**WCT Holdings Berhad**
(201101002327/930464-M)



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**ANNIVERSARY**
**1981 – 2021**

ANNUAL REPORT

# 2020

# CONTENTS



## 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 Commitment and Teamwork 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), Malaysia

**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

**Winner - Residential High Rise Development 2020 - 2021**
Waltz Residences, W City OUG @ Kuala Lumpur, Malaysia

**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

### PropertyGuru Asia Property Awards (Malaysia)

**Best Mid-End Condo/Apartment Development (Central) - 2020**
Waltz Residences, W City OUG @ Kuala Lumpur, Malaysia

**Highly Commended - Best Condo/Aprtment Development (Southern) - 2020**
Paradigm Residence, Johor Bahru, Johor, 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

### Sustainability & CSR Malaysia Awards

**Company of The Year Award for Community Sports Development in the Engineering, Construction & Property Development Category - 2020**
WCT Holdings Berhad

### 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 AND ENVIRONMENT CERTIFICATIONS

### QUALITY MANAGEMENT SYSTEM CERTIFICATIONS

**ISO 9001 : 2015**
Quality Management System for WCT Berhad
(including WCT Construction Sdn Bhd)
Certification No. QMS 00887

**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 related subsidiaries
Certification No. QMS 01306

**ISO 9001 : 2015**
Quality Management System for WCT Properties Sdn Bhd
Certification No. QMS 03141

### ENVIRONMENTAL MANAGEMENT SYSTEM CERTIFICATION

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

**ISO 14001 : 2015**
Environmental Management System for WCT Machinery Sdn Bhd
Certification No. EMS 00931

### 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

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

**ISO 45001 : 2018**
Occupational Health and Safety Management System for WCT Land Sdn Bhd and its related subsidiaries
Certification No. OHS 00227

# CORE BUSINESSES AND OPERATING UNITS

## ENGINEERING & CONSTRUCTION

### MALAYSIA

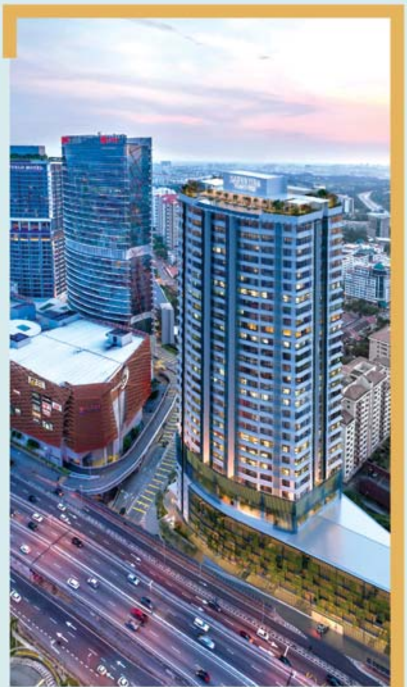
WCT Berhad
WCT Construction Sdn Bhd
WCT Machinery Sdn Bhd
WCT Products Sdn Bhd
KKBWCT Joint Venture Sdn Bhd
WCT TSR Sdn Bhd

### 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
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 F&B Management Sdn Bhd
*(formerly known as WCT Hotel & Facilities Management Sdn Bhd)*
WCT Hartanah Jaya Sdn Bhd
WCT Malls E-Shop Sdn Bhd
*(formerly known as WCT Phenomenon Development 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*
**Chow Ying Choon**
**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

AmBank (M) Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
RHB Bank Berhad

### SOLICITORS

Adnan Sundra & Low
Clyde & Co
Jeyaratnam & Chong
Raja Darryl & Loh
Tay & Helen Wong

### 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. 2021 marks a significant milestone for WCT Group as it celebrates four decades of growth, development and innovation since WCT made its first foray into the construction scene in 1981. WCT Group have since undertaken a diverse range of award-winning infrastructure and building projects, engaged in building modern living lifestyles from ground up, served the communities with our malls and hospitality segments and handled the niche private aviation market.

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:

- Formula 1 Racing Circuits
- Airports
- Shopping Malls
- Hospitals
- Dam and Water Supply Schemes
- Iconic Buildings/ Infrastructures
- Expressways and Highways
- Civil Works
- Specialised 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 had expanded its presence to Kota Kinabalu, Sabah as well as Johor with the launch of 1Medini and Medini Signature condominiums in Iskandar Malaysia, Johor and, most recently Paradigm Residence, Johor Bahru. Since 1997, WCT has delivered close to 18,000 units of residential and commercial properties worth RM5.9 billion in Gross Development Value ("GDV"). Currently, WCT has a land bank of approximately 840 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 malls – 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; and Green Building Award 2018 from the Construction Industry Development Board of Malaysia ("CIDB"); Asia Pacific Property Awards 2020–2021 – Winner of Residential High Rise Development for Waltz Residences in W City OUG @ Kuala Lumpur; PropertyGuru Asia Property Awards Malaysia 2020 – Best Mid-End Condo/Apartment Development (Central) for Waltz Residences in W City OUG @ Kuala Lumpur and Highly Commended, Best Condo/Apartment Development (Southern) for Paradigm Residence, Johor Bahru in Johor.

In recent years, WCT started embarking 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.

WCT has also 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 **W**inning, **C**ommitment, **T**eamwork, **H**umility and **R**espect.

# CHAIRMAN'S
# STATEMENT

# CHAIRMAN'S STATEMENT
cont'd

*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 2020.*

## ECONOMIC OVERVIEW

In 2020, the world witnessed disruptions to the global and local economic prospects as a result of the COVID-19 health pandemic. The various measures taken in response to COVID-19 led to a shutdown in major economic sectors and the prolonged border closures had interrupted the travel sectors globally, sending a cautionary economic sentiment over uncertainties in the public and private consumptions as well as the job market. In Malaysia, different levels of Movement Control Order ("MCO") were implemented throughout 2020 to curb the spread of COVID-19.

In the fourth quarter of 2020, Malaysia recorded a negative growth of 3.4% (3Q 2020: -2.6%), while for full year 2020, the economy contracted by 5.6%. The imposition of the Conditional MCO on a number of states since mid-October 2020 and the restricted inter-district and interstate travel had affected economic activities within the country. As a result, except for manufacturing, all economic sectors continued to record negative growth. However, the continued improvement in external demand provided support to growth. Meanwhile, moderating private consumption and public investment activities weighed on domestic demand. *(Source: BNM Quarterly Bulletin – Fourth Quarter 2020, Bank Negara Malaysia)*.

With the implementation of restricted movement and stringent standard operating procedures ("SOPs"), the services sector registered a larger contraction of 4.9% (3Q 2020: -4.0%) and the construction sector contracted by 13.9% (3Q 2020: -12.4%) in the fourth quarter of 2020. *(Source: BNM Quarterly Bulletin – Fourth Quarter 2020, Bank Negara Malaysia)*.

Headline inflation declined to -1.5% (3Q 2020: -1.4%) during the quarter mainly due to larger annual decline in retail fuel prices and was partly offset by higher inflation in other categories, in particular, transport services and food. Core inflation moderated to 0.8% due to lower inflation for communication services and rental. *(Source: BNM Quarterly Bulletin – Fourth Quarter 2020, Bank Negara Malaysia)*.

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

# CHAIRMAN'S STATEMENT
cont'd

## FINANCIAL REVIEW

In the financial year ended 31 December 2020, the Group recorded a slightly lower revenue of RM1.70 billion as compared to RM1.84 billion in the preceding year attributed mainly to business disruptions resulting from the pandemic. The Group recorded a profit from operations of RM87.6 million for the year, contributed mainly by the Engineering and Construction Division and the Property Development Division.

The Group's Engineering and Construction Division remained the main contributor, accounting for RM1.25 billion or 74% of the Group's consolidated revenue (FY2019: RM1.29 billion). The division's operating profit increased to RM43.7 million from an operating loss of RM17.7 million in the preceding year.

The Group's Property Development Division registered a lower operating profit of RM48.0 million (FY2019: RM95.0 million) on the back of lower revenue of RM278.9 million (FY2019: RM346.5 million), while the Property Investment and Management Division recorded a revenue and operating loss of RM172.7 million and RM4.1 million respectively as compared to the preceding year's revenue and operating profit of RM203.5 million and RM116.2 million respectively.

For the financial year ended 31 December 2020, the Group recorded a loss attributable to equity holders of RM213.6 million as compared to the RM27.3 million loss registered in the financial year ended 31 December 2019.

As a result of the severe impact of the COVID-19 pandemic and the disruptions to the Group's business operations during the MCO, the value of the Group's investment properties, hotels, lands held for development and completed inventories were impaired by approximately RM172.5 million during the year. In addition, the Group shared an additional loss of joint venture arising from an unfavourable final arbitral award of approximately RM27.7 million. Excluding these one-off items, the Group's loss attributable to equity holders would have been lower at RM13.4 million.

## CORPORATE AND BUSINESS DEVELOPMENTS

The MCO which came into effect on 18 March 2020, followed by different MCO levels throughout 2020 had resulted in restrictions in business activities and directly impacted the demand for the Group's products and services. In response to the COVID-19 pandemic, WCT had reviewed the Group's business portfolios and adapted work methods and business strategies to respond to the immediate challenges, including streamlining procedures and moving some teams to work remotely, while prioritising the safety and health of our employees and protecting the interests of our stakeholders. The Group's COVID-19 Task Force was set-up in March 2020 to co-ordinate these initiatives and effectively mitigated the risks arising from the pandemic and build business resilience.

Throughout 2020, the engineering and construction sector posted a steady decline in growth with minimal roll-out of new construction contracts. As a result of the COVID-19 pandemic, industry players experienced a myriad of short-term and long-term industrial challenges, including stringent implementation of COVID-19 containment measures to minimise workplace infection risks. The measures undertaken had resulted in interruptions to progress of work and project sites were unable to operate at full capacity. Despite the uncertainties and restrictions imposed during the MCO period, the Group's Engineering and Construction Division had leveraged on WCT's strong outstanding order book and strategically focused on areas such as efficient procurement; supply chain and contract claims management; timely work execution and high workplace and workers' accommodation safety compliance to drive business performance.

The property development sector on the other hand was subdued due to weaker economic conditions, where the industry saw a decline in the number of home seekers and the property sales and purchase process was halted due to movement restrictions. Despite the challenging economic and operating environment, the Group's Property Development Division successfully launched Tower A of The Maple Residences, W City OUG @ Kuala Lumpur in November 2020 and received impressive response from homeowners and investors. In July 2020, WCT successfully completed and handed over the Waltz Residences, W City OUG @ Kuala Lumpur to its purchasers.

In 2020, the Group's Property Investment and Management Division stepped up efforts to support its retail mall tenants with targeted rent assistance programmes to cope with the temporary business closures and disruptions due to COVID-19. Aside from this, the Group explored and implemented attractive and new marketing opportunities such as online food delivery services and attractive cash voucher promotions to drive its malls' products and services to the customers.

As part of the Group's on-going de-gearing initiatives, the Group had divested a parcel of undeveloped land in Klang, Selangor for total cash proceeds of RM25.2 million during the financial year.

# CHAIRMAN'S STATEMENT
cont'd

The Company had on 3 March 2020, issued an additional tranche of Perpetual Sukuk Musharakah of RM204.5 million in nominal value. The Perpetual Sukuk Musharakah Programme was launched in September 2019 with up to RM1.0 billion in nominal value, which has been accorded a rating of "A (Stable)" by Malaysian Rating Corporation Berhad. The purpose of this fund-raising programme was 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 had successfully issued two tranches of Perpetual Sukuk Musharakah totalling RM617.0 million in nominal value and early redeemed RM617.0 million nominal value of the Company's Medium-Term Note, which matured in April and August 2020. As at 31 December 2020, the outstanding Perpetual Sukuk Musharakah was RM821.5 million in nominal value.

## PROSPECTS

Malaysia's Gross Domestic Product is expected to recover and will be supported by resumption of global and domestic economic activities, normalisation of labour market conditions, gradual improvement in consumer spending, continuation of large infrastructure projects, continued support from the government's targeted policies and vaccine rollout. *(Source: BNM Quarterly Bulletin – Fourth Quarter 2020, Bank Negara Malaysia).*

While the global pandemic has gone on far longer than anyone had predicted, the Group is optimistic that the rollout of vaccines will eventually fuel the achievement of herd immunity, thereby underpinning the global and local economic recovery and supporting the safe reopening of borders.

The Group's Engineering and Construction Division will continue to focus on project execution, whilst pursuing new opportunities for engineering and construction jobs to replenish our strong outstanding order book. The Property Development Division and Property Investment and Management Division expect the rollout of vaccines in 2021 under the National COVID-19 Immunisation Programme to lift market sentiments and stimulate the demand for our property development offers and launches . The expected easing of travel restrictions coupled with renewed consumer confidence and pent-up consumer demand are anticipated to revitalise the five retail malls under the Group's management, in particular the airport malls as well as the hotels and business aviation services.

The Group will continue to prioritise the safety and well-being of our employees, customers and business associates as well as the general public and communities in which we operate. Our focus is also on maintaining a healthy cashflow 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 the staff of the Group for their commitment, perseverance and continuous contribution to the Group in the past year, which has been nothing short of challenging. I would also like to thank all our shareholders, investors, customers, sub-contractors, business associates, media, various government agencies and local authorities for their kind 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*
7 May 2021

# MANAGEMENT DISCUSSION & ANALYSIS

## OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

2021 marks a significant milestone for WCT Group as we celebrate 40 glorious years since its inception. Over the past 4 decades, WCT has demonstrated its strength as a reputable and dynamic builder of a wide range of iconic buildings and notable infrastructure projects, both locally and internationally. Today, WCT has a well-diversified portfolio beyond the Group's core engineering and construction business. The Group's extensive expertise includes building modern living lifestyles through our property development business, serving the communities within the retail malls and hospitality segments and managing the niche private aviation market.

The ongoing COVID-19 pandemic had greatly affected all sectors of the world economy, local businesses and society in 2020. Due to the implementation of mandated shutdowns which resulted in work disruptions, movement restrictions and strict adoption of the government's Standard Operating Procedures ("SOP's"), the construction and property development industries were affected and faced various challenges. The Group's consumer-facing businesses, namely retail malls, hotels and business aviation sector relying on physical footprints and the global travel sectors had to confront challenges unlike any we had seen before. Despite the challenges brought forth by the pandemic, the Group adapted and pivoted some of its business strategies to build business resilience, while prioritising the safety and health of our employees, customers and business associates.

In 2020, the Group continued its quest in adopting sustainable business practices with a focus on its material sustainability matters, including the tracking of the use of construction materials, energy and water consumption, waste management and social metrics such as workforce data and occupational, safety and health performances. The COVID-19 health crisis has shown that sustainable action is more important now than ever. At WCT, we are committed to build a long-term strategic sustainability approach covering the economic, environmental and social aspects by delivering values to all our stakeholders, including the society and local communities. WCT's sustainability efforts are highlighted in the Sustainability Statement of this Annual Report.

*The Maple Residences,
W City OUG @ Kuala Lumpur, Malaysia*


The Maple
Residences

# MANAGEMENT DISCUSSION & ANALYSIS
cont'd

## GROUP FINANCIAL REVIEW

### Financial Performance

For the financial year ended 31 December 2020 ("FY2020"), WCT registered a slightly lower revenue of RM1.70 billion (FY2019: RM1.84 billion). The Group recorded a loss attributable to equity holders of RM213.6 million as compared to the RM27.3 million loss registered in the financial year ended 31 December 2019. Due to the COVID-19 pandemic and the disruptions to the Group's business operations during the Movement Control Order ("MCO") period, the value of the Group's investment properties, hotels, lands held for development and completed inventories were impaired by approximately RM172.5 million during the year. In addition, the Group shared an additional loss of joint venture arising from an unfavourable final arbitral award of approximately RM27.7 million. Excluding these one-off items, the Group's loss attributable to equity holders would have been lower at RM13.4 million.

The Group's segmental financial results for FY2020 and FY2019 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 2020** | | | | |
| Revenue | 1,252,980 | 278,921 | 172,679 | 1,704,580 |
| Revenue contribution (%) | 74% | 16% | 10% | 100% |
| Profit/(loss) from operations | 43,692 | 48,011 | (4,108) | 87,595 |
| Operating profit/(loss) contribution (%) | 50% | 55% | -5% | 100% |
| **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% |

### Engineering and Construction Division

The Group's Engineering and Construction Division continued to be the main revenue contributor of the Group. Despite the uncertainties caused by the COVID-19 pandemic and reduced work activities due to our strict SOP's adherence at all project sites, this division recorded revenue of RM1.25 billion as compared with RM1.29 billion registered in FY2019. This division also registered an operating profit of RM43.7 million, an improvement from an operating loss of RM17.7 million registered in FY2019.

