEC") in Kuala Lumpur.

APRIL 2019

WCT Berhad Secures Sub-Contract Works

On 1 April 2019, WCT Berhad secured a sub-contract works worth RM119.4 million from Domain Resources Sdn Bhd in relation to the Pavilion Bukit Jalil Mall commercial development project.

JUNE 2019

Eighth Annual General Meeting ("AGM")

The Company's Eighth AGM was held at Première Hotel Klang on 12 June 2019 and all the resolutions tabled at the AGM were duly approved by the shareholders.

Hotel Management Agreement Signing Ceremony

WCT had on 20 June 2019 entered into a hotel management agreement with Hyatt to develop a Hyatt Place Johor Bahru, Paradigm Mall. Expected to open in 2022, the select-service hotel will feature 200 guestrooms, a café, swimming pool, fitness centre as well as more than 2,400 square feet (225 square meters) of meeting space.

The signing ceremony was graced by Dato' Lee Tuck Fook - Group Managing Director of WCT, Mr. Goh Chin Liong - Deputy Managing Director of WCT, Mr. Patrick Finn - Senior Vice President, Real Estate & Development and Dato' Willi Martin - Area Vice President, South East Asia of Hyatt Hotels and Resorts.

CORPORATE DIARY 2019/2020
cont'd

JUNE 2019

Paradigm Mall Petaling Jaya Wins Best Neighbourhood Mall 2018 - 2019 Award

On 26 June 2019, Paradigm Mall Petaling Jaya was the recipient of the BrandLaureate Community Leadership Brand Award for "Best Neighbourhood Mall 2018 – 2019, signifying Paradigm Mall PJ's brand promise in delivering the best mall service and its contribution to the Community.

Being the "BESS"

Première Hotel Klang, the first recipient in the Selangor region, was honoured to receive the BeSS – Bersih, Selamat dan Sihat (Clean, Safe and Healthy) award from the Ministry of Health Malaysia on 27 June 2019 for three of the hotel's outlets – The Buzz, Royal Gourment and Ichi Poolbar.

AUGUST 2019

Independent Directors' Site Visit to MRT2 V204

On 22 August 2019, WCT's Independent Directors, Datuk Ab Wahab Bin Khalil and Puan Rahana Binti Abdul Rashid accompanied by Director of Corporate Strategy, Mr. Ng Chee Kiet, Head of Internal Audit and Risk Management, En. Halmiaskandar Kasmiri, Project Director, Mr. William Hong and Project Manager, Mr. Kenny Lee made a visit to MRT2 V204 (Bandar Malaysia South Portal to Kampung Muhibbah) construction site for a better understanding on the progress of the project's infrastructure works.

Celebrating Excellent Safety Record

The MRT2 V204 project team organised a 2-day campaign on 22 & 23 August 2019 with the theme of "Safe & Sound Working Environment in the Workplace" in conjunction with the achievement of 1.5 million safe manhours without lost-time injury (LTI) as of June 2019.

Spreading the Spirit of Patriotism and Unity

This year, National Day and Malaysia Day were made special with WCT's collaboration with Projek57, an organisation that aims to nurture national unity and hope in Malaysia. WCT employees were given a handmade Unity Ribbon, a movement started by Projek57 in support of underprivileged youths, specifically Orang Asli and youth empowerment programmes. Employees proudly displayed the Unity Ribbon on their daily outfit in support of this movement of hope.

CORPORATE DIARY 2019/2020
cont'd

SEPTEMBER 2019

Unveiling Paradigm Residence Johor Bahru

Paradigm Residence Johor Bahru was officially launched at the WCT Property Gallery (JB) on 28 September 2019. Located above Paradigm Mall Johor Bahru, this 263-unit service apartment project worth RM178.6 million in gross development value recorded an encouraging take-up rate of 62% as of end 2019.

OCTOBER 2019

Happy 9th Anniversary Première Hotel Klang

An appreciation dinner was organised on 10 October 2019 to celebrate Première Hotel Klang's 9th anniversary to acknowledge the dedication and team spirit of 144 associates from different departments of the hotel.

JANUARY 2020

WCT Celebrates 39 Glorious Years in Business

On 14 January 2020, senior management and employees of WCT Group celebrated the Company's 39th Anniversary at the WCT headquarters, The Ascent Paradigm, Petaling Jaya.

FEBRUARY 2020

WCT Berhad Achieves 5-Star SHASSIC Rating

WCT Berhad was honoured to be accorded the highest 5-Star Rating in the Safety and Health Assessment System in Construction ("SHASSIC") achievement by CIDB Malaysia for the projects involved in the construction of the West Coast Expressway (Taiping – Banting) and MRT2 S204 construction and completion of elevated stations and other associated works at Kuchai Lama and Taman Naga Emas.

SUSTAINABILITY STATEMENT

Our sustainability efforts are guided by solid governance and supported by collective economic growth, focused environmental management and meaningful engagement with communities. We are driven to develop strategic sustainability approaches in our business, deliver value to our stakeholders and consistently measure our progress against the impacts we may create. This is our fourth year of sustainability disclosure, where we reflect on our current progress while reiterating our commitment to **build with the future in mind**.

Economic Growth	Maintaining project quality and good procurement processes, and contributing to the local economy
Environmental Management	Managing our projects' impact on energy, water, climate change and biodiversity
Social Performance	Ensuring a committed, safe and healthy workforce as well as positively impacting local communities

2019 Highlights

Zero Lost Time Injuries ("LTIs") in 2019 for our Engineering and Construction and Property Development Divisions	Solar lighting at construction sites - Estimated over 700,000L or RM1.7 million in fuel savings	Occupational Health and Safety System Upgrade - OHSAS 18001:2007 to ISO 45001:2018 in 2019, two years ahead of schedule
97%, or over RM275 million, of budget expenditure on local suppliers in Engineering and Construction Division	Green initiatives at retail malls and hotels - 0.36% and 2.99% reduction in water and electricity consumption respectively	5th edition of WCT KIDSS Sports Programme – Our annual community development programme benefitting 40 schoolchildren to promote active lifestyle

SCOPE

This report covers WCT Group and its core business divisions operating in Malaysia; this includes Engineering and Construction, Property Development and Property Investment and Management Divisions. Unless otherwise stated, the scope of this report covers the financial year ended 31 December 2019.

We have expanded our operational boundary this year to include SkyPark Terminal and SkyPark Aviation, which were added to our investment property portfolio in 2018. Our involvement in SkyPark Terminal includes the commercial area of the airport terminal at the Sultan Abdul Aziz Shah Airport in Subang, while SkyPark Aviation provides a comprehensive list of private aviation handling services, including fixed-based operations covering ground handling, a business aviation centre for personalised client care and a hangarage complex providing hangarage facilities and apron space for short and long-term aircraft parking.

GOVERNANCE

The Group Sustainability Committee continues to play a leading role in overseeing the implementation of WCT's sustainability strategy, and works closely with the heads of our business divisions to implement programmes and initiatives. We achieved another milestone in our sustainability governance structure in 2019 by the formation of the Board Risk and Sustainability Committee comprising four independent non-executive directors of the Company. Moving forward, we aim to further strengthen sustainability oversight at the Group level.

SUSTAINABILITY STATEMENT
cont'd

For details on WCT's corporate governance principles and practices, please refer to the Corporate Governance Overview Statement of this Annual Report, page 69.

SUSTAINABILITY GOVERNANCE

Board of Directors	Board Risk and Sustainability Committee	Group Sustainability Committee led by an Executive Director	Group Human Resources Department	QESH Department	Various projects, departments and committees
Oversight of Group's sustainability-related performance	Oversees the implementation of the Group's sustainability strategies, initiatives, policies and practices	Reviews and communicates Group strategy and implementation of sustainability	Implements Group human resources strategy and plans as well as monitors performance	Implements QESH programmes and monitors programme performance	Support and execute specific and/or ad hoc sustainability initiatives and programmes

In 2019, we re-assessed our value chain across divisions, examining how our stakeholders were impacted by our material matters within our business processes. Our Group Sustainability Committee conducted a series of workshops with our business division leaders to evaluate how sustainability could better drive growth, productivity and manage risks. We are progressively moving beyond compliance towards an aligned sustainability approach, where we track our impact.

SUSTAINABILITY STATEMENT
cont'd

ETHICS AND INTEGRITY

Ethics and integrity anchor our direction as an organisation and bind us together as a team. WCT is guided by a range of policies and codes, including, inter alia:

- **Code of Ethics for the Company Director**: The Code of Ethics provides 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 Code of Conduct & Ethics**: Standard code of conduct relating to business operations for all employees.
- **WCT Policy and Procedures on Anti-Bribery & Anti-Corruption**: Adopted by the Group in 2020 to set out policy statements and procedures against bribery and corrupt practices by the directors and employees of WCT Group, as well as persons performing services for or on behalf of the Group.
- **Whistleblowing Policy & Procedures**: Implemented by the Group in 2018 as an avenue and mechanism for any individual to report concerns they may have on any suspected and/or known improper conducts, wrongdoings, corruption, fraud and/or abuse involving any companies within the Group as well as any of its directors or employees.

A STRUCTURED APPROACH

Our integrated Quality, Safety & Health and Environmental Policy ("QSHE") underpins our approach in addressing material matters and regulatory compliance, with an alignment to our ISO management systems. Further details on the quality, environment and safety and health management systems can be accessed in our Annual Report on page 3.

STAKEHOLDERS

In addition to mapping our stakeholders' interest areas across our business, engagement through the relevant channels helps us better understand how issues impact the various stakeholder groups.

Stakeholder Groups	Engagement Platform	Areas of Interest
Board of Directors	• Quarterly Meetings • Annual General Meetings • Company reports • Compliance with stock exchange requirements • Newsletters • Surveys	Provide oversight of Group strategy against outlook while balancing risk towards achieving targeted financial and operational performance.
Employees	• Internal communications • Face-to-face meetings • Performance reviews • Code of conduct & ethics • Interviews • Community development programmes • Conferences, seminars and workshops	Prioritise health and safety practices due to the nature of our business and keenly focus on human capital development.
Customers	• Satisfaction surveys • Suggestion boxes • Social media • Newsletters	Focus on delivering products of exceptional quality in a timely manner, alongside supportive services to ensure satisfactory customer experience.

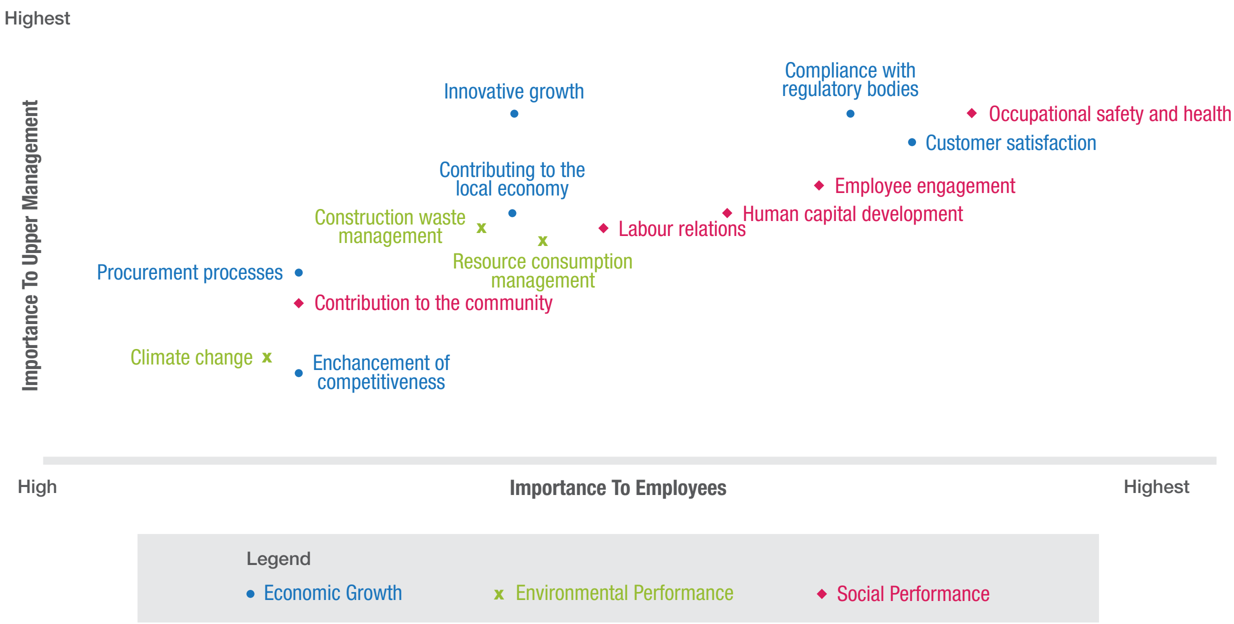
SUSTAINABILITY STATEMENT
cont'd

Stakeholder Groups	Engagement Platform	Areas of Interest
Investors	• Quarterly analysts & fund managers' briefings • Face-to-face meetings • Conferences • Regular engagements and communications	Interest in the Group's financial and operational performance, strategy and risk management as well as WCT's environmental, social and governance practices.
Local Communities	• Town-hall meetings • Community development programmes • Press releases • Social media	Ensure continuous engagement regarding project developments and impacts to the community as well as investing in community growth.
Regulators and local authorities	• Face-to-face meetings • Regular engagement for knowledge sharing • Press releases • Conferences • Surveys	Ensure better practices of regulatory adherence and corporate governance through monitoring and compliance.
Media	• Community development programmes • Press releases • Advertising • Conferences • Regular engagements	Updates and information on the company's growth strategy, financial and non-financial performance.
Industry	• Surveys • Conferences • Interviews • Face-to-face meetings & regular engagements	Sharing of industry-related knowledge and a gateway to WCT striking up strategic partnerships.
Suppliers	• Face-to-face meetings • Annual re-assessment of supplier performance • Surveys • Regular engagements	WCT assesses suppliers' quality of materials, delivery of work and health, safety and environment compliance on a consistent basis to ensure adherence to regulatory standards.
Research Partners	• Community development programmes • Research programmes • Conferences	Collaborate with WCT to develop deeper understanding of technology, processes and methodology as well as enable mutual transfer of knowledge.

MATERIALITY

Materiality Matrix

To ascertain the continued relevance of our 2018 materiality matrix, we conducted a benchmark assessment which confirmed the issues and matters of highest importance. As we capture our progress on these material matters and being mindful of continual changes in the business landscape, we are committed to conduct a new materiality survey in 2020 to refresh our understanding of what matters most to stakeholders and the business.



Supporting the UN Sustainable Development Goals (UN SDGs)

The SDGs outline targets amid challenges faced by the global population that organisations can work towards to improve their business processes and subsequently, lives of people involved in or affected by their business. We have since identified and highlighted two goals that are most relevant to WCT and areas where we can commit, invest and measure our progress.

SDGs we support

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Targets we support:
- **Target 12.2 - Achieve the sustainable management and efficient use of natural resources**
  Our commitment: We pledge to move towards the use of sustainably sourced construction materials in our projects.
- **Target 12.5 - Substantially reduce waste generation through prevention, reduction, recycling and reuse**
  Our commitment: We are increasingly practicing waste recycling, reduction and reuse throughout our operations.

8 DECENT WORK AND ECONOMIC GROWTH

Target we support:
- **Target 8.8 - Protect labour rights and promote safe and secure working environments for all workers, including migrant workers**
  Our commitment: We manage health and safety risks, ensuring employees understand and adhere to appropriate health and safety measures.

SUSTAINABILITY STATEMENT
cont'd

ECONOMIC GROWTH

All our projects and businesses are run with the intent to provide our customers with an exceptional and fulfilling experience. We build for and serve the community, to meet their needs whilst revitalising economic development. In doing so, we also strive to contribute to the nation's growth and prosperity.

Quality of our Projects

Quality is at the heart of our buildings and infrastructure projects. Quality control is an end-to-end process involving identification of quality standards required, evaluation of project performance and monitoring the quality compliance at each stage of the project. In doing so, we are guided by ISO 9001 standards. We utilise a Project Quality Plan ("PQP") as a guideline to track progress and milestones in any project.

Project Quality Plan		
Quality Assurance and Control		
Procurement	Construction	Delivery

Start → End

Delivering on quality for a project begins with understanding base parameters including its objective, description, scheduling, contract information and responsible parties. In practice, the PQP comprises planned, systematic actions for site layout, building materials, work quality and storage location. Standards of material and quality of work are routinely inspected and tested to meet specifications. As a PQP anchors the project, it is also periodically reviewed to ascertain its viability and effectiveness in ensuring we can deliver a good quality project in a timely manner.

In Property Development, we maintain similar quality management processes and the highlight in 2019 was the revamping of its marketing strategy. We want to be true to our customers as it is fundamental to maintain trust. To that end, we created new marketing kits for 15 existing projects to retain consistency of communication across all parties. Similar kits will be developed for all new projects moving forward. The marketing kits contain detailed information of projects, equipping our sales teams and agents with accurate information to share with potential customers. To ensure responsible marketing is upheld, General Managers walk the floor to monitor that sales teams and agents convey information correctly.

The after-sales experience is enhanced with our updated Vacant Possession ("VP") process with additional steps to provide a positive experience to our customers:

- Employees are briefed on how the building works to communicate the same to residents.
- Employees are required to inspect the unit during handover with purchasers to ensure satisfactory condition.
- During the VP, a briefing is also given to the residents on the dos and don'ts of community living.

To further improve customer convenience and resolve complaints in a timely manner, we are planning to launch our own mobile application to handle complaints of defects, aiming for launch in late 2020.

SUSTAINABILITY STATEMENT
cont'd

Our sales teams and agents ensure customers are provided with accurate and precise information on projects

Within our retail malls and hotels, our quality is upheld by the services we provide to the customers and guests. Customers' experience is gauged by the feedback received from multiple channels including social media, online sites and our formal surveys. These platforms partly guide our process to identify weaknesses and strengths within our service standards in order to improve quality and customer experience.

Elevating Customer Experience

- Implementing ServeDeck, our facilities management mobile application to improve overall operations performance and enable faster turnaround times in resolving complaints from internal and external customers.
- Providing convenient facilities such as phone charging stations, buggy services, car park guiding system, cashless parking and extending accessibility with a public transportation hub for buses, taxis and e-hailing services at selected retail malls.
- Enhancing our private aviation customers' experience during their transit at SkyPark Aviation with the upgrading of facilities and offering of new services. Security at the aviation centre has also been improved in compliance with aviation authorities' requirements.

SUSTAINABILITY STATEMENT
cont'd

Customer Satisfaction across the Group

- *E&C: Engineering and Construction Division*
- *FM: Property Development - Facilities Management (BBT One The Towers)*
- *CS: Property Development - Carpark Services (BBT One The Towers)*
- *PMPJ: Paradigm Mall PJ*
- *PMJB: Paradigm Mall JB*
- *gateway@klia2*
- *SA (BAC): SkyPark Aviation (Business Aviation Centre)*
- *SA (GHS): SkyPark Aviation (Ground Handling Services)*

Across the Group, most of our customers are satisfied with our services, and we constantly strive to do better. Customer feedback allows us to gauge and respond accordingly on aspects surveyed - review of PQP aspects in engineering and construction; upkeep of responsiveness, timeliness and safety in property facilities' management; enhancement of comfort levels and ease of use at malls and hotels; and improved facilities and services at SkyPark Aviation. This feedback loop lets us know our customers better and continue to improve on delivery of quality services.

Our retail malls conduct customer satisfaction surveys to improve service levels

PROCUREMENT MANAGEMENT

We engage contractors, sub-contractors and suppliers across a vast range of product offerings and expertise, and we select our business partners with proper due diligence. Contractors, sub-contractors and suppliers must first be equally committed to our high QESH standards and are appointed upon meeting the Group's selection criteria. Annual evaluations of appointed suppliers provide us the certainty that quality adherence is maintained through the value chain.

Our Role in the Local Economy

As one of Malaysia's leading engineering and construction companies, we are able to boost national economic growth through local sourcing. We build solid relationships with suppliers through time, thereby fostering an understanding to journey together towards sustainable success.

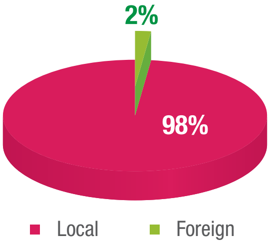
Supplier Type*	2019 (number of suppliers)
Local	1,272
Foreign	27
Total	1,299

* *Comprising our Engineering and Construction and Property Investment and Management Divisions*

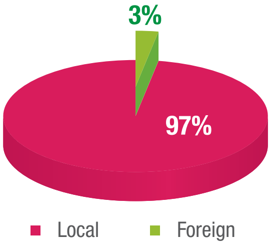
Supplier Spend for Construction Projects*	2019 (RM)
Local	275,239,107
Foreign	7,686,298
Total	282,925,405

* *Comprising nine construction projects in our Engineering and Construction Division*

Supplier Mix 2019



Supplier Spend 2019



Nearly 98% of our suppliers are local businesses; similarly, more than 97% of procurement expenditure, or more than RM275 million in construction was spent locally, creating jobs and enabling national economic growth.

We have expanded tracking of our suppliers in 2019, including our retail malls and hotels within the data scope, allowing us to better account for the mutual support we have with our suppliers.

<u>Enabling Surrounding Communities</u>

Our core businesses including constructing buildings and infrastructure, property development as well as retail mall and hotel operations contribute greatly to the enhancement of local communities and growth of the nation:

- On average, 50% of the occupancy rate at our retail malls are taken up by local brands and businesses.
- We strive to diversify the tenancy mix in our retail malls to better serve the surrounding community by adding new amenities such dental and chiropractic clinics, etc. and organising free community events such as weekend workouts at the mall.
- Paradigm Mall Johor Bahru ("Paradigm Mall JB") is one of Johor's largest retail malls, redeveloped from a project abandoned from 1997 to 2012, which successfully revitalised the surrounding area as well as improving traffic flow with the construction of a new elevated U-turn allowing traffic to flow more smoothly along Jalan Skudai in Johor Bahru.
- In 2019, we continued to undertake infrastructure developments that will improve public connectivity via the Mass Rapid Transit 2 ("MRT2") V204 and Light Rail Transit 3 ("LRT3") projects and enhance community mobility via the Damansara Heights Elevated Highway ("DHEH"), and the Pan Borneo Highway and West Coast Expressway ("WCE") projects in Sarawak and Selangor respectively.

SUSTAINABILITY STATEMENT
cont'd

Green Buildings

Green building certification is increasingly becoming a standard to achieve, socially driven by investors' interest and government incentive, in response to environmental impact such as greenhouse gas emissions, sustainable sourcing and resource depletion. We have completed several green building projects over the years, with a few ongoing:

Project	Status	Certification	Award
gateway@klia2 (airport mall), Selangor	Completed	• Leadership in Energy and Environmental Design ("LEED") 2009 for Core and Shell	• Silver
Ministry of International Trade and Industry ("MITI") Headquarters, Kuala Lumpur	Completed	• Green Building Index ("GBI")	• Gold
Lot 2C5, Putrajaya	Completed	• GBI	• Silver
MyTOWN Shopping Centre, Kuala Lumpur	Completed	• GBI	• Certified
The Exchange TRX Retail* ("TRX Retail"), Kuala Lumpur	Ongoing	• LEED • GBI	• Gold • Gold
Superstructure works for Pavilion Damansara Heights (Parcel 1)* ("PDH"), Kuala Lumpur	Ongoing	• Green Mark (Office Tower) • Green Mark (Podium & Residential)	• Gold • Certified
Merdeka 118 - Retail Mall* ("Merdeka 118"), Kuala Lumpur	Ongoing	• LEED 2009 for Core and Shell • GBI • GreenRE	• Gold • Silver • Gold

* *Target certifications upon completion of project*

Sustainable Construction Materials

- Target 12.2 - Achieve the sustainable management and efficient use of natural resources

The construction industry is the largest consumer of raw materials globally and WCT recognises the opportunity to lower our impact of non-sustainable material consumption. We have embarked on sustainable sourcing as part of adopting green construction practices in our projects. This year, we began tracking materials used in our projects according to the cost of materials.

Overall, 18.1% of materials used in our projects contain recycled content, approximating the global construction industry average of 20% to 30%, which also includes reused materials.

<u>Materials Used in Our Projects*</u>

Percentage of recycled content materials for projects	18.1%
Percentage of sustainable timber for projects	15.3%

* *Derived from nine construction projects in our Engineering and Construction Division.*

- Recycled content

  Currently, we use recycled pre-consumer and post-consumer steel and concrete. Such materials are targeted to consist of 20% to 95% pre- or post-consumer recycled content.

- Sustainable timber

  A proportion of the timber we procure, such as 12 mm plywood, complies with certification requirements set by the Programme for the Endorsement of Forest Certification ("PEFC"). To ensure traceability of our wood source, wood products validated with PEFC are tracked and documented according to certified chain of custody.

- Reusable materials

  Besides recycled content and sustainable timber, we also use reusable formwork, enabled by innovations in technical design and features; quality and longevity have made it more accessible. This is also supported by time and cost efficiencies gained, though they may not be applicable in all cases of formwork use.

INNOVATIVE GROWTH

The advent of digital technology drives us to explore better ways of working. Digitisation has great potential in optimising overall planning and execution processes, yielding cost efficiencies and reducing wastage.

At WCT, we are looking to capitalise on such gains by applying Virtual Design and Construction ("VDC") as well as Building Information Modelling ("BIM") in our construction activities. These processes facilitate collaboration amongst multiple project participants at the planning stage.

VDC - A working process involving the management of integrated multi-disciplinary performance models to produce an ideal strategy for a given project. We find that VDC improves clarity and communication in terms of understanding project requirements, budgets, minimising errors and expediting decision-making.

BIM - Forming a part of VDC, BIM is a digital model of the project that includes all functional systems and aesthetics of a construction project such as wiring, doors and others.

Our scope of VDC and BIM implementation has varied by project, including mechanical, electrical and plumbing ("MEP") models and as-built models handed to client at the end of the project, containing constructed assemblies for building maintenance and operations for reference. Models may also be updated due to changes or incorporated into larger overall construction design models as required.

We are seeing positive benefits with VDC and BIM, though they come with challenges - such as cohesive participation, collection of comprehensive information to construct functional models, as well as time and cost consumption. We are prepared to address these challenges as we see the potential in streamlining our processes to reduce abortive works and mitigation of generated waste by addressing clashes during the modelling period. Other innovation efforts by WCT and its impact on our value chain are detailed in the table below.

Measures	Outcome
Industrial Building Systems Working actively with design consultants and pre-cast suppliers to prepare conceptual designs for IBS implementation from the tender stage onwards.	IBS was used to produce structures in six projects where we worked with subcontractors to make precast segment box girders, precast box culverts and L channel drains. By manufacturing components in a controlled environment, then assembling on-site, we achieve better consistency, speed and cost savings by avoiding waste and being less dependent on labour.
GPS Systems WCT Machinery Sdn Bhd monitors and tracks its machines with GPS systems, and will be implementing the same system to its logistics management and transport trucks.	The GPS system tracks the vehicle's route and driver's behaviour, sends SOS alerts and enables geo fencing with a smartphone, leading to improvements in uptime and productivity based on data collected on machine inventory, conditions, usage and maintenance.
WCT's Green Technology Adoption Programme Collaborated with Monash University on a 4-year programme to research the use of existing asphalt as a sub-base material for a temporary diversion road in the Pan Borneo Highway project.	The research showed that recycled asphalt met all criteria as a sub-base material except its grading standards. As a result, recycled asphalt was instead used for minor repairs on the temporary diversion road.

SUSTAINABILITY STATEMENT
cont'd

ENVIRONMENTAL MANAGEMENT

As we continuously identify resource management improvement areas across the Group, we are better positioned to conceptualise approaches – specifically, alongside or interchangeably according to type of resource in order to mitigate the magnitude of our environmental impact.

A growing business tends to consume more resources. We began water and energy consumption tracking in 2018[1], and our year-on-year comparison shows reduced consumption for 2019 in some of our retail malls and hotels compared to 2018:

0.36% — Water consumption for Première Hotel and gateway@klia2.

2.99% — Electricity consumption for New World Petaling Jaya ("New World PJ") Hotel, Première Hotel and Paradigm Mall JB.

ENERGY CONSUMPTION

Given the nature of our businesses, especially in retail malls and hotels operations, energy management is a key challenge. But with energy-efficient design and usage solutions, we are positive that we can better account for our energy use in the present and for the future.

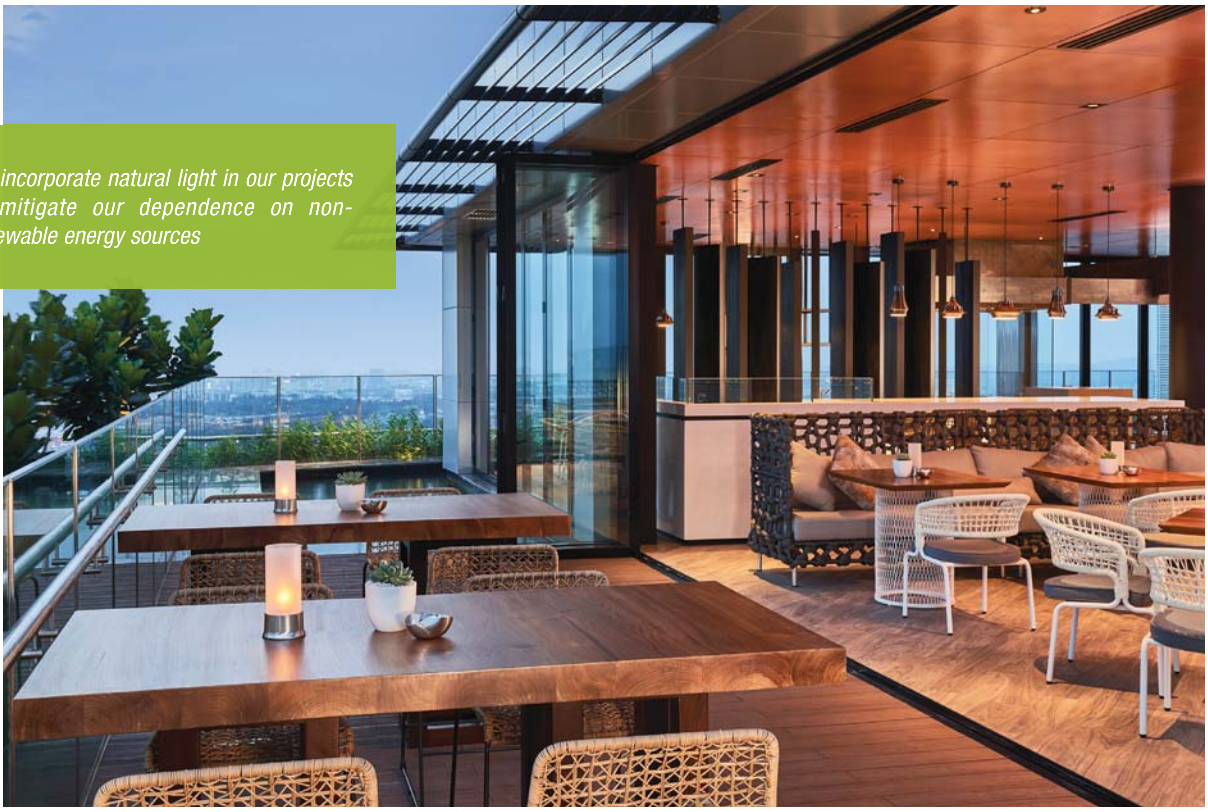
Division	Engineering and Construction[2]	Property Development[3]	Property Investment and Management[4]
Total energy consumption (kWh)	646,490 *(for project site offices)* 13,316,220L of diesel *(for construction sites)*	1,168,607	120,543,485
Average energy intensity (kWh/m^2)	N/A	108.93	183.96

Within our Engineering and Construction Division, diesel is primarily used to power energy-intensive machinery at the construction sites, while electrical grid and solar power supply is used on-site where energy requirements are lower. For our Property Investment and Management Division, consumption has increased 0.79% year-on-year compared to 2018[5] with higher occupancy rates in our retail malls and hotels.

SUSTAINABILITY STATEMENT
cont'd

Energy consumption tracking in property development is currently limited to offices and does not include tracking of the project sites which are managed by the Group's external contractors. Our initiatives for better energy efficiency include implementing design-based solutions such as leveraging the use of natural light, installing digital meters for monitoring energy use, usage of fittings that lower consumption rates as well as charging stations and hybrid cars parking bays to promote greater use of electric vehicles.

We incorporate natural light in our projects to mitigate our dependence on non-renewable energy sources



In addition to cooling and building management systems at Paradigm Mall Petaling Jaya ("Paradigm Mall PJ") and gateway@klia2, our retail malls and hotels have adopted additional approaches to reduce lighting and air conditioning consumption:

- **New World PJ Hotel and Première Hotel** - Adjusting the air-conditioning at the common space and guestroom corridor to 23°C.
- **Première Hotel** and **gateway@klia2** - Using LED lighting and low energy light bulbs.
- **Paradigm Mall PJ and JB** - Staggering the operations of escalators, lifts, air handling units ("AHU") and chillers as well as extensive use of LED lighting.

SUSTAINABILITY STATEMENT
cont'd

WCT Machinery's solar lighting systems powering our construction sites

These solar powered lights lower the amount of non-renewable energy used by our operations (estimated over 700,000L of diesel saved in 2019), minimises the cost of trenching and wiring for non-solar lighting, are easier to set up and maintain and meets our goal to use more carbon-reducing fixtures.

312 units of solar lights operating across 8 sites unit

Used to light access roads, diversion roads, working and storage areas

Savings on fuel costs in 2019 estimated to be RM1.6 million[6]

3 sets of solar lighting systems at the guardhouse of our LRT3 project site

Sets consist of an LED lamp, fan, and a USB hub for charging and 2 units of solar spot lights

Savings on fuel costs in 2019 approximately RM160,000[7]

Solar lighting at our project sites reduces use of non-renewable fuels and saves cost

WASTE GENERATED BY TYPE AND DISPOSAL METHOD

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- Target 12.5 - Substantially reduce waste generation through prevention, reduction, recycling and reuse

The Group's construction and consumer-centric operations such as our retail malls and hotels generally produce a significant amount of waste.

Our mitigation process is structured around reducing, reusing and recycling to better manage eventual volume of waste. By segregating the various types of waste, we are able to create solutions to reduce final waste disposal to landfills.

Division	Engineering and Construction[8]	Property Investment and Management[9]	Total
Non-hazardous waste (tonnes)	30,470.7	12,406.0	42,870.7
Scheduled waste (tonnes)	79.0	N/A	79.0
Total waste (tonnes)	30,549.7	12,406.0	42,955.7

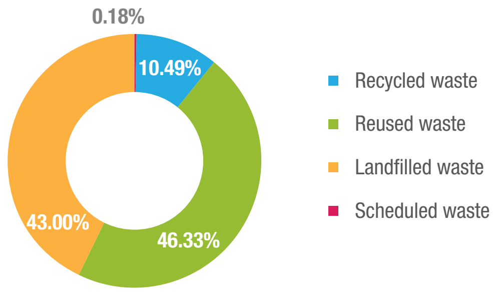
SUSTAINABILITY STATEMENT
cont'd

Division	Engineering and Construction[10]	Property Investment and Management[11]	Total
Recycled waste (tonnes)	3,956.1	552.0	4,508.1
Reused waste (tonnes)	19,903.3	N/A	19,903.3
Scheduled waste (tonnes)	79.0	N/A	79.0
Landfilled waste (tonnes)	6,611.3	11,854.0	18,465.3
Total waste (tonnes)	30,549.7	12,406.0	42,955.7

The above-mentioned divisions produced a total of 42,955.7 tonnes of waste in 2019, of which 43% was landfilled. The Pan Borneo Highway package project site accounts for 40.4% of total waste listed. 56.7% or 17,337.5 tonnes of construction waste came from the site; 98.5% or 17,078.3 tonnes of waste from this site was reused, largely accounted for by reused concrete within the construction process. Excluding the site, recycled and reused waste accounts for 28.2% of total waste across the two divisions, providing a comparison baseline as we track year-on-year waste production as well as recycling and reuse rates.

We began waste tracking for Engineering and Construction Division since 2018 and have been consistent in doing so.

Waste generated from our operations



Year-on-Year Waste Performance for Engineering and Construction Division

Engineering and Construction	2018[12]	2019[13]	Year-on-Year Comparison
Waste by type:			
Non-hazardous waste (tonnes)	4,787.4	30,470.7	536.5% increase[14]
Scheduled waste (tonnes)	71.9	79.0	9.9% increase
Total waste (tonnes)	**4,859.3**	**30,549.7**	528.7% increase
Waste by disposal method:			Year-on-year comparison[15]
Recycled waste (tonnes)	2,451.9	3,956.1	24.2% increase in combined recycle and reuse rates as a proportion of total waste disposed
Reused waste (tonnes)	165.3	19,903.3	
Scheduled waste (tonnes)	71.9	79.0	1.2% decrease as a proportion of total waste disposed
Landfilled waste (tonnes)	2,170.2	6,611.3	23.02% decrease as a proportion of total waste disposed
Total waste (tonnes)	**4,859.3**	**30,549.7**	

* *Our waste performance varies year-on-year due to the differing phases of our ongoing projects as well as commencement of projects within the years.*

All our project sites are compliant with systematic waste management practices that mandate segregation into construction, domestic or scheduled waste. Licensed collectors are then contracted to transport the non-scheduled construction waste to prescribed landfills.

For disposal of scheduled waste such as spent lubricating and hydraulic oil, spent mineral oil-water emulsion; contaminated soil or sand from spillage of diesel or petrol based machinery; containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes; as well as rags, plastics, filters or papers contaminated from scheduled waste, we are required to strictly comply with the Environmental Quality (Scheduled Wastes) Regulations 2005 for proper handling and disposal practices. Under monitoring by dedicated officers from Department of Environment ("DOE"), scheduled waste is separated into respective categories as outlined by the DOE, with documentation of waste disposed as per DOE's electronic scheduled waste information systems ("eSWIS").

SUSTAINABILITY STATEMENT
cont'd

Waste generated at our retail malls and hotels also come from tenants, patrons and the general public. We encourage our stakeholders to reduce and recycle waste with recycling bins made available at our properties. Internally, we have applied a number of initiatives to reduce waste generation at the source for our retail malls and hotels. Our collective initiatives across our businesses are summarised below:

Repurposing cooking oil

Used cooking oil is recyclable, and this can contribute to elimination of waste, in addition to creating a renewable energy source. For this reason, since June 2019, our retail malls and hotels have collaborated with a company specialising in sustainable solutions by producing biofuel products with used cooking oil. Collectively, 27,649 kg of cooking oil was collected by WCT from June 2019 to December 2019 which was then resold to the company, generating WCT a revenue of RM 35,684. According to the waste oil collector, biodiesel produces around 88% less carbon emissions than fossil diesel. This collaboration converted into approximately 26,000 kg of biodiesel and is estimated to have saved 47.6 tonnes of CO2 emissions, equivalent to carbon sequestered by 103 trees in one year.

Effluent from Project Sites

All effluent generated at the construction sites is channeled into silt traps before being discharged from the project site. We also conduct periodic desilting of silt traps to avoid high levels of siltation, in-situ water quality tests and have upgraded our best management practices for such activities such as silt fence installation, dam checks and the protection of exposed slopes. Corrective measures such as treating wastewater according to the Wastewater Treatment Plan ("WTP") is carried out if Total Suspended Solids ("TSS") value for water discharge exceeds the limit stipulated by the DOE. We strive to ensure that water contaminated with sediment from our project sites does not flow onto public roads and into clean water sources such as rivers and streams.

SUSTAINABILITY STATEMENT
cont'd

Beyond Compliance

We strive to go above and beyond compliance in managing waste and effluent:
- Usage of signal grass species as hydroseeding and erosion control blankets to reduce the impact of soil erosion at MRT2 V204 site.
- Installation of three onsite Water Treatment Plants ("WTP") to reduce turbidity at MRT2 V204 site. The WTP's costing RM200,000 each, were installed to consistently measure effluent discharge to meet DOE requirements.

One of three onsite WTPs installed for our ongoing MRT2 V204 project

WATER CONSUMPTION

Although water supply in Malaysia is relatively adequate, climate change has inadvertently led to increasing water crises in the country over the years. We are more mindful of our water usage as we operate in industries that use a significant amount of water.

Division	Engineering and Construction[16]	Property Development[17]	Property Investment and Management[18]
Total water consumption (m^3)	16,128	3,740	1,213,514

Water consumption tracking is currently limited to WCT's headquarters in Petaling Jaya and Engineering and Construction and Property Development Division offices with an aim to begin tracking across all our project sites in 2020. Within our Property Investment and Management Division, consumption has increased 6.78% year-on-year compared to 2018[19] due to higher occupancy level and more robust activity in our retail malls. We believe water conservation is a collective effort with our stakeholders, hence we constantly raise awareness and disseminate reminders to our employees, customers and tenants.

The 0.3% savings at Première Hotel and gateway@klia2 was realised with rainwater harvesting by installing tanks to store rainwater for use of landscape or building maintenance. This is also in place at our most recent property development, the Waltz Residences in Kuala Lumpur. At our engineering and construction sites, water collected from wash troughs, sedimentation ponds, and rainwater is reused to wet the ground surface or stockpile to reduce dust and to wash roads and lorries. Our hotels have also tweaked their housekeeping practice to encourage guests to request for bed linen and towel changes on alternating days instead of daily to reduce water consumption.

SUSTAINABILITY STATEMENT
cont'd

MANAGING NOISE POLLUTION

As most of our construction projects are located near commercial and residential areas, we take steps to ensure noise and vibration levels do not exceed the acceptable threshold and cause disturbance or discomfort to nearby communities.

Our noise monitoring measures include installing noise barriers, putting noise shrouds around piling machines and installing permanent noise and vibration measuring meters near receptors of project sites. Boundary noise monitoring readings are done at project sites on a monthly or quarterly basis as per authorities' requirements.

If any control indicates noise or vibration levels have exceeded the acceptable threshold due to our site activity, the plant or equipment is immediately shut down and appropriate measures taken to manage the noise levels.

CLIMATE CHANGE

As guided by the Task Force on Climate-related Financial Disclosures ("TCFD"), WCT takes cognisance of the role it can play to inform stakeholders on longer term investment decisions relevant to managing risks and opportunities related to climate change. This is our first year of establishing disclosure according to TCFD recommendations; we have partial consideration on governance and metrics related to climate change:

Governance	Our Board Risk and Sustainability Committee, Group Sustainability Committee and QESH Department, respectively: • Oversees the implementation of the Group's sustainability strategies, initiatives, policies and practices including climate change. • Reviews and communicates the overall strategy and implementation of sustainability. • Implements and monitors the performance of QESH programmes.
Metrics and target	We have begun tracking energy consumption across our divisions to measure impact of operations.

BIODIVERSITY AND CONSERVATION

We strive to adhere to regulatory requirements of maintaining in-situ ecological balance and to preserve the existing biodiversity on site. Where applicable, environmental impact assessments are undertaken before site clearing works commence. A project is always planned and designed with the environmental impact and community in mind — by first conducting a site inventory survey, topography analysis, arborist survey and social impact assessment.

Maintaining Flora Integrity

We strive to retain the balance of ecosystems surrounding our project sites. During the planning stage of our new property development projects, we engaged an accredited third-party arborist to evaluate how to minimise impact and preserve ecologically valuable species on our development land.

Where applicable, projects by our Engineering and Construction and Property Development Divisions are analysed for prudent action steps. Since 2015, both divisions have cumulatively carried out the below:

- 6,495 trees cut – Trees cut were identified as common species and inconducive for transplanting, with their removal having minimal adverse impacts.
- 1,561 trees transplanted to location away from site as requested by local authorities
- 292 trees planted on site, with a further 523 planned.

Over 22% of trees across our sites were transplanted or planted, in accordance with the Malaysian Tree Preservation Order (Act 172).

We also plan and design our projects according to the existing terrain in order to minimise altering of landform to better preserve the land's integrity. It is imperative for us to ensure a 10% allocation of green area in our projects and select trees that provide shade and are easy to grow with minimal maintenance.

Shark Fin-Free at New World PJ Hotel

New World PJ Hotel has always been promoting the hotel as a shark fin-free venue and to further drive the message, our hotel collaborated with the World Wildlife Fund ("WWF") Malaysia to organise the "Wedding Without Fins Behaviour Change Workshop" in 2019. This workshop is a follow up from WWF's "Wedding Without Fins Project" in 2018, aimed to influence consumers' mindset on serving shark fin at weddings using psychology and behavioural economics.

Our New World PJ Hotel supports shark-free weddings with WWF Malaysia as a shark fin-free venue

SOCIAL PERFORMANCE

Our world is moving and evolving at an unprecedented pace and consequently, so is our industry. As our operations across the Group expands, we remain keenly focused on developing a solid workforce, with a priority on occupational health and safety. A healthy workforce is one that is ever ready to take on new challenges. With IR4.0 leading the way, WCT aspires to further improve the skillsets of our people to keep them updated with global industry trends, thereby empowering them to own their role in contributing to the growth of the Group.

OCCUPATIONAL SAFETY AND HEALTH

8 DECENT WORK AND ECONOMIC GROWTH

- Target 8.8 - Protect labour rights and promote safe and secure working environments for all workers, including migrant workers

We are committed to meeting global standards to mitigate safety and health risks present at our workplaces. Our diligence paid off with the ISO 45001 certification - the world's first International Standard dealing with health and safety at work, which has a goal to reduce occupational injuries and diseases. It offers a single and clear framework for top level management to better integrate with other ISO standards towards a better Occupational Safety and Health ("OSH") performance. We successfully transitioned from OHSAS 18001:2007 to the ISO 45001:2018 management system in 2019, two years ahead of schedule. The Quality, Environment, Safety and Health Department continues to be responsible for the integration of OSH within our operations, in accordance with the Safety and Health Assessment System in Construction ("SHASSIC") and ISO 45001:2018 certification.

SUSTAINABILITY STATEMENT
cont'd

IQNet

THE INTERNATIONAL CERTIFICATION NETWORK

CERTIFICATE

SIRIM QAS International Sdn. Bhd. has issued an IQNet recognized certificate that the organization:

WCT BERHAD
(INCLUDING WCT CONSTRUCTION SDN. BHD.)
B-30-01, THE ASCENT, PARADIGM
NO. 1, JALAN SS7/26A
KELANA JAYA
47301 PETALING JAYA
SELANGOR DARUL EHSAN
MALAYSIA

has implemented and maintains an

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

for the following scope:

PROVISION OF CONSTRUCTION SERVICES FOR BUILDING AND CIVIL ENGINEERING WORKS INCLUDING TURNKEY PROJECTS

which fulfils the requirements of the following standard:

ISO 45001 : 2018

Issued on: 20 February 2020
First issued on: 12 August 2005
Expires on: 08 April 2022

This attestation is directly linked to the IQNet Partner's original certificate and shall not be used as a stand-alone document

Registration Number: MY - OHS 00221

Alex Stoichitoiu, President of IQNet

Mohd Azaruddin Salleh, Chief Executive Officer, SIRIM QAS International Sdn. Bhd.

SIRIM QAS

CERTIFICATE

SIRIM QAS International hereby certifies that

WCT BERHAD
(INCLUDING WCT CONSTRUCTION SDN. BHD.)
B-30-01, THE ASCENT, PARADIGM
NO. 1, JALAN SS7/26A
KELANA JAYA
47301 PETALING JAYA
SELANGOR DARUL EHSAN
MALAYSIA

has implemented an Occupational Health and Safety Management System complying with

ISO 45001 : 2018

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEMS - Requirements with guidance for use

Scope of Certification

PROVISION OF CONSTRUCTION SERVICES FOR BUILDINGS AND CIVIL ENGINEERING WORKS INCLUDING TURNKEY PROJECTS.

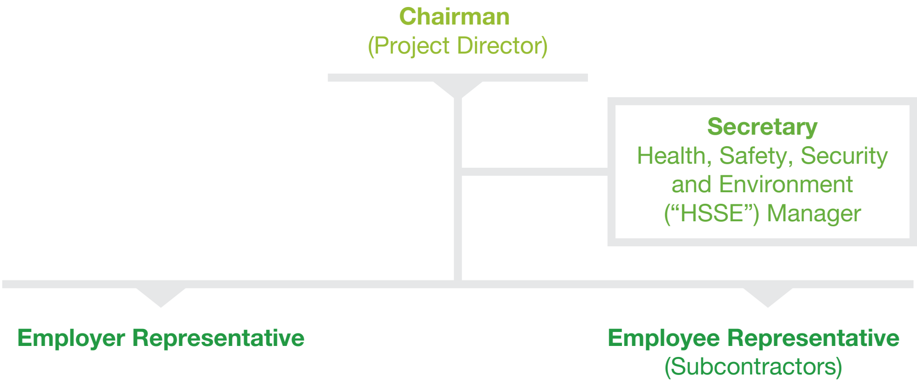
Issue date: 20 February 2020
Original certification date: 12 August 2005
Expiry date: 08 April 2022
Certificate no: OHS 00221

Mohd Azaruddin Salleh
Chief Executive Officer
SIRIM QAS International Sdn. Bhd.

Engineering and Construction Division successfully transitioned to ISO 45001:2018 management system in 2019

Managing via OSH Committees

Occupational Health and Safety Committee Organisation Chart



The biggest challenge we face in safety and health lies in human error. We strive to minimise incidences by conducting awareness campaigns, supervision and enforcement employees to ensure adherence. At project sites that present high health and safety risk, we carry out daily roll calls and safety briefings before work.

Management of OSH is a consistent process for WCT to keep our employees aware, work together and uphold responsibility for their well-being. We run weekly OSH training and monthly demonstrations on pertinent safety aspects. Additionally, we apply penalties and fines to non-compliant employees and subcontractors in instances of non-compliance in order to better protect our employees.

The following measures are continued in the effort to embed a deep-rooted OSH culture across WCT:

- Implement a structured approach to manage health and safety risks. For example, Hazard Identification, Risk Assessment and Determining Control ("HIRADC") is documented by the Safety & Health Committee ("SHC") during the Monthly Safety & Health Committee Meeting or after an incident. The SHC also consults all parties concerned to identify the potential hazards within the relevant workplaces and to formulate a plan to eliminate or reduce the risk to an acceptable level. HIRADC is reviewed every three months or when an incident occurs.

- Ensure that each site has a competent HSSE team. We have 88 competent HSSE employees in 15 sites.

- Review the OSH Programme at least twice a year by project site teams to evaluate effectiveness. As per the Programme, we are aiming to conduct noise risk assessments at project sites in adherence to Occupational Safety and Health (Noise Exposure) Regulations 2019 as well as ISO 45001:2018 and internal audit training in 2020.

- Establish an Emergency Response Plan ("ERP") at each site, which includes steps on how to prevent and mitigate health and safety risks in the event of an incident. Emergency Response Team ("ERT") members at each project site will go through safety drills (including fire, chemical spillage, and first aid drills) according to project requirements. The drills are conducted at least once a year.

Occupational Safety and Health Performance

Our performance across respective businesses in 2019:

Division	Indicator	Target	Actual	Performance
All	Fatalities	Zero	Zero	Met
Engineering and Construction	LTI (hours)	18 million	16.8 million	No LTIs reported, however targets were not met due to lesser man hours achieved in 2019. In Engineering and Construction, there was an increase in lower impact injuries, which nevertheless did not result in lost time, attributed to improved emergency response. Target to be maintained for 2020.
Property Development	LTI (hours) - site offices	450,000	390,100	
	LTI (hours) - project sites	55 million	53.7 million	
	Training hours per employee	3.0	4.8	Exceeded
	Compliance to OSH inspections	90%	100%	Exceeded
Skypark Aviation	Compliance with regulatory requirements - Civil Aviation Authority of Malaysia ("CAAM"), Malaysian Aviation Commission ("MAVCOM"), Ministry of Transport Malaysia ("MOT"), Malaysia Airports Holdings Berhad ("MAHB")	100%	100%	Met

Description	Engineering and Construction		Property Development	
	2018	2019	2018	2019
Total hours worked (millions)	17,731,734	16,755,034	1,872,796	1,505,775
Absolute number of fatalities	0	0	0	0
Number of LTI	2	0	0	0
LTI Frequency Rate (Number of lost-time injury cases per 1 million-man hours worked)	0.11*	0	0	0
Injury Rate (Number of recordable incidents multiplied by 200,000 per man hours worked)	0.1692	0.2388	0	0
Lost Day Rate (Number of lost work days multiplied by 200,000 per man hours worked)	0.1917	0	0	0

Number of work-related injuries covers WCT and subcontractors.
** Restatement due to recalculation.*

SUSTAINABILITY STATEMENT
cont'd

Machinery Maintenance Ensures Employees' Safety

WCT Machinery takes a two-pronged approach to machinery maintenance - paperwork and people. We document records of service, maintenance, repairs and breakdowns as well as adhere to manufacturers' recommendations for scheduled servicing. The operations teams, mechanics and operators are also trained for competency in machine handling to operate it at optimum efficiency, protect themselves and minimise the risk of equipment failure.

For year 2019, notable OSH achievements and awareness campaigns include:

- **RAPID P20C1 ("RAPID")** – Achieving 3 million man-hours without LTI and conducted Workplace Accident Free ("WAFEW") Week in July 2019
- **WCE (Taiping – Banting)** – WAFEW was conducted in collaboration with the Human Resources Ministry
- **MRT2 V204 and S204** – Safety, Health & Environment Campaign 2019. In addition to marking our achievement of 2.5 million hours without LTI, we also conducted an ongoing OSH programme – Safe and Sound Working Environment at Workplace - which encompassed awareness on occupational noise-related hearing disorders.

Safety and Health Assessment System in Construction (SHASSIC) - Our 5-Star success

In 2019, our Engineering and Construction Division was awarded the 5-star SHASSIC rating by Construction Industry Development Board ("CIDB") Malaysia for our involvement in Section 3 of the WCE and the MRT2 S204 project. The assessment covers pre-construction and construction stages, involving:

- Document checks to determine compliance and programmes established.
- Workplace inspection to determine actual application and management of measures.
- Construction employee interviews for employee insight.

We have always prioritised OSH as a material matter across our operations, and the SHASSIC award is a testament of our commitment in incorporating good OSH management in these projects.

OSH is in place in all our retail malls, offices and hotels. As building managers, fire and first aid response are our key focus areas and we conduct fire safety training and first aid training to prepare our employees to respond in the event of an emergency.

In 2019, Première Hotel's food and beverage outlets – The Buzz, Royal Gourmet and Ichi Poolbar was awarded the Bersih, Selamat dan Sihat ("BeSS") recognition by the Ministry of Health Malaysia for having clean, safe and healthy outlets.

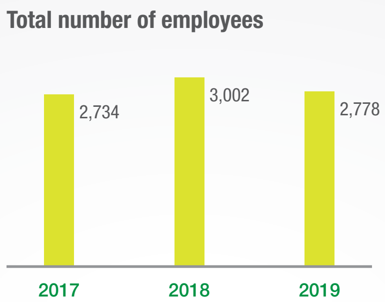
Health and Safety at gateway@klia2

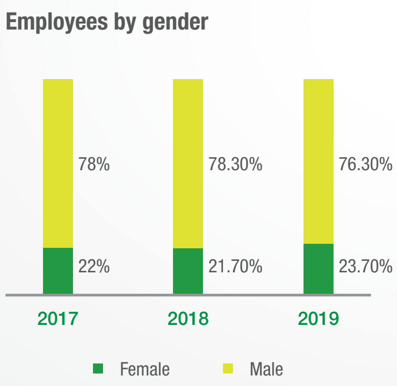
gateway@klia2 keeps high awareness on health and safety by:

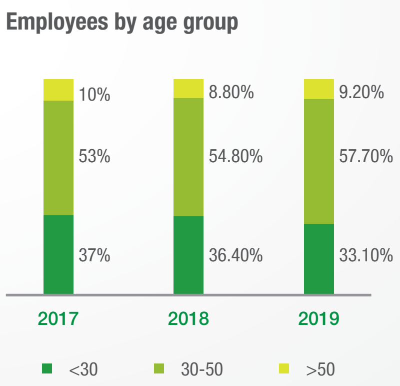
- Providing OSH training to food tenants, including engaging the Ministry of Health ("Kementerian Kesihatan") for talks. Quarterly inspections are carried out by the Safety and Health Commission on food and beverage ("F&B") outlets, while safety checks on gas piping, grease tank, and exhaust system are conducted every six months. In 2018, gateway@klia2 was the first airport mall to receive the BeSS award.
- We have a trained and experienced Emergency Response Team ("ERT") to usher and guide customers for evacuation during an emergency, including crowd control. In addition, we have a very close working relationship with the various authorities to assist and manage the emergency as practiced during our joint annual drills.

OUR WORKFORCE

Employment opportunities continue to be the key focus in employee engagement. Attrition has reduced the number of total employees in 2019 compared to the previous year, and we are addressing this through continued hiring and replacements. WCT upholds diversity in our workforce, including gender, age and ethnicity, believing that differences in backgrounds bring valuable perspectives in handling opportunities and challenges. The percentage of women in management continued to grow to 29.7% compared to 26.3% last year. Though below the national average of 38%, the increase is in line with our commitment to cater more career opportunities based on equality and merit.







SUSTAINABILITY STATEMENT
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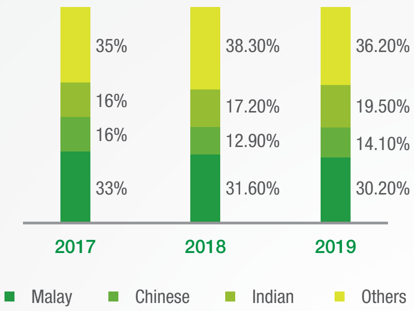
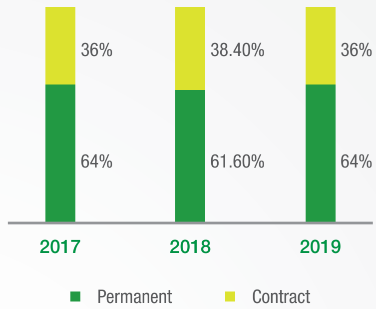
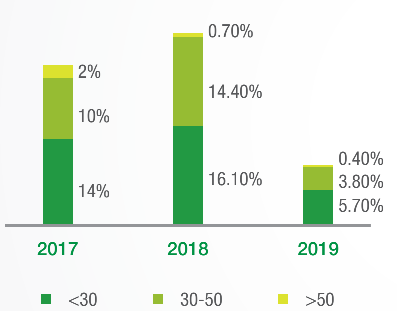
Employees by ethnicity



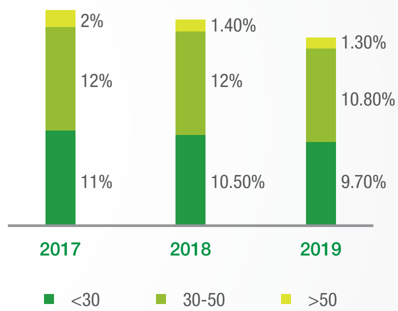
Employees by contract



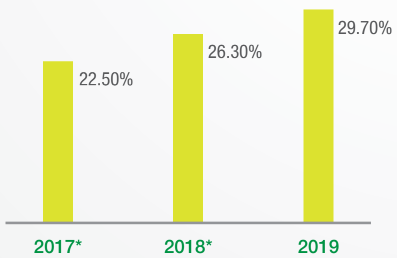
Employee new hires by age group



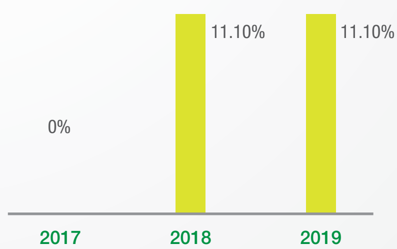
Turnover rate by age group



Percentage of women in management



Percentage of women in board



* Restatement due to recalculation.

Employee Engagement

To attract new talents and retain existing ones, we continuously seek to provide benefits to enhance employee wellbeing. In 2019, we registered our foreign workers in Malaysia with the Malaysian Social Security Organisation ("SOCSO"), contributing to its Employment Injury Scheme ("EIS"), in compliance with the Employees' Social Security Act 1969 (Act 4). The EIS insures employees by covering their needs in case of occupational injuries, occupational diseases and accidents occurred during travel for work; provides cash benefits, medical treatment, physical rehabilitation, or vocational training to employees and their dependents in the event of such incidents.

Paternity and maternity leave extended to our employees in 2019	
Maternity leave (60 days maternity leave) Paternity leave (3-day paternity leave)	33 individuals 66 individuals

SUSTAINABILITY STATEMENT
cont'd

Fostering a Team Spirit

Teamwork is essential to building success, and we support its development through dedicated activities:

Event	Participants	Description
Leadership & Team Management Training, a three-day teambuilding event, held in October	Première Hotel	Employees participated in several events including leadership training for the management team to consolidate leadership qualities and skills; sports activities such as water sports, bowling and dart games; and a 'kolam' competition, held between event participants.
Teambuilding in November at Taman Negara	New World PJ Hotel	Management and Sales team participated in activities designed to enhance team bonding and communication to build future growth based on our team strengths.

The New World PJ Hotel team at their teambuilding retreat

The Première Hotel team took part in a day of sports activities as part of teambuilding

SUSTAINABILITY STATEMENT
cont'd

HUMAN CAPITAL DEVELOPMENT

As per our Training Needs Analysis, training for our employees has largely been focused on technical (including legal knowledge, industry developments, and compliance management) and soft skills. Our focus for 2020 will be to enable more online training for soft skills as well as computer-based learning for technical training to drive enhancement of employees' skills.

Continued talent development is also supported by systemised performance measurements and performance appraisals annually to ensure that our employees are on the right track towards their career goals.

BIM Upskilling with CostX

As part of innovation-led growth, we are making a transition to automation. CostX is a platform for efficiency through utilisation of BIM to generate material quantification and costing for construction based on rendered models. Generated cost estimates allow for informed construction planning and better savings. We are keen for our employees to take advantage of the platform, with approximately 35 employees attending training in December 2019.

We fully support CIDB Malaysia in enhancing the professionalism of the industry. Part of CIDB's effort is to regulate registration and accreditation of all employees performing supervisory duties and skilled worker duties on site. In 2019, out of 13 site coordinators that attended the CIDB Accreditation of Site Supervisors programme, 9 were successfully accredited as competent site supervisors. The remaining site coordinators have been scheduled for training and re-assessment in 2020. A further 111 of our foreign workers have attended the CIDB Accreditation of Skilled Workers programme and all have successfully been accredited as competent skilled workers.

At WCT, we also aim to play our role in upskilling youth through our collaboration with industry players. The Safety Supervisor Apprentice Programme ("SSAP") was established as a collaboration between CIDB and one of our project clients to train construction safety managers. Recruited as apprentices, they are provided the opportunity of "learning whilst earning" in the area of health, safety and environment.

Apprentices are employed under a fixed-term contract, with a 12-month period for diploma holders, and a 24-month period for school leavers. Upon successful completion of this program, the candidates are given a formal SSAP qualification which entitles them to be recognised as a qualified Site Safety Supervisor Yellow Book holder by the Department of Occupational Safety & Health ("DOSH"). We currently have 11 participants in this programme, while 8 people have successfully completed this programme.

Career First Steps

Our hotels provide industry training, allowing an opportunity for hospitality students or graduates to leverage on experiential learning and have a brief insight of the industry. Trainees stay for 3-6 months, with the opportunity of a permanent role upon graduation. In 2019, we hired 66 trainees at New World PJ Hotel, 38 trainees at Première Hotel, and offered 19 full-time roles. In addition, 10 trainees attended industry training at SkyPark Aviation in 2019.

Employee training hours

Description	2017	2018*	2019
Total training hours	15,884	48,964	19,804
Average training hours: i) per employee ii) per employee in management training iii) per employee in non-management training	 9.51 0.09 9.42	 16.31 0.51 37.53	 7.13 0.98 16.40

** Restatement of data due to recalculation.*

WCT committed training expenditure of RM332,766 for the year 2019, with 47.83% (RM159,165) spent on the Engineering and Construction Division, while 52.17% (RM173,601) was spent on the Property Development and Property Investment and Management Divisions.

LABOUR RELATIONS

Our 766 foreign workers made up 27.6% of our workforce in 2019. We are in compliance with the Immigration Act of Malaysia and the respective laws of the workers' home country as well as the Employment Act 1955 which grants equal rights to workers regardless of their nationality.

For our MRT2 project, we have built a Centralised Labour Quarters ("CLQs") for foreign workers. These include accommodation, an on-site clinic and sports facilities such as football and basketball as a productive outlet during free time. Where CLQs are not available, we house workers in appropriate accommodation, and monthly inspections are carried out by WCT with the client to inspect that conditions are satisfactory. Transportation is provided to aid workers' commute to work sites. Facilities are also provided along the whole construction stretch of the MRT2 V204 project, containing rest areas, toilets, hand wash and drinking water stations.

CONTRIBUTION TO THE COMMUNITY

We aspire to develop projects that enrich the livability of our communities and fulfilling their lifestyle needs. To achieve this, we first look into managing the effects from our projects to deliver with excellence and subsequently carry out initiatives that rejuvenate the community we exist in.

Designing for the Community

In designing our developments, we consider aspects which can contribute positively to our communities and future dwellers, illustrated as below:

- Affordable Housing
  In 2019, we launched Aronia Apartments, comprising 320 units of affordable apartments, our fourth Rumah Selangorku project located in Bandar Parklands, Klang, Selangor. This follows our earlier successful projects under the same initiative, namely the Azaria, Asteria and Trifolis Apartments housing projects, comprising 933 units of affordable apartments which were completed and handed over to the owners in 2018. The total estimated gross development value of the 4 projects is RM278.5 million. Rumah Selangorku is a government affordable housing scheme for the residents of the state of Selangor, providing affordable housing which cost from RM188,000 - to RM250,000 per unit.

Trifolis Apartment, our Rumah Selangorku project in Bandar Bukit Tinggi 2, Klang

SUSTAINABILITY STATEMENT
cont'd

- Accessibility
  We arrange for buses to transport people to and fro for some of our retail malls, hotels and offices to the airport on a regular basis.

Shuttle buses are made available at some of our retail malls, hotels and offices

- Time-centric and multi-generational concepts
  This is demonstrated via our new property projects, namely the Waltz Residences in Kuala Lumpur, offering dual-key units which encourage multiple generations of family members to live close to each other, while our Azure Residences and Sapphire Paradigm in Petaling Jaya, Impiria Residences in Klang and Paradigm Residence in Johor Bahru all form part of integrated commercial development which provide easy access for family needs to adjacent retail malls, reducing the need for residents to drive out for shopping and entertainment.

Regulating Impacts of Our Projects

We understand that construction works can produce short-term impact while we are generating long-term benefits for the community and the nation. Therefore, we look for potential issues prior to construction and find preventive measures or put mitigation methods in place. If an unexpected situation does arise, we immediately seek a solution to ensure the issue does not escalate. In 2019, our initiatives included:

- Flood mitigation
  - Residents at a condominium experienced flooding nearby our construction works in Shah Alam. We conducted a site visit with key stakeholders, subsequently following up with a meeting with the condominium's Management Committee to discuss flood mitigation initiatives. The outcome was the erection of temporary earth drains to channel sediment run-off into temporary sediment ponds. In addition, slope embankment bunds were created along the project site and condominium boundary to minimise future flood risk.

  - In 2019, we were informed of flooding at an apartment nearby our Tun Razak Exchange Contract 2 ("TRX C2") project due to a drainage connection issue located behind the apartment. Though the drainage works were not handled by WCT, our project team were first onsite upon being notified of the said incident to provide assistance, mobilising pumps to extract the flood waters from the affected areas and cleaning up the building afterwards.

- Traffic management
  - Many of our projects are located in urban areas with relatively high traffic flow which inevitably compounded traffic congestion for commuters. We engaged with relevant stakeholders and traffic management experts to find solutions to facilitate smooth traffic flow during the planning and construction period while minimising hazards and risks arising from road diversions and road closures. This resulted in a traffic management plan, implemented to manage traffic flow during alignment work period.

- Project-based public engagements
  - As some of our projects such as the MRT2 V204 and LRT3 are surrounded by residences, commercial and public areas, we carry out public engagements to brief residents on the projects as well as the practices followed by WCT, including maintaining effluent quality through control measures, fogging, dust control, erection of noise barriers and traffic management planning. Feedback channels are also available for surrounding communities to raise concerns on the project and enable speedy and effective resolutions.

Engaging our Communities

<u>WCT KIDSS Basketball Programme</u>

In August 2019, WCT conducted a five-day basketball programme with kids aged from 9 to 12 at Paradigm Mall PJ. The free programme consisted of a four-day training and a final day 3-on-3 friendly tournament, led by coaches from the All Star Basketball Academy. The objective of this flagship community sports development programme by WCT is to inculcate the spirit of teamwork, unity, sportsmanship and fair play amongst children at the grassroots level through sports.

In 2019, WCT KIDSS partnered with Projek57 and Westports Malaysia Dragons to further enhance the training programme. Projek57, a social enterprise aiming to nurture national unity, conducted a Unity Workshop and Unity Quiz to encourage the spirit of patriotism in children by expressing their perspective on unity while learning about Malaysian history and culture. The enterprise's proceeds from the sale of its merchandise during the event were contributed towards the Orang Asli empowerment causes.

The Westports Malaysia Dragons conducted a two-hour basketball clinic with 30 participants from surrounding communities alongside 10 participants from Yayasan Sunbeams orphanage.