### Property Development Division

The Group's Property Development Division registered revenue of RM278.9 million (FY2019: RM346.5 million) and operating profit of RM48.0 million (FY2019: RM95.0 million). Due to the weaker property market conditions caused by the COVID-19 pandemic and the MCO, this division impaired the carrying value of some of its unsold property stocks and lands held for development amounting to RM15.4 million in FY2020 (as compared to RM22.6 million in FY2019). During the year, the Group registered a gain from land disposal of RM21.6 million as compared to RM91.3 million land disposal gain in FY2019. Excluding the assets impairment and the land disposal gain, the operating profit of the Property Development Division was higher at RM41.8 million as compared to RM26.3 million recorded in FY2019.

# MANAGEMENT DISCUSSION & ANALYSIS
cont'd

## Property Investment and Management Division

The Property Investment and Management Division recorded revenue and an operating loss of RM172.7 million and RM4.1 million respectively as compared to the preceding year's revenue and operating profit of RM203.5 million and RM116.2 million respectively. The lower revenue and operating loss in FY2020 were mainly due to strict measures imposed to contain the spread of Covid-19, which led to severe business disruptions and impairment of assets.

An analysis of the Group's consolidated financial position as at 31 December 2020 and 2019 is set out below: -

| As at 31 December | 2020 RM'000 | 2019 RM'000 (Restated) | Variance |
|---|---|---|---|
| Non-current assets | 5,510,656 | 5,599,857 | -2% |
| Current assets | 3,074,913 | 3,220,321 | -5% |
| Assets classified as held for sale | 14,584 | - | 100% |
| Total Assets | 8,600,153 | 8,820,178 | -2% |
| Non-current liabilities | 2,529,252 | 2,679,929 | -6% |
| Current liabilities | 2,390,131 | 2,418,737 | -1% |
| Total Liabilities | 4,919,383 | 5,098,666 | -4% |
| Total Equity | 3,680,770 | 3,721,512 | -1% |

## Total Assets

The Group's total assets dropped by 2% to RM8.60 billion from RM8.82 billion, mainly attributable to the impairment of assets amid the COVID-19 pandemic.

## Total Liabilities

The Group's total liabilities recorded a decrease of 4% from RM5.10 billion to RM4.92 billion primarily contributed by the net repayment of borrowings and reduction in contract liabilities.

Total borrowings decreased by RM128.9 million mainly due to the redemption of RM183.3 million nominal value of Medium-Term Notes, following a fund-raising exercise involving the issuance of Perpetual Sukuk Musharakah totalling RM204.5 million in nominal value during the financial year.

An analysis of the maturities of the Group's borrowings as at end of FY2020 is as follows:-

| | Within 1 year RM'000 | 1-2 years RM'000 | > 2 years RM'000 | Total RM'000 |
|---|---|---|---|---|
| Revolving credits | 845,686 | - | - | 845,686 |
| Term loans | 141,010 | 372,938 | 164,332 | 678,280 |
| Bank overdraft | 460 | - | - | 460 |
| Sukuk Murabahah | 200,000 | 400,000 | 810,000 | 1,410,000 |
| Bankers' acceptances | 22,627 | - | - | 22,627 |
| Total | 1,209,783 | 772,938 | 974,332 | 2,957,053 |
| Percentage | 41% | 26% | 33% | 100% |

# 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 FY2020 remained at 0.66 time (FY2019: 0.66 time). The Group is continuously working towards reducing its gearing level via various de-gearing initiatives, which include equity fund raising, assets monetisation, equity divestment and 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 decreased by 1% to RM3.68 billion (FY2019: RM3.72 billion) as a result of the losses recognised amid business disruptions caused by the COVID-19 pandemic which were partially offset by the issuance of Perpetual Sukuk Musharakah totalling RM204.5 million in nominal value during the financial year.

### Liquidity

At the end of FY2020, the Group's current ratio, a yardstick that measures the state of the Group's financial liquidity, stood at 1.29 times (FY2019: 1.33 times). The current ratio of 1.29 times indicates that the Group has adequate liquidity to meet its short-term financial obligations.

| Consolidated Cash Flow Analysis | 2020 RM'000 |
|---|---|
| Net cash generated from operating activities | 17,982 |
| Net cash generated from investing activities | 14,390 |
| Net cash used in financing activities | (162,548) |
| Net decrease in cash and cash equivalents | (130,176) |
| Cash and cash equivalents at end of the financial year | 469,287 |

Despite severe impact of the COVID-19 pandemic and the disruptions to the Group's business operations during the MCO, the Group generated operating and investing cash inflows. The Group registered a net cash outflow in its financing activities primarily due to the redemption of RM183.3 million nominal value of Medium-Term Notes and payment of interest expenses during the year.

### 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 FY2020, 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 30 June 2021, subject to obtaining the approval of the shareholders of the Company at the forthcoming 10th Annual General Meeting of the Company.

During the FY2020, 13,953,231 treasury shares were distributed to the shareholders of the Company on the basis of one (1) treasury shares for every one hundred (100) existing ordinary shares held in the Company as at 12 August 2020.

# MANAGEMENT DISCUSSION & ANALYSIS
cont'd

## REVIEW OF OPERATING ACTIVITIES - ENGINEERING AND CONSTRUCTION

In the fourth quarter of 2020, the construction sector registered a larger decline of -13.9% (3Q 2020: -12.4%). The issues on labour shortages, site shutdowns due to COVID-19 outbreaks and interruptions in progress of selected work packages have affected growth, particularly in the civil and residential sub-sectors. *(Source: BNM Quarterly Bulletin – Fourth Quarter 2020, Bank Negara Malaysia).*

In 2020, the Group's Engineering and Construction Division faced operational constraints and cost pressures caused by the prolonged COVID-19 pandemic. The halt in construction works due to the nationwide MCO which was implemented from March to May 2020 affected project timeline and construction programmes. Subsequently, upon resumption of work, project sites had to comply with stringent SOPs with reduced operational capacity and testing requirements for all workers. Despite the challenging operational environment, our teams had strategically reorganised its work plans productively in accordance with project requirements to meet business goals.

During the financial year under review, the Group completed the piling and raft foundation works at The Exchange TRX Retail, Kuala Lumpur. In addition, WCT's MRT2 project, packages V204 and S204 project saw the substantial completion of viaducts, station works and long-span crossings as well as completion of the underpasses below the KL-Seremban Highway for the Sungai Buloh-Serdang-Putrajaya (SSP) Line. The pair of underpasses each measures 60 metres in length and is located approximately 5 metres below the highway surface. The underpass was built with no obstruction to the highway traffic via the micro-tunnelling method using tunnel boring machines and pipe-jacking method.

The division's well-balanced portfolio of building, civil and infrastructure works is backed by a strong outstanding orderbook of about RM5 billion as at end 2020. In 2020, this division successfully secured the following new contracts:

- In March 2020, WCT Berhad secured a contract worth RM1.2 billion from Jendela Mayang Sdn Bhd for the superstructure works of Parcel 2 in relation to the Pavilion Damansara Heights (Parcel 2) mixed commercial development project.

- In September 2020, WCT Construction Sdn Bhd was awarded a contract worth RM91.9 million by Sabah Ports Sdn Bhd to undertake the jetty extension works at Sapangar Bay Oil Terminal.

In early 2021, this division successfully secured two new contracts summarised as follows:

- In February 2021, WCT Berhad secured a contract worth RM136.7 million from Lendlease Projects (M) Sdn Bhd to undertake the superstructure works of a 29-storey hotel and 13-storey office at The Exchange TRX.

- In March 2021, WCT Berhad was awarded a main contract for the proposed extension and upgrading of the Sultan Ismail Petra Airport, Kelantan by the Ministry of Transport Malaysia for a contract sum of RM440.4 million.

The recently secured new contracts have further strengthened the Group's outstanding orderbook to approximately RM5.46 billion.

### Highway Concessions

The Group's investment in the Durgapur Expressway in West Bengal, India under the Build-Operate-Transfer concessions in India ended in 2020.

*The underpasses below the KL-Seremban Highway for the MRT2 V204 Sungai Buloh-Serdang-Putrajaya (SSP) Line*

# MANAGEMENT DISCUSSION & ANALYSIS
cont'd

## REVIEW OF OPERATING ACTIVITIES - PROPERTY DEVELOPMENT

The property sector remained soft in 2020 due to weak market conditions and high volume of property overhang in the market. The nationwide movement restrictions to curb the spread of COVID-19 further exacerbated market challenges such as reduced onsite marketing and sales activities as well as employment and income instability.

In 2020, the volume of property transactions decreased 9.9% to 295,968 units (2019: 328,647 units), while the value of property transactions decreased by 15.8% to RM119.08 billion (2019: RM141.40 billion). However, Malaysia recorded an improvement in terms of residential property overhang with 29,565 units with a value of RM18.92 billion as compared to 30,664 units with value of RM18.82 billion in 2019. *(Source: National Property Information Centre – NAPIC, 5 April 2021).*

It is worth noting that in the third quarter of 2020, the Malaysian housing market activity posted a slight recovery from the second quarter amid the low interest rate environment and ongoing measures to support demand such as the extension of Home Ownership Campaign ("HOC"), exemption of Real Property Gains Tax, introduction of Rent-to-Own scheme and reduction of foreign ownership threshold. *(Source: Financial Stability Review – Second Half 2020, Bank Negara Malaysia).*

Notwithstanding the instability and market challenges faced by the property sector in 2020, the Group's Property Development Division recorded RM350.0 million in property sales as compared to RM322.0 million achieved in 2019. The property sales were largely driven by an effective COVID-19 business recovery plan, through WCT's participation in HOC; existing product repositioning and attractive easy entry packages; expansion of sales channels; aggressive on-ground and online sales efforts with a comprehensive contactless sales procedure via WCT's Virtual Sales Experience microsite and participation in a Virtual Property Expo. In November 2020, the Group launched Tower A of The Maple Residences, W City OUG @ Kuala Lumpur with attractive sales packages.

### Completed Project

*Waltz Residences*

Waltz Residences, a freehold residential tower located in W City OUG @ Kuala Lumpur was completed and handed over to purchasers in July 2020. This development comprises 419 units of single and dual key homes ranging from 948 up to 3,511 square feet ("sq. ft.") and is spread over two wings, a 38-storey North Wing and a 33-storey South Wing. The development features 5-tier access control with 24-hour surveillance and over 20 premium recreational facilities. Waltz Residences achieved a take-up rate of 84% as at 31 December 2020.

# MANAGEMENT DISCUSSION & ANALYSIS
cont'd

## On-going Projects

*The Maple Residences*

The Maple Residences is the second residential development located within the 63-acre W City OUG @ Kuala Lumpur and comprises 3 towers. Tower A, with 303 condominium units and a total estimated Gross Development Value ("GDV") of RM235.8 million achieved an impressive 73% pre-sales take-up rate during the launch in November 2020 despite the soft property market. It features eight layouts with unit sizes ranging from 808 – 1,378 sq. ft. Tower B and Tower C are scheduled for launch in 2021.

*Paradigm Residence*

Paradigm Residence, Johor Bahru is a 263-unit service residence located above Paradigm Mall Johor Bahru and next to a proposed 200-room hotel to be known as the Hyatt Place Johor Bahru. This residence has an estimated GDV of RM183.7 million and features four layouts ranging from 530 – 1,123 sq. ft. As at 31 December 2020, it achieved a take-up rate of 70%.

# MANAGEMENT DISCUSSION & ANALYSIS
cont'd

*Aronia Apartments*

Aronia Apartments in Bandar Parklands, Klang is an affordable housing development under the *Rumah Selangorku* programme. Priced at RM250,000, each 3-bedroom unit has a total built up of 900 sq. ft. The freehold 320-unit apartment features two 14-storey blocks with amenities such as a surau, playground, swimming pool, multi-purpose hall, indoor badminton court, kindergarten and reading room. This project with a GDV of RM80.0 million is slated for completion in August 2021 and has achieved a take up rate of 43% as at 31 December 2020.

## REVIEW OF OPERATING ACTIVITIES - PROPERTY INVESTMENT AND MANAGEMENT

In the fourth quarter of 2020, the private consumption declined by 3.4% (3Q 2020: -2.1%) where household spending remained subdued amid the continued weaknesses in income and employment conditions impacted by the COVID-19 pandemic movement restrictions. The reduction in physical spending was partially mitigated by the continued growth of online spending during the quarter. *(Source: Bank Negara Malaysia via the BNM Quarterly Bulletin – Fourth Quarter 2020).*

WCT's Property Investment and Management Division currently owns a portfolio of five retail malls/ centre, two hotels and an aviation-related infrastructure and facilities. The retail establishments managed by the Group's malls management arm, WCT Malls has a combined retail lettable area of approximately 2.4 million sq. ft. and comprises Paradigm Mall in Petaling Jaya and Johor Bahru; the airport malls – gateway@klia2 in Sepang and SkyPark Terminal in Subang, while the Bukit Tinggi Shopping Centre in Klang has a gross lettable area of 1 million sq. ft. The Group's hospitality portfolio includes Première Hotel in Klang and New World Hotel in Paradigm Petaling Jaya with 550 rooms in total.

### Retail Malls

As countries around the world came under the COVID-19 quarantine orders in early 2020, non-essential businesses in the retail sector had to shut their doors. Thereafter, the prolonged movement restrictions resulted in employment and market uncertainties; declining retail sales and reduced physical footfalls as well as a change to consumer spending patterns. Besides, the travel border closures and local inter-state travel restrictions had adversely affected the footfalls at WCT's airport malls, gateway@klia2 and SkyPark Terminal as well as Paradigm Mall Johor Bahru with its proximity to our neighbouring country, Singapore.

The Group weathered through the COVID-19 storm by managing its operating costs and pivoting its business to embrace the omnichannel strategy. WCT Malls introduced the Purchase and Pick-up Services campaign in March 2020 and launched the WCT E-Shop for Paradigm Mall Petaling Jaya in December 2020. As part of the Group's constant effort to engage with our loyal shoppers and drive footfalls to the malls, WCT Malls launched group-wide initiatives with strategic partners such as the 'Shop, Stay & Fly campaign'. WCT Malls also successfully introduced the 'WCT Buddy E-Voucher Bonanza Sales', which allowed shoppers to purchase cash vouchers at 20% discount. The sales campaign aimed at giving back more value to our customers, received overwhelming response and participation across all WCT Malls. In addition, the Group provided its tenants with strong marketing support and introduced targeted rent assistance programmes.

# MANAGEMENT DISCUSSION & ANALYSIS
cont'd

Bukit Tinggi Shopping Centre, WCT's flagship retail project in Klang is currently under a long-term lease arrangement with AEON Co. (M) Bhd, generating a steady, recurrent income for the Group.

Paradigm Mall PJ is the Group's second retail mall with a diverse tenant mix across all segments operating on approximately 670,000 sq. ft. of retail space since 2012. In August 2020, Paradigm Mall PJ launched the ESCAPE Challenge – a 35,000 sq. ft. indoor adventure theme park, which features a first of its kind experience to all shoppers with a variety of adrenaline-filled activities alongside customised team building programmes. The establishment of the new theme park in the mall has transformed the Boulevard area into a semi-indoor recreational centre and strengthened its positioning as a wholesome family community mall that caters to the needs of the community. The mall's occupancy rate remained strong at 98% as at 31 December 2020.

gateway@klia2, the Group's third retail project and a LEED Silver Certified airport mall, was opened in May 2014. The airport mall is an integrated complex that not only provides a one-stop convenience to shoppers and travellers, it also houses the transportation hub connecting KLIA2 to the Kuala Lumpur City Centre via buses, taxis and the Express Rail Link. Boasting a 380,000 sq. ft. in net lettable area, the airport mall offers a broad range of retail offerings, including relaxation lounges, and over 100 eateries and retail outlets. In 2020, our operations team had worked closely with the local authorities to implement strict preventive measures and mitigation steps to minimise the spread of COVID-19 as gateway@klia2 is located next to the entry point into the country, the KLIA2. In 2020, the mall recorded an occupancy rate of 87% as at 31 December 2020.


*Paradigm Mall Johor Bahru*

Paradigm Mall Johor Bahru was launched in November 2017 and is the Group's largest retail mall with over 500 tenants across its 1.3 million sq. ft. of retail space. The mall is part of the 13-acre integrated development which will feature an upscale select-service hotel, the Hyatt Place Johor Bahru, targeted to be launched in 2022 and a freehold service residence, Paradigm Residence Johor Bahru. In December 2020, the 21,000 sq. ft. Convention Centre at Level 7 was completed and is now ready to host large-scale and private events. The mall also welcomed several reputable brands in 2020 like Adidas Original, Family Mart, Hippopo Baby Spa & Wellness, amongst others, into its portfolio of new tenants with a committed occupancy of 92% as at 31 December 2020.