WCT KIDSS 2019 participants during a training session

SUSTAINABILITY STATEMENT
cont'd

Other community activities in 2019 include:

Initiatives	Benefits and Outcomes
MAHSA University visit to New World PJ Hotel to provide students with real-world exposure of the hospitality industry.	Attended by 36 diploma students and 4 lecturers from the School of Hospitality Management.
Monash University Malaysia field trip to our TRX Retail project to gain exposure to good engineering practices.	Attended by 43 students and 2 lecturers from the university's School of Engineering.
Fitness First Weekly Community Workout Session at Paradigm Mall PJ to cultivate a healthy lifestyle.	Attended by 400 participants throughout 2019.
Hari Raya Charitable Deeds: • "Library of Hope" book donation exercise for underprivileged children. • "Denim Donation Drive" to support single and underprivileged mothers of Suri Lifestyle by providing financial opportunities through upcycling of denim into handcrafted products.	• Paradigm Mall PJ collected 700 books through the donation box which were donated to the children of Rumah Anak Yatim Sungai Buaya, Banting, Selangor. • 200 pieces of used denim were collected from mall visitors.
• Blood Donation Drive at gateway@klia2, in collaboration with Hospital Tuanku Ja'afar, Seremban. • Bi-monthly blood donation drives at Paradigm Mall JB in collaboration with various non-government organisations ("NGOs").	• 104 individuals participated in the drive to replenish the hospital's blood bank. • Approximately 1,000 individuals participated throughout the year.
Paradigm Mall JB collaboration with Food Bank Ji Shan, an NGO, to provide a venue to collect food donations from the public. A dedicated food donation box placed within the mall collects essential items such as rice, oil, sugar, salt and flour, which are sent to the food bank, where volunteers distribute the donations to the needy.	Approximately RM6,000 worth of dry food items collected and distributed.
WCT made its maiden participation in the 6th edition of The Bursa Bull Charge 2019.	A team of 4 runners took part in the 5km run as they showed support to Bursa Malaysia's work to promote financial literacy and entrepreneurship, improve the environment and lives of underprivileged communities.
Monetary contribution to the University of Malaya Boys' Basketball Team ("UMMBT") since 2012 to enable skill improvement via training and competition by management of running costs as well as growing of the basketball programme at the university.	Annual monetary contribution of RM50,000. This programme is led by WCT's Director of Legal Affairs & Secretarial, who supports UMBBT as Head Coach.
WCT returned as a Platinum Sponsor and participants of the Laksamana Run, organised by the Tunku Laksamana Johor Cancer Foundation ("TLJCF"). The annual charity run raises funds to aid underprivileged cancer patients and their families.	Contribution of RM80,000 to show support in promoting a healthy lifestyle and raising awareness on cancer. 20 WCT employees also joined 3,500 fellow runners in Dataran Mahkota, Iskandar Puteri, Johor for the run.
Joining hands for external programmes: In 2019, we focused on supporting programmes that reach out to the underprivileged, promote community health and wellness and drive education on environmental health.	Total contributions of approximately RM1 million in 2019.

WCT with Monash University Malaysia's School of Engineering students and lecturers during TRX Retail project site visit

Handing over ceremony of the "Library of Hope" book donation at Rumah Anak Yatim Sungai Buaya, Banting, Selangor

MOVING FORWARD

As we navigate through the COVID-19 pandemic, emphasis will continue to be given to prioritise the safety and well-being of our staff, customers, business associates as well as the general public and communities in which we operate by adopting and implementing all the necessary preventive measures at our offices and premises. Focus will also be given to maintain a healthy financial and cashflow position for the Group during these trying times.

In 2020, we will continue to focus on carrying out our business and operations under the guidance of the Sustainable Development Goals to deliver long term sustainable values to our internal and external stakeholders. This focus is a key driver in our aspirations to develop a strategic sustainability approach and deeper integration of sustainability into our day-to-day operations.

SUSTAINABILITY STATEMENT
cont'd

1 *For 2018 water and energy consumption, please refer to WCT Annual Report 2018, Sustainability Statement, p. 56.*
2 *Consisting of WCT's offices for 4 construction projects and fuel consumption from 6 construction project sites.*
3 *Consisting of WCT's offices at The Ascent and WCT Land.*
4 *Consisting of hotels (New World PJ Hotel and Première Hotel), retail malls (Paradigm Mall PJ, Paradigm Mall JB, gateway@klia2, and SkyPark Terminal) and SkyPark Aviation.*
5 *Consisting of hotels (New World PJ Hotel and Première Hotel) and retail malls (Paradigm Mall PJ, Paradigm Mall JB, and gateway@klia2); excludes SkyPark Terminal.*
6 *Solar light specifications consisting of 2 sets of 100 - 150 watt spotlights and is compared to using common generator-powered lights comprising 4 sets of 400 watt lights combined with 6500 Watt genset specifications for a year.*
7 *Compared to using a 25 KVA Generator set for a year.*
8 *Consisting of 13 construction project sites – MRT2 V204/S204, Merdeka 118, Pan Borneo Highway, TRX C2, RAPID, WCE, LRT3 (TD1, GS02 and GS03), TRX Retail, PDH, and DHEH.*
9 *Refer to endnote 5.*
10 *Refer to endnote 8.*
11 *Refer to endnote 5.*
12 *For 2018 waste performance, please refer to WCT Annual Report 2018, Sustainability Statement, p. 57.*
13 *Refer to endnote 8.*
14 *The increase in non-hazardous waste is attributed to multiple projects' entering active site works in 2019.*
15 *Percentage rates based on disposal methods (tonnes) comparison against respective years' total waste (tonnes). The increase in recycled and reused waste as well as landfilled waste rates is attributed to multiple projects' entering active site works in 2019, concomitant with non-hazardous waste increase.*
16 *Consisting of WCT's offices for 4 construction projects.*
17 *Refer to endnote 3.*
18 *Refer to endnote 4.*
19 *Consisting of hotels (New World PJ Hotel and Première Hotel) and retail malls (Paradigm Mall PJ, Paradigm Mall JB, and gateway@klia2); excludes SkyPark Terminal and SkyPark Aviation.*

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 2019. The CG Report is available on the website of Bursa Securities together with the Company's Annual Report 2019 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 promote good corporate governance culture within 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) Board Risk & Sustainability Committee
(3) Nomination & Remuneration Committee
(4) Options Committee

The Board Charter, which was last reviewed in June 2020, 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).

From time to time, where appropriate, the Board would issue policy statements and set guideline, policies and principles on corporate governance matters affecting the Group. The following are some of the key policies which have been approved and adopted by the Board:-

- Policy and Procedures on Whistleblowing (approved in 2017); and
- Risk Management Policy and Framework (approved in 2018).

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

During the financial year ended 31 December 2019, no new policy has been approved nor adopted by the Board. For the current financial year ending 31 December 2020, the Board has approved for adoption the following new policies:-

- Policy on Anti-Bribery & Anti-Corruption (approved in March 2020);
- Policy & Procedures on Remuneration of Directors and Senior Management of the Group (approved in May 2020);
- Policy on Board Diversity (approved in May 2020); and
- Policy on Assessment of External Auditors (approved in June 2020).

➢ ***CODE OF CONDUCT***

Apart from Board Charter, the Board has observed the Code of Ethics for Company Directors and employees of which are available on the Company's website at (www.wct.com.my).

The Code of Ethics for Company Directors provides the ground rules and guidance for proper standard of conduct and ethical behaviour for the Board and its members, based on the principles of sincerity, integrity, responsibility and corporate social responsibility whilst a standard Code of Conduct and Ethics relating to its business operations has been adopted by WCT Group 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.

➢ ***BOARD COMPOSITION AND BALANCE***

The Board currently comprise nine (9) members, made up of the four (4) Executive Directors including the Executive Chairman, the Group Managing Director, the Deputy Managing Director, an Executive Director, and five (5) Independent Non-Executive Directors.

Each of the Director's profile is presented under the section titled "Profile of Directors" in the Company's Annual Report 2019.

The current Board composition which consist of a majority of 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.

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 businesses. The Board is satisfied that the current Board composition adequately reflects the interests 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, including 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.

In recognition of the importance to promote gender diversity on the Board, a policy had been adopted in May 2020 whereby the Board supports the Government's aspiration to achieve at least 30% women directors on the Board of public listed companies. Where new appointments to the Board or on replacement of a Director on the Board, priority will be given to suitable woman candidates to achieve at least 30% women directors on the Board. Currently, Puan Rahana Binti Abdul Rashid is the only woman director sitting on the Board.

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.

➢ *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 meetings. The agenda for each of the meetings are accompanied by the minutes of preceding meetings of the Board and Board Committees, which may include 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 electronically for timely and easy access by the Board and Board Committee members, 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 2019, a total of four (4) Board meetings were held which all the Directors have attended the Board meetings held during the year and details of the attendance of the Directors at the Board Meetings are as follows:

Directors	Number of Board meetings attended in 2019
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	4/4

In the intervals between scheduled Board meetings, for any exceptional matters requiring urgent Board decisions, Board approvals may be sought either 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 him/her, such Director is required to declare his/her interest and abstain from further deliberation and the decision-making process.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

➢ *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 knowledge and skills 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 "Malaysian Financial Reporting Standards ("MFRS") Refresher on MFRS 9, 15, 16 and 123" on 21 October 2019, 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:

Tan Sri Lim Siew Choon
- Big Data Analytics Conference 2019 (2 May 2019)

Dato' Lee Tuck Fook
- Invest Malaysia Conference 2019 (19 & 20 March 2019)

Goh Chin Liong
- Corporate Liability Provision Section 17A of MACC Act 2009 (Amended 2018) Awareness Training (15 November 2019)

Liang Kai Chong
- Corporate Liability Provision Section 17A of MACC Act 2009 (Amended 2018) Awareness Training (15 November 2019)

Tan Sri Marzuki Bin Mohd Noor*
- Audit Committee Conference 2019 – Meeting the New Expectations (15 April 2019)
- Session on Corporate Governance and Anti-Corruption (31 October 2019)

Datuk Ab Wahab Bin Khalil*
- Audit Committee Conference 2019 – Meeting the New Expectations (15 April 2019)
- Demystifying the Diversity Conundrum: The Road to Business Excellence (5 July 2019)
- Spark 2019 "Reinventing Retail" – Simposium Peruncitan Kebangsaan 2019 (24 October 2019)
- Session on Corporate Governance and Anti-Corruption (31 October 2019)
- Securities Commission's Audit Oversight Board Conversation with Audit Committees (8 November 2019)

Dato' Ng Sooi Lin*
- Audit Committee Conference 2019 – Meeting the New Expectations (15 April 2019)

Ng Siek Chuan*
- FIDE Breakfast Talk – Let's Get Real on Anti-Bribery (1 March 2019)
- Audit Committee Conference 2019 – Meeting the New Expectations (15 April 2019)
- Definition of "Provision of Financial Assistance" & What Constitute Related Party Transaction (16 April 2019)
- Artificial Intelligence and its role in FIs (24 July 2019)
- Demystifying the Diversity Conundrum: The Road to Business Excellence (14 August 2019)

Rahana Binti Abdul Rashid*
- Audit Committee Conference 2019 – Meeting the New Expectations (15 April 2019)

* 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 Annual Report 2019.

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) BOARD RISK & SUSTAINABILITY COMMITTEE

The Board Risk & Sustainability Committee ("BRSC"), which was established on 30 May 2019, is to assist the Board in overseeing the risk management activities of WCT Group and approving appropriate risk management policies and risk appetite. Prior to this, the risk management oversight was included as part of the terms of reference of the Audit Committee.

In addition, BRSC is also responsible to oversee sustainability-related risks and ensure that sustainability considerations are incorporated in the Group's businesses and strategies so as to create value for its businesses and stakeholders in the longer terms as well as to support business continuity and competitiveness over the longer term.

The BRSC shall comprise not fewer than three (3) members with a majority of them being independent directors of the Company. The current members of the BRSC are as follows:-

(i) Dato' Ng Sooi Lin
Chairman/Independent Non-Executive Director

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

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

(iv) Rahana Binti Abdul Rashid
Member/Independent Non-Executive Director

The terms of reference, duties and responsibilities of the BRSC are available on the Company's website (www.wct.com.my).

The BRSC shall meet not less than four (4) times a year. In 2019, two (2) meetings were held since the establishment of BRSC and details of the attendance of the BRSC members are as follows:

Name	Number of BRSC meetings attended in 2019
Dato' Ng Sooi Lin	2/2
Tan Sri Marzuki Bin Mohd Noor	2/2
Datuk Ab Wahab Bin Khalil	2/2
Rahana Binti Abdul Rashid	2/2

During the year under review, the BRSC reviewed and discussed the revised Risk Management Policy and revised Risk Management Framework, Risk Reports and Risk Registers of WCT Group business operations, the risk assessment on bribery and corruption risk, gap analysis on the Sustainability Statement for 2018 and WCT Group sustainability initiatives.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
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(C) NOMINATION & REMUNERATION COMMITTEE

The current 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 2019, three (3) meetings were held and details of the attendance of the NRC members are as follows:

Name	Number of NRC meetings attended in 2019
Datuk Ab Wahab Bin Khalil	3/3
Tan Sri Marzuki Bin Mohd Noor	3/3
Dato' Ng Sooi Lin	2/3

During the financial year 2019, 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 succession plan of the Group;
(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 four (4) directors retiring by rotation at the 8th Annual General Meeting; and
(vii) Reviewed the employment contract and the retirement benefit for the Deputy Managing Director of the Company.

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

(D) 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 current members of the Options Committee are as follows:

(i) Ng Soon Lai @ Ng Siek Chuan (appointed on 30 May 2019)
Chairman/Independent Non-Executive Director

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

(iii) Goh Chin Liong
Member/Deputy Managing Director

(iv) Tan Sri Marzuki Bin Mohd Noor (resigned on 30 May 2019)
Chairman/Independent Non-Executive Director

The Options Committee meet as and when required and no meeting was held during the financial year 2019.

- ***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 diverse set of skills, knowledge, professional/industry experience, age, cultural and educational backgrounds, ethnicity and length of services of Directors. 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 Company's Constitution provides that the number of directors of the Company shall not be less than two (2) and not more than twenty (20). The Board has the power under the Company's Constitution to appoint a director from time to time either to fill a casual vacancy or as an additional director. Article 87 of the Company's Constitution 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 82 of the Company's Constitution 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 9th AGM are stated in the notice of the 9th 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 9th 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 Annual Report 2019.

- ***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/herself and the Board and/or the respective Committees of which he/she 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 2019 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 2019, satisfied with the level of independence demonstrated by all the five (5) Independent Directors of the Company and that they fulfil the definition of "Independent Director" under the MMLR of Bursa Securities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
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➢ ***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 and the tenure of the longest serving Independent Directors is slightly more than three (3) years as at the end of the financial year ended 31 December 2019.

➢ ***DIRECTORS' REMUNERATION***

The objective of the Group's Remuneration Policy is to attract and retain the Directors and Senior Management who play an important role in leading and controlling the Group's operations effectively. Generally, the remuneration of each Director and Senior Management are determined based on their roles and responsibilities having regard to their merits, qualifications and competence as well as the Group's operating results, individual performance and comparable market statistics.

The Board had in May 2020 approved and adopted a new Policy on Remuneration of Directors and Senior Management of the Group, which sets out the policy statements and guiding principles to determine the remuneration of the Directors and senior management, in line with the best practices recommended by the Code and as prescribed under the MMLR of Bursa Securities. The said policy is available for reference on the Company's website at www.wct.com.my.

The aggregate fees, remuneration and other emoluments received by the Directors of the Company for the financial year ended 31 December 2019 are stated as follows:

The Company/Group	Salaries and Other Emoluments (RM)	Fees (RM)	Bonus (RM)	EPF (RM)	Benefits-in-kind (RM)	Insurance Premium for Directors (RM)	Total (RM)
Executive Directors							
Tan Sri Lim Siew Choon	2,760,000	12,000	460,000	386,400	47,900	4,165	3,670,465
Dato' Lee Tuck Fook	2,400,000	12,000	400,000	336,000	-	2,368	3,150,368
Goh Chin Liong	5,129,848	12,000	330,000	289,385	63,800	4,510	5,829,543
Liang Kai Chong	1,140,000	12,000	190,000	159,600	23,300	6,407	1,531,307
Non-Executive Directors							
Tan Sri Marzuki Bin Mohd Noor	21,000	84,000	-	-	-	700	105,700
Datuk Ab Wahab Bin Khalil	20,000	84,000	-	-	-	1,918	105,918
Dato' Ng Sooi Lin	17,000	84,000	-	-	-	1,918	102,918
Ng Soon Lai @ Ng Siek Chuan	10,000	84,000	-	-	-	1,918	95,918
Rahana Binti Abdul Rashid	12,000	84,000	-	-	-	1,918	97,918
Total (RM)	11,509,848	468,000	1,380,000	1,171,385	135,000	25,822	14,690,055

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 Annual Report 2019.

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 present a set of financial statements for the Group and the Company 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 the appropriate accounting policies and such policies were consistently applied;
- reasonable and prudent judgements and estimates have been made;
- all applicable approved accounting standards in Malaysia have been adopted; and
- the financial statements have been prepared 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 proper 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 also 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 assurance 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 as set out in the Company's Annual Report 2019.

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.

In June 2020, the Board had approved and adopted a new Policy on Assessment of External Auditors which set out guidance on reviewing, assessing and monitoring the performance, suitability, objectivity and independence of the external Auditors of the Company.

➢ ***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, mitigate and manage rather than to fully 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 Annual Report 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

➢ ***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 Annual Report 2019.

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 quarterly 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 8th AGM held on 12 June 2019, 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 9th AGM of the Company scheduled to be held on 5 August 2020 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 2019:

	Total
Meetings/Conference calls with investors, analysts and fund managers	10
Investors briefings	4
Site visits	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. In addition to the recent adoption of the Policy on Board Diversity, Policy on Remuneration of Directors and Senior Management of the Group, Policy on Assessment of External Auditors as part of the Company's continuing effort to achieve the good corporate governance, the other key focus areas for 2020 of the Board shall include the implementation of the Anti-Bribery and Anti-Corruption Policy and Procedures on 1 June 2020. In addition, the Board will also continue to strengthen its strategic sustainability approaches to have a deeper integration of sustainability into our day-to-day operations as guided by the Sustainable Development Goals adopted by the Group. With the recent outbreak of COVID-19 pandemic since early 2020 which has a significant impact on the Group's operations and financial position, the Board would carefully consider all risks and opportunities arising therefrom whilst safeguarding the health and safety of the Group's employees, customers and the general public.

(This Statement on Corporate Governance has been approved by the Board of Directors on 11 June 2020)

OTHER DISCLOSURES

The following additional disclosures are made in respect of the financial year ended 31 December 2019:

1. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSAL

No proceeds have been raised from any corporate proposal during the financial year ended 31 December 2019.

2. INFORMATION IN RELATION TO EMPLOYEES' SHARE OPTIONS SCHEME

(i) The Company's 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 2019.

(ii) No options were offered and granted under the ESOS (2013/2023) for the financial year ended 31 December 2019. The total number of options granted, exercised and outstanding under the ESOS (2013/2023) since its commencement up to 31 December 2019 are as set out in the table below:

	Cumulative Number of Options (Since commencement date up to 31 December 2019)	
Description	**Grand Total**	**Directors**
(a) Option granted	62,165,000	8,604,000
(b) Exercised & forfeited options	22,845,600	4,904,000
(c) Outstanding options	39,319,400	3,700,000

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

Directors and Senior Management	Options Offered in FYE 2019	Since commencement date up to 31 December 2019
(a) Aggregate maximum allocation	-	22.42%
(b) Actual no. of options granted	-	21.76%

(iv) No options have been granted to the Independent Non-Executive Directors of the Company pursuant to the ESOS (2013/2023).

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 2019 are as follows:

	Group (RM)	Company (RM)
Audit Fees	646,316	94,400
Non-Audit Fees	198,014	*179,350

*Mainly consists of professional services engaged for the proposed establishment of a real estate investment trust exercise and the review of the purchase price allocation for the acquisition of subsidiaries.

4. Material Contracts and Transactions 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 and those disclosed under Note 42 to the audited financial statements of the Company as included in this Annual Report:

(i) the appointment of Kuala Lumpur Pavilion Sdn Bhd ("KLPSB") by WCT Hartanah Jaya Sdn Bhd (a wholly-owned subsidiary of the Company) as the Retail Consultant of Paradigm Mall in Johor Bahru, 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) is a director.

(ii) the award of a sub-contract for building construction works worth RM119.4 million by Domain Resources Sdn Bhd (a company in which Tan Sri Lim Siew Choon has indirect equity interests) to WCT Berhad, a wholly-owned subsidiary of the Company. (Please refer to Section 5 below for more information)

(iii) the tenancy for office space measuring approximately 9,835 sq. ft. located on level 10 of Menara Khuan Choo along Jalan Sultan Ismail in Kuala Lumpur, which is owned by Macorp Sdn Bhd, a subsidiary of Malton Berhad, with a gross rental of RM32,784.00 per month for a tenancy period of 3 years. Tan Sri Lim Siew Choon (the major shareholder and Executive Chairman of the Company) is a major shareholder and Non-Executive Chairman of Malton Berhad and deemed as an indirect major shareholder of Macorp Sdn Bhd.

5. Recurrent Related Party Transactions of A Revenue Nature

At the 8th Annual General Meeting ("AGM") held on 12 June 2019, 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 2019 pursuant to the shareholders' mandate obtained in the Company's 7th AGM held on 6 June 2018 are as follow:

Transacting Company	Transacting Related Party	Interested Major Shareholder/ Director	Nature of Transaction	Value of Transaction
WCT Berhad ("WCTB")	Domain Resources Sdn Bhd ("DRSB")	Tan Sri Lim Siew Choon*	Award of a sub-contract works by DRSB to WCTB^	RM119.4 million

Note:

* *DRSB is an indirect wholly-owned subsidiary of Malton Berhad in which Tan Sri Lim Siew Choon, the major shareholder and Executive Chairman of the Company, is a major shareholder and the Non-Executive Chairman of Malton Berhad.*

^ *On 1 April 2019, WCTB had accepted a sub-contract worth RM119.4 million from DRSB to undertake and complete the following for Pavilion Bukit Jalil Mall commercial development project, which includes:*

(a) to supply and install brickwork, blockwork, plastering, skimcoat, stiffener, lintol and installation of door frame; and

(b) to supply and install cement and sand screeding, paving, tiling and its associated works.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

This Statement on Risk Management and Internal Control ("Statement") which is prepared for inclusion in the 2019 Annual Report of WCT Holdings Berhad ("WCT" or "Company") serves to outline the nature and scope of risk management and internal control system of the Company and its subsidiaries ("Group") for the financial year ended 31 December 2019 ("FYE2019") in compliance with the requirements under Paragraph 15.26(b) of the Main Market Listing Requirements ("LR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

BOARD'S RESPONSIBILITY

The Board of Directors of the Company ("Board") recognises the importance of having in place a sound system of internal controls and risk management framework with the objective to safeguard the assets of the Group as well as to protect shareholders' interest and investment.

In view of inherent limitations in any system of risk management and internal control, such a system put into effect by Management can only manage and minimise risks to an acceptable level, but may not eliminate all risks which the Group faces that may impede the achievement of the Group's business objectives and financial results. Therefore, the system can only provide reasonable but not absolute assurance against the occurrence of any material misstatement, loss or malpractices.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

1. RISK MANAGEMENT

The Board has delegated the responsibility of risk management oversight and control to the Board Risk & Sustainability Committee ("BRSC"). The BRSC reviews the Group's enterprise wide risk management framework and ensures that an effective process to identify, evaluate, control, report and manage risks is created, implemented and maintained by the Group.

The Group's risk management activities are governed by the Risk Management Policy and Risk Management Framework approved by the Board, to provide a common understanding and approach in the application of risk management process across the Group. The Group Risk Management Committee ("**GRMC**") comprising senior management personnel of the Group is responsible for developing, executing and maintaining an effective 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 approved by the Board)* and their impact thereof. Thereafter, gross risks are ranked accordingly, after taking into consideration of gross likelihood and gross impact should the risks occur, before they are ranked according to the residual risks, after taking into consideration the effectiveness of controls and action plans taken or proposed to be taken to mitigate such identified risks. Detailed action plans would then be implemented in order to manage such risks to an acceptable level.

Roles and Responsibilities	
The Board	• To provide oversight of the Group's enterprise wide risk management framework • To approve the Group's enterprise wide risk management framework • To set the risk appetite for the Group
BRSC	• To review the Group's enterprise wide risk management framework • To oversee and monitor the adequacy and effectiveness of risk management system • To report to the Board on the Group's risk exposure • To review and advice the Board on potential risk strategies • To provide guidance in respect of risk management to the Management
GRMC	• To champion enterprise-wide risk assessment and ensure that risk management framework is embedded throughout the Group • To ensure that the risk management framework is consistently adopted throughout the Group and is within the parameters established by the Board
Risk Owners	• To identify and prioritise risks and participate in the Company's risk identification and assessment process • To ensure risks are frequently managed and controls are operating effectively • To provide regular update on risk management report and key risk indicators measuring the extent of the risks

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

1. RISK MANAGEMENT *cont'd*

During the FYE2019,

- the BRSC was constituted by the Board on 30 May 2019, comprising of four (4) Independent Non-Executive Directors of the Company, which is responsible for providing an independent oversight of the implementation and operation of the Group's enterprise wide risk management framework.

- the GRMC had reviewed, appraised and assessed the risks identified by the respective risk owners of the Group together with the controls and action plans undertaken or proposed to be undertaken to mitigate and manage the identified risk exposure. Where applicable, the GRMC had also raised other issues of concerns and recommended additional mitigation actions to further mitigate the risk exposure. The GRMC then reported to the BRSC on a quarterly basis the key risks and mitigations actions which have been deliberated and recommended to be implemented. After due deliberation, the BRSC would then present a summary of the key risks and mitigations actions and its recommendation to the Board for final endorsement.

2. AUDITS

i. The Group Internal Audit Department ("GIAD")

The GIAD, which reports directly to the Audit Committee of the Company, performs internal audits on various operating units within the Group based on an audit plan approved by the Audit Committee at the beginning of the financial year. The GIAD performed checks for due compliance by the respective operating units with Group's policies and procedures as well as the effectiveness and adequacy of the internal control systems and accordingly highlighted material audit findings, together with recommendations and proposed action plans. Detailed internal audit reports are prepared by the GIAD on a quarterly basis or if required on an adhoc basis and such reports are submitted for deliberation by the Audit Committee during the Audit Committee meetings held throughout the financial year. Details of the GIAD's functions and activities are set out in the Audit Committee Report as contained in the Company's 2019 Annual Report.

During the FYE2019,

- the GIAD had performed thirty-two (32) internal audits on the adequacy and operating effectiveness of the Group's internal controls which have been duly reviewed by the Audit Committee. Audit findings reported by the GIAD and actions taken or proposed to be taken by the operating units to address the findings were deliberated at Audit Committee meetings. The minutes of the Audit Committee meetings held to deliberate the internal audit reports were subsequently escalated to the Board for notation.

ii. External auditors

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

iii. Quality, Environmental and Safety & Health ("QESH") Management Systems

During the FYE2019,

i. both the Quality Management Systems ("QMS") and Environmental Management Systems ("EMS") was upgraded to ISO 9001: 2015 and ISO 14001: 2015 on 12 March 2019 and 6 March 2019 respectively.

ii. the Occupational Health and Safety Management Systems ("OHSMS") underwent an upgrading exercise from OHSAS 18001:2007 to ISO 45001: 2018 which was obtained on 20 February 2020.

iii. The systems i.e. QMS, EMS and OHSMS underwent scheduled internal / external audits and the results of these audit were reported to the Management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

3. AUTHORITY AND RESPONSIBLITY

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

The following board and management committee have been established to assist the Board to discharge its duties: -

Audit Committee

The Audit Committee is responsible to review the internal control procedures and processes of the Group and evaluate the adequacy and effectiveness of the Group's internal controls system. The Audit Committee also seeks assistance from the GIAD and input from the external auditors of the Group, whenever required. The terms of reference of the Audit Committee are available in Company's official website at www.wct.com.my.

BRSC

The BRSC is responsible for providing an independent oversight of the implementation and operation of the Group's enterprise wide risk management framework.

GRMC

The GRMC comprising senior management personnel from various business divisions and support services is responsible for monitoring and performing regular reviews on the Group's risk management processes and for ascertaining if the enterprise wide risk management framework approved by the Board is properly implemented throughout the Group's business and operations. The GRMC reports directly to the BRSC.

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 directors 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 Company's directors holding executive positions; and
- review and recommends the appropriate remuneration payable to each Director for their services at the Board level as well as at the respective committees of the Board.
- The terms of reference of the Nomination & Remuneration Committee are available in Company's official website at www.wct.com.my.

Option Committee

The Option Committee is responsible for administering the offering, granting and dealing of the share options and new ordinary shares issued under the Group's employees share option scheme ("ESOS") in accordance with relevant rules and regulations as well as the approved by-laws governing the ESOS.

Management Committee ('MC")

The MC comprising key senior management personnel reports to the Board and is responsible for the development and effective implementation of strategic business plans for the Group in line with the strategic directions approved by the Board. 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, financial and operational matters.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

4. POLICIES, PROCEDURES AND VALUES

- The Group's policies, procedures and guidelines are properly documented and made accessible to all employees of the Group to ensure that all employees are aware of and will comply with them. 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 duly authorised to carry out their respective job responsibilities as well as to represent the Group in all official correspondences and documentations on behalf of the Group covering procurement, payments, investments, acquisitions and disposals. The DAL is periodically reviewed and is 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 of employees of the Group and are accessible on the Company's official website and intranet. The Code of Conduct & Ethics for Employees, Code of Ethics for Company Directors, as well as procedures for whistle blowing are also available on Company's website at www.wct.com.my.

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

    - Finance & Accounts (including Tax and Treasury);
    - Legal & Company Secretarial;
    - Tender, Procurement & Budget;
    - Quality, Environment, Safety & Health ("QESH");
    - Human Resource & Administration;
    - Sales & Marketing;
    - Project Management (including Planning & Design, Contracts, Liaison with authorities);
    - Mall Management (including Leasing & Promotions);
    - Corporate Affairs; and
    - Information Technology;

  The centralisation of these key functions enables the Management to have a more effective and efficient control over of the Group's operations, whilst monitoring and managing the risks associated therewith.

5. INFORMATION, COMMUNICATION AND MONITORING

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

- Annual strategic business plans and financial budgets are prepared by all key business units and are being monitored at quarterly Management Committee meetings and subsequently presented to the Audit Committee and Board for deliberation. The Audit Committee and the Board also review the operational and financial results of the Group on a quarterly basis before the Group's quarterly interim financial results and annual financial results are released to Bursa Securities for public announcement.

- Directors and Senior Management conduct regular visits to the Group's project sites and offices as well as key investment properties and regularly engage with the Group's customers, suppliers, bankers and other business associates in order to gain better insight and first-hand knowledge of the Group' operations, challenges faced as well as industry dynamics and changes.

- The Group's operating performance and financial results are communicated to the Company's shareholders, stakeholders and the general public on a quarterly basis via the release of interim quarterly financial reports as well as on an annual basis via the Company's annual report. 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 for financial analysts and institutional investors are also conducted regularly to keep the investment community abreast with the development and latest financial results of the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

6. INSURANCE

As an entity with a diversified business portfolio, the Group faces exposure to various form of risks. Where possible, all such insurable risks relating to the Group's business operations, assets and employees are adequately insured in order to minimise any adverse financial impact.

The Group Managing Director and the Director of Finance and Accounts have provided the Board with assurance that the Group risk management and internal control system are operating adequately and effectively. All internal control weaknesses identified during the period under review have been or are being addressed. There were no major internal control weaknesses that require disclosure in the Annual Report. The Management continues to review and take measures to strengthen the risk management and control environment.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.26(b) of the LR of Bursa Securities, the external auditors of the Company have reviewed this Statement on Risk Management and Internal Control prepared by the Company for the FYE2019. Their limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and 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 review by the external auditors was made solely for the benefit of the Board in connection with the compliance with the LR of Bursa Securities by the Company. The external auditors do not assume responsibility to any person other than the Board in respect of any aspect of their review.

CONCLUSION

Having considered all aspects of the Group's risk management and internal control system in place as set out in this Statement, the Board is generally satisfied with the adequacy and effectiveness of the Group's risk management and internal controls during the FYE2019 and the period up to the date of issuance of this Statement.

(This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board dated 11/06/2020)

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

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.

A total of five (5) Audit Committee meetings were held during the financial year ended 31 December 2019 and the attendance record of the members are as follows:

Name	Number of meetings attended in 2019
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	5/5
Rahana Binti Abdul Rashid	5/5

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 2019, 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 2018 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 2018 and thereafter, recommended it to the Board for their consideration;

AUDIT COMMITTEE REPORT
cont'd

C. SUMMARY OF ACTIVITIES *cont'd*

(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 28 February 2019 and 21 November 2019 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-six (36) 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 twenty-eight (28) internal audit plans for year 2020 for the Group;

(12) Reviewed the revised terms of reference of Audit Committee in particular on the removal of risk management related functions in line with the establishment of a Board Risk and Sustainability Committee ("BRSC") prior to submission to the Board for consideration and approval;

(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 prior to the establishment of BRSC;

(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 2018:

(a) Audit Committee Report;
(b) Corporate Governance Overview Statement;
(c) Corporate Governance Report;
(d) Statement on Risk Management and Internal Control;
(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) Visited two (2) on-going project construction projects under MRT Line 2 (Sg. Buloh – Serdang – Putrajaya) i.e. Package V204 *(viaduct guideway and associated works)* and Package S204 *(Station Taman Naga Emas and Kuchai Lama)* on 22 August 2019.

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 the audit plans 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 2019, 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	13
Completed construction & property development projects	1
Property maintenance & operations	3
Mall operations	9
Business aviation	1
Others	9
Total:	36

The total cost incurred in respect of the Group's internal audit function for the financial year ended 31 December 2019 was approximately RM990,156.00 (FY2018: RM950,000.00).

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DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

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

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
(Loss)/profit after taxation	(34,248)	1,396
Attributable to:		
Equity holders of the Company	(27,321)	1,396
Non-controlling interests	(6,927)	-
	(34,248)	1,396

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 provision of costs arising from an arbitration award as disclosed in Note 51(b) to the financial statements.

DIVIDENDS

Dividends paid by the Company since 31 December 2018 were as follows:

	RM'000
In respect of the financial year ended 31 December 2018:	
Final dividend	
Share dividend by way of distribution of 27,626,878 treasury shares on 28 June 2019 on the basis of 2 treasury shares for every 100 ordinary shares held in the Company	22,555

At the forthcoming Annual General Meeting, a final share dividend in respect of the financial year ended 31 December 2019 via a distribution of treasury shares on the basis of one (1) treasury share 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 2020.

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

* *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	
Salim Bin Ali Bin Nasser Al Siyabi	
Khuzaim Iqbal Jafferi	
Elina Binti Abdul Aziz	
ISLA Ltd	
Fatweena Bibi Ameen Uteene-Mahamod	(Appointed on 10 June 2020)
Sharmanand Jhurreea	(Appointed on 10 June 2020)
Neoh Kim Wah	(Resigned on 22 January 2020)
Leong Khai Ric	(Resigned on 31 May 2020)
Doomraj Sooneelall	(Resigned on 10 June 2020)
Chatrasingh Joyram	(Resigned on 10 June 2020)

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 38(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 42(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 2019	**Acquired**	**(Disposed)**	**31 December 2019**
Tan Sri Lim Siew Choon				
- direct	24,300,000	486,000 **	-	24,786,000
- deemed ***	247,207,674	4,944,153 **	-	252,151,827
Goh Chin Liong				
- direct	9,929,678	198,593 **	-	10,128,271
Liang Kai Chong				
- direct	3,772,337	75,446 **	-	3,847,783
- indirect (spouse)	266,830	5,336 **	-	272,166

Tan Sri Lim Siew Choon by virtue of his interest in shares in the Company is also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

** *Share dividend received on the basis of 2 treasury shares for every 100 ordinary shares held in the Company, fraction of treasury shares was disregarded.*
*** *Deemed interested by virtue of his interest in Dominion Nexus Sdn. Bhd. via Legacy Pacific Limited.*

	WCT Holdings Berhad			
	Number of Warrants 2015/2020			
	1 January 2019	**Acquired**	**(Disposed/ Exercised)**	**31 December 2019**
Goh Chin Liong				
- direct	1,529,938	-	-	1,529,938
Liang Kai Chong				
- direct	818,904	-	-	818,904
- indirect (spouse)	52,519	-	-	52,519

The terms and conditions of Warrants 2015/2020 are disclosed in Note 30(d) to the financial statements.