Situated in the Sultan Abdul Aziz Shah Airport, Subang, SkyPark Terminal serves as a hub to domestic commercial turbo-prop operations for Firefly and Malindo Air flights. It is the preferred city airport terminal 30 minutes away from the Kuala Lumpur City Centre that caters to the commercial airline passengers from the surrounding vicinity. The airport mall registered an occupancy rate of 91% as at 31 December 2020 with dining, shopping and services choices, providing greater convenience for both business and leisure travellers alike.

# MANAGEMENT DISCUSSION & ANALYSIS
cont'd

### Hotels

*The elegant and pillarless Grand Ballroom at Première Hotel in Klang*

In the fourth quarter of 2020, the services sector registered a larger contraction of 4.9% (3Q 2020: - 4.0%) as COVID-19 related movement restrictions and SOP's affected domestic-oriented activities. The weakness in tourism activity amid continued closure of international borders weighed on key sub-sectors, such as food and beverage, accommodation as well as transport and storage. *(Source: BNM Quarterly Bulletin – Fourth Quarter 2020, Bank Negara Malaysia).*

In 2020, the local tourism industry saw the cancellation of the Visit Malaysia 2020 Campaign and a large drop in tourist arrivals to 4.33 million tourists (2019: 26.1 million). *(Source: Malaysia Tourism Statistics in Brief, Tourism Malaysia).* The industry also suffered unprecedented job retrenchments and revenue losses in 2020 estimated to stand at RM6.53 billion. *(Source: Malaysian Association of Hotels).*

The Group owns two hotels, Première Hotel in Klang and New World Hotel in Paradigm Petaling Jaya. Première Hotel is a 250-room 4-star corporate hotel in Klang, while New World Hotel is a 5-star hotel featuring 300 spacious guestrooms with meeting rooms and banquet facility. Both hotels are recipient of the 'Clean & Safe Malaysia' Hygiene & Safety label certification, a recognition by the world leader in testing, inspection and certification for the audit of hotel's hygiene and safety protocols.

*The Grand Ballroom at New World Hotel offers a spacious reception area for guests to mingle freely*

Our hotels were not spared from the COVID-19 impact and were closed for business during the first phase of the MCO period. In order to partially mitigate the impact brought about by the pandemic, our hotels had undertaken aggressive cost containment measures to ensure business sustainability in the immediate and longer term. In June 2020, our hotels were re-opened for business as the Government eased travel restrictions in Malaysia. The overall occupancy for both the hotels remained low as the international borders were still closed. In view of this, we had implemented innovative rooms and F&B packages and pivoted to focusing on driving the hotels' businesses by activating small domestic social events, takeaways, Work-From-Hotel promotions and many other programmes.

Our key focus remains in ensuring that our hotels continue to observe and practice strict hygiene standards for the safety of our guests and patrons.

# MANAGEMENT DISCUSSION & ANALYSIS
cont'd

### Business Aviation

*Ground handling services offered by SkyPark Aviation at all airports in Malaysia*

The Group's 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; ground handling and support services and integrated hangarage facilities.

Despite the impact brought about by the COVID-19 pandemic which resulted in low aircraft and passenger movements, SkyPark Aviation had pivoted into building new business verticals such as air cargo capacity sales to introduce new business stream to capture the gaps from the drop-in aircraft handling activities.

In the absence of active private jet and commercial aircraft movements, SkyPark Aviation saw the opportunity in supporting Medevec flights, which are still active during the MCO and Conditional MCO period. Thus, SkyPark Aviation promptly engaged several major Medevec operators to position SkyPark Aviation as a Medevec hub. Aside from that, SkyPark Aviation continues to engage with aviation-related authorities, ministries and associations to activate Malaysia as a medical tourism destination and SkyPark Aviation as the official Medevec hub or gateway to/from Malaysia.

SkyPark Aviation was also identified by the aviation-related authorities as the one-stop centre supporting all aircraft permits, visitors travel pass and quarantine process on behalf of clients and authorities during the MCO and Conditional MCO period.

In 2020, Skypark Aviation registered growth in revenue and hangar optimisation compared to year 2019 due to improved tenants mix and profile as well as better optimisation of space. The focus remains in building more capabilities to develop more ancillary businesses such as aircraft maintenance, aircraft washing and polishing, aviation security services, customs bonded aircraft spare parts storage facility and others. There is also continuous effort to work with the ministries and aviation-related associations to elevate the awareness on Skypark Aviation to drive more potential international investors to our aviation facilities.

## GROUP OUTLOOK

Countries globally have started the COVID-19 vaccines roll-out. However, it still remains largely uncertain how the COVID-19 pandemic will pan out in 2021.

According to Bank Negara Malaysia, the Malaysian economy is projected to expand by 6.0% to 7.5% with private consumption anchoring the 2021 growth prospects. It will be supported by both external and domestic factors, including strong external demand amid technology upcycle; less stringent containment measures and COVID-19 vaccine rollout to improve sentiments; gradual improvement in labour market conditions and continued policy support for households and businesses. The continuation of small-scale construction projects and public infrastructure projects such as East Coast Rail Link, Pan Borneo Highway, MRT2 and LRT3 will provide further impetus for growth. *(Source: Annual Report 2020; Economic and Monetary Review 2020 and Financial Stability Review – Second Half 2020, Bank Negara Malaysia).*

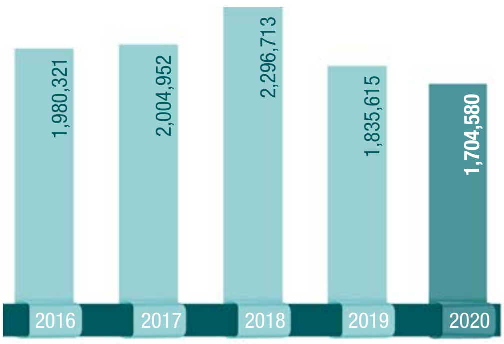
For the current financial year ending 31 December 2021, we are cautiously optimistic of the prospects of the Group. The Group's Engineering and Construction Division is expected to focus on project execution to deliver sustainable level of revenue and profits in the near-term, while pursuing opportunities to expand its construction portfolio and procure new construction jobs to replenish its outstanding orderbook.

In 2021, WCT's Property Development Division aims for property launches in the Klang Valley with an estimated combined GDV of approximately RM800 million. The Group will endeavour to strengthen its marketing and sales efforts to drive sales for the new property launches in 2021, while reducing our unsold properties and divesting idle undeveloped lands to strengthen our operating cash flows position. The Group's Property Investment and Management Division remains hopeful on the rollout of vaccines to lift market sentiments and the expected easing of travel restrictions to drive footfalls to our malls and hotels.

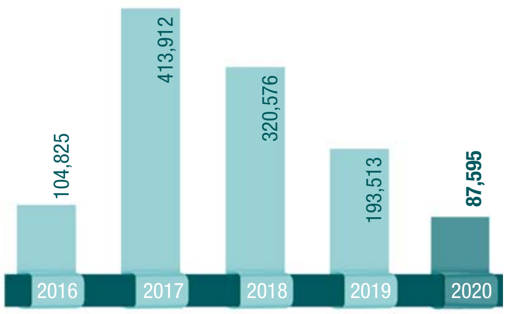
As the Group navigates through the challenges ahead, emphasis will continue to be given to prioritise the safety and well-being of our employees, customers, business associates as well as the general public and communities in which we operate.

# FINANCIAL HIGHLIGHTS

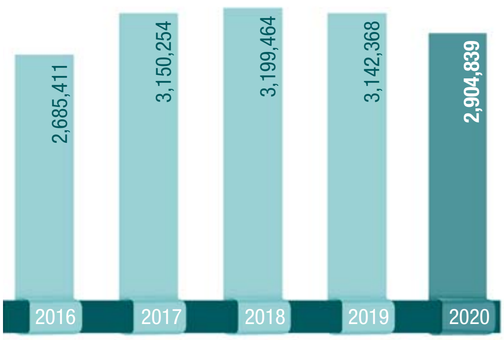
### REVENUE
RM'000



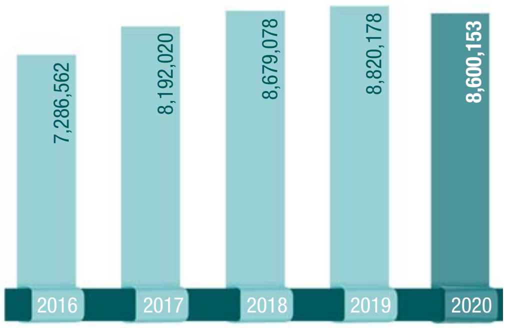

### PROFIT FROM OPERATIONS
RM'000



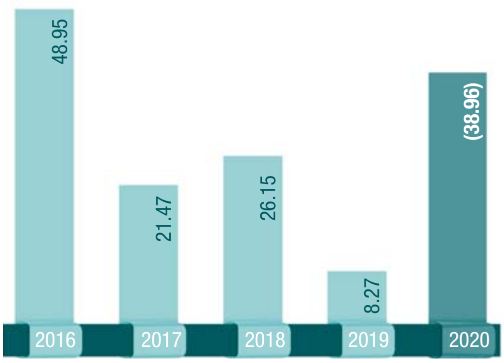

### SHAREHOLDERS' FUND
RM'000



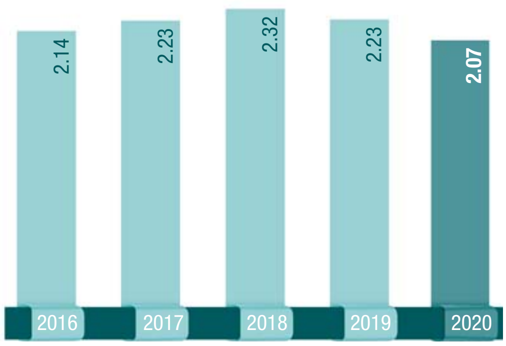

### TOTAL ASSETS
RM'000




### DIVIDEND PAYOUT RATIO
%




### NET ASSETS PER SHARE
RM



# FINANCIAL HIGHLIGHTS
cont'd

| | | 31.12.2020<br>RM'000 | 31.12.2019<br>RM'000 | 31.12.2018<br>RM'000 | 31.12.2017<br>RM'000 | 31.12.2016<br>RM'000 |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| Engineering and construction | RM' 000 | 1,252,980 | 1,285,644 | 1,845,587 | 1,501,531 | 1,625,217 |
| Property development | RM' 000 | 278,921 | 346,501 | 254,928 | 426,435 | 293,349 |
| Property investment & management | RM' 000 | 172,679 | 203,470 | 196,198 | 76,986 | 61,755 |
| Total revenue | | 1,704,580 | 1,835,615 | 2,296,713 | 2,004,952 | 1,980,321 |
| **Profit from operations** | | | | | | |
| Engineering and construction | RM' 000 | 43,692 | (17,661) | 136,746 | 44,252 | 8,441 |
| Property development | RM' 000 | 48,011 | 95,004 | 42,176 | 82,548 | 70,300 |
| Property investment & management | RM' 000 | (4,108) | 116,170 | 141,654 | 287,112 | 26,084 |
| Total profit from operations | | 87,595 | 193,513 | 320,576 | 413,912 | 104,825 |
| **(Loss)/Profit attributable to equity holders of the Company** | RM' 000 | (213,573) | (27,321) | 106,021 | 240,364 | (4,933) |
| **Issued share capital** | RM' 000 | 3,212,796 | 3,212,796 | 3,210,984 | 3,210,132 | 631,061 |
| **Shareholders' fund** | RM' 000 | 2,904,839 | 3,142,368 | 3,199,464 | 3,150,254 | 2,685,411 |
| **Total assets** | RM' 000 | 8,600,153 | 8,820,178 | 8,679,078 | 8,192,020 | 7,286,562 |
| **(Loss)/Earnings per share** | Sen | (15.24) | (1.95) | 7.59 | 17.56 | (0.04) |
| **Net assets per share** | RM | 2.07 | 2.23 | 2.32 | 2.23 | 2.14 |
| **Return on total assets** | % | (2.09)% | (0.39)% | 0.51% | 2.90% | (0.11)% |
| **Net gearing ratio** | times | 0.66 | 0.66 | 1.01 | 0.86 | 0.92 |
| **Price Performance** | | | | | | |
| Ordinary Share | | | | | | |
| High | RM | 0.875 | 1.19 | 1.83 | 2.49 | 1.95 |
| Low | RM | 0.245 | 0.667 | 0.67 | 1.48 | 1.45 |
| Close | RM | 0.53 | 0.87 | 0.675 | 1.62 | 1.73 |
| Warrant 2015/2020 (WCT-WE)[1] | | | | | | |
| High | RM | 0.04 | 0.18 | 0.31 | 0.570 | 0.225 |
| Low | RM | 0.005 | 0.035 | 0.045 | 0.180 | 0.165 |
| Close | RM | 0.005 | 0.04 | 0.055 | 0.265 | 0.185 |

***Notes:***
(1) ***WCT-WE expired on 27 August 2020 and the last day of trading was on 10 August 2020.***

# PROFILE OF DIRECTORS

**TAN SRI LIM SIEW CHOON**
*Executive Chairman*
*Malaysian/Male/Age: 61*

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 37 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: 67*

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 the Independent Non-Executive Chairman of Pesona Metro Holdings Berhad and sits on the board of directors in several private limited companies which are involved in property development, retail management and operations.

Dato' Lee chairs the Management Committee and is a member of the Options Committee of the Company.

# PROFILE OF DIRECTORS
cont'd

## GOH CHIN LIONG
*Deputy Managing Director*
*Malaysian/Male/Age: 62*

Mr 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 is a member of the Management Committee and Options Committee of the Company.

## CHOW YING CHOON*
*Deputy Managing Director*
*Malaysian/Male/Age: 66*

Mr Chow Ying Choon was appointed to the Board on 19 August 2020. He holds a Bachelor of Economics Degree from the University of Malaya.

Mr Chow has 40 years of working experience of which 35 years were in the banking and financial services and the remaining 5 years in property development and hospitality industries. He began his professional career as a banking officer in D&C Bank Berhad (now RHB Bank Berhad) in October 1978. During his tenure with the bank, he held positions as the Head of Credit Supervision and Control, Head of Local Corporate and Head of Commercial Banking at Head Office.

In February 1995, Mr Chow joined EON Bank Berhad as the Head of Corporate Banking and was promoted through the ranks to Deputy Chief Executive Officer, Group Business and Investment Banking, responsible for commercial, corporate and investment banking businesses of the Group. In May 2011, upon the merger of EON Bank Berhad and Hong Leong Bank Berhad ("HLBB"), Mr Chow was appointed the Chief Operating Officer, Group Business and Corporate Banking, HLBB. He held the position until his retirement from HLBB in February 2014. During his banking career, Mr Chow held senior management positions with revenue and profit accountability and had developed and implemented business transformation strategies to continually drive business and revenue growth.

After retiring from banking, Mr Chow was involved in providing business and management guidance to companies in the property development and hospitality industries. Prior to joining the Company, Mr Chow was the Managing Director of Global Oriental Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad with its principal activities in property development and construction.

Mr Chow is a member of the Management Committee of the Company.

# PROFILE OF DIRECTORS
cont'd

## LIANG KAI CHONG*
*Executive Director*
*Malaysian/Male/Age: 59*

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

Mr Liang has over 30 years of experience in the construction industry. He spent his early career with a prominent Malaysian construction group, where he was actively involved in the negotiation, tendering, construction and completion of many challenging projects in Malaysia. He was its Head of Contracts before he left to join WCT Group in 1997.

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

## TAN SRI MARZUKI BIN MOHD NOOR
*Independent Non-Executive Director*
*Malaysian/Male/Age: 73*

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: 72*

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: 66*

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 till 11 December 2020.

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: 67*

Mr 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: 60*

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

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

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

Puan Rahana is a member of the Audit Committee as well as 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 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.*

*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: 56*

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

He joined WCT Group as a Quantity Surveyor in 1990 and was successively promoted to the positions of Senior Quantity Surveyor in 1995, Contracts Manager in 1999, Senior Contracts Manager in 2004, Head of Contracts (Local Projects) in 2005, General Manager (Contract & Business Development – South East Asia) in 2007, Regional Director (South East Asia) in 2009, General Manager (Engineering & Construction Division) in 2011 and subsequently promoted to the current position on 1 April 2017. Mr Ng primarily oversees the Group's Engineering and Construction Division and he is also a Director of WCT Berhad.