	Number of options to subscribe for ordinary shares pursuant to WCT Holdings Berhad's ESOS 2013/2023			
	1 January 2019	**Granted**	**(Exercised)**	**31 December 2019**
Tan Sri Lim Siew Choon	900,000	-	-	900,000
Dato' Lee Tuck Fook	800,000	-	-	800,000
Goh Chin Liong	900,000	-	-	900,000
Liang Kai Chong	1,100,000	-	-	1,100,000

Further information of the ESOS 2013/2023 are disclosed in Note 30(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.

DIRECTORS' REPORT
cont'd

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from 1,416,403,871 shares to 1,418,150,471 shares by way of the issuance of 1,746,600 new ordinary shares pursuant to the exercise of 1,746,600 options under the Company's ESOS 2013/2023 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 30(b) to the financial statements.

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

Details of the ESOS 2013/2023 are disclosed in Note 30(c) to the financial statements.

WARRANTS 2015/2020

Details of the Warrants 2015/2020 are disclosed in Note 30(d) 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 2019. The amount of insurance premium paid by the Company for the year ended 31 December 2019 was RM48,000.

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 in respect of the financial statements of the Group and of the Company 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.

OTHER STATUTORY INFORMATION *cont'd*

(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 AWARDS AND MATERIAL LITIGATION

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

AUDITORS AND AUDITORS' REMUNERATION

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

The auditors' remuneration of the Group and of the Company is RM1,059,000 and RM271,000 respectively.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, 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 PLT during or since the financial year ended 31 December 2019.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 18 June 2020.

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 252 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 18 June 2020.

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 252 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 18 June 2020

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 2019 of the Group and of the Company, and the 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 103 to 252.

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

Basis for opinion

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

Independence and other ethical responsibilities

We are independent 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 Code of Ethics for Professional Accountants (including International Independence Standards ("IESBA Code")), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

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

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), 34 and 35 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 RM1,255,991,000 and RM247,897,000 from construction and property development activities respectively and they accounted for approximately 68% and 14% respectively of the Group's revenue. The related cost of sales from construction and property development activities were RM1,116,873,000 and RM123,502,000 respectively and they accounted for 80% and 9% respectively of the Group's cost of sales.

The amounts 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 projects.

INDEPENDENT AUDITORS' REPORT

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

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 costs of construction activities;

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

- Reviewed construction cost budgets by agreeing subcontractor 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 and/or correspondences from the customers and correspondences to/from subcontractors;

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

- Recomputed revenue recognised during the financial year using the input method by comparing total costs incurred against total budgeted costs; 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 costs of 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 and/or correspondences to/from the subcontractor;

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

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

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

Fair value of investment properties
(Refer to Notes 3.2(e), 7 and 22 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 financial year in which they arise. As at 31 December 2019, the carrying amount of investment properties amounted to RM1,937,485,000, representing 35% and 22% of the Group's total non-current assets and total assets respectively.

INDEPENDENT AUDITORS' REPORT

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

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

Key audit matters *cont'd*

Fair value of investment properties *cont'd*

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, namely, comparison method and investment method.

We identified the valuation of 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 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.

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

As at 31 December 2019, the Group's portfolio of completed inventory properties with a net carrying value of RM468,856,000 was carried at the lower of cost and net realisable value, representing 15% and 5% of the Group's total current assets and total assets respectively.

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 the 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 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;

INDEPENDENT AUDITORS' REPORT

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

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

Key audit matters *cont'd*

Carrying value of completed inventory properties *cont'd*

In addressing this area of focus, we performed, amongst others, the following procedures: *cont'd*

- 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 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 express any form of assurance conclusion thereon.

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

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

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

Responsibilities of the directors for the financial statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with 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.

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

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

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

- 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.

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

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

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

INDEPENDENT AUDITORS' REPORT

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

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

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 PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Tseu Tet Khong @ Tsau Tet Khong
03374/06/2022 J
Chartered Accountant

Kuala Lumpur, Malaysia
18 June 2020

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2019

		Group			Company	
		31.12.2019	31.12.2018	01.01.2018	31.12.2019	31.12.2018
	Note	RM'000	RM'000	RM'000	RM'000	RM'000
			(Restated)	(Restated)		
Non-current assets						
Property, plant and equipment	4	351,052	366,942	340,984	3,613	2,893
Right-of-use assets:						
- Property, plant and equipment	22	44,343	-	-	6,364	-
- Investment properties	22	132,379	-	-	-	-
Intangible asset	5	131,353	139,627	-	-	-
Inventory properties under development	6(a)	1,725,548	1,693,483	1,553,980	-	-
Investment properties	7	1,805,106	1,796,375	1,594,392	-	-
Investments in subsidiaries	8	-	-	-	3,718,026	3,674,027
Investments in associates	9	164,904	168,725	131,961	-	-
Investments in joint ventures	10(b)	365,749	422,257	482,070	777	777
Trade receivables	11	312,684	212,613	235,194	-	-
Contract assets	12	229,141	231,595	226,330	-	-
Other receivables	13	326,239	347,534	332,559	658	862
Due from related parties	14	-	2,375	8,360	1,090,000	1,092,318
Deferred tax assets	15	11,359	5,239	13,029	747	623
		5,599,857	5,386,765	4,918,859	4,820,185	4,771,500

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2019
cont'd

		Group			Company	
		31.12.2019	31.12.2018	01.01.2018	31.12.2019	31.12.2018
	Note	RM'000	RM'000	RM'000	RM'000	RM'000
			(Restated)	(Restated)		
Current assets						
Inventory properties under development	6(b)	242,113	229,258	267,287	-	-
Inventories	16	469,263	517,217	459,164	-	-
Trade receivables	11	737,163	830,625	1,047,255	-	-
Contract assets	12	436,025	647,957	362,412	-	-
Other receivables	13	172,735	167,805	151,924	666	522
Due from related parties	14	494,516	452,976	371,225	653,872	736,073
Tax recoverable		22,062	13,148	3,378	-	-
Cash and bank balances	17	646,444	400,944	527,202	112,339	76,566
		3,220,321	3,259,930	3,189,847	766,877	813,161
Assets classified as held for sale	18	-	32,383	83,314	-	-
		3,220,321	3,292,313	3,273,161	766,877	813,161
Current liabilities						
Trade payables	19	753,750	937,923	894,251	-	-
Contract liabilities	12	159,149	161,543	188,467	-	-
Other payables	20	278,263	166,083	160,319	27,603	30,111
Lease commitment payable	21	3,759	3,154	-	-	-
Lease liabilities	22	12,943	-	-	3,048	-
Due to related parties	14	8	155	6,271	-	-
Borrowings	23	1,205,363	906,593	1,028,047	183,250	-
Income tax payable		5,502	14,446	7,449	1,352	1,650
		2,418,737	2,189,897	2,284,804	215,253	31,761
Liabilities classified as held for sale		-	-	4	-	-
		2,418,737	2,189,897	2,284,808	215,253	31,761
Net current assets		801,584	1,102,416	988,353	551,624	781,400
		6,401,441	6,489,181	5,907,212	5,371,809	5,552,900

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019
cont'd

		Group			Company	
		31.12.2019	**31.12.2018**	**01.01.2018**	**31.12.2019**	**31.12.2018**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
			(Restated)	**(Restated)**		
Financed by:						
Equity attributable to equity holders of the Company						
Share capital	30	3,212,796	3,210,984	3,210,132	3,212,796	3,210,984
Reserves	31	(1,497,511)	(1,479,039)	(1,490,865)	8,908	9,514
Retained earnings	31	1,434,569	1,497,560	1,431,371	230,757	252,443
Treasury shares, at cost	30	(7,486)	(30,041)	(384)	(7,486)	(30,041)
		3,142,368	3,199,464	3,150,254	3,444,975	3,442,900
Perpetual Sukuk	32	612,665	-	-	612,665	-
Non-controlling interests	33	(33,521)	(26,552)	8,089	-	-
Total equity		3,721,512	3,172,912	3,158,343	4,057,640	3,442,900
Non-current liabilities						
Trade payables	19	80,882	65,266	72,452	-	-
Other payables	20	202,703	212,602	207,096	185	-
Contract liabilities	12	87,354	81,712	148,580	-	-
Lease commitment payable	21	102,017	105,776	-	-	-
Lease liabilities	22	182,574	-	-	3,984	-
Borrowings	23	1,925,448	2,752,544	2,257,132	1,310,000	2,110,000
Deferred tax liabilities	15	98,951	98,369	63,609	-	-
		2,679,929	3,316,269	2,748,869	1,314,169	2,110,000
		6,401,441	6,489,181	5,907,212	5,371,809	5,552,900

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 2019

		Group		Company	
		31.12.2019	31.12.2018	31.12.2019	31.12.2018
	Note	RM'000	RM'000	RM'000	RM'000
			(Restated)		
Revenue	34	1,835,615	2,296,713	136,036	138,908
Cost of sales	35	(1,389,053)	(1,920,993)	-	-
Gross profit		446,562	375,720	136,036	138,908
Other operating income	36	68,092	250,822	3,217	3,820
Administration expenses		(123,918)	(121,754)	(24,582)	(23,264)
Other expenses		(197,223)	(184,212)	(8,384)	(1,743)
Operating profit		193,513	320,576	106,287	117,721
Finance costs	37	(144,964)	(138,862)	(99,752)	(109,891)
Share of results of associates	9	2,904	7,242	-	-
Share of results of joint ventures	10(b)	(40,002)	(40,263)	-	-
Profit before taxation	38	11,451	148,693	6,535	7,830
Taxation	39	(45,699)	(104,316)	(5,139)	(6,331)
(Loss)/profit after taxation		(34,248)	44,377	1,396	1,499
Attributable to:					
Equity holders of the Company		(27,321)	106,021	1,396	1,499
Non-controlling interests	33	(6,927)	(61,644)	-	-
		(34,248)	44,377	1,396	1,499
(Loss)/earnings per share attributable to equity holders of the Company (sen)					
- Basic	40(i)	(1.95)	7.59		
- Fully diluted	40(ii)	(1.95)	7.56		

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 2019

	Group		Company	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000 (Restated)	RM'000	RM'000
(Loss)/profit after taxation	(34,248)	44,377	1,396	1,499
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:				
- Foreign currency translation	(6,865)	1,306	-	-
Other comprehensive income to be reclassified to retained earnings in subsequent periods:				
- Revaluation of freehold land and buildings	49	6,226	-	-
Other comprehensive (loss)/income for the year, net of tax	(6,816)	7,532	-	-
Total comprehensive (loss)/income for the year	(41,064)	51,909	1,396	1,499
Total comprehensive (loss)/income for the year attributable to:				
Equity holders of the Company	(34,095)	113,778	1,396	1,499
Non-controlling interests	(6,969)	(61,869)	-	-
	(41,064)	51,909	1,396	1,499

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 2019

		Attributable to equity holders of the Company													
			Non-distributable							Distributable					
	Note	Share capital (Note 30) RM'000	Treasury shares (Note 30) 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	Perpetual Sukuk (Note 32) RM'000	Non-controlling interests (Note 33) RM'000	Total equity RM'000
Group															
At 1 January 2019 (as previously stated)		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
Prior year adjustments	54	-	-	-	-	-	-	-	-	-	10,358	10,358	-	-	10,358
		3,210,984	(30,041)	(1,554,791)	66,934	12	61,646	10,244	(64,522)	1,438	1,497,560	3,199,464	-	(26,552)	3,172,912
Cumulative effect of initial application of MFRS 16	2.2	-	-	-	-	-	-	-	-	-	(24,433)	(24,433)	-	-	(24,433)
At 1 January 2019 (restated)		3,210,984	(30,041)	(1,554,791)	66,934	12	61,646	10,244	(64,522)	1,438	1,473,127	3,175,031	-	(26,552)	3,148,479
Loss for the financial year		-	-	-	-	-	-	-	-	-	(27,321)	(27,321)	-	(6,927)	(34,248)
Other comprehensive income/(loss)		-	-	-	49	-	-	-	(6,823)	-	-	(6,774)	-	(42)	(6,816)
Total comprehensive income/(loss) for the year		-	-	-	49	-	-	-	(6,823)	-	(27,321)	(34,095)	-	(6,969)	(41,064)
Transactions with owners															
Dividends paid to shareholders	41	-	22,555	-	-	-	-	-	-	-	(22,555)	-	-	-	-
Issuance of Perpetual Sukuk	32	-	-	-	-	-	-	-	-	-	-	-	612,665	-	612,665
Arising from share options exercised	30	1,432	-	-	-	-	-	-	-	-	-	1,432	-	-	1,432
Transfer within reserve for ESOS exercised	30	380	-	-	-	-	-	(380)	-	-	-	-	-	-	-
Transfer within reserve		-	-	-	(11,085)	(7)	-	(226)	-	-	11,318	-	-	-	-
At 31 December 2019		3,212,796	(7,486)	(1,554,791)	55,898	5	61,646	9,638	(71,345)	1,438	1,434,569	3,142,368	612,665	(33,521)	3,721,512

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2019
cont'd

		Attributable to equity holders of the Company												
			Non-distributable							Distributable				
	Note	Share capital (Note 30) RM'000	Treasury shares (Note 30) 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 33) 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	(66,053)	1,438	1,419,178	3,138,061	8,089	3,146,150
Prior year adjustments	54	-	-	-	-	-	-	-	-	-	12,193	12,193	-	12,193
At 1 January 2018 (restated)		3,210,132	(384)	(1,554,791)	62,528	22	61,646	4,345	(66,053)	1,438	1,431,371	3,150,254	8,089	3,158,343
Profit/(loss) for the financial year (restated)		-	-	-	-	-	-	-	-	-	106,021	106,021	(61,644)	44,377
Other comprehensive income/(loss)		-	-	-	6,226	-	-	-	1,531	-	-	7,757	(225)	7,532
Total comprehensive income/(loss) for the year		-	-	-	6,226	-	-	-	1,531	-	106,021	113,778	(61,869)	51,909
Transactions with owners														
Dividends paid to shareholders	41	-	-	-	-	-	-	-	-	-	(42,298)	(42,298)	-	(42,298)
Share options vested under ESOS	38(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	33	-	-	-	-	-	-	-	-	-	-	-	27,228	27,228
Arising from share buy-back	30(b)	-	(29,657)	-	-	-	-	-	-	-	-	(29,657)	-	(29,657)
Arising from share options exercised	30	674	-	-	-	-	-	-	-	-	-	674	-	674
Transfer within reserve for ESOS exercised	30	179	-	-	-	-	-	(179)	-	-	-	-	-	-
Transfer within reserve		-	-	-	(1,820)	(10)	-	(636)	-	-	2,466	-	-	-
Incidental costs of new shares	30	(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	1,497,560	3,199,464	(26,552)	3,172,912

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 2019

	Note	Share capital (Note 30) RM'000	← Non-distributable → Treasury shares (Note 30) RM'000	Equity compensation reserve (Note 31) RM'000	Distributable Retained earnings (Note 31) RM'000	Perpetual Sukuk (Note 32) RM'000	Total equity RM'000
Company							
At 1 January 2019 (as previously stated)		3,210,984	(30,041)	9,514	252,443	-	3,442,900
Cumulative effect of initial application of MFRS 16	2.2	-	-	-	(753)	-	(753)
At 1 January 2019 (restated)		3,210,984	(30,041)	9,514	251,690	-	3,442,147
Profit for the financial year, representing total comprehensive income for the year		-	-	-	1,396	-	1,396
Transactions with owners							
Share dividends distributed to shareholders	41	-	22,555	-	(22,555)	-	-
Issuance of Perpetual Sukuk	32	-	-	-	-	612,665	612,665
Arising from share options exercised	30	1,432	-	-	-	-	1,432
Transfer within reserve for ESOS exercised	30	380	-	(380)	-	-	-
Transfer within reserve for ESOS forfeited		-	-	(226)	226	-	-
At 31 December 2019		3,212,796	(7,486)	8,908	230,757	612,665	4,057,640

STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2019
cont'd

		← Non-distributable		→	Distributable	
	Note	Share capital (Note 30) RM'000	Treasury shares (Note 30) RM'000	Equity compensation reserve (Note 31) RM'000	Retained earnings (Note 31) RM'000	Total equity 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						
Dividends paid to shareholders	41	-	-	-	(42,298)	(42,298)
Share options vested under ESOS	38(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	30	-	(29,657)	-	-	(29,657)
Arising from share options exercised	30	674	-	-	-	674
Transfer within reserve for ESOS exercised	30	179	-	(179)	-	-
Transfer within reserve for ESOS forfeited		-	-	(636)	636	-
Incidental costs of new shares	30	(1)	-	-	-	(1)
At 31 December 2018		3,210,984	(30,041)	9,514	252,443	3,442,900

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2019

	Group		Company	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
Cash flows from operating activities				
Profit before taxation	11,451	148,693	6,535	7,830
Adjustments for:				
Interest income	(33,115)	(39,562)	(97,382)	(102,123)
Dividend income	-	-	(20,200)	(19,533)
Interest expense	144,964	138,862	99,752	109,891
Finance (income)/cost from financial assets at amortised cost	(5,777)	84	-	-
Net unrealised foreign exchange loss	2,996	15,407	-	-
Allowance for expected credit losses:				
- related parties	-	-	94	69
- third parties	9,303	2,372	-	-
Impairment of goodwill on acquisition of subsidiaries	-	137,409	-	-
Amortisation of intangible asset	8,274	5,436	-	-
Property, plant and equipment:				
- depreciation	19,790	23,222	1,038	934
- gain on disposal	(2,037)	(9,786)	-	-
- written off	110	280	-	-
Right-of-use assets:				
- depreciation	2,334	-	2,592	-
- fair value adjustment	8,141	-	-	-
Bad debts written off	5,784	9	-	-
Reversal of allowance for expected credit losses	(119)	(296)	-	-
Net write down in value of land held for sale	-	1,820	-	-
Net write down in value of inventory properties:				
- completed inventory properties	9,297	7,194	-	-
- land held for property development	13,270	11,238	-	-
Share options vested under ESOS	-	6,288	-	837
Investment properties:				
- gain on disposal	-	(273)	-	-
- fair value gain	(14,842)	(176,886)	-	-
Gain on liquidated of an associate	(824)	-	-	-
Gain on deemed disposal of a subsidiary	-	(318)	-	-
Reversal of provision of foreseeable losses for contract assets	(72)	(46)	-	-
Accrual of costs arising from arbitration awards	149,534	-	-	-
Share of results of associates	(2,904)	(7,242)	-	-
Share of results of joint ventures	40,002	40,263	-	-
Operating profit/(loss) before changes in working capital	365,560	304,168	(7,571)	(2,095)

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2019
cont'd

	Group		Company	
	31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		(Restated)		
Cash flows from operating activities (cont'd)				
Working capital changes:				
Development expenditure	(9,742)	(58,079)	-	-
Related parties	(40,921)	(110,461)	84,425	(137,856)
Joint ventures	(3,082)	1,415	-	-
Inventories	38,657	(76,232)	-	-
Receivables	265,518	(10,541)	60	1,023
Payables	(210,164)	(65,182)	(2,508)	5,625
Lease commitment payable	(12,086)	(1,250)	-	-
Cash flows generated from/(used in) operations	393,740	(16,162)	74,406	(133,303)
Taxation paid	(63,505)	(67,253)	(5,324)	(5,967)
Net cash generated from/(used in) operating activities	330,235	(83,415)	69,082	(139,270)
Cash flows from investing activities				
Dividend received	-	-	20,200	19,533
Interest received	33,115	39,562	97,382	102,123
Purchase of property, plant and equipment	(34,491)	(56,895)	(1,758)	(102)
Purchase of investment properties	6,111	(4,908)	-	-
Acquisition of subsidiary, net of cash acquired	-	(42,206)	-	-
Proceeds from liquidation of an associate	824	-	-	-
Investment in a subsidiary	-	-	(43,999)	-
Investment in an associate	-	(49,603)	-	-
Investment in joint venture	(1,530)	-	-	-
Dividend received from joint ventures	17,447	18,561	-	-
Dividend received from associates	3,529	3,293	-	-
(Placement in)/uplift of deposits in licensed banks	(5,710)	52,381	-	49,235
Proceeds from disposal of:				
- property, plant and equipment	11,498	18,917	-	-
- investment properties	-	6,097	-	-
Net cash generated from/(used in) investing activities	30,793	(14,801)	71,825	170,789

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2019
cont'd

	Group		Company	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
Cash flows from financing activities				
Dividends paid	-	(42,298)	-	(42,298)
Interest paid	(176,276)	(183,516)	(99,199)	(109,891)
Proceeds from share options exercised	1,432	674	1,432	674
Purchase of treasury shares	-	(29,657)	-	(29,657)
Payments to hire purchase payables	(12,944)	(11,475)	-	-
Proceeds from issuance of Perpetual Sukuk	617,000	-	617,000	-
Proceeds from term loans	124,947	33,642	-	-
Proceeds from Sukuk Murabahah	-	510,000	-	510,000
Proceeds from revolving credits	228,178	367,042	-	-
Repayment of Sukuk Murabahah	-	(150,000)	-	(150,000)
Repayment of Medium Term Notes	(616,750)	(200,000)	(616,750)	(200,000)
Repayment of term loans	(115,544)	(99,019)	-	-
Repayment of revolving credits	(142,573)	(199,184)	-	-
Proceeds from bankers' acceptances	4,079	10,065	-	-
Payment of principal portion of lease liabilities	(23,337)	-	(3,181)	-
Incidental costs of issuance of new shares	-	(1)	-	(1)
Incidental costs of issuance of Perpetual Sukuk	(4,436)	-	(4,436)	-
Net cash (used in)/generated from financing activities	(116,224)	6,273	(105,134)	(21,173)
Net increase/(decrease) in cash and cash equivalents	244,804	(91,943)	35,773	10,346
Exchange differences	(5,014)	17,664	-	-
Cash and cash equivalents at beginning of the financial year	366,782	441,061	76,566	66,220
Cash and cash equivalents at end of the financial year	606,572	366,782	112,339	76,566

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2019

cont'd

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

		Group		Company	
		31.12.2019	31.12.2018	31.12.2019	31.12.2018
	Note	RM'000	RM'000	RM'000	RM'000
			(Restated)		
Cash and bank balances	17	646,444	400,944	112,339	76,566
Less: Deposits with maturity more than 3 months	17	(1,828)	(2,773)	-	-
Less: Deposits with licensed banks pledged as security	17	(38,044)	(31,389)	-	-
Total cash and cash equivalents		606,572	366,782	112,339	76,566

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad ("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, joint ventures and associates. 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 18 June 2020.

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 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted the new and revised MFRSs which are mandatory for annual financial periods beginning on or after 1 January 2019 as described fully in Note 2.2.

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

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

2.2 Changes in accounting policies

On 1 January 2019, the Group and the Company adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2019.

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

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

2.2 Changes in accounting policies *cont'd*

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

MFRS 16: Leases

The Group applied MFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

MFRS 16 supersedes 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*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

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

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

The effects of adoption MFRS 16 as at 1 January 2019 (increase/(decrease)) are as follows:

	Group RM'000	Company RM'000
Assets		
Right-of-use assets (property, plant and equipment)	47,081	6,954
Property, plant and equipment (Note 4)	(13,541)	-
Right-of-use assets (investment properties)	140,520	-
Investment in joint ventures	(3,671)	-
Total assets	170,389	6,954
Liabilities		
Other payables		
Provision for restoration (Note 22)	24	166
Prepaid lease expense	(2,434)	-
Lease liabilities	203,787	7,778
Deferred tax liabilities	(6,555)	(237)
Total liabilities	194,822	7,707
Total adjustment on equity:		
Retained earnings	(24,433)	(753)

The Group has lease contracts for various items of land and building. Before the adoption of MFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019
cont'd

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

2.2 Changes in accounting policies *cont'd*

MFRS 16: Leases *cont'd*

Upon adoption of MFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 2.24 Leases for the accounting policy beginning 1 January 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously classified as finance leases

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

Leases previously accounted for as operating leases

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

The Group also applied the available practical expedients wherein it:

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

Based on the above, as at 1 January 2019:

- The Group's right-of-use assets (property, plant and equipment) of RM47,081,000 were recognised and presented separately in the statement of financial position. This includes the lease assets recognised previously under finance leases of RM13,541,000 that were reclassified from Property, plant and equipment. The Company's right-of-use assets (property, plant and equipment) of RM6,954,000 were recognised and presented separately in the statement of financial position.
- The Group's right-of-use assets (investment properties) of RM140,520,000 were recognised and presented separately in the statement of financial position.
- The Group's investment in joint ventures decreased by RM3,671,000 because of the joint venture's right-of-use assets (property, plant and equipment) and additional lease liabilities were recognised and presented separately in the statement of financial position of the joint venture.
- Additional lease liabilities of RM203,787,000 and RM7,778,000 of the Group and of the Company respectively were recognised.
- The Group's other payables decreased by RM2,434,000 because prepaid lease expense has been reclassified to lease liability for separate disclosure.
- Restoration cost of RM24,000 and RM166,000 have been recognised in other payables of the Group and of the Company respectively.

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

2.2 Changes in accounting policies *cont'd*

MFRS 16: Leases *cont'd*

Leases previously accounted for as operating leases cont'd

Based on the above, as at 1 January 2019 (cont'd):

- The Group's and the Company's deferred tax liabilities decreased by RM6,555,000 and RM237,000 respectively because of the deferred tax impact of the changes in assets and liabilities.
- The net effect of these adjustments had been adjusted to the Group's and the Company's retained earnings by RM24,433,000 and RM753,000 respectively.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	Group RM'000	Company RM'000
Assets		
Operating lease commitments as at 31 December 2018	288,323	8,548
Weighted average incremental borrowing rate as at 1 January 2019	5.61%	5.15%
Discounted operating lease commitments as at 1 January 2019	199,455	7,778
Less: Commitments relating to short-term leases	(1,960)	-
Add: Lease payments relating to renewal periods not included in operating lease commitments as at 31 December 2018	6,292	-
Lease liabilities as at 1 January 2019	203,787	7,778

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
Amendments to MFRS 101 and MFRS 108: *Definition of Material*	1 January 2020
Amendments to MFRS 3: *Business Combinations*	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: *Interest Rate Benchmark Reform*	1 January 2020
Amendments to MFRS 16: *Covid-19-related rent concessions*	1 June 2020
MFRS 17: *Insurance Contracts*	1 January 2021
Amendments to MFRS 1, MFRS 9 and MFRS 141: *Annual Improvements to MFRS Standards 2018–2020*	1 January 2022
Amendments to MFRS 3: *Reference to the Conceptual Framework*	1 January 2022
Amendments to MFRS 101: *Classification of Liabilities as Current or Non-current*	1 January 2022
Amendments to MFRS 116: *Property, Plant and Equipment - Proceeds before Intended Use*	1 January 2022
Amendments to MFRS 137: *Onerous Contracts - Cost of Fulfilling a Contract*	1 January 2022
Amendments to MFRS 10 and MFRS 128: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Directors expect that the adoption of the above standards are not expected to have a material impact on the financial statements in the period of initial application.

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 and merger accounting

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 2019. 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 of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

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

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

2.4 Basis of consolidation *cont'd*

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 fair value on acquisition date 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 fair value on acquisition date and any resulting gain or loss is recognised in statements of 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 as 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 statement of profit or loss.

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

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

2.5 Transactions with non-controlling interest

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

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.

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.

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

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).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

(b) Group companies

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

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

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

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Companies Act 2016, a distribution is authorised when it is approved by the shareholders.

A corresponding amount is recognised as a reduction in retained earnings.

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

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

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

2.8 Property, plant and equipment

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

Land and buildings are measured at 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 statement of profit or loss, the increase is recognised in statement of 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:

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

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 from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of 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 at the Sultan Abdul Aziz Shah Airport in Subang and the present value of the lease commitments over the concession period.

Following the 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 statement of profit or loss when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
cont'd

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

2.10 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to the 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 the investment properties. 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.

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.

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.

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

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

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.

2.13 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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019
cont'd

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

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

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 fair value through profit or loss ("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.

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 manage their 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.

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

2.16 Financial assets and financial liabilities *cont'd*

(i) Financial assets *cont'd*

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.

<u>Financial assets at amortised cost (debt instruments)</u>

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 associates and joint ventures.

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 evaluate 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.

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

2.16 Financial assets and financial liabilities *cont'd*

(i) Financial assets *cont'd*

Derecognition *cont'd*

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 expected credit losses ("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. The Group and the Company apply individual assessment on each individual receivables and recognise a loss allowance based on the individual receivables' exposures to credit losses, adjusted for forward-looking factors specific for the debtor and the economic.

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

For purposes of subsequent measurement, financial liabilities are classified in two categories, financial liabilities at fair value through profit or loss and financial liabilities at amortised cost. The Group and the Company have no financial liabilities carried at FVTPL. 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.

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cont'd

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

2.16 Financial assets and financial liabilities *cont'd*

(ii) Financial liabilities *cont'd*

Subsequent measurement *cont'd*

Loan and borrowings

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.

(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

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

2.18 Inventory property *cont'd*

(i) Completed inventory property and inventory property under development *cont'd*

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.

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

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.

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

Group as a lessee

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

i) Right-of-use assets (Property, plant and equipment)

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land	2 to 128 years
Buildings	2 to 5 years

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

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.11 Impairment of non-financial assets.

ii) Right-of-use assets (Investment properties)

Accounting policies on investment properties are disclosed in Note 2.10.

iii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

The Group's lease liabilities are included in Note 22.

NOTES TO THE FINANCIAL STATEMENTS

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cont'd

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

2.24 Leases *cont'd*

Group as a lessee cont'd

iv) Short-term leases and leases of low-value assets

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

Group as a lessor

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

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.

(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.

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

2.25 Revenue *cont'd*

Revenue from contracts with customers *cont'd*

(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 is met, revenue is recognised over time as and when 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.

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.

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

2.25 Revenue *cont'd*

Revenue from contracts with customers *cont'd*

(a) Revenue from engineering and construction works *cont'd*

(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.

(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 15.00% 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 1 year or less.

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*

(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).

(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.

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cont'd

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

2.25 Revenue *cont'd*

Other revenue *cont'd*

(d) Rental income *cont'd*

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.

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

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.27 Taxes

(a) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

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

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

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

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

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

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

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

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

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.

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

2.27 Taxes *cont'd*

(b) Deferred tax *cont'd*

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.

The Group offsets deferred tax assets and deferred tax 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 taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(c) 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 their liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. 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.

2.30 Perpetual Sukuk

Perpetual Sukuk is classified as equity instruments as there is no contractual obligation to redeem the instrument. Cost directly attributable to the issuance of the instrument, net of tax, are treated as a deduction from the proceeds.

Perpetual Sukuk holders' entitlement is accounted for as a distribution is recognised in the statement of changes in equity in the period in which it is declared or paid.

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

2.31 Contingent assets and liabilities

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.

2.32 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.

2.33 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.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

2.33 Fair value measurement *cont'd*

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

The Group 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019
cont'd

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

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

(b) Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases of land and building with shorter non-cancellable period (i.e., 1 to 3 years). The Group typically exercises its option to renew for these leases. The renewal periods for leases of building with longer non-cancellable periods (i.e., 5 to 10 years) are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than 5 years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Refer to Note 22 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

(c) Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

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.

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

3.2 Key sources of estimation and uncertainty *cont'd*

(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.

(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 for land and buildings as at 31 December 2018 and for investment properties as at 31 December 2019. 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 5 years 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 liabilities in a business combination

In the previous financial 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(c).

The group of subsidiaries is principally involved in the operations and management of commercial and aviation related infrastructure and facilities, comprising a terminal building, car parking area, a business aviation centre and a hangarage complex at the 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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019
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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 liabilities in a business combination *cont'd*

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.

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 into 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 RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Renovations, office equipment, furniture and fittings RM'000	Machinery work in progress RM'000	Building work in progress RM'000	Total RM'000
Group									
At 31 December 2019									
Cost/valuation									
At 1 January 2019	35,196	14,046	152,081	235,299	71,806	63,669	11,943	26,897	610,937
Effects of MFRS 16 Leases adoption (Note 2.2)	-	(14,046)	-	-	-	-	-	-	(14,046)
	35,196	-	152,081	235,299	71,806	63,669	11,943	26,897	596,891
Additions	-	-	576	9,893	392	18,468	6,207	4,667	40,203
Disposals	-	-	-	(13,922)	(5,332)	(258)	-	-	(19,512)
Written off	-	-	-	(3,851)	-	(11,486)	-	-	(15,337)
Revaluation surplus	-	-	1,014	-	-	-	-	-	1,014
Reclassification	(7,122)	-	10,421	11,653	-	-	(11,653)	(3,299)	-
Exchange differences	-	-	-	(152)	(11)	(127)	-	-	(290)
At 31 December 2019	28,074	-	164,092	238,920	66,855	70,266	6,497	28,265	602,969

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019
cont'd

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

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Renovations, office equipment, furniture and fittings RM'000	Machinery work in progress RM'000	Building work in progress RM'000	Total RM'000
Group *cont'd*									
At 31 December 2019 *cont'd*									
Accumulated depreciation and impairment									
At 1 January 2019	-	505	32,853	132,711	31,799	46,127	-	-	243,995
Effects of MFRS 16 Leases adoption (Note 2.2)	-	(505)	-	-	-	-	-	-	(505)
	-	-	32,853	132,711	31,799	46,127	-	-	243,490
Depreciation charge for the financial year	-	-	6,456	17,817	4,100	5,324	-	-	33,697
Disposals	-	-	-	(5,946)	(4,075)	(30)	-	-	(10,051)
Written off	-	-	-	(3,814)	-	(11,157)	-	-	(14,971)
Exchange differences	-	-	-	(122)	(4)	(122)	-	-	(248)
At 31 December 2019	-	-	39,309	140,646	31,820	40,142	-	-	251,917
Net carrying amount									
At 31 December 2019	28,074	-	124,783	98,274	35,035	30,124	6,497	28,265	351,052

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019
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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 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	(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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019
cont'd

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

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Renovations, office equipment, furniture and fittings RM'000	Machinery work in progress RM'000	Building work in progress RM'000	Total RM'000
Group *cont'd*									
At 31 December 2018 *cont'd*									
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	-	-	(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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019
cont'd

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

	Renovations, office equipment, furniture and fittings Total RM'000
Company	
At 31 December 2019	
Cost	
At 1 January 2019	6,270
Additions	1,758
At 31 December 2019	8,028
Accumulated depreciation	
At 1 January 2019	3,377
Depreciation charge for the financial year	1,038
At 31 December 2019	4,415
Net carrying amount	
At 31 December 2019	3,613
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

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 2019 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 registered with the Board of Valuers, Appraisers, Estate Agents and Property, Malaysia. Valuations were made using comparison method on the basis of market value. This means that valuations performed by the valuers are based on active market prices, 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 2019 would have been as follows:

	Group	
	31.12.2019	**31.12.2018**
	RM'000	**RM'000**
Freehold land and buildings		
Cost	91,496	91,496
Accumulated depreciation	(11,790)	(10,577)
Net book value	79,706	80,919

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

	Freehold land		Buildings	
	31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Group				
Valuation	28,074	35,196	164,092	152,081
Accumulated depreciation	-	-	(39,309)	(32,853)
	28,074	35,196	124,783	119,228

Significant unobservable valuation input:

	Range	
	31.12.2019	**31.12.2018**
Price per square foot	RM18 - RM808	RM18 - RM808

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019
cont'd

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

(a) *cont'd*

Reconciliation of fair value

	Group	
	31.12.2019	**31.12.2018**
	RM'000	**RM'000**
As at 1 January	154,424	172,097
Level 3 revaluation recognised	1,014	8,872
Additions during the year	576	1,065
Disposals during the year	-	(96)
Transferred to assets classified as held for sale	-	(19,820)
Depreciation charge during the year	(6,456)	(7,694)
Transferred from building work in progress	3,299	-
As at 31 December	152,857	154,424

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	
	31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash	34,491	56,895	1,758	102
Hire purchase	2,281	24,780	-	-
Interest costs capitalised	3,431	3,209	-	-
	40,203	84,884	1,758	102

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

	Group	
	31.12.2019	**31.12.2018**
	RM'000	**RM'000**
Motor vehicles	24,413	26,668
Machineries	43,336	45,501
	67,749	72,169

(d) The freehold land, buildings and building work in progress with an aggregate carrying amount of RM121,306,000 (2018: RM118,880,000) are pledged to financial institutions for term loans obtained as disclosed in Note 27.

(e) Interest costs of RM3,431,000 (2018: RM3,209,000) were capitalised within building work in progress during the financial year as disclosed in Note 37.

5. INTANGIBLE ASSET

	Group	
	31.12.2019	31.12.2018
	RM'000	RM'000
Concession asset		
Cost less amortisation		
At 1 January	139,627	-
Acquisition of new subsidiaries (Note 8(c))	-	145,063
	139,627	145,063
Amortisation (Note 38(a))	(8,274)	(5,436)
At 31 December	131,353	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 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 and a business 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 annual 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.

Committed rental proceeds of the retail area at Subang SkyPark Terminal 3 and the business aviation centre are pledged to bank facilities as disclosed in Note 27.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019
cont'd

6. INVENTORY PROPERTIES 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 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 38(a))	(11,238)	-	-	(11,238)
Transferred to inventory properties under development (Note 6(b))	(1,960)	-	(3,481)	(5,441)
At 31 December 2018/1 January 2019	995,052	305,070	393,361	1,693,483
Additions	-	-	46,214	46,214
Refunds from authorities	-	(100)	-	(100)
Reclassification	(295)	-	295	-
Impairment of undeveloped lands (Note 38(a))	(1,504)	-	(11,766)	(13,270)
Transferred (to)/from inventory properties under development (Note 6(b))	(9,572)	-	8,793	(779)
At 31 December 2019	983,681	304,970	436,897	1,725,548

In the previous financial year, 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 TNSB's entitlement amounting to RM104,638,000 (2018: RM104,638,000), of which RM1,260,000 (2018: RM100,671,000) was paid during the financial year. The remaining RM2,707,000 (2018: RM3,967,000) amount payable is included in other payables (Note 20(a)).

6. INVENTORY PROPERTIES UNDER DEVELOPMENT *cont'd*

(b) Property development costs

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Group				
At 31 December 2019				
Cumulative property development costs				
At 1 January 2019	64,593	-	728,529	793,122
Cost incurred during the financial year	1,027	-	116,954	117,981
Transferred from/(to) land held for property development (Note 6(a))	9,572	-	(8,793)	779
At 31 December 2019	75,192	-	836,690	911,882
Cumulative costs recognised in statements of profit and loss				
At 1 January 2019	(24,584)	-	(539,280)	(563,864)
Recognised during the financial year	(5,286)	-	(100,619)	(105,905)
At 31 December 2019	(29,870)	-	(639,899)	(669,769)
Property development costs as at 31 December 2019	45,322	-	196,791	242,113
At 31 December 2018 (restated)				
Cumulative property development costs				
At 1 January 2018 (as previously stated)	86,881	10,712	1,034,139	1,131,732
Prior year adjustments (Note 54 (a))	-	-	14,280	14,280
At 1 January 2018 (restated)	86,881	10,712	1,048,419	1,146,012
Cost incurred during the financial year	584	-	143,871	144,455
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 (restated)	64,593	-	728,529	793,122

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31 December 2019
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6. INVENTORY PROPERTIES 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 2018 (restated)				
Cumulative costs recognised in statements of profit and loss				
At 1 January 2018 (as previously stated)	(40,770)	(10,712)	(827,373)	(878,855)
Prior year adjustments (Note 54 (a))	-	-	130	130
At 1 January 2018 (restated)	(40,770)	(10,712)	(827,243)	(878,725)
Recognised during the financial year	(4,973)	-	(82,901)	(87,874)
Reversal of completed projects	21,159	10,712	370,864	402,735
At 31 December 2018 (restated)	(24,584)	-	(539,280)	(563,864)
Property development costs as at 31 December 2018	40,009	-	189,249	229,258

The carrying amount of freehold land and development costs included contract cost assets of RM4,748,000 (2018: RM238,000) and RM3,422,000 (2018: RM524,000) respectively.

The property development costs with a carrying amount of RM228,360,000 (2018: RM193,375,000) are pledged to a financial institution for a term loan obtained as disclosed in Note 27.

Interest costs of RM48,448,000 (2018: RM47,750,000) were capitalised within development costs during the financial year as disclosed in Note 37.

7. INVESTMENT PROPERTIES

	Group Investment properties RM'000
Fair value	
At 1 January 2019	1,796,375
Additions	4,902
Disposals	(11,013)
Gain from fair value adjustment (Note 36)	14,842
At 31 December 2019	1,805,106
At 1 January 2018	1,594,392
Additions	26,819
Transferred from property development costs (Note 6(b))	4,102
Disposals	(5,824)
Gain from fair value adjustment (Note 36)	176,886
At 31 December 2018	1,796,375

	Group	
	31.12.2019 RM'000	**31.12.2018 RM'000**
Income derived from investment properties:		
- Rental income (Note 34)	167,653	158,124
- Car park income (Note 34(a)(i))	15,362	14,521
Direct operating expenses (including repair and maintenance) of income generating properties (Note 38)	(34,767)	(59,117)
Profit arising from investment properties carried at fair value	148,248	113,528

Investment properties with an aggregate carrying amount of RM70,356,000 (2018: RM70,356,000) are held under lease terms.

Investment properties are stated at their fair value as at 31 December 2019. 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 registered with the Board of Valuers, Appraisers, Estate Agents and Property, Malaysia in accordance with International Valuation Standards using Investment Method and Comparison Method.

Investment properties with an aggregate carrying amount of RM1,728,641,000 (2018: RM1,724,019,000) are pledged as securities for borrowings as disclosed in Note 27.

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).

Strata titles of certain investment properties with a total net carrying amount of RM60,356,000 (2018: RM60,356,000) are pending issuance by the authorities.

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31 December 2019
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7. INVESTMENT PROPERTIES *cont'd*

Reconciliation of fair value:

	Group			
	Investment properties			
	Office properties	Retail properties	Vacant land	Total
	RM'000	RM'000	RM'000	RM'000
As at 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 36)	(700)	177,586	-	176,886
As at 31 December 2018/1 January 2019	37,000	1,747,375	12,000	1,796,375
Additions	-	4,902	-	4,902
Adjustment [(1)]	-	(11,013)	-	(11,013)
Gain on fair value adjustments recognised in profit or loss (Note 36)	-	14,342	500	14,842
As at 31 December 2019	37,000	1,755,606	12,500	1,805,106

(1) The adjustment made during the financial year ended 31 December 2019 pertains to an overprovision of construction and consultants costs on an investment property following the issuance of statements of final accounts of subcontractors and consultants.

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

	Valuation technique	Significant unobservable inputs	Range (weighted average) 2019	Range (weighted average) 2018
Retail and office properties	Investment method	Estimated rental value per square feet per month	RM1.20 - RM6.35	RM1.20 - RM3.79
		Rent growth per annum	6.00% - 10.00%	7.00%
		Long term vacancy rate	5.00% - 20.00%	10.00% - 20.00%
		Discount rate	6.00% - 7.50%	6.00% - 7.50%
Retail properties	Comparison method	Difference in location, time factor, size and tenure	-20.00% - -40.00%	-25.00% - -10.00%
Vacant land	Comparison method	Difference in location, time factor, size and tenure	-5.00% - +10.00%	-10.00% - +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.

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	31.12.2019	**31.12.2018**
	RM'000	**RM'000**
Unquoted shares, at cost	3,248,914	3,204,915
Redeemable convertible preference shares-A	453,000	453,000
Arising from ESOS granted to subsidiaries' employees	16,112	16,112
	3,718,026	3,674,027

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31 December 2019
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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 2019 (%)	2018 (%)
WCT Berhad	Malaysia	Engineering, construction works and investment holding	100	100
WCT Land Sdn. Bhd. (Note 8(a))	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 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
Held by WCT (S) Pte. Ltd.:				
WCT-DPN Company Limited [(1)]	Vietnam	Development and management	70	70
Held by WCT Construction Sdn. Bhd.:				
WCT Machinery Sdn. Bhd.	Malaysia	Hiring and repair of machineries	100	100
WCT Products Sdn. Bhd.	Malaysia	Trading of building materials	100	100
Intraxis Engineering Sdn. Bhd. [(1)]	Malaysia	Construction work	60	60

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 2019 (%)	2018 (%)
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
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
WCT Phenomenon Development Sdn. Bhd. (1)	Malaysia	Property development*	100	100

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019
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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 2019 (%)	2018 (%)
Held by WCT Land Sdn. Bhd. (cont'd):				
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)	Malaysia	Construction works and property development	100	100
Skyline Domain Sdn. Bhd. (1)	Malaysia	Investment holding	100	100
WCT (MM2H) Sdn. Bhd.	Malaysia	Property investment and development*	100	100
WCT REIT Management Sdn. Bhd. (Note 8(b))	Malaysia	As the manager of WCT Real Estate Investment Trust*	100	-
Held by Labur Bina Sdn. Bhd.:				
Labur Bina Management Sdn. Bhd.	Malaysia	Maintenance and management services on developed property	100	100
Held by WCT Land Resources Sdn. Bhd.:				
BBT Mall Sdn. Bhd.	Malaysia	Building management in investment properties	100	100
BBT Hotel Sdn. Bhd.	Malaysia	Investment in hotel	100	100
Held by WCT Premier Development Sdn. Bhd.:				
WCT OUG Development Sdn. Bhd.	Malaysia	Property development	100	100
Held by Skyline Domain Sdn. Bhd.:				
Subang SkyPark Sdn. Bhd. (1) (Note 8(c))	Malaysia	Business of development of commercial aviation related infrastructure and facilities together with its management and maintenance	60	60
Held by Subang SkyPark Sdn. Bhd.:				
SkyPark RAC Sdn. Bhd. (1) (Note 8(c))	Malaysia	Business of development of hangarage complexes and the provision of maintenance, repair, overhaul ("MRO") engineering services	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 2019 (%)	2018 (%)
Held by Subang SkyPark Sdn. Bhd. and SkyPark RAC Sdn. Bhd.:				
SkyPark FBO Malaysia Sdn. Bhd. [(1)] (Note 8(c))	Malaysia	Provision of full range of ground services for all aircraft types and model	100	100
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 PLT except for:

(1) Audited by firms other than Ernst & Young PLT

(a) Capital injection in a subsidiary

The Company subscribed for 43,999,000 new ordinary shares in WCT Land Sdn. Bhd. ("WCTL") for a total value of RM43,999,000 during the financial year.

(b) Incorporation of a new subsidiary

On 8 July 2019, WCTL incorporated a wholly-owned subsidiary company, WCT REIT Management Sdn. Bhd. ("WCTRM"). The share capital and number of issued shares of WCTRM is RM1.00 comprising 1 ordinary share.

(c) Acquisition of 60.00% equity interest in SSSB Group in previous financial year

In the previous financial year, 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.

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8. INVESTMENTS IN SUBSIDIARIES *cont'd*

(c) Acquisition of 60.00% equity interest in SSSB Group in previous financial year *cont'd*

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").

Details of cash flow arising from the acquisition are as follows:

	31.12.2018
	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:

	31.12.2018	
	Carrying value	**Fair value**
	RM'000	**RM'000**
Property, plant and equipment	290	290
Intangible asset	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	(85,355)	(85,355)
Net liabilities assumed	(61,130)	(69,339)
Total purchase consideration net of Assignment of Debt		40,842
Fair value of non-controlling interest (Note 33)		27,228
		68,070
Net liabilities assumed		69,339
Goodwill on acquisition		137,409

The Directors had 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 in the previous financial year (Note 38(a)) of which RM54,964,000 was attributable to non-controlling interest (Note 33).

8. INVESTMENTS IN SUBSIDIARIES *cont'd*

(d) Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests are provided below:

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	Group 2019	Group 2018
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%	40%

	Group 2019 RM'000	Group 2018 RM'000
Accumulated balances of material non-controlling interests:		
Cebarco WCT Bahrain	5,453	5,570
SSSB Group	(38,893)	(32,862)
Other individually immaterial non-controlling interests	(81)	740
	(33,521)	(26,552)

	Group 2019 RM'000	Group 2018 RM'000
Total comprehensive loss allocated to material non-controlling interests:		
Cebarco WCT Bahrain	(117)	(1,199)
SSSB Group	(6,031)	(5,126)
Share of impairment of goodwill (Note 8(c))	-	(54,964)
Other individually immaterial non-controlling interests	(821)	(580)
	(6,969)	(61,869)

NOTES TO THE FINANCIAL STATEMENTS
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8. INVESTMENTS IN SUBSIDIARIES *cont'd*

(d) Material partly-owned subsidiaries *cont'd*

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of comprehensive income for 2019:

	Cebarco WCT Bahrain RM'000	SSSB Group RM'000	Total RM'000
Revenue	-	18,245	18,245
Cost of sales	(115)	(3,868)	(3,983)
Gross (loss)/profit	(115)	14,377	14,262
Other income	-	3,735	3,735
Administrative expenses	-	(7,134)	(7,134)
Other expenses	-	(9,210)	(9,210)
Finance costs	-	(16,974)	(16,974)
Loss before tax	(115)	(15,206)	(15,321)
Income tax expense	-	128	128
Loss for the year	(115)	(15,078)	(15,193)
Other comprehensive loss for the year, net of tax	(119)	-	(119)
Total comprehensive loss	(234)	(15,078)	(15,312)
Attributable to:			
Non-controlling interests	(117)	(6,031)	(6,148)
Other individually immaterial non-controlling interests	-	-	(821)
	(117)	(6,031)	(6,969)

8. INVESTMENTS IN SUBSIDIARIES *cont'd*

(d) Material partly-owned subsidiaries *cont'd*

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations (cont'd).

Summarised statement of comprehensive income for 2018:

	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	205	2,691	2,896
Administrative expenses	-	(8,928)	(8,928)
Other expenses	-	(5,956)	(5,956)
Finance costs	-	(16,470)	(16,470)
Loss before tax	(2,637)	(12,581)	(15,218)
Income tax expense	-	(235)	(235)
Loss for the year	(2,637)	(12,816)	(15,453)
Other comprehensive income for the year, net of tax	239	-	239
Total comprehensive loss	(2,398)	(12,816)	(15,214)
Attributable to:			
Non-controlling interests	(1,199)	(5,126)	(6,325)
Share of impairment of goodwill (Note 8(c))	-	(54,964)	(54,964)
Other individually immaterial non-controlling interests	-	-	(580)
	(1,199)	(60,090)	(61,869)

NOTES TO THE FINANCIAL STATEMENTS
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8. INVESTMENTS IN SUBSIDIARIES *cont'd*

(d) Material partly-owned subsidiaries *cont'd*

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations (cont'd).

Summarised statement of financial position as at 31 December 2019:

	Cebarco WCT Bahrain RM'000	**SSSB Group RM'000**	**Total RM'000**
Property, plant and equipment	-	2,371	2,371
Intangible asset	-	137,408	137,408
Trade and other receivables (current)	-	5,103	5,103
Cash and bank balances (current)	10,287	5,263	15,550
Trade and other payables			
- Current	(46)	(5,853)	(5,899)
- Non-current	-	(5,674)	(5,674)
Lease commitment payables			
- Current	-	(3,759)	(3,759)
- Non-current	-	(102,018)	(102,018)
Amount due from/(to) related parties/companies (current)	665	(71,051)	(70,386)
Interest-bearing loans and borrowings			
- Current	-	(10,870)	(10,870)
- Non-current	-	(48,052)	(48,052)
Total equity	10,906	(97,132)	(86,226)
Attributable to:			
Non-controlling interest	5,453	(38,853)	(33,400)
Equity capital contribution	-	(40)	(40)
Other individually immaterial non-controlling interests	-	-	(81)
Total non-controlling interest	5,453	(38,893)	(33,521)

8. INVESTMENTS IN SUBSIDIARIES *cont'd*

(d) Material partly-owned subsidiaries *cont'd*

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations (cont'd).

Summarised statement of financial position as at 31 December 2018:

	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)	-	7,084	7,084
Cash and bank balances (current)	10,326	1,726	12,052
Trade and other payables			
- Current	(108)	(19,674)	(19,782)
- Non-current	-	(4,000)	(4,000)
Lease commitment payables			
- Current	-	(3,154)	(3,154)
- Non-current	-	(105,776)	(105,776)
Amount due from/(to) related parties/companies (current)	922	(41,369)	(40,447)
Interest-bearing loans and borrowings			
- Current	-	(10,466)	(10,466)
- Non-current	-	(48,457)	(48,457)
Tax payable	-	(109)	(109)
Total equity	11,140	(82,057)	(70,917)
Attributable to:			
Non-controlling interest	5,570	(32,822)	(27,252)
Equity capital contribution	-	(40)	(40)
Other individually immaterial non-controlling interests	-	-	740
Total non-controlling interest	5,570	(32,862)	(26,552)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019
cont'd

8. INVESTMENTS IN SUBSIDIARIES *cont'd*

(d) Material partly-owned subsidiaries *cont'd*

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations (cont'd).

	Cebarco WCT Bahrain	SSSB Group	Total
	RM'000	RM'000	RM'000
Summarised cash flows information for year ended 31 December 2019:			
Operating activities	(39)	16,776	16,737
Investing activities	-	3,735	3,735
Financing activities	-	(16,974)	(16,974)
Net (decrease)/increase in cash and cash equivalents	(39)	3,537	3,498
Summarised cash flows information for year ended 31 December 2018:			
Operating activities	3,799	13,155	16,954
Investing activities	205	2,691	2,896
Financing activities	-	(16,470)	(16,470)
Net increase/(decrease) in cash and cash equivalents	4,004	(624)	3,380

9. INVESTMENTS IN ASSOCIATES

	Group	
	31.12.2019	31.12.2018
	RM'000	RM'000
Unquoted shares, at cost	109,588	110,108
Share of pre-acquisition profit and reserves	(79)	(79)
Group's share of post acquisition profit and reserves	86,658	88,150
	196,167	198,179
Exchange difference	(31,263)	(29,454)
	164,904	168,725
Represented by:		
Group's share of net identifiable assets	164,904	168,725

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 2019 (%)	2018 (%)
Held by WCT Berhad:				
Khalid Abdulrahim Group WCT W.L.L. (Note 9(a))	Kingdom of Bahrain	Construction works	-	50
KKBWCT Joint Venture Sdn. Bhd. ("KKBWCT") [1]	Malaysia	Construction works	30	30
Held by WCT Land Sdn. Bhd.:				
CORE Precious Development Sdn. Bhd. ("CORE Precious") (Note 9(b))	Malaysia	Property development	20	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 PLT. All other associates are audited by firms other than Ernst & Young PLT.

All associates have financial year end of 31 March, other than those incorporated in Republic of Mauritius, which have financial year end of 31 July and those incorporated in Malaysia and the Kingdom of Bahrain, which have financial year end of 31 December. For the purpose of applying the equity method of accounting for associates with financial year ends of 31 March and 31 July, the last audited financial statements available and the management financial statements to the end of the accounting period of the associates have been used.

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9. INVESTMENTS IN ASSOCIATES *cont'd*

These associates have no material capital commitments as at 31 December 2019 and 2018.

These associates have reported a combined contingent liabilities of RM23,100,000 (2018: RM60,118,000) as at reporting date. The Group's share of these contingent liabilities approximate RM6,930,000 (2018: RM18,035,000) as disclosed in Note 44(d).

(a) Deregistration of an associate

On 7 May 2019, Khalid Abdulrahim Group WCT W.L.L., a 50%-owned associate company of WCT Berhad ("WCTB"), which in turn is a wholly-owned subsidiary of the Company, had completed the liquidation process and has cancelled its Commercial Registration with the Ministry of Industry, Commerce and Tourism and is accordingly dissolved. The liquidation of the associate resulted in a gain on liquidation of RM824,000 (Note 36) and a net cash inflow to the Group of RM824,000.

(b) Dilution of interest in an associate arising from issuance of new shares in previous financial year

In the previous financial year, CORE Precious formerly a wholly-owned subsidiary, became an associate of WCTL with 20% equity interest following the issuance of new shares and reconstitution of the Board of Directors of CORE Precious, resulting in a gain of RM318,000 as disclosed in Note 36.

The movement in the Group's investments in associates was due to the following:

	31.12.2018
	RM'000
Reclassification of investment in subsidiary (in WCTL) to investment in associates	100
Subscription for additional shares in CORE Precious	49,900
	50,000

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.

		KKBWCT	CORE Precious	Mapex	Emas	Other individually immaterial associates	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2019							
(i)	Summarised statements of financial position						
	Non-current assets	1,993	283,757	2,348	5,339	236,523	529,960
	Current assets	132,470	39,774	187,607	123,507	64,605	547,963
	Total assets	134,463	323,531	189,955	128,846	301,128	1,077,923
	Non-current liabilities	(8,893)	(62,236)	(599)	(537)	-	(72,265)
	Current liabilities	(100,800)	(19,954)	(58,055)	(38,111)	(2,802)	(219,722)
	Total liabilities	(109,693)	(82,190)	(58,654)	(38,648)	(2,802)	(291,987)
	Net assets	24,770	241,341	131,301	90,198	298,326	785,936
(ii)	Summarised statements of profit and loss and other comprehensive income						
	Revenue	218,316	-	14,785	14,070	11,785	258,956
	Finance income	-	-	10,622	6,408	-	17,030
	Profit/(loss) for the year	3,529	(7,125)	17,837	(6,007)	157	8,391
(iii)	Group's share of net assets, representing carrying amount of Group's interest in associates	7,431	48,268	39,390	27,059	25,890	148,038
	Foreign exchange effect on investments in subsidiaries of associates	-	-	10,575	6,291	-	16,866
		7,431	48,268	49,965	33,350	25,890	164,904

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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
2019 *cont'd*						
(iv) Group's share of results of associates						
Profit/(loss) for the year	1,059	(1,425)	5,351	(1,802)	(279)	2,904
(v) Dividend received from associates	-	-	-	-	3,529	3,529
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

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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 2019 (%)	2018 (%)
Held by WCT Berhad:				
Malaysia - China Hydro Joint Venture	Malaysia	Construction works	7.7	7.7
Gamuda Berhad - WCT Engineering Berhad Joint Venture [1]	Qatar	Engineering and construction of a new highway from the town of Shahaniya to the existing Zekreet interchange near the Dukhan Industrial area in the state of Qatar	49	49
Sinohydro Corporation - Gamuda Berhad - WCT Engineering Berhad Joint Venture ("Sino-Gamuda-WCT") [1]	Qatar	Design and construction of the airfield facilities, tunnel and detention pond of the New Doha International Airport ("NDIA") in the state of Qatar	49	49
Gamuda Berhad - WCT Engineering Berhad Joint Venture New Doha International Airport Project	Qatar	Design and construction of the airfield facilities, tunnel and detention pond, which forms part of the project comprising the design, construction and completion of the NDIA for Sino-Gamuda-WCT	49	49
AES - WCT Joint Venture	United Arab Emirates	Engineering and construction of infrastructure works	50	50
Arabtec Construction L.L.C. - WCT Engineering Joint Venture	United Arab Emirates	Construction 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 Global.

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	
	31.12.2019	**31.12.2018**
	RM'000	**RM'000**
Assets and liabilities		
Current assets	157,744	80,824
Non-current assets	729,304	707,101
Total assets	887,048	787,925
Current liabilities	(590,942)	(545,155)
Non-current liabilities	(268,668)	(263,575)
Total liabilities	(859,610)	(808,730)
Net assets/(liabilities)	27,438	(20,805)
Results		
Revenue	193,306	174,404
Expenses	(144,775)	(179,964)
Profit/(loss) before tax	48,531	(5,560)
Taxation	-	-
Profit/(loss) after tax	48,531	(5,560)
Other comprehensive loss for the year, net of tax	(288)	(226)
Total comprehensive income/(loss)	48,243	(5,786)

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

(b) Investments in joint ventures

	Group		Company	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Unquoted shares, at cost	414,178	412,648	-	-
Effects of MFRS 16 Leases adoption (Note 2.2)	(3,671)	-	-	-
Group's share of post acquisition profits and reserves	(51,582)	5,867	-	-
Unrealised profit	6,047	2,965	-	-
Arising from ESOS granted to joint ventures' employees	777	777	777	777
	365,749	422,257	777	777
Represented by:				
Group's share of net identifiable assets	365,749	422,257	777	777

Details of the joint ventures are as follows:

Name of joint ventures	Country of incorporation	Principal activities	Proportion of ownership interest 2019 (%)	2018 (%)
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
Held by WCT Berhad:				
WCT TSR Sdn. Bhd. [(1)]	Malaysia	Construction work	51	-

All joint ventures are audited by Ernst & Young PLT.

Distribution of profits are subject to consents from the joint venture partners and negative covenants of the joint venture borrowing facilities.

(1) **Incorporation of a new joint venture**

WCTB jointly with TSR Bina Sdn. Bhd. ("TSRB"), a wholly-owned subsidiary of TSR Capital Berhad, had 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 PNB Contract").

WCTB and TSRB had on 9 January 2019 jointly incorporated a company, namely "WCT TSR Sdn. Bhd." ("WCT-TSR"), 51:49 joint venture to undertake the PNB Contract.

WCT-TSR, a company incorporated in Malaysia, had an initial issued and paid-up share capital of RM100 comprising 100 ordinary shares which was subsequently increased to RM3,000,000 (Group's 51% share of RM1,530,000) comprising 3,000,000 ordinary shares on 11 March 2019.

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.

		WCT-TSR	Jelas Puri	Segi Astana	Total
		RM'000	RM'000	RM'000	RM'000
2019					
(i)	Summarised statements of financial position				
	Non-current assets	5,010	911,348	531,885	1,448,243
	Current assets	23,420	320,675	130,914	475,009
	Total assets	28,430	1,232,023	662,799	1,923,252
	Non-current liabilities	(255)	(407,853)	(415,703)	(823,811)
	Current liabilities	(24,490)	(474,174)	(77,278)	(575,942)
	Total liabilities	(24,745)	(882,027)	(492,981)	(1,399,753)
	Net assets	3,685	349,996	169,818	523,499
(ii)	Summarised statements of profit and loss and other comprehensive income				
	Revenue	23,229	111,887	134,018	269,134
	Profit/(loss) for the year	685	(95,519)	37,874	(56,960)
(iii)	Group's share of net assets, representing carrying amount of Group's interest in joint ventures	1,879	244,997	118,873	365,749
(iv)	Group's share of results of joint ventures	349	(66,863)	26,512	(40,002)
(v)	Dividend received from joint ventures	-	-	17,447	17,447

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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).

		WCT-TSR RM'000	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	-	(43,553)	(461,052)	(504,605)
	Current liabilities	-	(796,985)	(48,205)	(845,190)
	Total liabilities	-	(840,538)	(509,257)	(1,349,795)
	Net assets	-	446,356	156,868	603,224
(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	-	312,449	109,808	422,257
(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

11. TRADE RECEIVABLES

	Group	
	31.12.2019	31.12.2018
	RM'000	RM'000
Current		
Trade receivables	511,499	558,617
Retention sum on contracts receivable within 1 year	253,513	293,048
	765,012	851,665
Less: Allowance for expected credit losses	(27,849)	(21,040)
	737,163	830,625
Non-current		
Trade receivables	20,971	21,196
Retention sum on contracts receivable after 1 year	291,713	191,417
	312,684	212,613
Total	1,049,847	1,043,238

Details of the Group's trade receivables subject to enforcement of an arbitration award are disclosed in Note 51(a).

(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 (2018: 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.

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			
2019			
Not past due	889,814	(5,451)	884,363
Past due 0-30 days	72,683	-	72,683
Past due 31-120 days	82,434	-	82,434
Past due more than 120 days	32,765	(22,398)	10,367
	1,077,696	(27,849)	1,049,847
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

Movements of the allowance for expected credit losses of trade receivables are as follows:

	Group	
	31.12.2019 RM'000	31.12.2018 RM'000
At 1 January	21,040	18,472
Acquisition of SSSB Group	-	871
Charge for the year	8,547	1,934
Written off	(1,560)	(147)
Reversal of allowance	(119)	(190)
Exchange differences	(59)	100
At 31 December	27,849	21,040

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	
	31.12.2019	31.12.2018
	RM'000	RM'000
Contract assets		
Current		
Contract assets - construction (Note (a))	380,546	612,730
Contract assets - property development (Note (b))	55,479	35,227
	436,025	647,957
Non-current		
Contract assets - construction (Note (a))	229,141	231,595
Total	665,166	879,552
Contract liabilities		
Current		
Contract liabilities - construction (Note (a))	(159,116)	(161,078)
Contract liabilities - property development (Note (b))	(33)	(465)
	(159,149)	(161,543)
Non-current		
Contract liabilities - construction (Note (a))	(87,354)	(81,712)
Total	(246,503)	(243,255)

(a) Details of the contracts assets/(liabilities) from construction are as follows:

	Group	
	31.12.2019	31.12.2018
	RM'000	RM'000
Aggregate costs incurred to date	11,517,246	12,414,243
Add: Attributable profits	133,639	212,025
Less: Foreseeable losses	(58)	(130)
	11,650,827	12,626,138
Less: Progress billings	(11,142,511)	(11,839,537)
Less: Advances received from customers on contracts	(145,099)	(185,066)
	363,217	601,535
Presented as:		
Contract assets - construction	609,687	844,325
Contract liabilities - construction	(246,470)	(242,790)
	363,217	601,535
Contract revenue recognised during the financial year (Note 34(a)(i))	1,255,991	1,763,794
Contract cost recognised during the financial year (Note 35)	(1,116,873)	(1,616,367)

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12. CONTRACT BALANCES *cont'd*

(a) Details of the contracts assets/(liabilities) from construction are as follows (cont'd):

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

	Group	
	31.12.2019	**31.12.2018**
	RM'000	**RM'000**
Wages and salaries	58,534	59,160
Other staff related expenses	26,856	36,667
Hiring of machineries	40,222	67,591
Rent of premises	1,589	2,102
Interest expense on lease liabilities (Note 37)	438	-
Depreciation of right-of-use assets (property, plant and equipment) (Note 22)	3,511	-
Depreciation of property, plant and equipment	13,907	15,429
Property, plant and equipment written off	256	265

(b) Details of the contracts assets/(liabilities) from property development are as follows:

	Group	
	31.12.2019	**31.12.2018**
	RM'000	**RM'000**
At beginning of the year	34,762	78,512
Consideration payable to customers	1,662	1,875
Revenue recognised during the year (Note 34(a)(i))	302,537	239,144
	338,961	319,531
Less: Progress billings during the year	(283,515)	(284,769)
At end of the year	55,446	34,762
Presented as:		
Contract assets - property development	55,479	35,227
Contract liabilities - property development	(33)	(465)
	55,446	34,762
Contract revenue recognised during the financial year (Note 34(a)(i))	302,537	239,144
Contract cost recognised during the financial year (Note 35)	150,095	143,400

13. OTHER RECEIVABLES

	Group		Company	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Current				
Sundry receivables	47,188	46,428	206	95
Deposits	26,829	19,617	4	4
Advances to subcontractors (Note (i))	99,653	106,441	-	-
Prepayments	4,326	2,279	456	423
Advances to non-controlling interests of subsidiaries (Note (ii))	1,519	1,687	-	-
	179,515	176,452	666	522
Less: Allowance for expected credit losses	(6,780)	(8,647)	-	-
	172,735	167,805	666	522
Non-current				
Deposits	9,126	8,685	148	1
Sundry receivables	1,090	28,002	-	-
Advances to subcontractors	55,426	56,020	-	-
Prepayments	2,526	3,419	510	861
Performance security deposit (Note 51(a))	258,071	251,408	-	-
	326,239	347,534	658	862
Total	498,974	515,339	1,324	1,384

(i) The Group's outstanding advances to subcontractors in excess of 1 year as at 31 December 2019 amounted to RM44,574,000 (2018: RM14,690,000). These advances mainly comprise payment for purchase of project materials on behalf of subcontractors. 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 subcontractors.

(ii) Advances to non-controlling interests 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	
	31.12.2019	31.12.2018
	RM'000	RM'000
At 1 January	8,647	8,346
Charge for the year	756	438
Written off	(2,594)	-
Reversal of allowance	-	(106)
Exchange differences	(29)	(31)
At 31 December	6,780	8,647

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(a).

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14. DUE FROM/(TO) RELATED PARTIES

	Group		Company	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Due from related parties:				
Current				
Subsidiaries				
- current accounts				
- interest bearing	-	-	565,176	718,018
- non-interest bearing	-	-	87,140	17,434
Associates				
- trade accounts				
- interest bearing	45,238	41,606	-	-
- non-interest bearing	27,278	65,040	-	-
- current accounts				
- non-interest bearing	600	3,024	488	-
Joint ventures				
- trade accounts				
- interest bearing	161,167	157,284	-	-
- non-interest bearing	71,251	17,450	-	-
- current accounts				
- interest bearing	178,876	160,080	-	-
- non-interest bearing	10,106	8,492	1,231	690
	494,516	452,976	654,035	736,142
Less: Allowance for expected credit losses	-	-	(163)	(69)
	494,516	452,976	653,872	736,073
Non-current				
Subsidiaries				
- current accounts				
- interest bearing	-	-	1,090,000	1,073,100
- non-interest bearing	-	-	-	19,218
Joint ventures				
- trade accounts				
- non-interest bearing	-	2,375	-	-
	-	2,375	1,090,000	1,092,318
	494,516	455,351	1,743,872	1,828,391
Due to related parties:				
Current				
Joint ventures				
- trade accounts				
- non-interest bearing	-	(154)	-	-
- current accounts				
- non-interest bearing	(8)	(1)	-	-
	(8)	(155)	-	-

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

Movements of the allowance for expected credit losses of related parties are as follows:

	Company	
	31.12.2019	31.12.2018
	RM'000	RM'000
At 1 January	69	-
Charge for the year (Note 38(a))	94	69
At 31 December	163	69

Further details on related party transactions and information on financial risks are disclosed in Notes 42 and 46 respectively.

Balances with related parties are unsecured, bear interest ranging from 5.00% to 6.00% (2018: 5.00% to 6.00%) per annum during the financial year.

Trade accounts have a credit terms of 90 days (2018: 90 days) whereas current accounts are repayable on demand.