### SELENA CHUA KAH NOI
*Chief Executive Officer –Malls Management*
*Singaporean/Female/Age: 51*

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

Ms Selena Chua overseas all the malls in WCT's portfolio i.e. Paradigm Mall in Petaling Jaya, the airport malls - gateway@klia2 and SkyPark Terminal in Selangor, Bukit Tinggi Shopping Centre in Klang and Paradigm Mall in Johor Bahru. She is also involved in the planning and development/purchase of new malls for the Group. She has more than 25 years of retail leasing and operation experience. Prior to joining WCT Group, she was the Managing Director/Retail Director with Synergistic Retail Consultancy and Management Pte Ltd. She was also the General Manager of John Little Department Store ("John Little") and was responsible for the performance and growth of the business in Singapore and the region. Prior to joining John Little, she was the Head of Group Retail Leasing Singapore at CapitalLand Retail Limited for 9 years, the Leasing Manager of Scotts Shopping Centre and was also with CB Richard Ellis (Pte) Ltd's Retail Department for 4 years. She also took care of the operations of Parkway Parade Shopping Mall for 2 years. Some of the malls she was involved in includes Ion Singapore, Raffles City Singapore, Raffles City Shanghai, Plaza Singapura, Tampines Mall, Junction 8, IMM. Ms. Selena was part of the team that listed the 1st retail REIT in Singapore.

### CHONG WAH HING
*Chief Operating Officer*
*Malaysian/Male/Age: 48*

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.

# PROFILE OF KEY SENIOR MANAGEMENT
cont'd

## CHONG KIAN FAH
*Director of Finance and Accounts/Company Secretary*
*Malaysian/Male/Age: 52*

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

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

## KHOR LOKE YEW
*Director of Legal Affairs and Secretarial*
*Malaysian/Male/Age: 52*

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: 47*

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 areas of responsibility in WCT Group include the performance of the hospitality and aviation divisions, development of new businesses, undertaking special projects as well as supporting the Executive Chairman in performance management and improvement.

***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 2020/2021

## JANUARY 2020

### Offers Galore at iProperty Home & Property Fair

WCT Land Sdn Bhd ("WCT Land") offered home seekers easy home ownership with a limited-time only of RM20,200 ang pow at Klang Valley's biggest property expo, the iProperty Home & Property Fair held from 17 to 19 January 2020. At the fair, visitors were able to view Waltz Residences, the iconic residential tower in W City OUG @ Kuala Lumpur and an exciting future mix-development – W City JGCC @ Johor Bahru.

## FEBRUARY 2020

### A Chinese New Year Tradition

In a yearly Chinese New Year tradition for WCT Group, lion dance performance and office blessing ceremonies were held at various offices to usher in the year of Rat. The energetic lions visited the WCT HQ at The Ascent Paradigm, WCT Land, WCT Malls, Première Hotel Klang and New World Petaling Jaya Hotel, bringing with them happiness and luck whenever they went.

### New World Petaling Jaya Hotel Celebrates 2nd Anniversary

New World Petaling Jaya Hotel's associates were honoured with an annual dinner themed "Celebrations" at the hotel's grand ballroom on 14 February 2020. This annual dinner also marked the second anniversary of the hotel and it was an evening filled with excitement and dance performances.

### Affordable Homes for All

WCT Land organised two Open Days on 29 February and 26 September 2020, to showcase its fourth *Rumah Selangorku* project – Aronia Apartments with the aim to provide eligible first-time homebuyers with a seamless experience to place their bookings and to process their bank loan applications in one day.

# CORPORATE DIARY
## 2020/2021
cont'd

### MARCH 2020

**WCT Berhad secured Superstructure Works Contract**

On 19 March 2020, WCT Berhad ("WCTB") accepted a superstructure works contract worth RM1.2 billion awarded by Jendela Mayang Sdn Bhd for the Proposed Pavilion Damansara Heights (Parcel 2) Mixed Development project.

### APRIL 2020

**A Win for WCT Land at the Asia Pacific Property Awards 2020 - 2021**

On 2 April 2020, Waltz Residences was awarded the winner of the Residential High-Rise Development Category in the Asia Pacific Property Awards 2020 – 2021. The award recognises the best companies operating within the development, architecture, interior design and real estate sectors with a judging focus on the quality of the design, service, innovation, originality and commitment to sustainability.



### AUGUST 2020

**Ninth Annual General Meeting (9th AGM)**

The Company had conducted its 9th AGM from the broadcast venue in New World Petaling Jaya Hotel on 5 August 2020 in light of the COVID-19 pandemic. The shareholders were able to exercise their right to participate and vote remotely at the 9th AGM and all the resolutions tabled at the 9th AGM were duly approved by the shareholders.


**ESCAPE @ Paradigm Mall PJ**

ESCAPE Challenge, a 35,000 sq. ft. semi-outdoor adventure theme park opened its doors in Paradigm Mall PJ on 25 August 2020. The park offers an exciting array of activities, which includes rope courses, wall climbing, ziplines and flying trapeze as well as customised team building programmes professionally curated for corporate establishment and birthday parties.

**Shining Bright in the Star Mooncake Awards 2020**

New World Petaling Jaya Hotel was delighted by two prestigious awards accorded by The Star Mooncake Awards on 27 August 2020 for its selection of traditional and limited-edition mooncakes packaged in a beautiful Peranakan tiffin carrier launched for Mid-Autumn Festival. The awards were for Best Packaging – Bronze and Best Presentation – Bronze awards. The Star Mooncake Awards is held annually to celebrate top restaurants and hotels vying for the best in each category.

# CORPORATE DIARY 2020/2021
cont'd


## AUGUST 2020

### Celebrating Unity in Diversity

WCT Malls celebrated Malaysia's 63rd National Day and Malaysia Day with a series of events and activities.

## SEPTEMBER 2020

### Contract Awarded by Sabah Ports Sdn Bhd

On 2 September 2020, WCT Construction Sdn Bhd secured a contract worth RM91.9 million to undertake and complete the works for the Proposed Jetty Extension of Sapangar Bay Oil Terminal.


### WCT Land Wins Two Awards

WCT Land bagged two prestigious awards in the first-ever virtual PropertyGuru Asia Property Awards (Malaysia) on 15 September 2020. Waltz Residences, W City OUG @ Kuala Lumpur was awarded the Best Mid-End Condo/Apartment Development (Central) and Paradigm Residence, Johor Bahru took home the Highly Commended award for Best Condo/Apartment Development (Southern).


### Celebrating A United Malaysia In the New Norm

WCT Group came together to celebrate National Day and Malaysia Day, albeit slightly differently. Showing their national pride in a series of photos reflecting this year's National Day theme – "Malaysia Prihatin", the team celebrated this special occasion virtually as we navigate through the challenges of the COVID-19 pandemic.

# CORPORATE DIARY
# 2020/2021
cont'd


## NOVEMBER 2020

### Recognised for Community Building Effort

On 23 November 2020, the Company was honoured with the Sustainability & CSR Awards 2020 – Company of the Year for Community Sports Development in the Engineering, Construction & Property Development Category. This award by CSR Malaysia was given in recognition of our community building efforts in Malaysia through WCT KIDSS 2019 – WCT's flagship community sports development programme. To date, the programme has benefited over 600 children through good sportsmanship, fair play and teamwork.


## DECEMBER 2020

### A Year of Accolades

New World Petaling Jaya Hotel were awarded two prestigious awards, namely the "2020 Travellers' Choice Award" by TripAdvisor and the Booking.com Travellers Review Awards 2020 with a score of 8.9. Honoured with these awards, the hotel will continue to deliver exceptional level of services to its guests while safeguarding the well-being of guests and employees in the new norm.

## JANUARY 2021

### WCT Celebrates 40 Glorious Years

14 January 2021 marked a significant milestone for WCT as we celebrate our 40th Anniversary. Our humble beginnings in 1981 as an earthworks contractor has led us to constructing a multitude of iconic infrastructures and award-winning buildings with numerous shopping malls, hotels and a business aviation division under our belt.

## FEBRUARY 2021

### WCTB secured Superstructure Works Contract

On 8 February 2021, WCTB accepted a contract worth RM136.7 million awarded by Lendlease Projects (M) Sdn Bhd to undertake and complete the superstructure works for the project known as Proposed 29 Storeys of Hotel Parcel B (Phase 2) and Proposed 13 Storeys of Office Parcel A (Phase 1) on Lot PT157, Seksyen 67, Jalan Tun Razak / Jalan Davis, Bandaraya Kuala Lumpur.

### WCT Land's Virtual Gallery

WCT Land launched a new interactive WCT Virtual Gallery, offering an immersive 3D virtual homebuying experience with personalised live-chat consultation to prospective homebuyers from anytime and anywhere.

# SUSTAINABILITY STATEMENT

At WCT Holdings Berhad (hereinafter referred to as "WCT" or the "Group"), we adopt a progressive approach to our sustainability journey that is centred on delivering shared value for our key stakeholders. Throughout this statement, we highlight the importance we place on delivering collective economic growth, responsible environmental stewardship, and impactful community engagement. We continue to take steps to measure and monitor our progress against our impacts in these spheres. In this fifth year of sustainability disclosure, we reflect on how our progressive sustainability efforts have driven operational resilience and how our various business divisions have responded to the challenges faced throughout the COVID-19 pandemic.

## SCOPE

This statement includes disclosures on our approach to addressing material topics for WCT Group and its core business divisions operating in Malaysia including 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 2020.

## STAKEHOLDER ENGAGEMENT

We conduct regular communication with our stakeholders to ensure transparency and maintain trust. To understand our stakeholders' perceptions and respond effectively to their needs and concerns, we communicate across multiple channels and platforms. Our approach, together with a summary of key areas of interest are set out below.

| Stakeholder Groups | Engagement Platform | Our Areas of Interest |
|---|---|---|
| Employees | • Internal communications<br>• Face-to-face meetings<br>• Performance reviews<br>• Code of conduct & ethics<br>• Interviews<br>• Community development programmes<br>• Conferences, seminars and workshops<br>• Whistleblowing channel | • Health and safety<br>• Human capital development<br>• Protecting employment during the COVID-19 pandemic |
| Customers | • Satisfaction surveys<br>• Suggestion boxes<br>• Social media<br>• Newsletters<br>• Campaigns<br>• Exhibitions<br>• Mobile and email communications<br>• Company website<br>• Customer service concierge counters | • Customer experience<br>• Product delivery<br>• Site visit safety during the COVID-19 pandemic<br>• Loan approval to purchase properties |
| Investors, analysts, and fund managers | • Quarterly analyst and fund managers briefings<br>• Face-to-face meetings<br>• Conferences<br>• Media releases and interviews<br>• Annual reports and sustainability reports<br>• Company website | • Interest in the Group's financial and operational performance<br>• Strategy and risk management<br>• ESG risks and opportunities |
| Local Communities | • Town-hall meetings<br>• Community development programmes<br>• Media releases<br>• Social Media | • Investment in community growth<br>• Sustainable developments and project impacts |
| Regulators and local authorities | • Face-to-face meetings<br>• Regular engagement for knowledge sharing<br>• Media releases<br>• Conferences<br>• Surveys<br>• Attending seminars and training sessions | • Good practices in compliance with laws and regulations<br>• Supporting government policies related to affordable housing |

# SUSTAINABILITY STATEMENT
cont'd

| Stakeholder Groups | Engagement Platform | Our Areas of Interest |
|---|---|---|
| Media | • Community development programmes<br>• Media releases<br>• Advertising<br>• Conferences | • Corporate growth strategy<br>• Financial and non-financial performance<br>• Community initiatives<br>• Joint events for public awareness |
| Industry | • Surveys<br>• Conferences<br>• Interviews<br>• Face-to-face meetings | • Sharing industry knowledge<br>• Building strategic partnerships |
| Suppliers | • Face-to-face meetings<br>• Annual re-assessment of supplier performance<br>• Surveys | • Occupational health and safety practices<br>• Worker wellbeing and welfare<br>• Environmental compliance<br>• Design, quality, and workmanship<br>• Management and the timely payment of fees |

*We aim to provide satisfactory customer experience across our businesses*

In 2020, we took swift measures to respond to the ongoing COVID-19 pandemic through close engagement with key local authorities to prioritise the safety of our workforce as well as other key stakeholders. Across the Group we have a broad spectrum of business interests and activities, with very different challenges and risk mitigation activities required to respond to the pandemic with resilience. For each business division, we applied specific strategies, ranging from regulatory compliance through to safety and health measures.

Our project teams in the Engineering and Construction Division proactively worked with regulatory bodies and local authorities such as the Construction Industry Development Board ("CIDB"), Ministry of Health ("MOH"), Kuala Lumpur City Hall ("DBKL"), and the Department of Occupational Safety and Health ("DOSH") to make certain our compliance on COVID-19 safety measures at project sites. Our SkyPark Aviation business engaged on a daily basis with the MOH, Immigration Department of Malaysia, Royal Malaysia Police ("PDRM"), Malaysian National Security Council ("MKN"), Civil Aviation Authority of Malaysia ("CAAM"), and Malaysia Airports Holdings Berhad ("MAHB") regarding compliance on the enforcement of standard operating procedures ("SOP's") relevant to the aviation industry.

# SUSTAINABILITY STATEMENT
cont'd

Our Property Investment and Management Division also collaborated with various government agencies, further highlighted below:

**gateway@klia2**

- As an airport mall receiving travellers entering the country, our operations team collaborated closely with Aviation Security ("AVSEC") and the MOH on preventive measures to detect and mitigate the spread of COVID-19 within the premises.
- As a member of the *Jawatankuasa Perunding Penduduk* ("JPP") of Sepang district, we distributed face masks, hand sanitiser and mineral water to police personnel, customs, and immigration officers.
- Assisted AVSEC to set up security measures in the airport.

**Paradigm Mall Johor Bahru ("Paradigm Mall JB")**

- Hosted the Johor Bahru City Council ("MBJB") *Kesihatan Team* regularly at our mall to ensure tenants' staff follow SOP's.
- As part of our effort in adhering to SOP's, we worked closely with the police in managing the riders from food delivery services.

**Paradigm Mall Petaling Jaya ("Paradigm Mall PJ")**

- Liaised with relevant bodies such as MOH, MKN and the Petaling Jaya City Council ("MBPJ") on preventive measures, mitigation procedures and SOP's required to be adhered to and implemented.
- Hosted the task force of local authorities comprising MBPJ, PDRM, and the Ministry of Domestic Trade and Consumer Affairs ("KPDNKK") to check on the adherence of SOP's compliance.

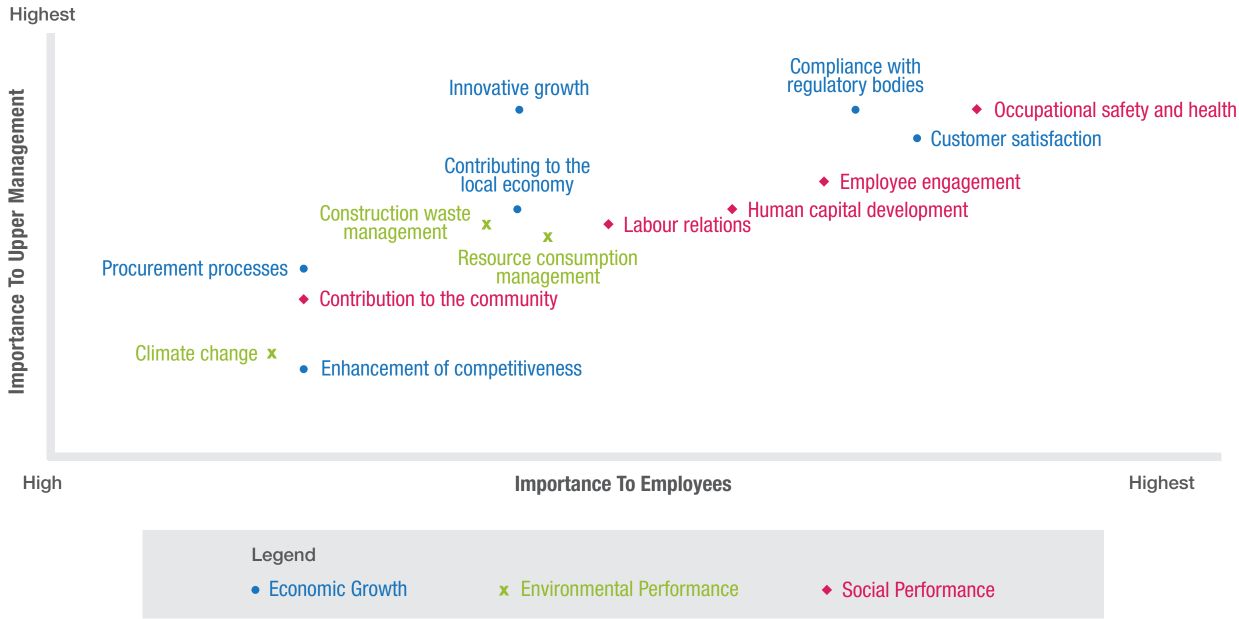
**SkyPark Terminal**

- Our operations team worked closely with regulators and local authorities such as the AVSEC, MOH and Malaysia Airports Sdn. Bhd. ("MASB") on COVID-19 preventive measures and mitigation steps at the airport.
- Assisted police, MOH, MASB and AVSEC to set up security measures in the airport mall for the health and safety of airport staff, crew, and passengers in a bid to reduce the spread of COVID-19.

## MATERIALITY

Identification and prioritisation of material sustainability topics sits at the core of our management and advancement of our economic, environmental and social impacts. Our last materiality assessment was conducted in 2018 via a survey distributed to internal stakeholders.

In 2020, we reviewed material topics against current industry trends to ensure the continued relevance of our existing topics. Our assessments indicate our current materiality matrix sufficiently reflects our stakeholders' interests.



# SUSTAINABILITY STATEMENT
cont'd

In line with our industry peers, we recognise that the safety and health of our workforce and our labour practices, as well as operational resilience strategies will require concerted focus as we continue into 2021. In addition to our material topics, we have included disclosures on our response to the COVID-19 pandemic as well.

With the operational challenges brought about by the ongoing COVID-19 pandemic in 2020, we have opted to conduct a refreshed materiality assessment in 2021. As we progress to further integrate sustainability into our operations, we seek to improve our materiality processes by securing feedback from wider external stakeholders to gain a more comprehensive understanding of our material topics, and their relative priority to our operations across our value chain.

## SUPPORTING THE UN SUSTAINABLE DEVELOPMENT GOALS

The UN Sustainable Development Goals ("UNSDG's") call for corporate action to advance sustainable development through their business practices, encouraging companies to prioritise positive contributions and reduce negative impacts.

In 2020, we have enhanced our reporting against the UNSDG's by mapping out key contributions to other additional indicators that are aligned with specific UNSDG targets. As we look to place more emphasis on climate change and innovation, we have begun reporting for specific targets in UNSDG's 9 and 13 in addition to UNSDG's 8 and 12.

| UNSDG's We Support | | Our Commitments | Our Contributions in 2020 |
|---|---|---|---|
| 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 manage health and safety risks, ensuring employees understand and adhere to appropriate health and safety measures. | Achieved a cumulative of more than 16 million manhours worked with zero fatalities across our Engineering and Construction and Property Development divisions. |
| 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | Target 9.1 - Develop quality, reliable, sustainable and resilient infrastructure. | We aim to increase our Green Building development projects as we progressively embed sustainability across our organisation. | Completed a total of four Green Building projects under the Engineering & Construction Division to date.<br><br>There are an additional three ongoing projects from our Engineering and Construction Division with plans to introduce sustainable elements to our Property Development projects. |
| 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | Target 12.2 - Achieve the sustainable management and efficient use of natural resources. | We pledge to move towards the use of sustainably sourced construction materials in our projects. | Utilised over 19% recycled materials and about 5% of sustainable timber across our projects in the Engineering and Construction Division. |
| | Target 12.5 - Substantially reduce waste generation through prevention, reduction, recycling, and reuse. | We are increasingly practicing waste recycling, reduction, and reuse throughout our operations. | Successfully collected and recycled 1,000kg of waste via our newly introduced Landfill Waste Reduction programme. |
| 13 CLIMATE ACTION | Target 13.1 - Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries | We strive to minimise our impact on the environment by optimising our operations and implementing more carbon-reducing fixtures such as solar lighting systems. | Reduced carbon emissions by utilising renewables which avoided the consumption of over 761,300 litres of diesel at our Engineering & Construction project sites. |

## TOWARDS GOOD SUSTAINABILITY GOVERNANCE

### SUSTAINABILITY OVERSIGHT AND OWNERSHIP

The Group has in place a good sustainability governance structure to further our economic, environmental, and social agenda as we progressively move beyond compliance. The Board provides oversight of sustainability related guidance. In implementing the strategic guiding policies and control mechanisms which set the direction for our approach towards good business conduct and ethics, we continue to enhance the education and awareness of employees, suppliers, and contractors to have a clear understanding of our commitment to operate ethically and sustainably.

An overview of the WCT sustainability governance structure is detailed below.

**Board of Directors**
Oversight of Group's sustainability-related performance

**Board Risk and Sustainability Committee**
Oversees the implementation of the Group's sustainability strategies, initiatives, policies, and practices

**Group Sustainability Committee led by an Executive Director**
Reviews and communicates Group strategy and implementation of sustainability

**Group Human Resources Department**
Implements Group human resources strategy and plans as well as monitors performance

**Quality, Environment, Safety and Health ("QESH") Department**
Implements and monitors performance of QESH programmes

**Sustainability Working Team**
To monitor the progress of sustainability-linked initiatives and programmes

**Engineering and Construction, Property Development and Property Investment and Management Divisions**
Support and execute specific and/or ad hoc sustainability initiatives and programmes via various projects, departments and committees

In 2020, our Board Risk and Sustainability Committee met every quarter to review our resource consumption performance, sustainability indicators and discussed sustainability-related issues, with members raising a series of recommendations. Our Engineering and Construction and Property Development divisions have identified environmental matters such as biodiversity and conservation impact and activities as areas of particular focus. For our business areas with public-facing premises, such as our malls and hotels, recommendations included exploring waste management initiatives with further opportunities for customer engagement and interaction.

### TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

We are mindful of climate change-derived impacts across our operations and have a responsibility to manage the carbon footprint generated by our business. Responding to the recommendations by Bursa Malaysia, we continue to strengthen our disclosures in line with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD").

In the second year of our TCFD disclosures, we have included disclosures on our risk management process.

# SUSTAINABILITY STATEMENT
cont'd

**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.
- Reviews and communicates the overall strategy and implementation of sustainability.
- Implements and monitors the performance of QESH programmes.

**Risk Management**

Risk owners, Group Risk Management Committee, Board Risk and Sustainability Committee, and the Board with assistance from Risk Management Department actively participate in the Group's enterprise-wide risk management process in managing risk to an acceptable level and achieve business objectives. In 2021, we are targeting to initiate the first steps towards incorporating climate and environmental-related considerations in our risk assessment processes.

**Metrics & Targets**

We track energy consumption across our divisions to measure impact of operations. For more information, please refer to Energy Consumption Management section of this report. We have also set future targets to track and report our Scope 1 and Scope 2 greenhouse gas ("GHG") emissions within the next two financial years.

## GOOD BUSINESS CONDUCT

We are governed by a robust set of policies covering key stakeholders throughout our business. Our corporate policies provide guidance in running our operations ethically and responsibly.

**WCT's Corporate Policies**

| For the Board and Management | For Our Employees | For Intermediaries |
|---|---|---|
| Code of Ethics for the Company Director<br>Policy on Board Diversity<br>Auditors Assessment Policy<br>Remuneration Policy | Code of Conduct and Ethics of Employees | Contractors, sub-contractors, and suppliers Occupational Safety and Health ("OSH") and Environmental Assessment Criteria in the Engineering and Construction and Property Development ISO policies |
| Discretionary Authority Limits ("DAL") | Discretionary Authority Limits ("DAL") | |
| Whistleblowing Policy<br>Anti-Bribery and Anti-Corruption Policy | Whistleblowing Policy<br>Anti-Bribery and Anti-Corruption Policy | Whistleblowing Policy<br>Anti-Bribery and Anti-Corruption Policy |

For more information on our policies, please refer to the website below:

https://bit.ly/3mW7yUD

WCT believes that the integrity of our business, employees and stakeholders serve as the foundation of our growth and reputation. The Code of Conduct and Ethics of Employees sets out the ethical behaviours that are expected from all our employees. Similarly, our Code of Ethics for the Company Director provides ground rules and standards of conduct that we expect of our Board members. WCT upholds a zero-tolerance policy for any misconduct, particularly related to bribery and corruption.

To reinforce ethical business conduct in our day-to-day operations, we conduct various training courses for our employees. In 2020, we conducted Anti-Bribery and Anti-Corruption awareness training for a total of about 2,660 training hours targeted at 872 employees over 11 sessions.

**Whistleblowing Mechanism**

All employees and third parties are encouraged to report any misconduct, fraud or malpractice through our whistleblowing mechanism. Reports of improper conduct are directly channelled to the Audit Committee Chairman. In 2020, we received a total of seven reports via our whistleblowing channel, all of which were resolved via our internal procedures comprising inquiries, investigations and reporting followed by implementation of recommendations.

## PROCUREMENT MANAGEMENT

Enabling sustainable practices across our value chain necessitates close analysis of the goods and services that we procure from our contractors, sub-contractors and suppliers across a range of services. We are committed to selecting our partners with proper due diligence.

All suppliers and contractors are held to our high QESH standards and are appointed on condition of meeting our robust selection criteria. As we move beyond regulatory compliance, we have progressed to integrate sustainability assessments into our vendor selection criteria. To maintain the integrity of our supply chain, we evaluate our appointed suppliers annually.

Our Engineering and Construction and Property Development divisions updated their ISO policies by revising the tender evaluation criteria for contractors, sub-contractors, and suppliers, incorporating a series of sustainability requirements. Significant conditions include compliance with OSH measures designed to prevent workplace-related injury and illness, as well as compliance with environmental requirements.

Observance of environmental obligations include adherence to regulatory guidelines established by the Department of Environment ("DOE") and local authorities, conformity with procedures and systems set out in ISO 14000, and to practice proper materials and waste management through implementation of the 3R's. To reaffirm our efforts to minimise the environmental impacts of our operations, contractors, and suppliers are encouraged to use green, locally sourced materials, and wood-based materials that have been certified by the Forest Stewardship Council.

Given the additional operational complexities over the course of the year due to the COVID-19 pandemic, we took specific measures to protect and mitigate potential risks to our supply chain. We increased our pool of service providers permitted in the approved list of suppliers, diversified our supplier base of specific products, and continued to deliver cost effective solutions according to project needs, without compromising on quality or delivery performance.

## STRATEGIES IN OPERATIONAL CONTINUITY

In 2020, WCT promptly mobilised internal mechanisms to maintain operational resilience in response to the ongoing impacts of the COVID-19 pandemic. Utilising guidelines outlined in our Risk Management Policy and Risk Management Framework, our Risk Management Department conducted quarterly risk assessment workshops with risk owners from all business divisions. The objective of these workshops was to enable our business divisions to identify risks in relation to the COVID-19 pandemic, its impacts and consequences, and initiate necessary action plans.

To manage the safety and well-being of all our employees and to protect the interests of our stakeholder groups, we set up a group-wide COVID-19 Task Force to coordinate and monitor initiatives undertaken by WCT Group in managing the risks arising from the COVID-19 pandemic. Our COVID-19 Task Force issued regular COVID-19 related advisories as government directives and SOP's evolved.

**Business Continuity Across the Group**

**Group-wide COVID-19 Task Force**

| Engineering and Construction Division | Property Development Division | Property Investment and Management Division |
|---|---|---|
| 13 project sites set-up a **COVID-19 Response Team** to manage COVID-19 related matters with support from our headquarters in line with SOP's. | The **Safety and Health Committee ("SHC")** coordinated and discussed the issues surrounding the COVID-19 pandemic such as SOP's for employees and visitors, workplace arrangements, staggering work hours and the management of site logistics. | New World PJ Hotel and Première Hotel Klang set up the **Pandemic Team** and the **Pandemic Task Force** respectively to manage the safety of employees and guests. |

# SUSTAINABILITY STATEMENT
cont'd

## ENABLING SUSTAINABLE GROWTH

Our projects, ranging from national infrastructure, large-scale buildings and construction, property development, retail malls and hotels are designed to provide our customers with a fulfilling experience while also contributing to the nation's growth and development.

### INNOVATIVE GROWTH

The adoption of innovative technologies in the industry continues at pace. In 2020, we leveraged existing digital technology from within the Group and adopted new digital-based solutions to support operational resilience and further drive business growth in responding to the impacts of the COVID-19 pandemic.

### DIGITAL CONSTRUCTION SOLUTIONS

Our suite of digital solutions utilised by our Engineering and Construction Division enables us to optimise the overall planning and execution processes, yielding multiple benefits such as reducing waste as well as achieving cost and manpower efficiencies. The digital solutions we utilise in our projects include Virtual Design and Construction ("VDC"), Building Information Modelling ("BIM") and Industrial Building Systems ("IBS"). Further details are available in the Annual Report 2019 on page 47, accessible via the link below:

https://bit.ly/3a1Y84w

**Achieving Increased Productivity and Efficiency via Digital Construction Solutions**

**Reduced Project Lead Time and Manpower Dependence via BIM and IBS**

BIM tools have enabled the project team to realise greater efficiencies. The software has resulted in the elimination of manual tasks such as counting components with an estimated 50% reduction in errors and omissions within documentation and an estimated reduction of 30% in overall rework time.

The use of IBS on the other hand, has delivered superior construction quality with significant time reduction for defect rectification, and cost savings realised through faster delivery times. On-site efficiencies include alleviation of manpower requirements, and cutbacks in wastage.

**Reduced Consumption via BIM**

The introduction of BIM has eliminated conventional practice methods using paper copies for checks. Through 3D modelling, all changes can be implemented directly on the virtual model. For the BIM team, this has significantly reduced paper consumption by at least 50%.

**Improved Efficiency via VDC**

Through the VDC process, which integrates BIM with construction planning and cost information, we are able to develop data-led strategies for any given project. Solutions such as this enable us to achieve project goals while collecting key data, and tracking workflow progress.

To weather the impact of the COVID-19 pandemic on our business continuity, we adopted new digital best practices to enable remote collaboration. We conducted regular virtual meetings via Microsoft Teams for our Merdeka Mall, MRT2 and Lendlease Mall projects to enable seamless collaboration between our BIM team and external parties.

We have invested in GPS tracking and monitoring systems across our fleet of heavy machinery with our subsidiary, WCT Machinery Sdn. Bhd., expanding the system to its logistics management of transport trucks. This technology helps signal early fault detection, which allows us to promptly initiate maintenance procedures and minimise machine idle time, thus improving our on-site productivity. We fitted 37 of our heavy machines with these systems in 2019, with additional installations on 32 of our busses, lorries, and trucks in 2020.

**ADAPTIVE INNOVATION**

Whilst the COVID-19 pandemic has introduced complexity in terms of adapting operational norms, we have adopted new innovative technologies in these unprecedented times as we endeavour to respond to the needs of our customers and wider stakeholders with agility. The digital leap has shown us the potential for business growth through enhanced customer experience.

As a response to the onset of the pandemic in 2020, our Property Development Division launched the Virtual Sales Experience microsite to showcase our projects - Renai Jelutong Residences in Shah Alam, Waltz Residences and The Maple Residences at W City OUG @ Kuala Lumpur, and our Paradigm Residence in Johor Bahru. The microsite gives customers the opportunity to learn about our projects from the comfort and safety of their own homes. Throughout the year, we received positive response from this platform by recording a total of 15,000 users. In early 2021, WCT Virtual Gallery was launched with additional features to enhance the 3D virtual home buying experience. As we look to further expand our virtual platforms, we have set future goals of complete contactless sales pitching to eventual unit bookings.

https://vgallery.wctland.com/

*WCT Virtual Gallery*

Our Property Investment and Management Division introduced the WCT E-Shop platform which allowed users to place orders from our food and beverage ("F&B") based tenants in Paradigm Mall PJ with pick-up or delivery options available.

This platform, complete with the necessary e-commerce tools, has helped our tenants achieve market expansion beyond the physical boundary of the mall in an effort to increase sales. Our WCT E-Shop also allows small and medium enterprises ("SME's") to benefit from the business-ready e-commerce marketplace at a reduced cost, instead of incurring additional cost to develop their own platform. In 2020, we registered a total of 248 users completing transactions with our mall tenants.

# SUSTAINABILITY STATEMENT
cont'd

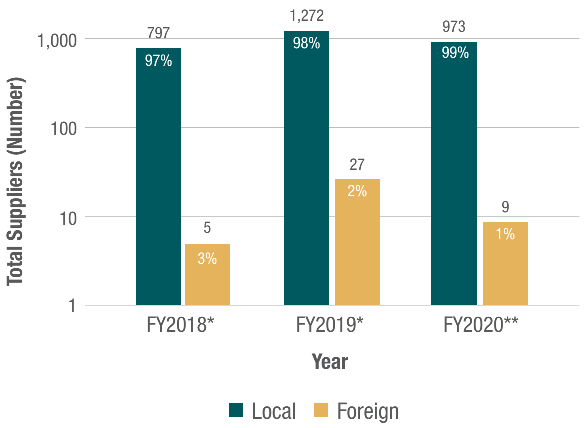
## LOCAL ECONOMIC CONTRIBUTIONS

We look for ways to positively impact local economic development via our various business divisions. As a sustainability-driven organisation, we recognise we have a responsibility to contribute to the growth of the local economy.

## EMPOWERING LOCAL SUPPLIERS

As a key player in Malaysia's engineering and construction landscape, we consider opportunities to source locally which allows us to boost national economic development while actively reducing our environmental footprint.