15. DEFERRED TAXATION

	Group		Company	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
At 1 January (restated)	93,130	50,580	(623)	(798)
Effects of MFRS 16 Leases adoption (Note 2.2)	(6,555)	-	(237)	-
Recognised in the profit or loss (Note 39)	52	40,593	113	175
Recognised in equity (Note 39)	965	2,646	-	-
Exchange differences	-	(689)	-	-
At 31 December	87,592	93,130	(747)	(623)
Presented after appropriate offsetting as follows:				
Deferred tax assets	(11,359)	(5,239)	(747)	(623)
Deferred tax liabilities	98,951	98,369	-	-
	87,592	93,130	(747)	(623)

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

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15. DEFERRED TAXATION *cont'd*

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 2019 (restated)	(3,456)	(4,219)	(23,138)	(30,813)
Effects of MFRS 16 Leases adoption	-	(6,555)	-	(6,555)
Recognised in the profit or loss	812	(976)	(2,326)	(2,490)
At 31 December 2019	(2,644)	(11,750)	(25,464)	(39,858)
At 1 January 2018	(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)

Deferred tax liabilities of the Group:

	Inventory properties under development RM'000	Asset revaluation RM'000	Accelerated capital allowances RM'000	Others RM'000	Total RM'000
At 1 January 2019 (restated)	5,367	67,854	39,258	11,464	123,943
Recognised in the profit or loss	2,687	314	4,902	(5,361)	2,542
Recognised in equity	-	965	-	-	965
At 31 December 2019	8,054	69,133	44,160	6,103	127,450
At 1 January 2018 (restated)	(3,912)	31,053	30,792	15,583	73,516
Recognised in the profit or loss	9,279	34,155	8,466	(4,119)	47,781
Recognised in equity	-	2,646	-	-	2,646
At 31 December 2018 (restated)	5,367	67,854	39,258	11,464	123,943

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.

15. DEFERRED TAXATION *cont'd*

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 2019	(666)
Effects of MFRS 16 Leases adoption	(237)
Recognised in the profit or loss	136
At 31 December 2019	(767)
At 1 January 2018	(856)
Recognised in the profit or loss	190
At 31 December 2018	(666)

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM'000
At 1 January 2019	43
Recognised in the profit or loss	(23)
At 31 December 2019	20
At 1 January 2018	58
Recognised in the profit or loss	(15)
At 31 December 2018	43

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

	Group	
	31.12.2019 RM'000	31.12.2018 RM'000
Unused tax losses	60,275	50,717
Unused tax losses in foreign countries	173	120
Unused tax losses in foreign branches	162,499	75,749
	222,947	126,586
Deferred tax at rates prevailing in the respective jurisdictions, if recognised	30,742	19,765

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 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.

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15. DEFERRED TAXATION *cont'd*

Pursuant to guidelines issued by the Malaysian tax authorities in 2008, the Ministry of Finance 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 7 consecutive years of assessment immediately following that year of assessment. Any amount which is not deductible at the end of the period of 7 years of assessment shall be disregarded.

16. INVENTORIES

	Group	
	31.12.2019	**31.12.2018**
	RM'000	**RM'000**
		(Restated)
Consumable stocks, at cost	407	322
Completed inventory properties, at cost	103,697	182,792
Completed inventory properties, at net realisable value	365,159	334,103
	469,263	517,217
Costs of inventories recognised as an expense	(85,933)	(103,771)

Certain properties held for sale with an aggregate carrying amount of RM2,311,000 (2018: RM2,311,000) are in the process of being registered in a subsidiary's name.

17. CASH AND BANK BALANCES

	Group		Company	
	31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits:				
With licensed banks [a]	378,525	235,624	106,000	74,988
With licensed banks [a], [b]	38,044	31,389	-	-
	416,569	267,013	106,000	74,988
Cash and bank balances [c]	207,661	104,102	6,339	1,578
Cash held under Housing Development Accounts [d]	21,404	29,624	-	-
Escrow account	810	205	-	-
	229,875	133,931	6,339	1,578
Total cash and bank balances	646,444	400,944	112,339	76,566

17. CASH AND BANK BALANCES *cont'd*

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

	Group		Company	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Less than 3 months	414,741	264,240	106,000	74,988
More than 3 months but less than 1 year	1,828	2,773	-	-
	416,569	267,013	106,000	74,988

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

(c) Certain bank balances are pledged to banks to secure banking facilities.

(d) The cash held under Housing Development Accounts are amounts held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are therefore restricted from use in other operations.

Other information on financial risks of cash and bank balances are disclosed in Note 46.

18. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	Group	
	31.12.2019	31.12.2018
	RM'000	RM'000
Assets		
Arising from disposal of land held for property development (Note 18(i))	-	14,383
Arising from disposal of property, plant and equipment (Note 18(ii))	-	18,000
	-	32,383

(i) 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 RM54,666,000. A deposit of RM547,000 was received on 21 November 2017 and stakeholder sum of RM3,007,000 was received by the solicitors on 24 January 2018. This transaction was completed during the financial year.

(ii) On 8 October 2018, WCTB 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 4 storey office building, an annexed 3 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 38(a)). A deposit of RM1,260,000 and stakeholder sum of RM540,000 was received on 27 September 2018. This transaction was completed during the financial year, which resulted in the recycling of revaluation reserve to retained earnings amounting to RM11,085,000.

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19. TRADE PAYABLES

	Group	
	31.12.2019	31.12.2018
	RM'000	RM'000
Current		
Trade payables	569,502	737,221
Retention sum on contracts payable within 1 year	184,248	200,702
	753,750	937,923
Non-current		
Trade payables	5,595	5,655
Retention sum on contracts payable after 1 year	75,287	59,611
	80,882	65,266
Total	834,632	1,003,189

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2018: 30 to 90 days).

Details of trade payables subject to enforcement of an arbitration award are disclosed in Note 51(a).

Included in trade payables is an accrual of costs arising from an arbitration award amounting to RM51,927,000. Further details on the arbitration award are disclosed in Note 51(b).

20. OTHER PAYABLES

	Group		Company	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Current				
Sundry payables [a]	15,287	6,042	691	109
Accruals [b]	164,707	78,676	24,856	29,532
Provision for foreseeable losses [c]	269	272	-	-
Advances from a non-controlling interest of a subsidiary - non-interest bearing	261	270	-	-
Advances from shareholders of associates - non-interest bearing	-	736	-	-
Advances from shareholders of joint ventures - non-interest bearing	41,897	43,745	-	-
Refundable deposits	21,206	15,804	-	-
Others	34,636	20,538	2,056	470
	278,263	166,083	27,603	30,111

20. OTHER PAYABLES *cont'd*

	Group		Company	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Non-current				
Sundry payables (Note 51(a))	183,705	185,672	-	-
Advances from a non-controlling interest of a subsidiary - non-interest bearing	4,000	4,000	-	-
Provision for restoration cost (Note 22)	36	-	185	-
Refundable deposits	14,962	22,930	-	-
	202,703	212,602	185	-
Total	480,966	378,685	27,788	30,111

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(a).

(a) Included in sundry payables is the proprietor's entitlement payable to TNSB, pursuant to the JDA as disclosed in Note 6(a) amounting to RM2,707,000 (2018: RM3,967,000).

(b) Included in accruals are costs arising from an arbitration award amounting to RM94,736,000 as disclosed in Note 38(a). Further details on the arbitration award are disclosed in Note 51(b).

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

	Group	
	31.12.2019	31.12.2018
	RM'000	RM'000
At 1 January	272	278
Utilised during the year	(3)	(6)
At 31 December	269	272

21. LEASE COMMITMENT PAYABLE

	Group	
	31.12.2019	31.12.2018
	RM'000	RM'000
Future minimum lease payments:		
Not later than 1 year	12,433	12,086
Later than 1 year and not later than 2 years	12,433	12,433
Later than 2 years and not later than 5 years	38,027	37,663
Later than 5 years	132,129	144,926
Total future minimum lease payments	195,022	207,108
Less: Future finance charges	(89,246)	(98,178)
Present value of finance lease liabilities	105,776	108,930

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21. LEASE COMMITMENT PAYABLE *cont'd*

	Group	
	31.12.2019	31.12.2018
	RM'000	RM'000
Analysis of present value of lease commitment payables:		
Not later than 1 year	3,759	3,154
Later than 1 year and not later than 2 years	4,067	3,759
Later than 2 years and not later than 5 years	15,074	13,595
Later than 5 years	82,876	88,422
	105,776	108,930
Less: Amount due within 12 months	(3,759)	(3,154)
Amount due after 12 months	102,017	105,776

The Group's lease commitment payables arise from the acquisition of 60.00% equity interest in SSSB in the previous financial year as disclosed in Note 8(c). The lease commitment payables are in relation to the concession assets recognised as intangible assets as disclosed in Note 5.

22. LEASES

Group as a lessee

The Group and the Company have lease contracts for the use of land and buildings in its operations. Leases of land generally have lease terms between 1 to 128 years, while buildings generally have lease terms between 1 and 15 years. There are several lease contracts that include extension and termination options, which are further discussed below.

Set out below are the carrying amounts of right-of-use assets arising from certain long term leases of land and buildings recognised and the movements during the year:

	Right-of-use assets (Property, plant and equipment)		
	Land	Buildings	Total
	RM'000	RM'000	RM'000
Group			
At 1 January 2019	-	-	-
Effects of MFRS 16 Leases adoption (Note 2.2)	15,303	31,778	47,081
Additions	67	3,040	3,107
Depreciation expense	(1,008)	(4,837)	(5,845)
At 31 December 2019	14,362	29,981	44,343

22. LEASES *cont'd*

Group as a lessee *cont'd*

	Right-of-use Assets (Property, plant and equipment) Buildings RM'000
Company	
At 1 January 2019	-
Effects of MFRS 16 Leases adoption (Note 2.2)	6,954
Additions	2,002
Depreciation expense	(2,592)
At 31 December 2019	6,364

The above table exclude certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group and the Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

	Right-of-use Assets (Investment properties) RM'000
Group	
At fair value	
At 1 January 2019	-
Effects of MFRS 16 Leases adoption (Note 2.2)	140,520
Fair value adjustments recognised in profit or loss (Note 36)	(8,141)
At 31 December 2019	132,379

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Group 31.12.2019 RM'000	Company 31.12.2019 RM'000
At 1 January	-	-
Effects of MFRS 16 Leases adoption (Note 2.2)	203,787	7,778
Additions	3,097	1,992
Accretion of interest (Note 37)	11,970	443
Payments	(23,337)	(3,181)
At 31 December	195,517	7,032
Current	12,943	3,048
Non-current	182,574	3,984
	195,517	7,032

The maturity analysis of lease liabilities are disclosed in Note 46(b).

22. LEASES *cont'd*

Group as a lessee *cont'd*

Set out below are the carrying amounts of provision for restoration cost and the movements during the year:

	Group 31.12.2019 RM'000	Company 31.12.2019 RM'000
At 1 January	-	-
Effects of MFRS 16 Leases adoption (Note 2.2)	24	166
Additions	10	10
Unwinding of discount on provision for restoration costs (Note 37)	2	9
At 31 December (Note 20)	36	185

The following are the amounts recognised in profit or loss:

	Group 31.12.2019 RM'000	Company 31.12.2019 RM'000
Depreciation expense of right-of-use assets (property, plant and equipment)		
- included in other expenses (Note 38(a))	2,334	2,592
- included in construction contracts (Note 12(a))	3,511	-
	5,845	2,592
Fair value adjustment on right-of-use assets (investment properties) (Note 36)	8,141	-
Interest expense on lease liabilities (Note 37)	11,970	443
Unwinding of discount on provision for restoration costs (Note 37)	2	9
Expense relating to short-term leases and leases of low-value assets		
- included in administrative expenses	1,381	-
- included in construction contract	1,589	-
Total amount recognised in profit or loss	28,928	3,044

During the year, the Group and the Company had total cash outflows for leases of RM26,307,000 and RM3,181,000, respectively. The Group and the Company also had non-cash additions to right-of-use assets and lease liabilities of RM3,107,000 and RM2,002,000, respectively.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 3.1(b)).

22. LEASES *cont'd*

Group as a lessee *cont'd*

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	Within 5 years RM'000	More than 5 years RM'000	Total RM'000
Group			
Extension options expected not to be exercised	-	224,700	224,700
Termination options expected to be exercised	-	-	-
	-	224,700	224,700

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 15 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	
	31.12.2019 RM'000	**31.12.2018 RM'000**
Future minimum rental receivables:		
Not later than 1 year	154,525	147,278
Later than 1 year and not later than 5 years	140,533	268,648
Later than 5 years	-	41,325
	295,058	457,251

Rental income earned from these investment properties during the financial year is disclosed in Note 34.

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23. BORROWINGS

		Group		Company	
	Note	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Current					
Secured:					
Hire purchase payables	24	17,231	16,821	-	-
Revolving credits	25	448,282	392,177	-	-
Term loans	27	137,940	112,514	-	-
		603,453	521,512	-	-
Unsecured:					
Revolving credits	25	391,500	362,000	-	-
Bankers' acceptances	26	27,160	23,081	-	-
Medium term notes	28	183,250	-	183,250	-
		601,910	385,081	183,250	-
		1,205,363	906,593	183,250	-
Non-current					
Secured:					
Hire purchase payables	24	27,671	38,744	-	-
Term loans	27	587,777	603,800	-	-
		615,448	642,544	-	-
Unsecured:					
Medium term notes	28	-	800,000	-	800,000
Sukuk Murabahah	29	1,310,000	1,310,000	1,310,000	1,310,000
		1,310,000	2,110,000	1,310,000	2,110,000
		1,925,448	2,752,544	1,310,000	2,110,000
Total borrowings					
Hire purchase payables	24	44,902	55,565	-	-
Revolving credits	25	839,782	754,177	-	-
Bankers' acceptances	26	27,160	23,081	-	-
Term loans	27	725,717	716,314	-	-
Medium term notes	28	183,250	800,000	183,250	800,000
Sukuk Murabahah	29	1,310,000	1,310,000	1,310,000	1,310,000
		3,130,811	3,659,137	1,493,250	2,110,000

23. BORROWINGS *cont'd*

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

	Group		Company	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Revolving credits	403,975	371,927	-	-
Term loans	191,998	216,945	-	-
Hire purchase	4,386	4,403	-	-
Bank overdrafts	24,500	24,500	-	-
Medium term notes	816,750	200,000	816,750	200,000
Sukuk Murabahah	190,000	190,000	190,000	190,000
Other trade lines	60,317	79,843	-	-
	1,691,926	1,087,618	1,006,750	390,000

Other information on the borrowings are disclosed in Note 46.

24. HIRE PURCHASE PAYABLES

	Group	
	31.12.2019	31.12.2018
	RM'000	RM'000
Future minimum lease payments:		
Not later than 1 year	19,214	19,397
Later than 1 year and not later than 2 years	17,508	16,876
Later than 2 years and not later than 5 years	11,851	24,759
Total future minimum lease payments	48,573	61,032
Less: Future finance charges	(3,671)	(5,467)
Present value of finance lease liabilities	44,902	55,565
Analysis of present value of hire purchase payables:		
Not later than 1 year	17,231	16,821
Later than 1 year and not later than 2 years	16,407	15,175
Later than 2 years and not later than 5 years	11,264	23,569
	44,902	55,565
Less: Amount due within 12 months	(17,231)	(16,821)
Amount due after 12 months	27,671	38,744

The hire purchase payables are secured by a charge over the leased assets (Note 4) and bear weighted average effective interest rate at 5.19% (2018: 5.14%) per annum.

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25. REVOLVING CREDITS

	Group	
	31.12.2019	**31.12.2018**
	RM'000	**RM'000**
Secured		
Revolving credit I	65,000	70,000
Revolving credit II	383,282	322,177
	448,282	392,177
Unsecured		
Revolving credit III	15,000	15,000
Revolving credit IV	376,500	347,000
	391,500	362,000
	839,782	754,177

Revolving credit I is secured on the same terms as Term loan I, disclosed in Note 27 and bears interest at 0.75% (2018: 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 4 local projects (2018: 3 local projects) undertaken by the Group and bears interest ranging from 4.30% to 4.75% (2018: 4.25% to 4.75%) per annum.

Revolving credit III is secured by corporate guarantee from a subsidiary and bears interest at 1.25% (2018: 1.25%) per annum over the bank's cost of funds.

Revolving credit IV is unsecured and bears interest at rates ranging from 4.05% to 5.70% (2018: 4.12% to 5.70%) 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.

26. BANKERS' ACCEPTANCES

	Group	
	31.12.2019	**31.12.2018**
	RM'000	**RM'000**
Unsecured		
Bankers' acceptances	27,160	23,081

The bankers' acceptances bear interest at rates ranging from 3.98% to 4.29% (2018: 4.15% to 4.23%) per annum. These bankers' acceptances have a maturity period of 101 to 120 (2018: 73 to 120) days.

27. TERM LOANS

	Group	
	31.12.2019	31.12.2018
	RM'000	RM'000
Secured		
Term loan I	256,000	177,600
Term loan II	265,920	291,040
Term loan III	144,922	178,333
Term loan IV	14,680	19,241
Term loan V	44,195	50,100
	725,717	716,314

The term loans are repayable as follows:

Not later than 1 year	137,940	112,514
Later than 1 year and not later than 2 years	154,022	130,576
Later than 2 years and not later than 5 years	419,086	452,651
Later than 5 years	14,669	20,573
	725,717	716,314
Less: Amount due within 12 months	(137,940)	(112,514)
Amount due after 12 months	587,777	603,800

(i) Term loan I together with the Revolving credit I (Note 25) 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% (2018: 5.00%) per annum. The Term loan I was extended for a 5 years 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 a 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.

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.

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27. 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 TL2 are repayable over 24 quarterly principal payments commencing on the 9th quarter from the date of first drawdown i.e., 7 April 2017. The margin of profit rate is 1.20% (2018: 1.20%) per annum and 1.00% (2018: 1.00%) above the bank's cost of funds during the construction stage and upon completion respectively.

TL1 and TL3 are not drawdown yet as at end of the financial year.

(iii) Term loan III comprises facilities obtained by a subsidiary via a facility agreement dated 3 November 2016 ("the TL-III Facilities") as follows:

- Term Loan A ("TL-A") is a CMTF-I to part reimburse advances from the shareholders and/or the Company and its related companies, where applicable pursuant to the acquisition of 3 parcels of residential freehold land ("R1", "R2" and "R4") located at the southern portion of Overseas Union Garden, Kuala Lumpur for the development of condominium units ("OUG Project Land").

- Term Loan B ("TL-B") is a CMTF-I to part finance the total construction cost in relation to the development on R2 and/or R4 ("Construction Cost"); and to part reimburse any advances and/or deposits made to the subsidiary pursuant to the Construction Cost prior to drawdown of the TL-III Facilities.

The TL-III Facilities are secured by way of a first legal charge and specific debenture over the OUG Project Land as disclosed in Note 6; legal assignment of all insurances 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 9th quarter from the date of first disbursement of TL-A and/or upon receiving redemption sum of 25.00% of the selling price of each development properties on the OUG Project Land, whichever is earlier and higher. The margin of profit rate is 1.25% (2018: 1.25%) per annum above the bank's cost of funds.

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

(iv) The Term loan IV bears interest at a rate of 1.25% (2018: 1.25%) 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.

(v) The Term loan V comprises 2 term loans, bear interest rate at 1.25% (2018: 1.25%) 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 drawdown.

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.

28. MEDIUM TERM NOTES ("MTN")

	Group/Company	
	31.12.2019	31.12.2018
	RM'000	RM'000
Unsecured		
The MTNs are repayable as follows:		
Not later than 1 year	183,250	-
Later than 1 year and not later than 2 years	-	800,000
	183,250	800,000
Less: Amount due within 12 months	(183,250)	-
Amount due after 12 months	-	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 the 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% per annum, respectively.

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 Company has repaid RM616,750,000 (2018: RM200,000,000) during the current financial year.

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29. SUKUK MURABAHAH

	Group/Company	
	31.12.2019	31.12.2018
	RM'000	RM'000
Unsecured		
The Sukuk Murabahah are repayable as follows:		
Later than 1 year and not later than 2 years	100,000	-
Later than 2 years and not later than 5 years	700,000	800,000
Later than 5 years	510,000	510,000
Amount due after 12 months	1,310,000	1,310,000

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 is constituted by a Trust Deed dated 13 October 2014 executed 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 tranche of Sukuk Murabahah shall be issued for tenure 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 may be issued via book-building, private placement or bought deal basis.

Proceeds from the issuance of the Sukuk Murabahah are to be utilised for the following purposes which are Shariah-compliant:

(i) to fund the Group's working capital requirements, capital expenditure and investments specific to the Group's principal activities, excluding the construction or acquisition of hotel(s);

(ii) refinancing of the Group's existing borrowings;

(iii) to fund the Trustee's Reimbursement Account; and/or

(iv) to defray fees and expenses incurred in relation to the Sukuk Murabahah Programme.

On 23 October 2014, the Company issued RM600,000,000 nominal value of Sukuk Murabahah in 3 series and have tenures of 7, 8 and 9 years respectively. 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 additional RM150,000,000 nominal value of Sukuk 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 in the previous financial year.

On 11 May 2017, the Company issued additional RM200,000,000 nominal value of Sukuk 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 23 February 2018, the Company issued additional RM200,000,000 nominal value of Sukuk Murabahah in 2 series of RM100,000,000 each. 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 additional RM310,000,000 nominal value Sukuk 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.

30. SHARE CAPITAL

	Group/Company			
	Number of ordinary shares		Amount	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	'000	'000	RM'000	RM'000
Issued and fully paid:				
At 1 January	1,416,403	1,415,581	3,210,984	3,210,132
Share options exercised under:				
- ESOS 2013/2023 (Note 30(c))	1,747	822	1,432	674
Transfer within reserve arising from ESOS exercised	-	-	380	179
Incidental costs of new shares	-	-	-	(1)
At 31 December	1,418,150	1,416,403	3,212,796	3,210,984

(a) Issue of shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from 1,416,403,871 shares to 1,418,150,471 shares by way of the issuance of 1,746,600 new ordinary shares pursuant to the exercise of 1,746,600 options under the Company's ESOS 2013/2023 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, 27,626,878 treasury shares were distributed as share dividends to the shareholders on 28 June 2019 on the basis of 2 treasury shares for every 100 ordinary shares held at the entitlement date on 18 June 2019, fractions of treasury shares was disregarded.

In the previous 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. 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 2019, the total number of ordinary shares held as treasury shares was 8,185,158 (2018: 35,812,036) at a total cost of RM7,485,661 (2018: RM30,041,084).

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.

30. 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:

(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.

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.

30. 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					
				Movement during the year				
Grant date	Expiry date	Exercise price	Outstanding at 1 January	Granted	(Exercised)	(Forfeited)	Outstanding at 31 December	Exercisable at 31 December
		RM	'000	'000	'000	'000	'000	'000
2019								
30 August 2013	18 July 2023	1.63	5,246	-	-	(166)	5,080	5,080
15 August 2014	18 July 2023	1.55	4,821	-	-	(124)	4,697	4,697
18 September 2015	18 July 2023	1.18	2,712	-	-	(49)	2,663	2,663
12 June 2018	12 June 2021	0.82	29,667	-	(1,747)	(1,041)	26,879	26,879
			42,446	-	(1,747)	(1,380)	39,319	39,319
WAEP (RM)			1.03	-	0.82	1.00	1.04	1.04
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	1.40	1.03	1.03

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30. 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:

	Exercise price RM	Exercise period
2019		
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
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

At 31 December 2019, there are 39,319,000 (2018: 42,446,000) options exercisable at the WAEP of RM1.04 (2018: RM1.03) 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 1,746,600 (2018: 822,000) ordinary shares at a WAEP of RM0.82 (2018: RM0.82).

(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%

30. 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 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 2018	235,897
Converted to ordinary shares	-
At 31 December 2018/31 December 2019	235,897

The salient terms of the warrants are as follows:

(i) The warrants were issued in registered form and constituted by a Deed Poll executed on 11 August 2015. For the purpose of trading of the warrants on Bursa Malaysia, a board lot of warrants shall be 100 warrants carrying the right to subscribe for 100 ordinary shares in the Company;

(ii) The exercise price is RM2.08 per ordinary share of the Company and each warrant will entitle the registered holder to subscribe for 1 new ordinary share in the Company during the exercise period;

(iii) The exercise period is for a period of 5 years commencing on and including the date of allotment of this warrants. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid;

(iv) The new ordinary shares to be issued pursuant to the exercise of this warrants will, upon allotment and issuance, rank *pari passu* in all respects with the existing ordinary shares of the Company, save and except that the holders of the new ordinary shares of the Company shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is on or before the date of allotment of the ordinary shares of the Company pursuant to the exercise of the warrants;

(v) In the case of a members' voluntarily winding up, or a compromise or arrangement between the Company and its members or any class of them (whether or not in connection with a scheme for reconstruction or amalgamation), every warrant holder as evidenced in the Record of Depositors shall be treated as having the right to subscribe for new ordinary shares of the Company in accordance with the terms and conditions of the Deed Poll, at any time within 6 weeks after passing of such resolution for a members' voluntarily winding up of the Company, or within 6 weeks after the granting of the court order in respect of the compromise or arrangement; and

(vi) The warrant holders are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in the Company until and unless such warrant holders exercise their warrants for new ordinary shares of the Company.

236,621,145 Warrants 2015/2020 were issued pursuant to the bonus issue of 1 Warrant 2015/2020 for every 5 existing ordinary shares held in the Company. The Warrants 2015/2020 were listed on the Bursa Malaysia on 4 September 2015.

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31. RESERVES

		Group		Company	
		31.12.2019	31.12.2018	31.12.2019	31.12.2018
	Note	RM'000	RM'000	RM'000	RM'000
Non-distributable					
Revaluation reserve	(a)	55,898	66,934	-	-
Other reserve		5	12	-	-
Capital reserve	(b)	61,646	61,646	-	-
Equity compensation reserve	(c)	9,638	10,244	8,908	9,514
Exchange reserve	(d)	(71,345)	(64,522)	-	-
Internal reorganisation reserve	(e)	(1,554,791)	(1,554,791)	-	-
		(1,498,949)	(1,480,477)	8,908	9,514
Distributable					
General reserve	(f)	1,438	1,438	-	-
		(1,497,511)	(1,479,039)	8,908	9,514

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 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

31. RESERVES *cont'd*

(f) General reserve *cont'd*

(ii) Under the provisions of the India Companies Act, 1956, a statutory reserve equivalent to a certain percentage of the subsidiary's net profit before appropriation is required to be transferred to a non-distributable reserve account before any dividend can be declared or paid, as follows:

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. PERPETUAL SUKUK

	Group/Company 31.12.2019 RM'000
Issuance in nominal value	617,000
Less: Transaction cost	(4,335)
Net nominal value	612,665

On 27 September 2019, the Company issued two tranches of perpetual Islamic notes totalling RM617,000,000 in nominal value based on the Shariah principle of Musharakah ("Perpetual Sukuk") under the newly established Perpetual Sukuk Musharakah programme of up to RM1,000,000,000 in nominal value ("Perpetual Sukuk Musharakah Programme").

The Perpetual Sukuk is constituted by a Trust Deed dated 18 September 2019 between the Company and the Trustee for the holders of the Perpetual Sukuk.

The proceeds raised from the issuance of the Perpetual Sukuk are allowed to be utilised by the Company, its subsidiaries, associated companies and/or jointly controlled entities (i.e. the Group) for the following purposes which are Shariah-compliant:

(i) refinancing of existing financing/ borrowings;

(ii) capital expenditure;

(iii) asset acquisition;

(iv) working capital;

(v) general corporate purposes; and/or

32. PERPETUAL SUKUK *cont'd*

The proceeds raised from the issuance of the Perpetual Sukuk are allowed to be utilised by the Company, its subsidiaries, associated companies and/or jointly controlled entities (i.e. the Group) for the following purposes which are Shariah-compliant: *cont'd*

(vi) to defray fees, costs and expenses incurred in relation to the issuance of the Perpetual Sukuk and the Perpetual Sukuk Musharakah Programme.

Under the Perpetual Sukuk Musharakah Programme, the Company may, at its sole discretion, redeem the Perpetual Sukuk Musharakah pursuant to certain redemption events.

There are no events of default or dissolution events which will entitle the trustee or the sukukholders to declare any or all amounts under the Perpetual Sukuk Musharakah Programme to be immediately due and payable, save for certain enforcement events, as described below.

The Perpetual Sukuk Musharakah Programme has been accorded a rating of "A (Stable)" by Malaysian Rating Corporation Berhad on 28 August 2019.

The salient features of the Perpetual Sukuk are as follows:

(a) The Perpetual Sukuk shall constitute direct, unsecured, unconditional and subordinated obligations of the Company and shall at all times rank (i) junior to all present and future creditors of the Company; (ii) *pari passu* with any instrument issued or guaranteed by the Company that ranks *pari passu* with the Perpetual Sukuk; and (iii) ahead of any class of the Company's share capital, including without limitation, any ordinary shares and preference shares.

(b) Being perpetual in nature, the Company has a call option to redeem the Perpetual Sukuk under the following circumstances:

  (i) Optional redemption at the first call date i.e. at the end of 5th and 7th year respectively for the first and second tranche of the Perpetual Sukuk and on each periodic distribution date of the expected distribution amount thereafter;

  (ii) Accounting event – change in accounting standards resulting in Perpetual Sukuk no longer being recognised as an equity instrument;

  (iii) Tax event – if the expected periodic distribution of the profit would not be fully tax deductable or the Company become obligated to pay additional tax due to changes in tax laws or regulations.

  (iv) Rating event - change in rating methodology by the rating agency that results in a lower equity credit for the relevant tranche of the Perpetual Sukuk.

(c) The first tranche of the Perpetual Sukuk with a nominal amount of RM282,000,000 has a tenor of perpetual non-callable 5 years with an initial periodic distribution rate of 5.80% per annum while the second tranche with a nominal amount of RM335,000,000 has a tenor of perpetual non-callable 7 years with an initial periodic distribution rate of 6.00% per annum thereafter.

(d) The periodic distribution amount is payable six months from the issue date of the respective tranche and every six months thereafter.

(e) The Company may, at its sole discretion, opt to (i) defer the periodic distribution or (ii) further defer any outstanding arrears of deferred periodic distribution, provided that it has not during the last six months declared or paid any dividend or payment or other distributions in respect of or redeem or repurchase its ordinary shares or any other securities of the Company ranking junior to or *pari passu* with the Perpetual Sukuk. The deferred periodic distribution, if any, will be cumulative and will not earn additional profits (i.e. there will be no compounding of the periodic distribution being deferred). There is no limit as to the number of times the expected periodic amount and the arrears of deferred periodic distribution can be deferred.

(f) Notwithstanding the optional deferral stipulated in (e) above, all outstanding arrears of deferred periodic distribution shall be due and payable within fifteen days from the date the Company declared or paid any dividend or payment or other distributions in respect of or redeem or repurchase its ordinary shares or any other securities of the Company ranking junior to or *pari passu* with the Perpetual Sukuk.

(g) If the optional redemption is not exercised by the Company on the first call date of the respective tranche, the periodic distribution rate shall be reset at the prevailing relevant Malaysian Government Securities rate plus the initial margin/spread determined prior to issuance of the respective tranche plus a step-up margin of 1.00% p.a.

33. NON-CONTROLLING INTERESTS

	Group	
	31.12.2019	31.12.2018
	RM'000	RM'000
At 1 January	(26,552)	8,089
Share of losses for the financial year	(6,927)	(6,680)
Share of impairment of goodwill (Note 8(c))	-	(54,964)
Arising from acquisition of SSSB Group (Note 8(c))	-	27,228
Exchange differences	(42)	(225)
At 31 December	(33,521)	(26,552)

34. REVENUE

	Group		Company	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers (Note (a))	1,657,895	2,127,177	18,467	18,101
Interest income (Note (b))	10,067	11,412	97,369	101,274
Dividend income	-	-	20,200	19,533
Rental income (Note 7)	167,653	158,124	-	-
	1,835,615	2,296,713	136,036	138,908

(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	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Type of goods or services:				
Engineering and construction works (Note 12(a))	1,255,991	1,763,794	-	-
Revenue from property development (Note 12(b)):				
- Completed inventory properties	54,640	43,049	-	-
- Inventory properties under development	247,897	196,095	-	-
	302,537	239,144	-	-

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34. REVENUE *cont'd*

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

(i) Disaggregated revenue information *cont'd*

	Group		Company	
	31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Others:				
- Management fees	6,588	11,314	18,467	18,101
- Sale of goods	60,655	78,196	-	-
- Car park income (Note 7)	15,362	14,521	-	-
- Hotel income	16,762	20,208	-	-
	99,367	124,239	18,467	18,101
Total revenue from contracts with customers	1,657,895	2,127,177	18,467	18,101

(ii) Timing of revenue recognition

At a point in time	154,007	167,288	18,467	18,101
Over time	1,503,888	1,959,889	-	-
Total revenue from contracts with customers	1,657,895	2,127,177	18,467	18,101

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 Notes 11 and 12 respectively.