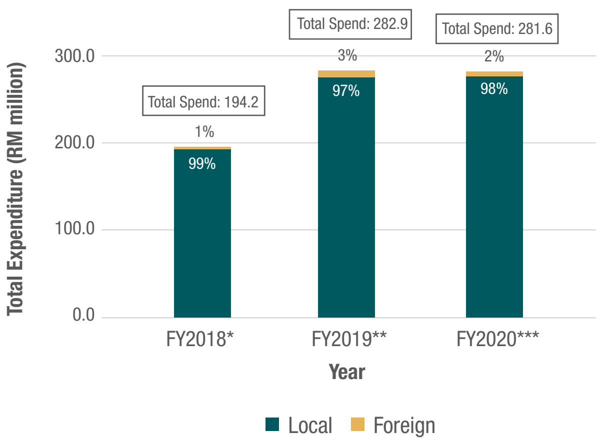
**Supplier Mix**




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

** *Comprising our Engineering and Construction, Property Development and Property Investment and Management divisions*

**Procurement Expenditure**




* *Comprising four construction projects in our Engineering and Construction Division.*

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

*** *Comprising nine construction projects in our Engineering and Construction Division, and the malls and hotels managed by our Property Investment and Management Division*

Approximately 99% of our suppliers are local businesses; similarly, 98% of procurement expenditure, or more than RM276 million was spent locally, creating jobs and enabling national economic growth. In 2020, we expanded our scope to track sourcing practices across the malls and hotels managed by our Property Investment and Management Division.

### Responsive Economic Contributions


*Mak Cik Kiah Weekend Bazaar at Paradigm Mall PJ*

In 2020, we introduced the *Mak Cik Kiah* Weekend Bazaar at Paradigm Mall PJ. Via this bazaar, local SME vendors were invited to market their unique products to consumers while adhering to strict COVID-19 SOP's. The bazaar saw an active participation of eight to ten vendors per weekend throughout the campaign. Similarly, we organised two weekend flea markets at our gateway@klia2 mall in December 2020 and plan for similar future events in 2021.

Cumulatively, a total of RM25,000 worth of goods and services were purchased over a period of four months via the bazaar and the flea market, ultimately providing a stimulus to the development of the SME industry in Malaysia during the COVID-19 pandemic.

# SUSTAINABILITY STATEMENT
cont'd

## SUPPORTING TENANTS ACROSS OUR MALLS

As a result of the Movement Control Order ("MCO"), the retail industry experienced low footfall and reduced demand for its products and services. As part of our efforts to engage with our loyal shoppers and support our tenants, we purchased vouchers from the tenants and distributed them to our customers via campaigns in the mall. Our shoppers also enjoyed savings from the 'WCT Buddy E-Voucher Bonanza Sales', which allowed shoppers to purchase cash vouchers at 20% discount and shop at participating tenants at our malls. We liaise closely with our mall tenants and introduced a targeted rent assistance programme across four of our malls.

**Paradigm Mall JB**

346 tenants allocated rent assistance

**Paradigm Mall PJ**

241 tenants allocated rent assistance

**gateway@klia2**

104 tenants allocated rent assistance

**SkyPark Terminal**

68 tenants allocated rent assistance

## PROJECT QUALITY TOWARDS ENHANCED DELIVERABLES AND CUSTOMER EXPERIENCE

Quality is at the forefront of our engineering and construction projects. Guided by ISO 9001 standards, quality assurance throughout our projects is an end-to-end process involving quality standards identification, project performance evaluation and quality compliance monitoring. Utilising our Project Quality Plan ("PQP"), we track progress and milestones of our projects.

The PQP encompasses planned, systematic actions for site layout, building materials, work quality and storage location. Material standards and quality of work are regularly inspected and tested to meet specifications. The effectiveness of a PQP is constantly reviewed to ensure that we deliver quality projects in a timely manner.

**Project Quality Plan**

**Quality Assurance and Control**

| Procurement | Construction | Delivery |
|---|---|---|

**Start** → **End**

Similar quality management processes are implemented in projects carried out by our Property Development Division. In addition to these processes, we leverage on our Marketing Kits and the Vacant Possession ("VP") Process to deliver accurate information to our customers regarding our projects.

### Marketing Kits

- Contain detailed information of projects.
- Equips our sales teams and agents with accurate information to share with potential customers.
- General Managers walk the floor to monitor that sales teams and agents convey information correctly.

### Vacant Possession ("VP") Process

- To enhance the after-sales experience.
- 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.

As part of our continued drive to enhance customer experience, improve communications with our stakeholders and leverage technology to increase operational efficiencies, we successfully launched a property handover inspection mobile app in 2020 for the newly-developed Waltz Residences. Since its launch in July 2020, all residents at the Waltz Residences used the app, with a resolution rate of more than 95%.

# SUSTAINABILITY **STATEMENT**
cont'd


*Azaria Apartments under the Rumah Selangorku affordable housing project in Bandar Parklands, Klang*

### Enhancing Accessibility in Our Property Development Division

We continue to enhance the accessibility of our properties by incorporating disabled-friendly and child-friendly features into our projects. All of the projects under our Property Development Division include ramps in common areas, disabled-friendly toilets in common facilities and disabled-friendly parking, where we adhere to local planning requirements to provision disabled-friendly car parks for our projects in Selangor, Kuala Lumpur and Johor Bahru. Our latest efforts in enabling better accessibility include the design of light switches at a lower height to enable easier reachability for our Paradigm Residence Johor Bahru, The Maple Residences as well as future developments. Our projects developed under the *Rumah Selangorku* programme are designed with a minimum of two residential units per block for people with disabilities ("OKU").

### Enhancing Accessibility in Our Property Investment and Management Division

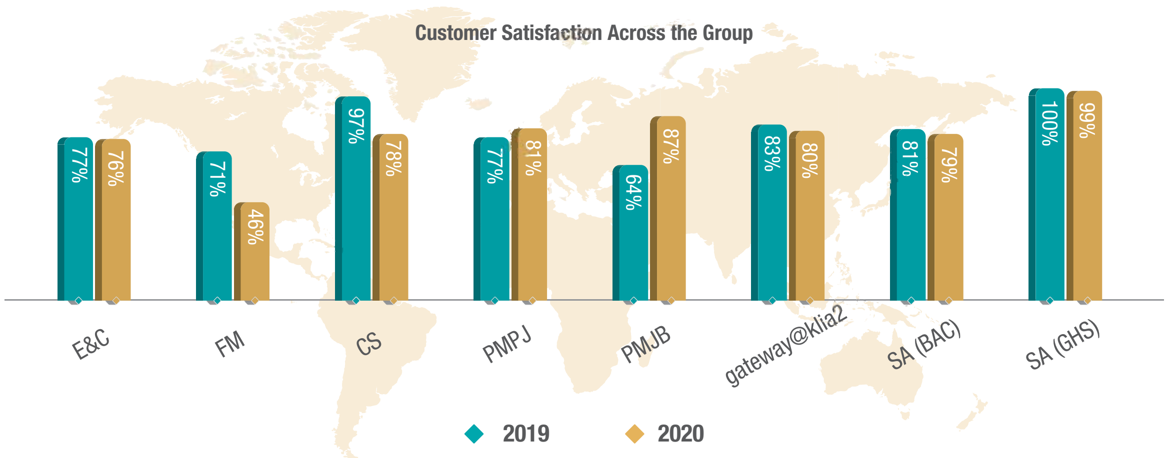
Our properties managed by the Property Investment and Management Division adopt similar best practices in enhancing accessibility for our customers. Our malls and hotels are equipped with disabled-friendly amenities including OKU toilets, handicap panels inside lifts and ramps within the premises.



*Our properties are equipped with disabled-friendly features*

# SUSTAINABILITY STATEMENT
cont'd

We gauge the feedback from our mall and hotel customers via multiple digital channels such as social media, online sites as well as traditional methods such as formal surveys. In 2020, we recorded an increase in customer satisfaction across two of our properties with Paradigm Mall JB recording the highest increase in customer satisfaction. This achievement was attributable to the fact that we provided better customer service training to our concierge team, which resulted in a significant increase of 23% in customer satisfaction. We recorded lower satisfaction scores in our BBT One The Towers property. This was mainly attributable to reduced satisfaction in our carpark facility during the early stages of MCO which we have since rectified. We will continue our surveys in 2021 to monitor our customer satisfaction levels 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)

**Tenant COVID-19 Testing Compliance Survey**

Our operations at gateway@klia2 required careful handling, given the connectivity of the mall to klia2, a key entry point for travellers arriving in Malaysia. Additionally, national SOP's were announced requiring all non-Malaysian employees to undergo COVID-19 testing as a condition for tenants to open for business.

To proactively support implementation of the SOP's, we conducted a survey with our tenants and their employees to gain insight into compliance rates as well as secure feedback on their COVID-19 testing outcomes. The survey was sent in October 2020 to 118 tenants within the gateway@klia2 mall, with a 100% response rate confirming relevant employees had undergone COVID-19 swab testing.

# SUSTAINABILITY STATEMENT
cont'd

## PROACTIVE CUSTOMER SAFETY

The safety and well-being of our customers, tenants and business associates have been, and remains, of paramount importance. We worked swiftly to mobilise mitigative infection controls in our malls, hotels, sales galleries and show units. Among the steps taken in our malls premises include MySejahtera scanning, regular and professional sanitisation, mandatory usage of face masks, limiting entry points for crowd management and implementing strict SOP's such as temperature screening and social distancing.


*Our malls and hotels implement extensive and high standards of safety precautions and measures to keep the premises clean and hygienic*

Similar safety protocols were implemented in our Première Hotel and New World PJ Hotel. We attached antimicrobial protective films on surfaces that are frequently touched, such as car park glass door handles, car park and guest lift button panels, and washroom doors. At New World PJ Hotel, we implemented visitor health declaration forms for guests to complete during check-in.

## GREEN BUILDINGS

As the interest in sustainability-driven investments increases globally, green building certification has become an important standard to achieve. We have completed Green Building projects such as the gateway@klia2 airport mall, Ministry of International Trade and Industry ("MITI") Headquarters, Lot 2C5, and MyTOWN Shopping Centre. Below are some of our ongoing Engineering and Construction projects:

| Project | Status | Certification* | Award |
|---|---|---|---|
| The Exchange TRX Retail ("TRX Retail"), Kuala Lumpur | Ongoing | • LEED<br>• GBI | Gold<br>Gold |
| Superstructure works for Pavilion Damansara Heights (Parcel 1) ("PDH"), Kuala Lumpur | Ongoing | • Green Mark (Office Tower)<br>• Green Mark (Podium & Residential) | Gold<br>Certified |
| Merdeka 118 - Retail Mall ("Merdeka Mall"), Kuala Lumpur | Ongoing | • LEED 2009 for Core and Shell<br>• GBI<br>• GreenRE | Gold<br>Silver |

* *Target certifications upon completion of project*

# SUSTAINABILITY STATEMENT
cont'd

## MANAGING OUR ENVIRONMENTAL FOOTPRINT

At WCT, we recognise the impact that we have on the environment and are cognisant of our duty in protecting it for the benefit of our stakeholders and future generations. We closely consider the resources we consume throughout our value chain and work towards enhancing our operational eco-efficiency to minimise our actual and potential environmental footprint.


### OPTIMISING OUR OPERATIONS

As we progressively embed sustainability into our business, we have improved the tracking of environmental indicators across our three divisions. In 2020, we expanded our boundary to include tracking for our project sites under our Property Development Division.

#### Energy Consumption Management

Managing the energy consumption from energy-intensive operations, particularly for our hotels and retail malls is an important challenge for the Group. We continue to incorporate energy efficiency solutions in our project as well as our managed properties such as the use of natural light and energy efficient fittings which helps us minimise our environmental footprint while delivering cost efficiencies.

In 2020, most of our construction sites were allowed to operate, with adherence to strict SOP's, despite the MCO implemented in response to the COVID-19 pandemic. Total electricity consumption for our Engineering and Construction Division in 2020 have shown an overall increase of about five times compared to 2019 figures, which is attributable to the fact that we tracked a greater number of project sites this year. We also recorded a 40% decrease in overall fuel consumption across all Engineering and Construction sites tracked. This is attributable to the MCO which resulted in lower usage of equipment in 2020.

In addition to our corporate offices, we have expanded our tracking of energy consumption across our Property Development project sites which resulted in the 25% increase of electricity consumption compared to 2019.

All our projects under the Property Development Division have been fitted with digital smart meters to monitor electricity usage in adherence to Tenaga Nasional Berhad's ("TNB") requirements. We have also installed these meters in our offices. Our technicians run daily checks on these meter readings to track our usage and to monitor for irregular readings which enables us to effectively monitor our efficiency.

In 2020, our managed properties experienced a more complex operating environment with COVID-19 MCO measures significantly restricting public movement, resulting in a 32% decrease in total electricity consumption.

# SUSTAINABILITY STATEMENT
cont'd

**Energy Consumption Performance Across Our Business Divisions**

| Engineering and Construction | 2019 | 2020 |
|---|---|---|
| Total active sites tracked | Energy tracking: 4<br>Fuel tracking: 6 | Energy tracking: 11<br>Fuel tracking: 6 |
| Total electricity consumption for project sites offices (kWh) | 1,558,412[1] | 3,554,749 |
| Total fuel consumption for construction sites (litres) | 13,316,220 | 7,977,130 |

1. *Restatement due to recalculation of data*

| Property Development | 2018 | 2019 | 2020 |
|---|---|---|---|
| Total active sites/offices tracked | Energy tracking: 5 | Energy tracking: 5 | Energy tracking: 9<br>Fuel tracking: 5 |
| Total electricity consumption (kWh) | 1,064,216 | 1,168,607 | 1,464,404[1] |
| Total fuel consumption (litres) | N/A | N/A | 575,234 |
| Average energy intensity (kWh/ft$^2$) | 97.35 | 108.93 | 46.45[2] |

1. *Consists of consumption in offices and project sites*
2. *Consists of consumption in offices*

| Property Investment and Management | 2018 | 2019 | 2020 |
|---|---|---|---|
| Total managed properties tracked | 5 | 7 | 7 |
| Total electricity consumption (kWh) | 117,433,742 | 120,256,478[1] | 82,283,072 |
| Average energy intensity (kWh/ft$^2$) | 127.49 | 74.75[1] | 54.21 |

1. *Restatement due to recalculation of data*

During the MCO period, in which hotels and malls across Malaysia experienced lower operational capacities, we leveraged on our energy saving efforts and identified additional opportunities to optimise our energy consumption. By adopting several best practice energy saving efforts, during this period, we enabled cost savings, which has positively contributed to our overall operational resilience. We recorded a decrease of over 35 million kWh in energy consumption across Paradigm Mall JB, gateway@klia2, Première Hotel and New World PJ Hotel via these efforts. This has translated to an overall decrease of about RM17 million in operational costs in 2020.

| Some Energy Saving Efforts in 2020 | Location |
|---|---|
| Utilising 30%-40% of electricity during MCO and switched off electricity in non-movements areas | Première Hotel |
| Switched off fan coil unit, damper, and power supply for empty lots, rescheduled timing for all lighting, and increased the chiller set point | Paradigm Mall JB |
| Switched off non-essential lighting, minimised lighting at low traffic areas, shutdown of lifts and escalators at closed areas, switched off aesthetic lighting, and shutdown of air handling units for closed areas | Paradigm Mall PJ |
| Use of sensor activated escalators and travelators and switched off lighting and air conditioning at unused areas | gateway@klia2 |
| Switched off non-essential air conditioning, lighting, and electrical equipment for public area, non-operational guest rooms, event spaces and back of the house. Reduced lifts and escalators operation based on requirement | New World PJ Hotel |

### Water and Effluent Management

We are cognisant of the water-intensive nature of our operations and we strive to optimise the volume of water that we consume on a daily basis. We have been tracking our water consumption since 2018, adding sites year-on-year with the ambition to track all sites and properties that we manage by 2020. We are pleased to confirm that we achieved this ambition, and we are now able to report on our water consumption in totality across our businesses.

Our Engineering and Construction Division has recorded a total water consumption increase of 15 to 16 times more, having expanded its tracking scope from four sites in 2019 to 11 in 2020. This increase is also due to the COVID-19 sanitation works as well as SOP compliance in order to maintain a high level of cleanliness.

In 2020, our Property Development sites have reported higher water consumption as we now track consumption at our project sites in addition to our offices. We now track water consumption across nine sites and offices compared to five offices in 2019. We also recorded an increase of two to three times in water intensity.

The Property Investment and Management Division reported a decrease in total water consumption, reporting a reduction in consumption of 41% and an intensity reduction of 33% across all seven sites. This reduction is attributable to our key water initiatives as a result of public movement restrictions during the MCO.

**Water Consumption Performance Across Our Business Divisions**

| Engineering and Construction | 2019 | 2020 |
|---|---|---|
| Total active sites tracked | 4 | 11 |
| Total water consumption ($m^3$) | 16,128 | 254,037 |

| Property Development | 2018 | 2019 | 2020 |
|---|---|---|---|
| Total active sites/offices tracked | 5 | 5 | 9 |
| Total water consumption ($m^3$) | 999 | 3,740 | 26,782[1] |
| Average water intensity ($m^3/ft^2$) | 0.01 | 0.02 | 0.05[2] |

1. *Consists of consumption in offices and project sites*
2. *Consists of consumption in offices*

| Property Investment and Management | 2018 | 2019 | 2020 |
|---|---|---|---|
| Total managed properties tracked | 5 | 7 | 7 |
| Total water consumption ($m^3$) | 1,080,860[1] | 1,212,726[1] | 713,502 |
| Average water intensity ($m^3/ft^2$) | 0.18 | 0.40[1] | 0.27 |

1. *Restatement due to recalculation of data*

Similar to our prudent energy saving measures, during the low operational period throughout the MCO, we implemented several water saving efforts across our malls and hotels. We recorded about 6 million $m^3$ less in water use across Première Hotel, New World PJ Hotel, and gateway@klia2 via these efforts. This reduced consumption resulted in lower operational costs of about RM2 million.

| Some Water Saving Efforts in 2020 | Location |
|---|---|
| Utilising 30%-40% of water during MCO, switched off water supply in non-movements areas, and rainwater harvesting for landscaping and building maintenance | Première Hotel |
| Reduced running of chillers and cooling tower | Paradigm Mall JB |
| Reduced water pressure during low operational load and reduced running of chillers | Paradigm Mall PJ |
| Monitoring and controlling chilled water circulation | gateway@klia2 |
| Rainwater harvesting for landscaping and recalibrating swimming pool pump usage during pool closure | New World PJ Hotel |

# SUSTAINABILITY STATEMENT
cont'd

We strive to protect the environment adjacent to our sites such as rivers and other sources of clean water by preventing sediment-contaminated water overflow from our operational activities. DOE stipulations related to Total Suspended Solids ("TSS") values are observed and our Wastewater Treatment Plan ("WTP") is in place to monitor appropriate treatment of wastewater.

Effluent from our construction sites is managed through the use of silt traps before discharge. Our silt traps are desilted regularly to preserve efficient functionality. Aside from desilting we also conduct in-situ water quality tests, dam checks and the protection of exposed slopes, and the upgrading of best management practices for activities such as silt fence installation.

## Waste Management

Good waste management practices are important towards reducing negative environmental impacts. The majority of the waste generated across our operations is from our construction sites, retail malls, and hotels. As we strive to divert waste from landfills, we adopt a structured process of reducing, reusing, and recycling to better manage the volume of waste generated.

WCT operates efficient waste management practices and recognises the importance of maintaining well-ordered construction sites, so that disposal costs are minimised and that approved landfill sites are not unnecessarily burdened. Waste at construction sites are segregated into construction, domestic and scheduled waste.

We operate in strict compliance with the Environmental Quality (Scheduled Wastes) Regulation 2005 for scheduled waste disposal to comply with proper handling and disposal practices as required by the DOE, with waste disposal documented according to DOE's electronic scheduled waste information system ("eSWIS"). Our team of Environmental Officers inspect project sites and operations regularly.

We commission licensed collectors to transport construction waste to prescribed landfills. We select our waste contractors according to strict requirements, including licence and registration letters from local regulatory bodies including *Jabatan Pengurusan Sisa Pepejal Negara* ("JPSPN") and *Perbadanan Pengurusan Sisa Pepejal dan Pembersihan Awam* ("SWCorp"). Additionally, we prioritise contractors with previous experience working on projects with sustainability requirements such as GBI, GreenMark, GreenRE, and MyCrest.

| Scheduled Waste Generated by our Operations* | | | | |
|---|---|---|---|---|
| Spent lubricating and hydraulic oil (W305 & W306) | Spent mineral oil-water emulsion (SW307) | Contaminated soil or sand from spillage of diesel or petrol-based machinery (SW408) | Containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes (SW409) | Rags, plastics, filters or papers contaminated from scheduled waste (SW410) |

* *Waste broken down by codes stipulated by the Environmental Quality (Scheduled Waste) Regulations 2005*

In 2020, our Engineering and Construction Division registered an increase of approximately 24% of total waste produced, compared to 2019. This was due to an increase in activity in certain sites compared to 2019 and an increase in damaged wood used for construction that was eventually recycled.

Despite this, we recorded about 37% increase in recycled and reused waste as we emphasise in reducing our waste directed to landfills in tandem with about a 1% increase in recycled content used in our projects, further discussed in the Sustainable Construction Materials section.

We began tracking our waste generation for our Property Development Division as well. Our data tracking currently accounts for five project sites with targets to include tracking for future projects. We plan to expand tracking across all our offices as well as in line with the establishment of our new Landfill Waste Reduction programme.

Property Investment and Management reported a 14% drop of total waste produced compared to 2019 figures and has noted waste reductions across its portfolio, particularly for the gateway@klia2 which registered about a 70% decrease in total waste for 2020 - a significant reduction on 2019 output. This drop is attributable to the MCO restrictions in place throughout the year.

**Waste Management Performance Across Our Business Divisions**

| Engineering and Construction | 2018 | 2019 | 2020 |
|---|---|---|---|
| Total active sites tracked | 10 | 13 | 12 |
| Total waste (tonnes) | 4,859.3 | 30,549.7 | 37,854.8 |
| Non-hazardous waste (tonnes) | 4,787.4 | 30,470.7 | 37,798.9 |
| i) Recycled (tonnes) | 2,451.9 | 3,956.1 | 9,686.2 |
| ii) Reused (tonnes) | 165.3 | 19,903.3 | 23,162.1 |
| iii) Landfilled (tonnes) | 2,170.2 | 6,611.3 | 4,950.7 |
| Scheduled waste (tonnes) | 71.9 | 79.0 | 55.8 |

| Property Development | 2020 |
|---|---|
| Total active sites tracked | 5 |
| Total waste (tonnes) | 1,511 |
| Non-hazardous waste (tonnes) | 1,511 |
| i) Recycled (tonnes) | N/A |
| ii) Reused (tonnes) | N/A |
| iii) Landfilled (tonnes) | 1,511 |
| Scheduled waste (tonnes) | N/A |

| Property Investment and Management | 2019 | 2020 |
|---|---|---|
| Total managed properties tracked | 5 | 5 |
| Total waste (tonnes) | 12,406 | 10,654 |
| Non-hazardous waste (tonnes) | 12,406 | 10,654 |
| i) Recycled (tonnes) | 552 | 300 |
| ii) Reused (tonnes) | N/A | N/A |
| iii) Landfilled (tonnes) | 11,854 | 10,354 |
| Scheduled waste (tonnes) | N/A | N/A |

# SUSTAINABILITY STATEMENT
cont'd

At WCT Group, we make concerted efforts to support waste reduction, reuse, and recycling across our malls and hotels. Beyond inclusion of recycling facilities for use by our employees and patrons, we encourage initiatives such as repurposing of materials, procuring supplies that use recycled packaging, as well as efforts to address single-use plastics through WCT's newly introduced Landfill Waste Reduction Programme in 2020. We continue to collaborate with an external partner in repurposing used cooking oil from our malls and hotels. In 2020, we collected over 25,211kg of used cooking oil to be repurposed into new energy sources.

**Landfill Waste Reduction Programme**

Our flagship Landfill Waste Reduction Programme was developed as part of a strategic effort to sustainably manage our waste and to support the targets of SDG12. This programme was rolled out in 2020 across five selected offices with a two-pronged approach. Firstly, to install recycling stations and secondly, to significantly reduce single-use plastic water bottles.

We have installed a total of 15 recycling stations thus far. In 2020, a total of 1,000kg of waste was collected via the recycling stations located in our headquarters in The Ascent and was sent to a recycling centre. The items recycled included paper (used paper, cardboard boxes, shredded paper), plastics, and steel.

The programme is due to expand in 2021 to include New World PJ Hotel, SkyPark Aviation, our mall offices, and our project offices and sites in the Engineering and Construction Division.

**Total Recycling Stations in 2020**

| Offices | The Ascent | WCT Land | Première Hotel |
|---|---|---|---|
| Recycling Stations | 3 | 11 | 1 |

*Recycling stations at the respective WCT offices*

The programme also saw a drop in the consumption of single-use plastic water bottles across our offices, thanks to the installation of water dispensers and the Company's effort in encouraging employees to bring their own bottles. Our ambition is for all offices, project sites, and sales galleries to have realised a usage and purchase reduction of plastic bottled water of 50% by 2021 and 100% by 2023.

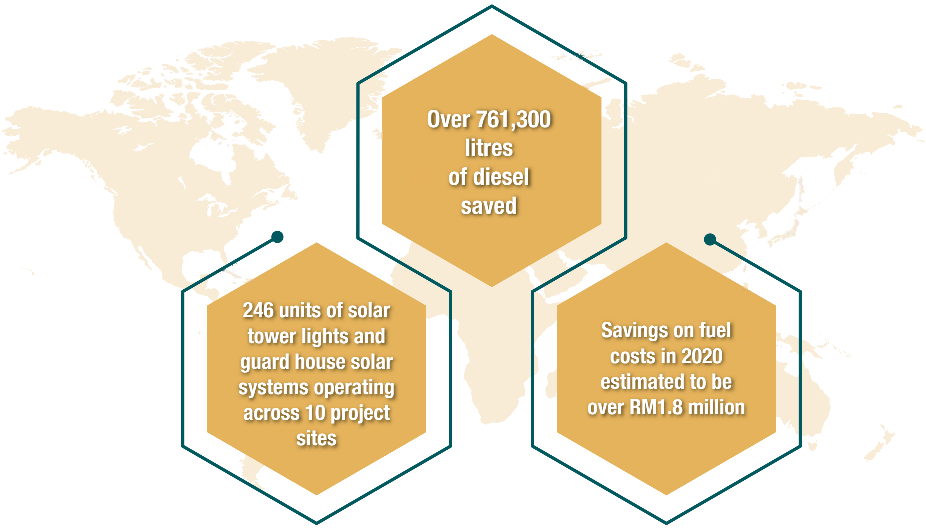
| UNSDG's We Support | | Our Contributions in 2020 |
|---|---|---|
| 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | Target 12.5 - Substantially reduce waste generation through prevention, reduction, recycling and reuse. | Successfully collected and recycled 1,000kg of waste via our newly introduced Landfill Waste Reduction programme. |

# SUSTAINABILITY STATEMENT
cont'd

## SUSTAINABLE CONSUMPTION

### Leveraging Renewable Energy

Leveraging renewables, reducing our use of non-renewable energy sources, and incorporating sustainable construction materials are key focus areas as we aim to reduce our climate-related impacts. We have seen over 761,300 litres of diesel saved in 2020. In line with our goal to use more carbon-reducing fixtures, our subsidiary WCT Machinery Sdn. Bhd., has undertaken the task to install solar lighting systems to light up our construction sites. These solar lighting systems have shown additional benefits, negating the trenching, wiring, and associated costs of non-solar lighting, as well as offering simpler set-up and maintenance.




### Sustainable Construction Materials

Globally, the construction industry is the largest consumer of raw materials. To reduce the climate change impact from the energy intensive extraction and production of these materials, we strive to optimise and reduce our raw material usage by incorporating recycled and reused content within our projects. The timber we procure is sustainably sourced to minimise our impact on climate change.

| | 2019* | 2020* |
|---|---|---|
| Percentage of recycled content for projects | 18.1% | 19.3% |
| Percentage of sustainable timber for projects | 15.3% | 4.9% |

* *Derived from 10 construction projects in our Engineering and Construction Division.*

**Recycled Content**

We use recycled pre-consumer and post-consumer steel and concrete. Such materials are targeted to make up 20% to 95% pre or post-consumer recycled content.

**Reusable Materials**

Where possible we favour reusable formwork, made possible by innovations in technical design and features which have enhanced quality and longevity, making it more accessible. This is also supported by time and cost efficiencies gained.

**Sustainable Timber**

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

# SUSTAINABILITY STATEMENT
cont'd

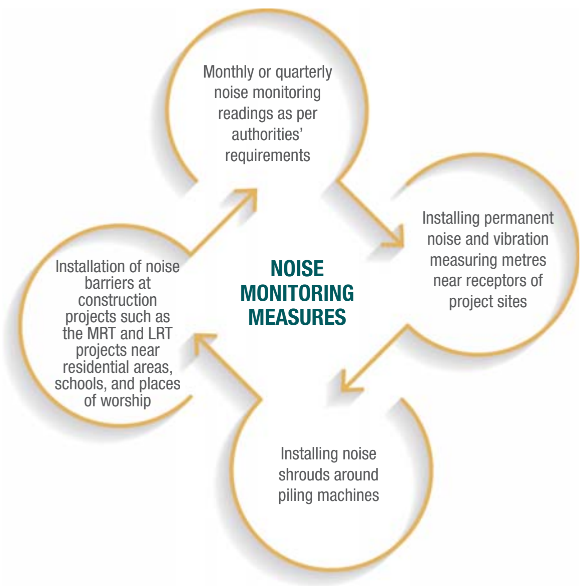
Overall, about 19% of materials used in our projects are reused or contain recycled content which is approximately a 1% increase compared to 2019. We are committed to continuing this progress. Our Engineering and Construction and Property Development divisions have underlined this commitment by incorporating green material requirements into their supplier ISO selection criteria with an overall target of using green and sustainable materials across all new projects by 2022.

## NOISE POLLUTION MANAGEMENT

We are mindful of the fact that most of our construction projects are located in commercial and residential areas. We strive to maintain the noise level from our operations at an acceptable threshold to prevent any disturbances or discomfort to the surrounding community who form a part of our key stakeholder group.

In the event that our site activities exceed the acceptable threshold of noise or vibration levels, we immediately shut down the plant or equipment and appropriate measures are mobilised.

We have a series of mechanisms in place to mitigate against noise pollution. We install permanent noise and vibration measurement metres at our project sites with boundary noise measurements taken monthly or quarterly. Specific noise reduction measures include the installation of noise barriers, as well as noise shrouds for our piling machines.




## BIODIVERSITY AND CONSERVATION

Our projects are always planned and designed with environmental and social impacts in mind. We comply with local regulatory requirements of maintaining in-situ ecological balance in preserving the biodiversity on our project sites. We conduct a site inventory, topography analysis, arborist surveys and social impact assessments, as key first steps in our projects. Prior to site clearing, an Environmental Impact Assessment is carried out where applicable. Projects by our Engineering and Construction and Property Development divisions are analysed for prudent action steps where applicable. Some of the trees cut for our Engineering and Construction Division projects are based on client requirements.

**Trees Cut, Transplanted and Planted**

- 132 trees cut were cut in 2020, which brings our cumulative total since 2015 to 10,250 trees cut. These trees were identified as common species and unconducive for transplanting, with their removal having minimal adverse impacts
- 1,718 trees transplanted since 2015 to locations away from project sites as requested by local authorities.
- 353 trees planted since 2015 across eight of our project sites with a total of 568 trees planned for the future.

Our projects are also planned and designed according to pre-existing terrain to minimise the altering of landform and preserve land integrity. We ensure that there is a minimum allocation of 10% for green areas in our projects with plans to incorporate more green space planning in our future developments.

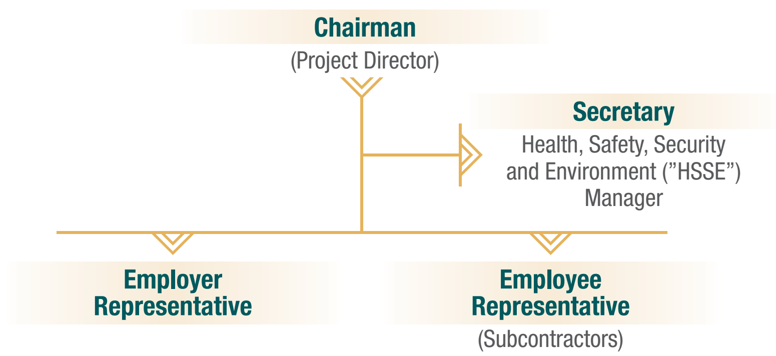
## ENHANCING SOCIAL CONNECTIONS

In 2020, we remained steadfast throughout the ongoing COVID-19 pandemic. We worked hard to protect the safety and health of all those working at, or visiting our sites and properties. We continued to provide development opportunities for our employees to further their career ambitions and made concerted efforts to preserve the community connections that we have developed over time with our key stakeholder groups.

### OCCUPATIONAL HEALTH, SAFETY AND WELL-BEING

We remain committed to adhering to global standards for mitigating safety and health risks present at our workplaces. Our QESH Department and QA/QC team oversees the integration of OSH within our operations, in accordance with the Safety and Health Assessment System in Construction ("SHASSIC") and ISO 45001:2018 certification.