(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	
	31.12.2019	**31.12.2018**
	RM'000	**RM'000**
Within one year		
- Engineering and construction works	1,716,226	2,058,000
- Property development	68,917	58,983
	1,785,143	2,116,983
More than one year		
- Engineering and construction works	3,302,774	4,369,000
- Property development	23,045	21,664
	3,325,819	4,390,664
Total in future years	5,110,962	6,507,647

34. REVENUE *cont'd*

(b) Interest income

	Group		Company	
	31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest income from deposits with licensed banks	1,699	3,819	1,699	3,820
Interest income from subsidiaries	-	-	95,670	97,454
Interest income from joint ventures	8,246	7,532	-	-
Interest income from associates	122	61	-	-
	10,067	11,412	97,369	101,274

35. COST OF SALES

	Group	
	31.12.2019	**31.12.2018**
	RM'000	**RM'000**
		(Restated)
Construction contract costs (Note 12(a))	1,116,873	1,616,367
Cost of inventory properties (Note 12(b)):		
- Inventory properties under development	123,502	114,885
- Completed inventory properties	26,593	28,515
Cost of goods sold	59,340	75,256
Cost of maintenance of investment properties	31,881	54,597
Cost of services provided	21,203	19,335
Cost incurred on car park operation	2,886	4,520
Cost of sales - hotel	6,775	7,518
	1,389,053	1,920,993

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36. OTHER OPERATING INCOME

	Group		Company	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Interest income from deposits with licensed banks	12,099	12,579	13	849
Interest income from joint ventures	8,008	7,544	-	-
Interest income from associates	2,941	1,303	-	-
Murabahah profits	-	6,724	-	-
	23,048	28,150	13	849
Net unrealised loss on foreign exchange	(2,996)	(15,407)	-	-
Rental income	5,889	6,253	2,757	2,540
Gain on disposal of property, plant and equipment	2,037	9,786	-	-
Gain on disposal of investment properties	-	273	-	-
Gain on deemed disposal of a subsidiary (Note 9(b))	-	318	-	-
Gain on liquidation of an associate (Note 9(a))	824	-	-	-
Net realised gain on foreign exchange	1,778	11,367	-	-
Fair value gain on investment properties (Note 7)	14,842	176,886	-	-
Fair value adjustment on right-of-use asset (investment properties) (Note 22)	(8,141)	-	-	-
Finance income/(cost) from financial assets carried at amortised cost	5,777	(84)	-	-
Sale of scaffolding	19	-	-	-
Insurance claim	227	163	-	-
Reversal of allowance for expected credit losses	119	296	-	-
Facilitation funds received	-	20,992	-	-
Arbitration award (Note 51(c))	11,406	-	-	-
Others	13,263	11,829	447	431
	68,092	250,822	3,217	3,820

37. FINANCE COSTS

	Group		Company	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
Interest expense				
- term loans	36,499	39,597	-	-
- bank overdrafts	33	38	-	-
- banker's acceptances	819	743	-	-
- revolving credits	35,935	30,536	-	-
- hire purchase	2,624	2,625	-	-
- lease commitment	8,932	6,305	-	-
- lease liabilities (Note 22)	11,970	-	443	-
- profit on MTNs	29,021	38,479	29,021	38,479
- profit on Sukuk Murabahah	70,178	71,412	70,178	71,412
- amortisation of transaction costs incurred on Perpetual Sukuk	101	-	101	-
- unwinding of discount (Note 22)	2	-	9	-
- others	1,167	86	-	-
	197,281	189,821	99,752	109,891
- less: Amount capitalised under property, plant and equipment (Note 4(e))	(3,431)	(3,209)	-	-
- less: Amount capitalised under property development costs (Note 6(b))	(48,448)	(47,750)	-	-
- less: Amount capitalised under construction contracts (Note 12(a))	(438)	-	-	-
	144,964	138,862	99,752	109,891

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38. PROFIT BEFORE TAXATION

	Group		Company	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000 (Restated)	RM'000	RM'000
(a) The following amounts have been included in arriving at profit before taxation:				
Auditors' remuneration				
- statutory	861	861	92	73
- underprovision in prior years	42	68	3	16
- other services	198	135	179	17
Rental of premises	1,381	1,313	-	2,771
Amortisation of intangible asset (Note 5)	8,274	5,436	-	-
Depreciation of property, plant and equipment	19,790	23,222	1,038	934
Depreciation of right-of-use assets (property, plant and equipment) (Note 22)	2,334	-	2,592	-
Bad debts written off	5,784	9	-	-
Allowance for expected credit losses				
- related parties (Note 14)	-	-	94	69
- third parties	9,303	2,372	-	-
Accrual of costs arising from an arbitration awards:				
(Note 51(b))	146,663	-	-	-
(Note 51(d))	2,871	-	-	-
Settlement with a subcontractor of the Ministry of Interior Head Quarters Project ("MOI Project")	(18,798)	-	-	-
Impairment of goodwill on acquisition of subsidiaries (Note 8(c))	-	137,409	-	-
Property, plant and equipment written off	110	280	-	-
Net write down in value of land held for sale (Note 18(ii))	-	1,820	-	-
Net write down in value of inventory properties				
- completed inventory properties	9,297	7,194	-	-
- land held for property development (Note 6(a))	13,270	11,238	-	-
Direct expenses (including repair and maintenance) attributable to income generating investment properties (Note 7)	34,767	59,117	-	-
Reversal of foreseeable losses for contract assets	(72)	(46)	-	-

38. PROFIT BEFORE TAXATION *cont'd*

	Group		Company	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
(b) Employee benefits expense				
Staff costs (excluding Directors' remuneration) - wages and salaries	66,580	72,485	3,148	2,925
Social security costs	718	774	9	8
Employees' Provident Fund contribution	7,219	7,096	501	441
Bonus and ex-gratia	4,026	4,569	475	512
ESOS expenses	-	6,288	-	837
Other staff related expenses	8,686	3,897	649	271
	87,229	95,109	4,782	4,994

(c) Directors' remuneration

	Salaries and other emoluments	Fees	Bonus	Defined contribution plan	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
At 31 December 2019							
Group/Company							
Executive							
Tan Sri Lim Siew Choon	2,760	12	460	386	48	4	3,670
Dato' Lee Tuck Fook	2,400	12	400	336	-	2	3,150
Goh Chin Liong *	5,130	12	330	289	64	5	5,830
Liang Kai Chong	1,140	12	190	160	23	6	1,531
	11,430	48	1,380	1,171	135	17	14,181
Non-executive							
Tan Sri Marzuki Bin Mohd Noor	21	84	-	-	-	1	106
Datuk Ab Wahab Bin Khalil	20	84	-	-	-	2	106
Dato' Ng Sooi Lin	17	84	-	-	-	2	103
Ng Soon Lai @ Ng Siek Chuan	10	84	-	-	-	2	96
Rahana Binti Abdul Rashid	12	84	-	-	-	2	98
	80	420	-	-	-	9	509
	11,510	468	1,380	1,171	135	26	14,690

* Includes retirement benefits amounting to RM3,048,000 paid to Goh Chin Liong, who retired at the age of 60 during the financial year.

The retirement benefits has been approved by the Nomination and Remuneration Committee and the Board of Directors. Goh Chin Liong had abstained from all discussions and deliberations in approving the retirement benefits.

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38. PROFIT BEFORE TAXATION *cont'd*

(c) Directors' remuneration *cont'd*

	Salaries and other emoluments	Fees	Bonus	Defined contribution plan	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
At 31 December 2018							
Group/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

39. TAXATION

	Group		Company	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
Current income tax:				
Malaysian income tax	53,406	61,853	4,950	5,419
(Over)/under provision in prior years	(7,759)	1,870	76	737
	45,647	63,723	5,026	6,156
Deferred income tax (Note 15):				
Relating to origination and reversal of temporary differences	707	37,801	112	171
Relating to change in tax rate	-	828	-	-
(Over)/under provision in prior years	(655)	1,964	1	4
	52	40,593	113	175
Taxation reported in profit or loss	45,699	104,316	5,139	6,331
Deferred tax related to items recognised in OCI during the year:				
Revaluation of land and buildings included in property, plant and equipment (Note 15)	965	2,646	-	-

Domestic current income tax is calculated at the Malaysian statutory tax rate of 24.00% (2018: 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.

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39. 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:

	31.12.2019 RM'000	31.12.2018 RM'000 (Restated)
Group		
Profit before taxation	11,451	148,693
Taxation at Malaysian statutory tax rate of 24.00% (2018: 24.00%)	2,748	35,686
Effect of different tax rates in foreign branches	16,443	3,556
Effect of zero tax rates in foreign countries	2,142	1,255
Effect of share of results of associates	(697)	(1,738)
Effect of share of results of joint ventures	9,600	9,663
Effect of changes in tax rates on real property gain tax	-	20,171
Effect on different tax rate for fair value in investment properties	(2,078)	(24,764)
Effect on tax exemption	(10,086)	(12,901)
Income not subject to tax	(7,613)	(1,089)
Expenses not deductible for tax purposes	32,677	57,778
Utilisation of previously unrecognised tax losses	(1,721)	(881)
Utilisation of previously unrecognised tax losses in foreign branches	(7,002)	-
Deferred tax assets not recognised during the year	4,015	7,467
Deferred tax assets in foreign countries not recognised during the year	8	9
Deferred tax assets in foreign branches not recognised during the year	15,677	6,270
(Over)/under provision of deferred tax in prior years	(655)	1,964
(Over)/under provision of income tax in prior years	(7,759)	1,870
Tax expense for the financial year	45,699	104,316
Company		
Profit before taxation	6,535	7,830
Taxation at Malaysian statutory tax rate of 24.00% (2018: 24.00%)	1,568	1,879
Income not subject to tax	(4,848)	(4,907)
Expenses not deductible for tax purposes	8,342	8,618
Under provision of deferred tax in prior years	1	4
Under provision of income tax in prior years	76	737
Tax expense for the financial year	5,139	6,331

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.

40. (LOSS)/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	
	31.12.2019	**31.12.2018**
	RM'000	**RM'000**
		(Restated)
(Loss)/profit attributable to ordinary equity holders of the Company	(27,321)	106,021
Weighted average number of shares in issue	1,397,788	1,396,056
Basic (loss)/earnings per share (sen)	(1.95)	7.59

(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	
	31.12.2019	**31.12.2018**
	RM'000	**RM'000**
		(Restated)
(Loss)/profit attributable to ordinary equity holders of the Company	(27,321)	106,021
Weighted average number of shares in issue	1,397,788	1,396,056
Effect of dilution: Share options	3,401	7,078
Adjusted weighted average number of shares in issue and issuable	1,401,189	1,403,134
Diluted (loss)/earnings per share (sen)	(1.95)	7.56

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.

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41. DIVIDENDS

	Group/Company			
	Dividends in respect of year		Dividends recognised in year	
	31.12.2018	31.12.2017	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Recognised during the year:				
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
Final dividend comprising:				
- Share dividend by way of distribution of 27,626,878 treasury shares on 28 June 2019 on the basis of 2 treasury shares for every 100 ordinary shares held in the Company	22,555	-	22,555	-
	22,555	42,298	22,555	42,298

At the forthcoming Annual General Meeting, a final share dividend in respect of the financial year ended 31 December 2019 via a distribution of treasury shares on the basis of one (1) treasury share 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 2020.

42. RELATED PARTY DISCLOSURES

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

	Group		Company	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Contract revenue from:				
- joint ventures	331	11,665	-	-
- associates	135,197	123,384	-	-
- companies in which certain Directors have interest	89,010	23,107	-	-
Rent expense payable to:				
- subsidiaries	-	-	-	(2,771)
- joint ventures	-	(93)	-	-
Lease expense payable to:				
- subsidiaries	-	-	(3,017)	-
- joint ventures	(96)	-	-	-
- a company in which certain Directors have interest	(164)	-	(164)	-

42. 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	
	31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Office utilities expense payable to a subsidiary	-	-	(166)	(181)
Season parking expense payable to a joint venture	(314)	(288)	(314)	(288)
Management fee receivable from:				
- subsidiaries	-	-	16,334	16,208
- joint ventures	6,348	11,314	1,893	1,893
- associates	240	-	240	-
Gross dividend receivable from:				
- subsidiaries	-	-	20,200	19,533
- joint ventures	17,447	18,561	-	-
- associates	3,529	3,293	-	-
Interest receivable from:				
- subsidiaries	-	-	95,670	97,454
- joint ventures	16,254	15,076	-	-
- associates	3,063	1,364	-	-
Rental income receivable from subsidiaries	-	-	2,757	2,540
Office utilities income receivable from subsidiaries	-	-	152	150
Season parking income receivable from subsidiaries	-	-	296	273
Net (advances to)/repayments from:				
- associates	2,424	(3,568)	-	-
- joint ventures	(20,403)	11,461	-	-
- non-controlling interest of subsidiaries	168	(106)	-	-
Office equipment rental income receivable from associates	174	-	-	-
Motor vehicle rental income receivable from associates	131	-	-	-
Fees payable for retail management to:				
- joint ventures	(655)	-	-	-
- a company in which certain Directors have interest	(960)	(870)	-	-

The above transactions were transacted at terms and conditions mutually agreed with related parties. Balances with these parties are disclosed in Notes 13, 14 and 20.

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42. RELATED PARTY DISCLOSURES *(cont'd)*

(b) Compensation of key management personnel

Remuneration on an aggregate basis paid to the top 5 senior management (not including Directors as disclosed in Note 38(c)) for the financial year are as follows:

	31.12.2019 RM'000	31.12.2018 RM'000
Salaries	3,828	3,317
Other emoluments	66	2
Fees	48	60
Bonus	682	771
Employees' Provident Fund contribution	404	345
Benefits-in-kind	88	111
	5,116	4,606

43. COMMITMENT

	Group		Company	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Approved and contracted for:				
Property, plant and equipment	73,902	87,853	125	122

44. CONTINGENT LIABILITIES

	Group		Company	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
(a) Corporate guarantees given to:				
- Financial institutions and trade suppliers for credit facilities granted to subsidiaries, joint ventures and associates	89,750	7,000	3,114,103	3,698,653
- Contract customers of subsidiaries, joint ventures and associates to secure the performance of their obligation for contract works	1,851,329	1,289,080	562,249	217,081
Letter of undertaking issued to financial institutions for credit facilities granted to subsidiaries and joint ventures	480,168	135,000	823,717	478,549
	2,421,247	1,431,080	4,500,069	4,394,283

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 and undertaking as minimal and the probability of default, based on historical track records of the parties receiving the guarantees and undertaking are remote.

	Group	
	31.12.2019	31.12.2018
	RM'000	RM'000
(b) Performance, advance payment and tender guarantee granted to [(1)]:		
Clients of subsidiaries	913,946	997,137
Clients of a joint venture and associates	87,554	255,005
	1,001,500	1,252,142

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.

(1) Included in the bank guarantee of RM1,252,142,000 in the previous financial year was the performance guarantee of approximately RM186,000,000 issued for a joint venture project in Qatar.

WCTB 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 *RM379,000,000) to the client to guarantee the due performance and obligations of GWJV in the project ("Performance Bond"). 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. The Performance Bond has since been returned and subsequently cancelled on 25 October 2019.

* *Based on foreign exchange rate as at 31 December 2019*

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44. CONTINGENT LIABILITIES *(cont'd)*

		31.12.2019 RM'000	31.12.2018 RM'000
(c)	Tax matters under appeal by a subsidiary	2,096	3,906
(d)	Share of contingent liabilities of associates (Note 9)	6,930	18,035

45. CONTINGENT ASSETS

	Group	
	31.12.2019 RM'000	31.12.2018 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(a)	735,200	743,072

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.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points higher/lower, with all other variables held constant, the Group's profit before taxation would have been RM1,638,000 (2018: RM1,425,000) 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 2019									
Group									
Fixed rate									
Deposits	17	2.97	416,569	-	-	-	-	-	416,569
Hire purchase payables	24	5.20	(17,231)	(16,407)	(8,267)	(2,525)	(472)	-	(44,902)
Term loans	27	5.02	(21,600)	(21,600)	(212,800)	-	-	-	(256,000)
MTN	28	4.53	(183,250)	-	-	-	-	-	(183,250)
Sukuk Murabahah	29	5.36	-	(100,000)	(400,000)	(300,000)	-	(510,000)	(1,310,000)
Floating rate									
Lease commitment payable	21	8.20	(3,759)	(4,067)	(4,401)	(5,126)	(5,547)	(82,876)	(105,776)
Lease liabilities	22	5.63	(12,943)	(11,563)	(11,782)	(12,810)	(13,406)	(133,013)	(195,517)
Revolving credits	25	4.59	(839,782)	-	-	-	-	-	(839,782)
Bankers' acceptances	26	4.22	(27,160)	-	-	-	-	-	(27,160)
Term loans	27	5.50	(116,340)	(132,422)	(152,596)	(47,785)	(5,905)	(14,669)	(469,717)
At 31 December 2019									
Company									
Fixed rate									
Deposits	17	3.05	106,000	-	-	-	-	-	106,000
Lease liabilities	22	5.15	(3,048)	(2,724)	(328)	(345)	(363)	(224)	(7,032)
MTN	28	4.53	(183,250)	-	-	-	-	-	(183,250)
Sukuk Murabahah	29	5.36	-	(100,000)	(400,000)	(300,000)	-	(510,000)	(1,310,000)

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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 (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 2018									
Group									
Fixed rate									
Deposits	17	3.14	267,013	-	-	-	-	-	267,013
Hire purchase payables	24	5.14	(16,821)	(15,175)	(14,280)	(7,231)	(2,058)	-	(55,565)
Term loans	27	5.00	(21,600)	(21,600)	(21,600)	(112,800)	-	-	(177,600)
MTN	28	4.46	-	(800,000)	-	-	-	-	(800,000)
Sukuk Murabahah	29	5.32	-	-	(100,000)	(400,000)	(300,000)	(510,000)	(1,310,000)
Floating rate									
Lease commitment payable	21	8.20	(3,154)	(3,759)	(4,067)	(4,401)	(5,127)	(88,422)	(108,930)
Revolving credits	25	4.79	(754,177)	-	-	-	-	-	(754,177)
Bankers' acceptances	26	4.18	(23,081)	-	-	-	-	-	(23,081)
Term loans	27	5.54	(90,914)	(108,976)	(117,870)	(152,596)	(47,785)	(20,573)	(538,714)
At 31 December 2018									
Company									
Fixed rate									
Deposits	17	3.19	74,988	-	-	-	-	-	74,988
MTN	28	4.46	-	(800,000)	-	-	-	-	(800,000)
Sukuk Murabahah	29	5.32	-	-	(100,000)	(400,000)	(300,000)	(510,000)	(1,310,000)

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.

46. FINANCIAL INSTRUMENTS *(cont'd)*

(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 before taxation 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	
		31.12.2019	**31.12.2018**
		RM'000	**RM'000**
		Profit before taxation	**Profit before taxation**
AED/RM -	Strengthen 3.00%	12,610	12,309
	Weakened 3.00%	(12,610)	(12,309)
QAR/RM -	Strengthen 3.00%	5,093	11,006
	Weakened 3.00%	(5,093)	(11,006)
USD/RM -	Strengthen 3.00%	459	667
	Weakened 3.00%	(459)	(667)

Included in the following statement 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**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Group							
As at 31 December 2019							
Cash, deposit and bank balances	10,287	1,366	93,843	-	13,837	908	120,241
Receivables	740	652,320	253,560	-	113	68	906,801
Payables	(46)	(309,859)	(305,551)	-	(5)	(460)	(615,921)
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)

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46. FINANCIAL INSTRUMENTS *(cont'd)*

(d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by bank borrowings.

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within 1 year RM'000	More than 1 year less than 5 years RM'000	More than 5 years RM'000	Total RM'000
Group				
As at 31 December 2019				
Trade and other payables	1,031,744	285,191	-	1,316,935
Lease commitment payables				
- Principal	3,759	19,141	82,876	105,776
- Interest	8,674	31,319	49,253	89,246
Lease liabilities				
- Principal	12,943	49,561	133,013	195,517
- Interest	11,019	36,049	30,943	78,011
Due to related parties	8	-	-	8
Loans and borrowings				
- Principal	1,205,363	1,400,779	524,669	3,130,811
- Interest	151,708	250,573	25,187	427,468
	2,425,218	2,072,613	845,941	5,343,772
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

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 (cont'd).

	On demand or within 1 year RM'000	More than 1 year less than 5 years RM'000	More than 5 years RM'000	Total RM'000
Company				
As at 31 December 2019				
Other payables	27,603	205	-	27,808
Lease liabilities				
- Principal	3,048	3,760	224	7,032
- Interest	362	327	6	695
Loans and borrowings				
- Principal	183,250	800,000	510,000	1,493,250
- Interest	75,452	194,905	23,551	293,908
	289,715	999,197	533,781	1,822,693
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

(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 bank balances 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 31.12.2019 RM'000	Group 31.12.2018 RM'000
Malaysia	740,679	732,827
Middle East	309,168	310,411
	1,049,847	1,043,238

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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 2019					
Assets measured at fair value					
Investment properties	7	1,805,106	-	-	1,805,106
Property, plant and equipment					
- Freehold land and buildings	4	152,857	-	-	152,857
Right-of-use assets:					
- Property, plant and equipment	22	13,535	-	-	13,535
- Investment properties	22	132,379	-	-	132,379
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

There are no liabilities measured at fair value.

There were no transfers 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	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
As at 31 December 2019				
Financial asset				
Trade and other receivables under arbitration award	404,981	#	-	-
Financial liabilities				
Trade and other payables under arbitration award	(457,858)	#	-	-
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)	#	-	-

\# *The fair value of the financial instruments could not be reliably measured due to the ongoing enforcement of an arbitration award. Further details are disclosed in Note 51(a).*

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.

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46. FINANCIAL INSTRUMENTS *(cont'd)*

(f) Fair values *(cont'd)*

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. 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 2019 was assessed to be insignificant.

(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")

	Note	Carrying amount RM'000	FAAC RM'000	FLAC RM'000
At 31 December 2019				
Group				
Financial assets				
Trade receivables	11	1,049,847	1,049,847	-
Other receivables, excluding prepayment and advances to subcontractors	13	337,043	337,043	-
Due from related parties	14	494,516	494,516	-
Cash and bank balances	17	646,444	646,444	-
		2,527,850	2,527,850	-

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):

	Note	Carrying amount RM'000	FAAC RM'000	FLAC RM'000
At 31 December 2019				
Group				
Financial liabilities				
Due to related parties	14	(8)	-	(8)
Trade payables	19	(834,632)	-	(834,632)
Other payables, excluding provision for foreseeable losses	20	(480,697)	-	(480,697)
Lease commitment payable	21	(105,776)	-	(105,776)
Lease liabilities	22	(195,517)	-	(195,517)
Borrowings	23	(3,130,811)	-	(3,130,811)
		(4,747,441)	-	(4,747,441)
Company				
Financial assets				
Other receivables, excluding prepayment	13	358	358	-
Due from related parties	14	1,743,872	1,743,872	-
Cash and bank balances	17	112,339	112,339	-
		1,856,569	1,856,569	-
Financial liabilities				
Other payables	20	(27,788)	-	(27,788)
Lease liabilities	22	(7,032)	-	(7,032)
Borrowings	23	(1,493,250)	-	(1,493,250)
		(1,528,070)	-	(1,528,070)

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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):

	Note	Carrying amount RM'000	FAAC RM'000	FLAC RM'000
At 31 December 2018				
Group				
Financial assets				
Trade receivables	11	1,043,238	1,043,238	-
Other receivables, excluding prepayment and advances to subcontractors	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	23	(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	23	(2,110,000)	-	(2,110,000)
		(2,140,111)	-	(2,140,111)

47. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	1 January 2019 RM'000	Cash flows RM'000	Other RM'000	31 December 2019 RM'000
Current interest-bearing loans and borrowings	906,593	(38,804)	337,574	1,205,363
Non-current interest-bearing loans and borrowings	2,752,544	(491,803)	(335,293)	1,925,448
Total liabilities from financing activities	3,659,137	(530,607)	2,281	3,130,811

	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	(282,571)	161,117	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	261,071	112,887	3,659,137

Company	1 January 2019 RM'000	Cash flows RM'000	Other RM'000	31 December 2019 RM'000
Current interest-bearing loans and borrowings	-	-	183,250	183,250
Non-current interest-bearing loans and borrowings	2,110,000	(616,750)	(183,250)	1,310,000
Total liabilities from financing activities	2,110,000	(616,750)	-	1,493,250

	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

48. CAPITAL MANAGEMENT

For the purpose of the Group's and the Company's capital management, capital includes their respective issued capital and all equity reserves attributable to the equity holders of the Company and of the subsidiaries of the Company, as the case may be. The primary objective of the capital management of the Group and of the Company is to maximise the shareholders' value.

In order to achieve this overall objective, the Group would continue to observe all the financial covenants attached to the Group's loans and borrowings. Breaches of such financial covenants may result in the banks and financial institutions calling back their loans and borrowings prior to the scheduled repayment dates. There have been no breaches of the financial covenants of any loans and borrowings in the current year.

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48. CAPITAL MANAGEMENT *(cont'd)*

The Group manages their capital structures and constantly makes adjustments after taking into account changes in the economic conditions and the financial covenants imposed on the Group. In managing the capital structure, the Group may declare varying dividends to its shareholders, return capital to shareholders and/or issue or buy back its shares. The Group also monitors its capital using a gearing ratio, which is defined as net debt divided by total equity. The net gearing ratio of the Group at the reporting date stood at 0.67 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 lands 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	
	31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		(Restated)		
Loans and borrowings	3,130,811	3,659,137	1,493,250	2,110,000
Less: Cash and bank balances	(646,444)	(400,944)	(112,339)	(76,566)
Net debt	2,484,367	3,258,193	1,380,911	2,033,434
Equity attributable to the owners of the Company	3,142,368	3,199,464	3,444,975	3,442,900
Perpetual Sukuk	612,665	-	612,665	-
Non-controlling interest	(33,521)	(26,552)	-	-
Total equity	3,721,512	3,172,912	4,057,640	3,442,900
Net gearing ratio	67%	103%	34%	59%

The definition of gearing ratio is not governed by the MFRS and IFRS and may vary from one company to another.

49. SIGNIFICANT EVENTS

During the financial year:

(a) Incorporation of a new joint venture

Details on the incorporation of a new joint venture are disclosed in Note 10(b).

(b) Deregistration of an associate

Details on the deregistration of an associate are disclosed in Note 9(a).

(c) Incorporation of a new subsidiary

Details on the acquisition of a new subsidiary are disclosed in Note 8(b).

(d) Issuance of Perpetual Sukuk

Details on issuance of Perpetual Sukuk are disclosed in Note 32.

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 subject to certain conditions. The approval from Bursa Malaysia lapsed on 15 January 2020. The Company has decided not to proceed with the Placement Shares after taking into consideration the prevailing market condition for the past two (2) years.

(b) Issuance of Perpetual Sukuk

On 3 March 2020, the Company issued a further RM204,500,000 in nominal value of Perpetual Sukuk pursuant to the Perpetual Sukuk Musharakah Programme.

The issuance of the RM204,500,000 in nominal value of Perpetual Sukuk has a tenor of perpetual non-callable 7 years with an initial periodic distribution rate of 5.70% per annum. Together with the RM617,000,000 in nominal value of Perpetual Sukuk issued during the financial year, the total Perpetual Sukuk issued by the Company is now at RM821,500,000 in nominal value.

The proceeds raised from this issuance of the Perpetual Sukuk will be utilised by the Company to redeem the remaining outstanding MTN which is maturing in August 2020 as well as to refinance some bank borrowings of the Group.

(c) Final awards

WCTB had on 12 March 2020 and 19 April 2020 received the final awards from the arbitral tribunal in relation to a project in Qatar as disclosed in Notes 51(b) and 51(d).

(d) Treasury Shares

Between the reporting date and the date of completion of these financial statements, the Company repurchased 14,122,800 ordinary shares of its issued share capital from the open market, at an average costs of RM0.494 each.

(e) Impact of Coronavirus ("COVID-19") outbreak

Subsequent to the end of the financial year, the COVID-19 outbreak was declared a pandemic by the World Health Organisation on 11 March 2020. The COVID-19 pandemic has significantly disrupted many business operations around the world. The Movement Control Order implemented in Malaysia since 18 March 2020 had resulted in significant restriction in the business activities across all the business segments of the Group. As the pandemic has not been effectively curtailed, it is difficult to accurately predict the full extent and duration of its impact on business operations and the economy. The occurrence of the COVID-19 outbreak did not provide evidence of conditions that existed on or before 31 December 2019 and the Directors have accordingly assessed it to be a non-adjusting event.

Up to the date of these financial statements, the Group has seen a significant impact of COVID-19 pandemic on the Group's revenue, earnings, cash flow and financial condition. At this juncture, it is not possible to reliably estimate the full impact of the short-term and longer-term effects of the pandemic and the Government's various efforts to combat the pandemic and to revive the economy. The Group takes cognizance that the assumptions applied in expected credit losses may need to be revised in the next financial year which may result in a material adjustment to the carrying amounts of expected credit losses within the next financial year.

In addition, the Group also notes that the value of certain assets and liabilities recorded in the statements of financial position determined by reference to the fair value at 31 December 2019 may have changed by the date of this report. These include the values of the Group's properties, investment properties, inventory properties under development and completed inventory properties.

51. ARBITRATION AWARD

(a) Pursuant to the cancellation of the contract ("Contract") (previously awarded to WCTB Dubai Branch and Arabtec in a 50:50 joint venture ("the Joint Venture")) by Meydan Group LLC ("Meydan or the Employer") for the construction works in relation to the Nad Al Sheba Racecourse Project ("DRC Project") in which the Joint Venture was the main contractor and pursuant further to Meydan's subsequent call on the Joint Venture's bank guarantees, WCTB Dubai Branch, on 11 January 2009, jointly with Arabtec, commenced an arbitration proceeding against Meydan in the Dubai International Arbitration Centre for breach of contract and to enforce the Joint Venture's rights and remedies including the recovery of all amounts due under the Contract as well as damages.

The Joint Venture's bank guarantees that were called comprised the Performance Security amounting to AED461,300,000 (Group's share: AED230,650,000 or approximately RM258,071,000*) and the Advance Payment Guarantee amounting to AED77,300,000 (Group's share: AED38,650,000 or approximately RM43,245,000*). 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 RM1,566,439,000*).

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 No. 02/2009. 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 RM1,566,439,000*).

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 Arbitration 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 Arbitration 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 *RM1,197,259,000).

WCTB Dubai Branch had on 4 March 2019, filed an application for an order to recognise the Award with the local Dubai Civil Court of Appeal. Concurrently, Meydan had also filed an application in the local Dubai Civil Court to annul the Award. On 1 May 2019, the Dubai Civil Court of Appeal issued its decision and order to recognise the Award. On 16 June 2019, the Government of Dubai, through His Highness' The Ruler's Court decreed that all claims filed by or against Meydan and/or its subsidiaries in the Dubai Civil Courts be stayed and be referred to a Special Judicial Committee. Both WCTB Dubai Branch's application for the recognition of the Award and Meydan's application to annul the Award have since been referred to the Special Judicial Committee. As at the date of this report, both proceedings are still on-going.

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)*

(a) *(cont'd)*

The Group's share of assets and liabilities of the Joint Venture are as follows:

	31.12.2019 RM'000 *	31.12.2018 RM'000 #
Statement of financial position		
Non-current assets		
Property, plant and equipment	1	1
Trade receivables		
Contract receivables (1)	20,971	21,196
Contract assets (1)	229,141	231,595
Retention sum receivable (1)	49,329	49,858
Other receivables		
Advances paid to suppliers and subcontractors (1)	55,426	56,019
Performance security deposits (Note 13)	258,071	251,408
Others	32,806	33,158
	645,745	643,235
Current assets		
Cash and bank balance	1	1
Other receivables		
Sundry receivables	4	1
Advances paid to suppliers and subcontractors	6,324	5,094
	6,329	5,096
Total assets	652,074	648,331

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51. ARBITRATION AWARD *(cont'd)*

(a) *(cont'd)*

The Group's share of assets and liabilities of the Joint Venture are as follows: (cont'd.)

	31.12.2019 RM'000 *	31.12.2018 RM'000 #
Non-current liabilities		
Trade payables (2)	5,695	5,655
Retention sum payable (2)	1,908	1,929
Other payables (Note 20) (2)	183,705	185,672
Performance security payable to related party	253,550	256,264
Advances received from customer (2)	55,426	56,019
Amounts due to related parties	183,354	185,045
	683,638	690,584
Current liabilities		
Trade payables	307	311
Other payables	9,761	9,865
Retention payable - current portion	2,734	3,979
Advance received from customer	8,511	8,602
	21,313	22,757
Total liabilities	704,951	713,341
Exchange reserve	12,535	13,132
Net liabilities	(52,877)	(65,010)
Deficit	(40,342)	(51,878)

(1) Include receivables of RM247,093,000 (2018: RM249,738,000) in respect of the Nominated Subcontractors of the DRC Project.

(2) Include payables of RM247,093,000 (2018: RM249,738,000) in respect of the Nominated Subcontractors of the DRC Project.

In accordance with the Group's accounting policy relating to contracts where the outcome cannot be estimated reliably, revenue has been recognised only to the extent of contract costs incurred to date, which management considers is not doubtful of recovery and therefore no allowance has been made against the amounts due from the customer for contract work. No profit has been taken up on the contract to date pending the outcome of the abovementioned legal proceedings.

* Based on exchanges rate as at 31 December 2019
\# Based on exchanges rate as at 31 December 2018

51. ARBITRATION AWARD *(cont'd)*

(b) WCTB'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 filed by Trans Gulf International Electro-Mechanical WLL, Powermech Engineering WLL and Trans Gulf International Electro-Mechanical WLL – Powermech Engineering WLL JV (collectively referred to as "the Claimants"), naming WCTB, as the Respondent.

Trans Gulf International Electro-Mechanical WLL – Powermech Engineering WLL JV ("the Claimant") was WCTB's subcontractor under a subcontract in respect of certain mechanical, electrical and plumbing related works for the MOI Project in Doha, Qatar ("TGI-PE Subcontract"), where WCTB was the main contractor.

The Claimants is claiming from WCTB a total estimate sum of QAR181,573,000 (equivalent to RM204,949,000*) being alleged sums due pursuant to and under the TGI-PE Subcontract and further unquantified sums for legal costs, arbitration costs, and charges.

On 12 March 2020, WCTB received from its solicitors in Doha, Qatar, the Arbitral Tribunal's Final Award whereby the Arbitral Tribunal has dismissed WCTB's counterclaim and further ordered and awarded a sum of QAR132,536,000 (equivalent to RM149,598,000*) in favor of the Claimants ("TGI Final Award"), comprising the following:

1) Release of Retention sums amounting to QAR39,443,000 (equivalent to RM44,521,000*);

2) Return of Performance Bond monies amounting to QAR24,731,000 (equivalent to RM27,915,000*);

3) Payment of a sum of QAR61,866,000 (equivalent to RM69,830,000*) being sums claimed and due pursuant to the TGI-PE Subcontract; and

4) Late payment interest of QAR6,496,000 (equivalent to RM7,332,000*).

In addition, the Arbitral Tribunal has further ordered that WCTB pays to the Claimants:

5) QAR24,018,000 (equivalent to RM27,111,000*) in respect of the Claimants' legal, expert and other costs of and incidental to the arbitration proceedings; and

6) USD469,000 (equivalent to RM1,927,000*) in respect of the arbitration costs as fixed by the ICC.

On 25 March 2020, WCTB filed an application to the Qatar Court of Appeal challenging the TGI Final Award.

WCTB has made an accrual of RM146,663,000 (Note 38(a)) in relation to the abovementioned arbitration award of which RM94,736,000 and RM51,927,000 were accrued in other payables (Note 20(b)) and trade payables (Note 19), respectively. As at the date of this report, the Group has yet to settle any of the amount outstanding.

* *Based on foreign exchange rate as at 31 December 2019*

(c) WCTB'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 ("TSC"), 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").

TSC was the Joint Venture's subcontractor under a subcontract in respect of certain steel related works ("TSC Subcontract") for the 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 TSC Subcontract.

TSC appears to be claiming from the Joint Venture a total quantified sum of AED107,733,000 (equivalent to RM120,541,000*) being alleged sums due for works done and/or materials delivered to site pursuant to and under the TSC Subcontract and further unquantified sums for legal costs, arbitration costs, and interest (collectively referred to as "the TSC Claims").

51. ARBITRATION AWARD *(cont'd)*

(c) *(cont'd)*

WCTB had on 11 February 2020 received from its solicitors in Dubai, the Arbitral Tribunal's Final Award in respect of the arbitration proceedings.

The Arbitral Tribunal's Final Award dismisses the TSC Claims against the Joint Venture in its entirety and makes the following further ancillary orders:

a) TSC shall be responsible for 70% of the arbitration costs (already paid in full by TSC) while the Joint Venture shall be responsible for 30% of the arbitration costs (partially paid by TSC). In this respect:

   (i) the Joint Venture is to reimburse TSC a sum of AED218,000 (equivalent to RM244,000*) being the Joint Venture's portion of the arbitration costs paid by TSC; and

   (ii) the Joint Venture is to pay the balance of the Joint Venture's portion of the arbitration costs amounting to AED379,000 (equivalent to RM424,000*) directly to DIAC;

b) TSC is to bear its own legal costs; and

c) TSC to pay to the Joint Venture AED601,000 (equivalent to RM673,000*) for the Joint Venture's legal costs.

As at the date of this report, the Joint Venture has yet to reimburse and settle the arbitration costs payable to TSC and DIAC, respectively, and has yet to receive payment from TSC for the Joint Venture's legal costs.

WCTB had recognised an income of RM11,406,000 in relation to the abovementioned arbitration award as disclosed in Note 36.

* *Based on foreign exchange rate as at 31 December 2019*

(d) By a Commercial Agency Agreement ("CAA") dated 16 March 2004, WCTB and its partner, Gamuda Berhad ("Gamuda") in a 49:51 joint venture ("GWJV") jointly and severally appointed Tawfeeq Trading & Contracting Company WLL ("TTCC") as their commercial agent to provide services to GWJV including to promote the interests of GWJV, to identify appropriate business opportunities for GWJV and to assist GWJV to tender for construction and engineering projects in Qatar. Upon the expiry of the CAA on 31 March 2005, the parties executed a second Commercial Agency Agreement ("2nd CAA") dated 1 April 2005 to continue their contractual relations. The 2nd CAA was to remain in force until 31 March 2008.

Notwithstanding the expiry of the 2nd CAA and notwithstanding that TTCC had not provided any services to GWJV and to WCT (in respect of WCT subsequently securing construction contracts for the MOI Project and for the Lusail Development Infrastructure works ("Lusail"), TTCC filed an arbitral claim against WCTB and Gamuda jointly and severally for alleged entitlements to commissions in respect of MOI and Lusail projects, damages for alleged breach of the 2nd CAA and for alleged material and moral damages under the Qatar Civil Code.

After receiving and reviewing the evidences and legal submissions, the appointed arbitrator issued a Final Award on 19 April 2020 obligating WCTB and Gamuda to jointly and severally pay TTCC a sum of QAR5,000,000 (equivalent to RM5,644,000*) as "material and moral compensation" as well as to pay TTCC's legal expenses (in the sum of QAR150,000 (equivalent to RM169,000*)) but rejected all other claims by TTCC (including claims relating to MOI Project and Lusail).

WCTB had made an accrual of RM2,871,000 in relation to the abovementioned arbitration award as disclosed in Note 38(a). As at the date of this report, WCTB has yet to settle any of the amount outstanding.

* *Based on foreign exchange rate as at 31 December 2019*

52. MATERIAL LITIGATION

Segi Astana Sdn. Bhd. ("SASB"), a joint venture of WCTL, 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 had 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 pre-evidentiary hearing arbitral processes.

The Board, after consultation with its solicitors, is 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

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 2019						
Revenue						
Revenue from external customers	1,285,644	346,501	203,470	-	-	1,835,615
Inter-segment revenue	160,479	-	3,584	-	(164,063)	-
Total revenue	1,446,123	346,501	207,054	-	(164,063)	1,835,615
Result						
(Loss)/profit from operations	(17,661)	95,004	116,170	-	-	193,513
Finance costs						(144,964)
Share of profit/(loss) of associates	244	(1,425)	-	4,085	-	2,904
Share of profit/(loss) of joint ventures	349	(36,426)	(3,925)	-	-	(40,002)
Taxation						(45,699)
Loss after taxation						(34,248)
Assets and liabilities						
Segment assets	3,140,939	2,766,616	2,381,965	5	-	8,289,525
Interest in						
- associates	7,432	48,268	-	109,204	-	164,904
- joint ventures	1,879	130,460	233,410	-	-	365,749
						8,820,178
Segment liabilities	3,675,597	373,018	1,050,031	-	20	5,098,666

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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 RM'000	Property development RM'000	Property investment and management RM'000	Unallocated RM'000	Eliminations RM'000	Consolidated RM'000
31 December 2018 (Restated)						
Revenue						
Revenue from external customers	1,845,587	254,928	196,198	-	-	2,296,713
Inter-segment revenue	227,957	-	3,270	-	(231,227)	-
Total revenue	2,073,544	254,928	199,468	-	(231,227)	2,296,713
Result						
Profit from operations	136,746	42,176	141,654	-	-	320,576
Finance costs						(138,862)
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						(104,316)
Profit after taxation						44,377
Assets and liabilities						
Segment assets	3,171,715	2,714,048	2,201,455	878	-	8,088,096
Interest in						
- associates	7,200	49,693	-	111,832	-	168,725
- joint ventures	-	166,307	255,950	-	-	422,257
						8,679,078
Segment liabilities	4,238,240	447,668	820,236	-	22	5,506,166

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	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000 (Restated)
Malaysia	1,651,409	2,122,309	7,679,138	7,583,640
Middle East	183,042	174,404	1,015,480	962,523
India	-	-	109,434	111,838
Others	1,164	-	16,126	21,077
Consolidated	1,835,615	2,296,713	8,820,178	8,679,078

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 Notes 11 and 51. The Group's normal trade credit terms for trade receivables are 30 to 90 days (2018: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

(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.

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53. SEGMENT INFORMATION *(cont'd)*

(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.

54. PRIOR YEAR ADJUSTMENTS

1. Consolidated statement of financial position

	Note	As previously reported RM'000	Adjustments RM'000	As restated RM'000
Group				
At 31.12.2018				
Inventory properties under development	(a, c)	217,237	12,021	229,258
Inventories	(a)	518,424	(1,207)	517,217
Non-current assets		5,386,765	-	5,386,765
Other current assets		2,545,838	-	2,545,838
Total assets		8,668,264	10,814	8,679,078
Share capital		3,210,984	-	3,210,984
Reserves		(1,479,039)	-	(1,479,039)
Retained earnings	(a, b, c, d)	1,487,202	10,358	1,497,560
Treasury shares, at costs		(30,041)	-	(30,041)
		3,189,106	10,358	3,199,464
Non-controlling interest		(26,552)	-	(26,552)
Total equity		3,162,554	10,358	3,172,912
Deferred tax liabilities	(a, d)	97,913	456	98,369
Other non-current liabilities		3,217,900	-	3,217,900
Current liabilities		2,189,897	-	2,189,897
Total equity and liabilities		8,668,264	10,814	8,679,078

54. PRIOR YEAR ADJUSTMENTS *(cont'd)*

1. Consolidated statement of financial position *(cont'd)*

	Note	As previously reported RM'000	Adjustments RM'000	As restated RM'000
Group				
At 1.1.2018				
Inventory properties under development	(a, c)	252,877	14,410	267,287
Inventories	(a)	461,229	(2,065)	459,164
Non-current assets		4,918,859	-	4,918,859
Other current assets		2,546,710	-	2,546,710
Total assets		8,179,675	12,345	8,192,020
Share capital		3,210,132	-	3,210,132
Reserves		(1,490,865)	-	(1,490,865)
Retained earnings	(a, b, c, d)	1,419,178	12,193	1,431,371
Treasury shares, at costs		(384)	-	(384)
		3,138,061	12,193	3,150,254
Non-controlling interest		8,089	-	8,089
Total equity		3,146,150	12,193	3,158,343
Deferred tax liabilities	(a, d)	63,457	152	63,609
Other non-current liabilities		2,685,260	-	2,685,260
Current liabilities		2,284,808	-	2,284,808
Total equity and liabilities		8,179,675	12,345	8,192,020

2. Consolidated statement of profit or loss and other comprehensive income

	Note	As previously reported RM'000	Adjustments RM'000	As restated RM'000
Group				
For the financial year ended 31 December 2018				
Cost of sales	(a)	1,922,044	(1,051)	1,920,993
Other expenses	(b)	184,817	(605)	184,212
Finance costs	(a)	135,675	3,187	138,862
Taxation	(a, d)	104,012	304	104,316
Profit before taxation		150,224	(1,531)	148,693
Profit for the financial year		46,212	(1,835)	44,377
Profit attributable to equity holders		107,856	(1,835)	106,021

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54. PRIOR YEAR ADJUSTMENTS *(cont'd)*

3. Consolidated statement of cash flows

	As previously reported RM'000	Adjustments RM'000	As restated RM'000
Group			
For the financial year ended 31 December 2018			
Profit before taxation	150,224	(1,531)	148,693
Non-cash items	210,704	(605)	210,099
Non-operating items - financing	96,113	3,187	99,300
Net changes in assets	(252,847)	(1,051)	(253,898)
Other operating activities	(287,609)	-	(287,609)
Net cash used in operating activities	(83,415)	-	(83,415)
Net cash used in investing activities	(14,801)	-	(14,801)
Net cash generated from financing activities	6,273	-	6,273
Foreign exchange differences	17,664	-	17,664
Cash and cash equivalents at beginning of the financial year	441,061	-	441,061
Cash and cash equivalents at end of the financial year	366,782	-	366,782

(a) Following the change in accounting policy on capitalisation of borrowing costs, borrowing costs previously capitalised in inventories were derecognised to profit and loss retrospectively. The Group has recognised the consequential deferred tax effect arising from the derecognition of the borrowing costs.

(b) Following the adjustment to the carrying value of the Group's inventories in Note (a) above, adjustment was made to reverse the inventories written down deemed over recognised during the financial year ended 31 December 2018.

(c) During the current financial year, the Group reclassified certain development costs from an investment property to inventory properties under development within an integrated development project of a wholly-owned subsidiary, WCT Hartanah Jaya Sdn. Bhd.. The reclassification was made following a discovery that certain carpark-related costs which form part of the inventory properties under development have been wrongly capitalised in an investment property.

The above reclassification, which resulted in a reduction in the carrying amount of the investment property, necessitates an adjustment to restate the investment property's carrying amount to its fair value as at 31 December 2017. This adjustment resulted in an additional RM16,568,000 fair value gain on investment properties, which has been adjusted in the Group's retained earnings as at 1 January 2018.

(d) As a result of the adjustment in Note (c) above, the Group accounted for the related deferred tax effect at 5% as at 1 January 2018 on the fair value changes, and another 5% for the financial year ended 31 December 2018.

TEN LARGEST PROPERTIES OF THE GROUP

No.	Location	Description	Land area or Built-up Area under Valuation (sq ft = sf)	Tenure/ Age of Building (where applicable) (Years)	Existing Use	No of Units	Date of Valuation/ Acquisition/ Completion	Carrying Value as at 31 December 2019 RM'000
1.	Paradigm Mall, Johor Bahru Jalan Mewah Ria 2, Taman Bukit 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 / 3	Owner operated	1	Valuation : December 2019	1,156,546
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	974,807
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 / 7	Owner operated	1	Valuation : December 2019	633,636
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 / 12	Leased to AEON Co. (M) Bhd	1	Valuation : December 2019	580,098
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 / 6	Owner operated	1	Completion : 20 September 2013	526,403
6.	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 / 3	Newly completed	1	Completion : 16 August 2017	269,542
7.	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 = 289,312 sf	Leasehold interest 99 years expiring on 9 February 2111 / 2	For sales	223	Completion : October 2018	247,479
			775 sf to 1,815.55 sf Total = 64,390 sf	Leasehold interest 99 years expiring on 9 February 2111 / 3	For sales	49	Completion : August 2017	

TEN LARGEST PROPERTIES OF THE GROUP
cont'd

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	Carrying Value as at 31 December 2019 RM'000
8.	No.2 , Persiaran Medini Utara 3, 79000 Nusajaya, Johor Darul Takzim.	Completed stock properties: residential condominiums, retail office, commercial office; sales gallery	655 sf to 20,328 sf Total = 482,139 sf	Leasehold interest 99 years expiring on 1 January 2111 / 3 to 5	For sales	276	Completion : June 2015 to March 2017	236,101
9.	Nine (9) parcels of land at Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim.	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	200,409
10.	Ten (10) plots of land at Mukim Bandar Serendah, Daerah Ulu Selangor, Selangor Darul Ehsan.	Future mixed development	608.63 acres	Freehold	Property Development Project	-	Acquisition : October 2011/ October 2014	146,445

ANALYSIS OF SHAREHOLDINGS

As at 29 May 2020

(A) ORDINARY SHARES AS AT 29 MAY 2020

Total number of issued shares : 1,418,150,471^
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	3,413	21.97	148,619	0.01
100 - 1,000	1,910	12.30	682,708	0.05
1,001 - 10,000	5,770	37.14	24,238,950	1.71
10,001 - 100,000	3,767	24.25	102,800,959	7.25
100,001 to less than 5% of issued shares	673	4.33	957,245,783	67.50
5% and above of issued shares	2	0.01	333,033,452	23.48
Total	**15,535**	**100.00**	**1,418,150,471**	**100.00**

^ *including treasury shares of 22,307,958*

(2) Thirty Largest Shareholders

No.	Names	No. of Shares	%*
1.	UOBM Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Dominion Nexus Sdn Bhd)*	252,151,827	18.06
2.	AmanahRaya Trustees Berhad *(Amanah Saham Bumiputera)*	80,881,625	5.79
3.	AmanahRaya Trustees Berhad *(Amanah Saham Malaysia 2-Wawasan)*	42,123,254	3.02
4.	Cimsec Nominees (Tempatan) Sdn Bhd *(CIMB Bank for Tan Sri Lim Siew Choon (PBCL-0G0591)*	41,837,700	3.00
5.	Tan Sri Lim Siew Choon	41,227,446	2.95
6.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *(Deutsche Trustees Malaysia Berhad for Hong Leong Value Fund)*	36,110,900	2.59
7.	Cheah Fook Ling	32,185,276	2.31
8.	AmanahRaya Trustees Berhad *(Amanah Saham Malaysia)*	26,700,634	1.91
9.	Cimsec Nominees (Tempatan) Sdn Bhd *(CIMB Bank for Choo Chuo Siong (PBCL-0G0551))*	26,385,500	1.89
10.	Citigroup Nominees (Tempatan) Sdn Bhd *(Exempt AN for AIA Bhd)*	26,073,093	1.87
11.	Citigroup Nominees (Tempatan) Sdn Bhd *(Employees Provident Fund Board (AsianIslamic))*	23,092,975	1.65
12.	Citigroup Nominees (Tempatan) Sdn Bhd *(Great Eastern Life Assurance (Malaysia) Berhad (LSF))*	20,899,922	1.50
13.	AmanahRaya Trustees Berhad *(Public Islamic Opportunities Fund)*	16,453,234	1.18
14.	HSBC Nominees (Asing) Sdn Bhd *(JPMCB NA for Vanguard Total International Stock Index Fund)*	16,288,421	1.17

ANALYSIS OF SHAREHOLDINGS
As at 29 May 2020
cont'd

(2) Thirty Largest Shareholders *cont'd*

No.	Names	No. of Shares	%*
15.	Cartaban Nominees (Tempatan) Sdn Bhd *(PAMB for Prulink Equity Fund)*	15,468,824	1.11
16.	AmanahRaya Trustees Berhad *(Public Islamic Select Treasures Fund)*	15,457,224	1.11
17.	Goh Chin Liong	14,653,471	1.05
18.	Tan Yu Yeh	14,060,000	1.01
19.	HSBC Nominees (Asing) Sdn Bhd *(JPMCB NA for Vanguard Emerging Markets Stock Index Fund)*	13,422,399	0.96
20.	Citigroup Nominees (Tempatan) Sdn Bhd *(Great Eastern Life Assurance (Malaysia) Berhad (Leef))*	12,414,012	0.89
21.	Citigroup Nominees (Tempatan) Sdn Bhd *(Great Eastern Life Assurance (Malaysia) Berhad (LPF))*	11,969,102	0.86
22.	Cartaban Nominees (Asing) Sdn Bhd *(Exempt AN for State Street Bank & Trust Company (West CLT OD67))*	11,261,191	0.81
23.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *(Deutsche Trustees Malaysia Berhad for Eastspring Investmentssmall-Cap Fund)*	10,823,220	0.78
24.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *(Deutsche Trustees Malaysia Berhad for Eastspring Investments Islamic Small-Cap Fund)*	10,040,192	0.72
25.	Cartaban Nominees (Asing) Sdn Bhd *(SSBT Fund J724 for SPDR S&P Emerging Markets ETF)*	8,927,041	0.64
26.	Cartaban Nominees (Tempatan) Sdn Bhd *(PBTB for Takafulink Dana Ekuiti)*	8,524,195	0.61
27.	Citigroup Nominees (Tempatan) Sdn Bhd *(Great Eastern Life Assurance (Malaysia) Berhad (LGF))*	8,492,880	0.61
28.	Citigroup Nominees (Asing) Sdn Bhd *(CBNY for Dimensional Emerging Markets Value Fund)*	8,429,026	0.60
29.	Citigroup Nominees (Asing) Sdn Bhd *(CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc)*	8,114,389	0.58
30.	HSBC Nominees (Tempatan) Sdn Bhd *(HSBC (M) Trustees Bhd for Affin Hwang Select Balanced Fund (4405))*	8,106,500	0.58

Note:
** Based on 1,395,842,513 shares (Total number of issued shares of 1,418,150,471 less treasury shares of 22,307,958)*

(3) Substantial Shareholders as per Register of Substantial Shareholders

	Direct Interest		Deemed Interest	
Name	**No. of Shares**	**%***	**No. of Shares**	**%***
Tan Sri Lim Siew Choon	83,065,146	5.95	252,151,827^	18.06
Legacy Pacific Limited	-	-	252,151,827#	18.06
Dominion Nexus Sdn Bhd	252,151,827	18.06	-	-
AmanahRaya Trustees Berhad -Skim Amanah Saham Bumiputera	80,881,625	5.79	-	-

Notes:
** Based on 1,395,842,513 shares (Total number of issued shares of 1,418,150,471 less treasury shares of 22,307,958)*
^ 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

ANALYSIS OF SHAREHOLDINGS

As at 29 May 2020
cont'd

(B) WARRANTS 2015/2020 ("WARRANTS E") AS AT 29 MAY 2020

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	3,599	38.97	80,756	0.03
100 - 1,000	2,508	27.15	1,052,186	0.45
1,001 - 10,000	1,861	20.15	6,319,534	2.68
10,001 - 100,000	911	9.86	36,743,704	15.58
100,001 to less than 5% of outstanding Warrants	357	3.87	191,701,654	81.26
5% and above of outstanding Warrants	0	0.00	0	0.00
Total	**9,236**	**100.00**	**235,897,834**	**100.00**

(2) Thirty Largest Warrants E Holders

No.	Names	No. of Warrants	%
1.	Lai Siew Khim	8,100,000	3.43
2.	HLIB Nominees (Tempatan) Sdn Bhd *(Hong Leong Bank Bhd for Lim Cheoon Kiat)*	6,000,000	2.54
3.	Kenanga Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Yong Kwee Lian)*	4,000,000	1.70
4.	Chua Choy Hoon	3,900,000	1.65
5.	Hanafi Bin Hamdan	3,817,000	1.62
6.	Lim Kiang Huit	3,525,900	1.49
7.	Yong Kwee Lian	3,500,000	1.48
8.	Teh Kai Thee	3,300,000	1.40
9.	Hoh Ngai Soong @ Ho Ngai Soong	3,298,800	1.40
10.	Wong Chou Chai	3,280,000	1.39
11.	Chan Wai Hong	3,000,000	1.27
12.	RHB Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Wong Tow Fock)*	2,583,300	1.10
13.	RHB Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Tan Shiow Peng)*	2,558,200	1.08
14.	Ang Ching Keong	2,510,000	1.06
15.	Ngeow Swee Chyi	2,500,000	1.06
16.	Ang Kwang Heng	2,204,520	0.93
17.	Ooi Bok Khoon	2,100,000	0.89
18.	Gurmit Singh a/l Shamir Singh	2,000,000	0.85

ANALYSIS OF SHAREHOLDINGS
As at 29 May 2020
cont'd

(2) Thirty Largest Warrants E Holders *cont'd*

No.	Names	No. of Warrants	%
19.	Mohd Azmi Bin Mahbub	2,000,000	0.85
20.	Tipah Binti Jaafar	2,000,000	0.85
21.	Safrizan Khan Bin Ali Khan	1,960,000	0.83
22.	Jimmy Peh Hock Jin	1,742,000	0.74
23.	Megat Mohd Hisemudin Bin Megat Kasim	1,724,300	0.73
24.	So Dak Sern	1,700,000	0.72
25.	Public Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Leong Pok Seng (E-KTN))*	1,602,400	0.68
26.	HSBC Nominees (Asing) Sdn Bhd *(JPMCB NA for Vanguard Total International Stock Index Fund)*	1,594,005	0.68
27.	Goh Chin Liong	1,529,938	0.65
28.	Maybank Nominees (Tempatan) Sdn Bhd *(Khor Earn Keong)*	1,501,600	0.64
29.	Cheong Chan Meng	1,500,000	0.64
30.	Kuek Thai Phang	1,500,000	0.64

(C) STATEMENT OF DIRECTORS' INTERESTS IN THE SECURITIES OF THE COMPANY AS PER THE REGISTERS PURSUANT TO THE COMPANIES ACT, 2016 AS AT 29 MAY 2020

(1) Directors' Interests in Ordinary Shares

	Direct Interest		Deemed Interest	
Name	**No. of Shares**	**%***	**No. of Shares**	**%***
Tan Sri Lim Siew Choon	83,065,146	5.95	252,151,827[1]	18.06
Goh Chin Liong	14,653,471	1.05	-	-
Liang Kai Chong	3,847,743	0.27	272,166[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 1,395,842,513 shares (Total number of issued shares of 1,418,150,471 less treasury shares of 22,307,958)*
[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 NINTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Ninth Annual General Meeting ("9th AGM") of WCT Holdings Berhad ("WCT" or "the Company") will be conducted via a fully virtual meeting to be broadcast from the Meeting Room, Level 3, New World Petaling Jaya Hotel, Paradigm, No. 1, Jalan SS7/26A, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia ("Broadcast Venue") on Wednesday, 5 August 2020 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 2019 together with the Reports of the Directors and Auditors thereon.

2. To declare and approve the final share dividend via a distribution of treasury shares on the basis of one (1) treasury share for every one hundred (100) existing ordinary shares held in the Company in respect of the financial year ended 31 December 2019. 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 82 of the Company's Constitution and being eligible, offered themselves for re-election:

   (a) Tan Sri Lim Siew Choon Resolution 2

   (b) Tan Sri Marzuki Bin Mohd Noor Resolution 3

   (c) Dato' Ng Sooi Lin Resolution 4

4. To re-appoint Messrs Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. Resolution 5

As Special Business

To consider and, if thought fit, to pass the following Ordinary Resolutions:

5. **Payment of Directors' fees**

   "THAT the Directors' fees for the period from 6 August 2020 until the next Annual General Meeting ("AGM") of the Company to be held in 2021, be and is hereby approved for payment." Resolution 6

6. **Payment of Directors' benefits**

   "THAT the Directors' benefits (excluding Directors' fees) for the period from 6 August 2020 until the next AGM of the Company to be held in 2021, be and is hereby approved for payment." Resolution 7

7. **Authority to allot and issue shares**

   "THAT pursuant to Section 75 and 76 of the Companies Act, 2016, and subject to the approval of the relevant governmental/regulatory authorities (if any), the Directors of the Company be and are hereby empowered to allot and issue new shares in the Company, at any time, at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this 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 8

NOTICE OF NINTH ANNUAL GENERAL MEETING
cont'd

8. **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 26 June 2020 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 9

9. **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 2019;

(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 10

10. **Proposed Granting of Options to Goh Kai Hang**

"THAT approval be and is hereby given for the Company to offer and to grant to Goh Kai Hang, being an employee of WCT Group and son of Mr Goh Chin Liong (Deputy Managing Director of the Company), options to subscribe for such number of new ordinary shares in the Company ("WCT Shares") under the Company's Employees Share Option Scheme (2013/2023) ("WCT ESOS") PROVIDED THAT not more than 10% of the WCT Shares available under the WCT ESOS shall be allocated to him if he, either singly or collectively through persons connected with him, holds 20% or more of the total number of WCT Shares (excluding treasury shares).

AND THAT subject always to such terms and conditions of the WCT ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing the WCT ESOS." Resolution 11

11. **Proposed Granting of Options to Liang Ee Eu**

"THAT approval be and is hereby given for the Company to offer and to grant to Liang Ee Eu, being an employee of WCT Group and son of Mr Liang Kai Chong (Executive Director of the Company), options to subscribe for such number of WCT Shares under the WCT ESOS PROVIDED THAT not more than 10% of the WCT Shares available under the WCT ESOS shall be allocated to him if he, either singly or collectively through persons connected with him, holds 20% or more of the total number of WCT Shares (excluding treasury shares).

AND THAT subject always to such terms and conditions of WCT ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing the WCT ESOS." Resolution 12

12. To transact any other business of which due notice shall have been given.

NOTICE OF NINTH ANNUAL GENERAL MEETING
cont'd

NOTICE OF DIVIDEND PAYMENT AND ENTITLEMENT DATE

NOTICE IS ALSO HEREBY GIVEN that a final share dividend in respect of the financial year ended 31 December 2019 via a distribution of treasury shares on the basis of one (1) treasury share for every one hundred (100) existing ordinary shares held in the Company ("Share Dividend"), if approved at the 9th AGM of the Company, will be credited into the entitled Depositors' Securities Accounts on 26 August 2020. Any fractions of the treasury shares arising from the distribution of the treasury shares shall be disregarded.

The entitlement date shall be fixed on 12 August 2020 and a Depositor shall qualify for entitlement only in respect of:

(a) Shares transferred into the Depositor's Securities Account before 4.30 p.m. on 12 August 2020 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 26 August 2020.

By Order of the Board

LOH CHEE MUN
(SSM PC No.: 201908002041/MAICSA 7025198)
CHONG KIAN FAH
(SSM PC No.: 201908003381/MIA 17238)
Company Secretaries

Selangor Darul Ehsan
26 June 2020

NOTES:

A. PRECAUTIONARY MEASURES AGAINST CORONAVIRUS DISEASE 2019 (COVID-19) PANDEMIC

1. In light of the COVID-19 pandemic and with the advice from the Ministry of Health Malaysia for public to avoid mass gatherings/events for the next 6 months to a year as a precautionary measure to curb the spread of COVID-19, the Company's 9th AGM will be held as a fully virtual meeting where shareholders are only allowed to participate remotely via live streaming and online voting using Remote Participation and Voting ("RPV") facilities which are available on Boardroom Smart Investor Portal at https://web.lumiagm.com/.
Please follow the procedures provided in the Administrative Details for the 9th AGM, which is available at this link https://www.wct.com.my/9thAGM/, in order to register, participate and vote at the 9th AGM of the Company remotely via RPV facilities.
2. Shareholders who have duly registered online to participate in the 9th AGM via the RPV facilities would be able to exercise their rights to participate (including to pose questions to the Company) and vote at the 9th AGM of the Company remotely. Shareholders may use the query box facility to submit questions in real time during the 9th AGM or e-mail questions to enquiries@wct.my prior to the meeting.
3. The Broadcast Venue of the 9th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 ("the Act") which requires the Chairman of the meeting to be present at the main venue. **No shareholder/proxy from the public shall be physically present at the Broadcast Venue.**

NOTICE OF NINTH ANNUAL GENERAL MEETING
cont'd

B. PROXY

1. A member entitled to attend and vote at the meeting may appoint not more than two (2) proxies to attend and vote using RPV facilities, on his/her behalf and such proxy may but need not be a member of the Company.
2. 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.
3. If a member entitled to attend and vote at the meeting is not able to personally participate in the 9th AGM via the RPV facilities, such member may appoint a proxy or the Chairman of the meeting as his/her proxy to participate and vote at the fully virtual 9th AGM shall indicate his/her voting instructions in the instrument appointing a proxy.
4. Where a member appoints two (2) proxies or where an Exempt Authorised Nominee appoints two (2) or more proxies, the appointment shall only be valid if the proportion of shareholdings to be represented by each proxy is clearly specified in the instrument appointing the proxies.
5. The instrument appointing a proxy shall be in writing under the hand of the member or of his/her attorney duly authorised in writing or if the member is a corporation, shall be executed either under its common seal or under the hand of the authorised officer or of its attorney duly authorised in writing.
6. The instrument appointing a proxy must either be deposited at the office of the Share Registrar of the Company at Boardroom Share Registrars Sdn Bhd, 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan or submitted electronically via email to bsr.helpdesk@boardroomlimited.com or via the Boardroom Smart Investor Online Portal at https://www.boardroomlimited.my before 10 a.m. on 4 August 2020. Please refer to the procedures provided in the Administrative Details for further information on the submission of proxy form electronically.
7. 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.

C. AUDITED FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019

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.

D. EXPLANATORY NOTES ON SPECIAL BUSINESS

Resolutions 6 and 7

The proposed Ordinary Resolutions 6 and 7, 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 6 August 2020 until the next AGM of the Company to be held in 2021, 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 Act, 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 monthly in arrears and/or as and when incurred, if the proposed Resolutions 6 and 7 are passed at the 9th 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.

NOTICE OF NINTH ANNUAL GENERAL MEETING
cont'd

Resolution 8

The proposed Ordinary Resolution 8, if passed, will empower the Directors to allot shares in the Company up to an amount not exceeding 10% of the total number of issued shares of the Company for the time being, for any possible fund raising activities, including but not limited to placement of shares, for the purposes of funding future investment projects, working capital, acquisition and/or so forth. 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 AGM of the Company. As at to-date, no new ordinary shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM of the Company held on 12 June 2019.

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. There has been no allotment of new ordinary shares by the Company pursuant to the said share placement exercise and the Company had on 15 January 2020 announced that it had decided not to proceed with the share placement exercise after taking into the consideration the prevailing market condition for the past two (2) years.

Resolution 9

The proposed Ordinary Resolution 9, if passed, will enable the WCT Group to enter into any of the recurrent related party transactions of a revenue or trading nature set out in Part A of the Circular to Shareholders of the Company dated 26 June 2020 which are necessary for the Group's day-to-day operations. This authority, unless revoked or varied by resolution passed by the shareholders of the Company at a general meeting, will expire at the conclusion of the next AGM, or the expiration of the period within which the next AGM is required by law to be held, whichever is the earliest.

Resolution 10

The proposed Ordinary Resolution 10, if passed, is to give authority to the Company to purchase its own shares for up to 10% of the Company's total number of issued shares at any time within the time period stipulated in the Main Market Listing Requirements of Bursa Securities. Please refer to the Statement to Shareholders in relation to the Proposed Renewal of Share Buy-back Authority as set out in Part B of the Circular to Shareholders dated 26 June 2020.

Resolution 11 and 12

The proposed Ordinary Resolution 11 and 12, if passed, is to give authority to the Company to offer and to grant to the employees of the Company, options to subscribe for such number of new ordinary shares in the Company in accordance with the provisions of the By-Laws governing the WCT ESOS, in recognition of their contribution to the Company and to enable them to participate in the Company's future growth.

E. STATEMENT ACCOMPANYING NOTICE OF 9TH AGM
(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 9th AGM of the Company, other than the Directors who are standing for re-election pursuant to Resolutions No. 2, 3 and 4 of the Notice of this meeting.

- **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 8 of the Notice of this meeting.

F. GENERAL MEETING RECORD OF DEPOSITORS

For the purpose of determining a member's eligibility to attend and vote at the 9th AGM, the Company will obtain a General Meeting Record of Depositors as at 29 July 2020 from Bursa Malaysia Depository Sdn Bhd in accordance with Article 57(3) of the Company's Constitution 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 via RPV facilities, at the 9th AGM of the Company.

G. NOTICE TO HOLDERS OF WARRANTS 2015/2020 ("WARRANTS E")

In order to be entitled to the final share dividend proposed by the Directors of the Company for the financial year ended 31 December 2019 subject to the approval being obtained from the Company's shareholders at the forthcoming 9th AGM, holders of Warrants E must first exercise their warrants to 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 Tuesday, 28 July 2020 in order for the holders of Warrants E to successfully subscribe for the corresponding number of new ordinary shares in the Company in order to be entitled to the said final share dividend.

A copy of the Annual Report 2019, Circular to Shareholders, Notice of 9th AGM, Proxy From and Administrative Details are available for download at this link https://www.wct.com.my/9thAGM/

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WCT Holdings Berhad
(201101002327/930464-M)
(Incorporated in Malaysia)

PROXY FORM

I/We ______________________________ CDS Account No. ______________________
(Name in full)
NRIC/Company No.: ______________________________ Mobile No.: ______________________

of ____
(Full address)
being a member of WCT Holdings Berhad, hereby appoint:

(1) ______________________________ NRIC No. ______________________
(Name in full)
of ____
(Full address)
______________________________ Number of shares represented: ______________________

(2) ______________________________ NRIC No. ______________________
(Name in full)
of ____
(Full Address)
______________________________ Number of shares represented: ______________________

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 Ninth Annual General Meeting of the Company to be conducted via a **fully virtual meeting** to be broadcast from the Meeting Room, Level 3, New World Petaling Jaya Hotel, Paradigm, No. 1, Jalan SS7/26A, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 5 August 2020 at 10.00 a.m. or at any adjournment thereof in the manner indicated below:

ORDINARY RESOLUTIONS		FOR	AGAINST
1	To approve the final share dividend for the financial year ended 31 December 2019.		
2	To re-elect Tan Sri Lim Siew Choon as Director of the Company.		
3	To re-elect Tan Sri Marzuki Bin Mohd Noor as Director of the Company.		
4	To re-elect Dato' Ng Sooi Lin as Director of the Company.		
5	To re-appoint Messrs Ernst & Young PLT as Auditors of the Company.		
6	To approve the payment of Directors' fees.		
7	To approve the payment of Directors' benefits.		
8	To authorise the allotment of new shares.		
9	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions.		
10	To approve the Proposed Renewal of Share Buy-back Authority.		
11	To approve the Proposed granting of options to Goh Kai Hang		
12	To approve the Proposed granting of options to Liang Ee Eu		

Please indicate with an "X" in the appropriate space how you wish your vote to be cast. If this proxy form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain from voting at his/her discretion.

Dated this ________________day of __________________ 2020

No. of Ordinary Shares Held

____
Signature(s)/Common Seal of member(s)

Fold This Flap For Sealing

Notes:

A. PRECAUTIONARY MEASURES AGAINST CORONAVIRUS DISEASE 2019 (COVID-19) PANDEMIC

1. *In light of the COVID-19 pandemic and with the advice from the Ministry of Health Malaysia for public to avoid mass gatherings/events for the next 6 months to a year as a precautionary measure to curb the spread of COVID-19, the Company's 9th AGM will be held as a fully virtual meeting where shareholders are only allowed to participate remotely via live streaming and online voting using Remote Participation and Voting ("RPV") facilities which are available on Boardroom Smart Investor Portal at https://web.lumiagm.com/.*
   Please follow the procedures provided in the Administrative Details for the 9th AGM, which is available at this link https://www.wct.com.my/9thAGM/, in order to register, participate and vote at the 9th AGM of the Company remotely via RPV facilities.
2. *Shareholders who have duly registered online to participate in the 9th AGM via the RPV facilities would be able to exercise their rights to participate (including to pose questions to the Company) and vote at the 9th AGM of the Company remotely. Shareholders may use the query box facility to submit questions in real time during the 9th AGM or e-mail questions to enquiries@wct.my prior to the meeting.*
3. *The Broadcast Venue of the 9th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 ("the Act") which requires the Chairman of the meeting to be present at the main venue.* ***No shareholder/proxy from the public shall be physically present at the Broadcast Venue.***

B. PROXY

1. *A member entitled to attend and vote at the meeting may appoint not more than two (2) proxies to attend and vote using RPV facilities, on his/her behalf and such proxy may but need not be a member of the Company.*
2. *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.*
3. *If a member entitled to attend and vote at the meeting is not able to personally participate in the 9th AGM via the RPV facilities, such member may appoint a proxy or the Chairman of the meeting as his/her proxy to participate and vote at the fully virtual 9th AGM shall indicate his/her voting instructions in the instrument appointing a proxy.*

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AFFIX
STAMP

The Share Registrar

BOARDROOM SHARE REGISTRARS SDN BHD
(Registration No. 199601006647 (378993-D))

11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

1st Fold Here

4. *Where a member appoints two (2) proxies or where an Exempt Authorised Nominee appoints two (2) or more proxies, the appointment shall only be valid if the proportion of shareholdings to be represented by each proxy is clearly specified in the instrument appointing the proxies.*
5. *The instrument appointing a proxy shall be in writing under the hand of the member or of his/her attorney duly authorised in writing or if the member is a corporation, shall be executed either under its common seal or under the hand of the authorised officer or of its attorney duly authorised in writing.*
6. *The instrument appointing a proxy must either be deposited at the office of the Share Registrar of the Company at Boardroom Share Registrars Sdn Bhd, 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan or submitted electronically via email to bsr.helpdesk@boardroomlimited.com or via the Boardroom Smart Investor Online Portal at https://www.boardroomlimited.my before 10 a.m. on 4 August 2020. Please refer to the procedures provided in the Administrative Details for further information on the submission of proxy form electronically.*
7. *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.*

www.wct.com.my

WCT Holdings Berhad
(201101002327/930464-M)
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No. 1, Jalan SS7/26A, Kelana Jaya,
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