**Occupational Health and Safety Committee Organisation Chart**




Our Safety & Health Committee ("SHC") is responsible for documenting the Hazard Identification, Risk Assessment and Determining Control ("HIRADC"), which is reviewed every three months or when an incident occurs. The SHC also engages with relevant stakeholders in identifying potential workplace hazards and formulates plans to reduce or eliminate these risks. We ensure each development site has a competent HSSE team of employees with expertise in managing and enabling safety. We have a total of 71 HSSE employees across 19 Engineering and Construction and Property Development sites and offices.

| Engineering and Construction Division HSSE Team | | | |
|---|---|---|---|
| 19 Safety & Health Managers/Officers (with Green Book registered with DOSH) | 32 Site Safety Supervisors (with Yellow Book registered with DOSH) | 14 Safety & Health Coordinators (with Safety & Health courses and construction project site working experience) | A total of 65 competent HSSE employees across 14 project sites and one office |

| Property Development Division HSSE Team | | |
|---|---|---|
| Four Safety & Health Officers (with Green Book registered with DOSH) | Two Site Safety Supervisors (with Yellow Book registered with DOSH) | A total of six competent HSSE employees across four project sites and WCT Land offices. |

The participation of our employees and workers is a key element of our OSH management system which incorporates regular training so that safety is prioritised across all our sites. Workforce training needs are evaluated annually with training plans implemented through weekly OSH sessions. In 2020, we conducted a total of 37 training courses across three project sites and our headquarters.

# SUSTAINABILITY STATEMENT
cont'd

### Occupational Safety and Health Performance

At the onset of the COVID-19 pandemic, we revised our OSH targets in June 2020. Our strong commitment in prioritising the health and safety of our employees has enabled us to maintain our solid track record of zero fatalities across all divisions in 2020. We aim to retain this achievement in 2021 as well. Our Engineering and Construction Division achieved 4.15 million total manhours without Lost Time Injury ("LTI") against a target of 12 million manhours in 2020 due to two LTIs recorded at our project sites in June and October 2020. We also recorded a total of 340,072 manhours for offices under the Engineering and Construction Division for year 2020. Our Property Development Division successfully achieved all manhour targets, recording a total of 1.34 million manhours without LTI against a target of 1.15 million manhours for project sites, and 344,250 manhours against a target of 300,000 manhours for offices.

Our focus in 2021 is to achieve 12 million manhours without LTI for all project sites under our Engineering and Construction Division. As we progressively expand our efforts in monitoring our health and safety performance, we have now begun setting separate manhours targets for our offices under the Engineering and Construction Division. The target for offices has been set up to achieve total manhours of 250,000 hours.

As for our Property Development Division, we strive to achieve a total of 2 million manhours for project sites and 400,000 manhours for offices.

| Engineering and Construction | 2018 | 2019 | 2020 |
|---|---|---|---|
| Total active sites tracked | 4 | 16 | 14 |
| Total hours worked | 17,731,734 | 16,755,034 | 14,784,637 |
| Absolute number of fatalities | 0 | 0 | 0 |
| Number of LTI | 2 | 0 | 2 |
| LTI Frequency Rate<br>(Number of lost-time injury cases per 1 million-man hours worked) | 0.11 | 0 | 0.14 |
| Injury Rate<br>(Number of recordable incidents multiplied by 200,000 per man hours worked) | 0.1692 | 0.2388 | 0.1082 |
| Lost Day Rate<br>(Number of lost work days multiplied by 200,000 per man hours worked) | 0.1917 | 0 | 0.3923 |

| Property Development | 2018 | 2019 | 2020 |
|---|---|---|---|
| Total active sites tracked | 9 | 9 | 9 |
| Total hours worked | 1,872,796 | 1,505,775 | 1,679,149 |
| Absolute number of fatalities | 0 | 0 | 0 |
| Number of LTI | 0 | 0 | 0 |
| LTI Frequency Rate<br>(Number of lost-time injury cases per 1 million-man hours worked) | 0 | 0 | 0 |
| Injury Rate<br>(Number of recordable incidents multiplied by 200,000 per man hours worked) | 0 | 0 | 0.3573 |
| Lost Day Rate<br>(Number of lost work days multiplied by 200,000 per man hours worked) | 0 | 0 | 0 |

Engineering and Construction Division recorded zero high consequence cases and successfully reduced its Injury Rate from 0.2388 in 2019 to 0.1082 in 2020, however LTI increased by two this year. Additionally, total of 30 recordable cases were registered this year. The Property Development Division maintained a zero LTI frequency rate for 2020.

As a swift response to the increase in LTI, we immediately took corrective actions by implementing new SOP's and updating our HIRADC. We also initiated intensive training and specific briefing sessions for our site operational employees and workers. Additionally, we shared the details of the incidents along with the corrective actions taken to all other project sites during our Quarterly HSSE Coordination Meeting.

### Proactive Employee and Worker Safety

We implemented a series of stringent measures for the safety of our employees across all our offices and premises, including corporate offices, management offices, sales galleries, show units, and project sites. The measures along with the usual SOP's included social distancing demarcations, placement of COVID-19 visual reminders, and information as well as professional sanitisation by a third-party specialist.

Throughout 2020, the construction industry was significantly affected by COVID-19 infection spread on workplace and to respond proactively, we invested considerable time, effort, and resources into protecting our workforce. In addition to best practice SOP's and regular sanitisation by third-party professionals, below are some of the key steps taken in mitigating the spread of COVID-19 in our project sites.

#### Isolation Centres

The Engineering and Construction Division set up a temporary Isolation Centre to safely isolate asymptomatic workers and provide basic medical support and necessities.

#### Swab Tests

All employees at the project sites, including workers, were provided with a COVID-19 Swab Test. Additional Swab Tests were provided according to project requirements and the exposure status of individual employees.

#### Rewards and Recognition Campaign

In 2020, our Engineering and Construction Division introduced the Rewards and Recognition Campaign at eight project sites in Klang Valley and Sarawak with the objective of encouraging COVID-19 SOP compliance among our employees. Construction workers who displayed exemplary discipline and contributed to a good, comfortable, and safe environment at their respective project sites and within workers' accommodation were awarded useful daily necessities such as rice, eggs, and cooking oil for their achievements. Throughout the period of the campaign, a total of 897 workers received these awards and contributions.


*The division implemented preventive measures and SOP's to mitigate the spread of COVID-19 and providing a safe and secure environment for our employees.*

As we adapted to the need for operational variability as a result of the COVID-19 pandemic, flexible work arrangements were implemented for the safety of our employees. An average of 180 of our employees worked from home from October to December during the Conditional MCO period. We also provided complimentary COVID-19 screening for our employees.

# SUSTAINABILITY STATEMENT
cont'd

## LABOUR RELATIONS

In safeguarding the human rights of our foreign workers, we strictly adhere to the Immigration Act of Malaysia and the respective laws of our workers' home country as well as the Employment Act 1955, which grants equal rights to workers regardless of their nationality.

All of our foreign workers are registered with the Malaysian Social Security Organisation ("SOCSO"), contributing to its Employment Injury Scheme ("EIS"), in compliance with the Employees' Social Security Act 1969 (Act4). In 2020, we employed 469 foreign workers which made up approximately 20% of our workforce.

*Regular tool box meetings at our project sites*

**Prioritising Foreign Worker Safety During the Pandemic**

Our ambition is to create an environment which protects the health, safety, and well-being of our workforce.

We implemented a series of strategic education and preventative health measures to protect our foreign worker labour force during the ongoing COVID-19 pandemic. From delivering infection prevention awareness training via our regular toolbox meetings, through to provision of face masks and sanitiser on project sites, our key objective was to mitigate COVID-19 infection at the workplace. We also constructed labour quarters for foreign workers in accordance with Act A1604 - Workers Minimum Standard of Housing and Amenities (Amendment) Act 2019.

## HUMAN CAPITAL DEVELOPMENT

In 2020, our human capital development took place predominantly on digital platforms as we adapted to new ways of working. A total of 27 online training sessions or 3,756 hours of training took place with 1,112 individuals attending these sessions. We conducted 49 physical training sessions in full compliance with physical distancing SOP's. All training sessions were related to COVID-19 pandemic compliance.

Based on our Training Needs Analysis, training and development programmes for our employees are primarily focused on technical (including legal knowledge, industry developments, and compliance management) and soft skills. All our employees are appraised at least once a year to ensure they are on the right track to achieve their career goals.

The CIDB offers accreditation to develop professionalism in the construction industry. In support of the CIDB's efforts, our site supervisors regularly participate in these accreditation programmes. Assessments were suspended throughout 2020 due to the MCO restrictions and our site coordinators and workforce were unable to achieve accreditation. We fully expect assessments to resume once it is safe to do so.

Our Safety Supervisor Apprentice Programme ("SSAP") is targeted at school leavers and diploma holders. This programme offers the opportunity of "learning whilst earning" in the area of health, safety and the environment. 11 apprentices were enrolled in 2020 with three individuals having successfully completed the programme thus far and one candidate withdrawing. The remaining seven individuals continued to pursue the programme.

We offer training on our CostX platform, which is designed to improve efficiency by using of BIM to generate material quantification and costing for construction based on rendered models. No training was undertaken during 2020 due to MCO restrictions and inconsistent access to our office premises.

Our hotels provide industry training for hospitality students or graduates. In 2020, due to the complexities resulting from the COVID-19 pandemic, no trainees were hired. Similarly, no industry training took place at our SkyPark Aviation facilities.

| Employee Training Hours | | 2018* | 2019* | 2020 |
|---|---|---|---|---|
| Total training hours | | 4,606 | 2,536 | 8,762 |
| Average training hours: | | | | |
| i) | per employee | 1.53 | 0.91 | 3.23 |
| ii) | per employee in management training | 0.11 | 0.18 | 1.98 |
| iii) | per employee in non-management training | 3.45 | 2.02 | 5.17 |

* *Restatement due to recalculation of data.*

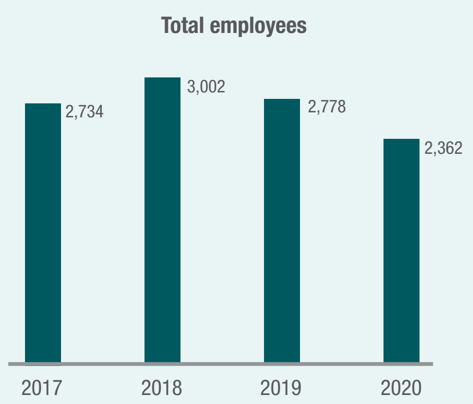
| Training Expenditure by Division | 2019 | | 2020 | |
|---|---|---|---|---|
| | (RM) | (%) | (RM) | (%) |
| Engineering and Construction | 159,165 | 47.83 | 75,190 | 47.44 |
| Property Development | 173,601 | 52.17 | 18,544 | 11.70 |
| Property Investment and Management | | | 64,767 | 40.86 |
| Total (RM) | 332,766 | | 158,501 | |

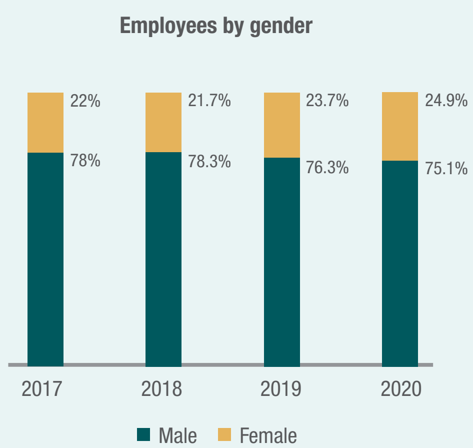
### Employee Engagement

Our employee engagement initiatives played an essential role in maintaining effective two-way communications with our employees throughout the COVID-19 pandemic. In 2020, we communicated across multiple channels to engage with our employees to ensure their well-being.

Department heads frequently engaged with their respective team members via the Microsoft Teams platform to check on their well-being. Group HR regularly sent emails, and personal phone calls to enquire whether employees required assistance during the COVID-19 pandemic. We continue to encourage employees to stay in regular contact with their Heads of Department or Group HR.

### Our Workplace in Figures



# SUSTAINABILITY STATEMENT
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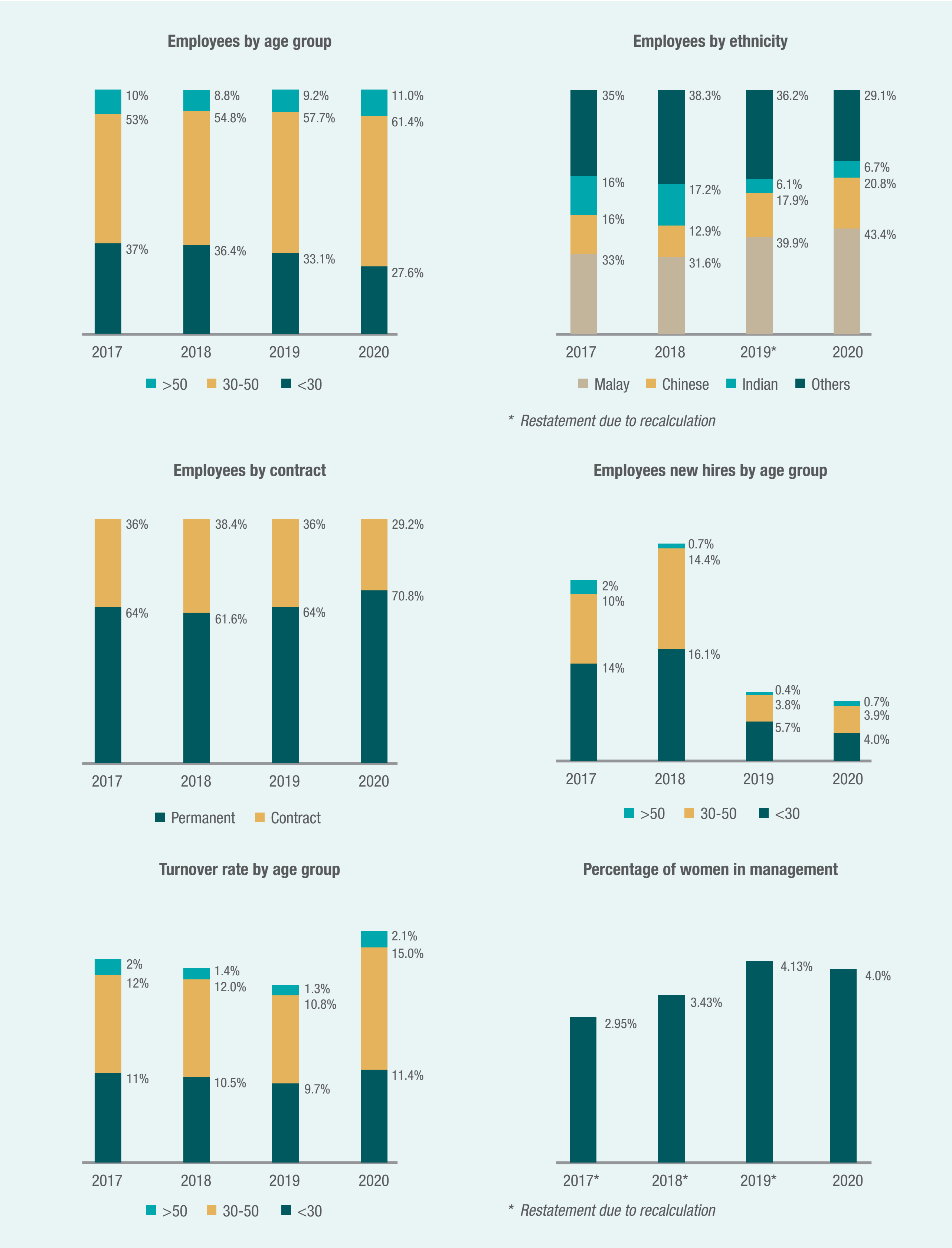
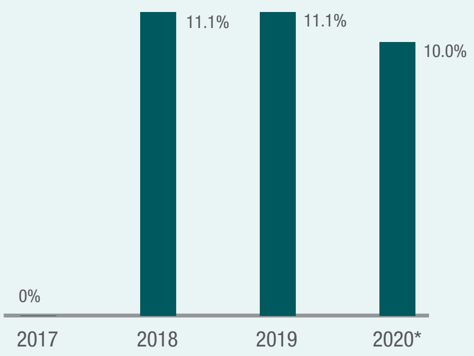
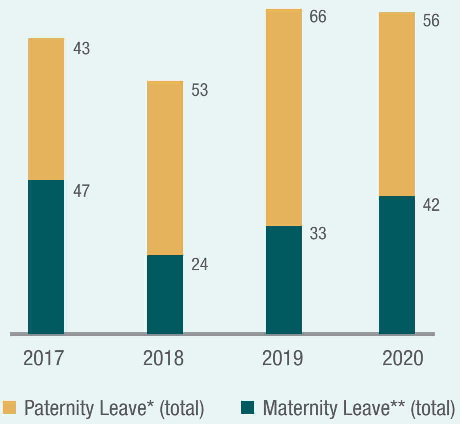


**Percentage of women in board**




* *Change in percentage due to increase in board size*

**Parental leave extended to employees**



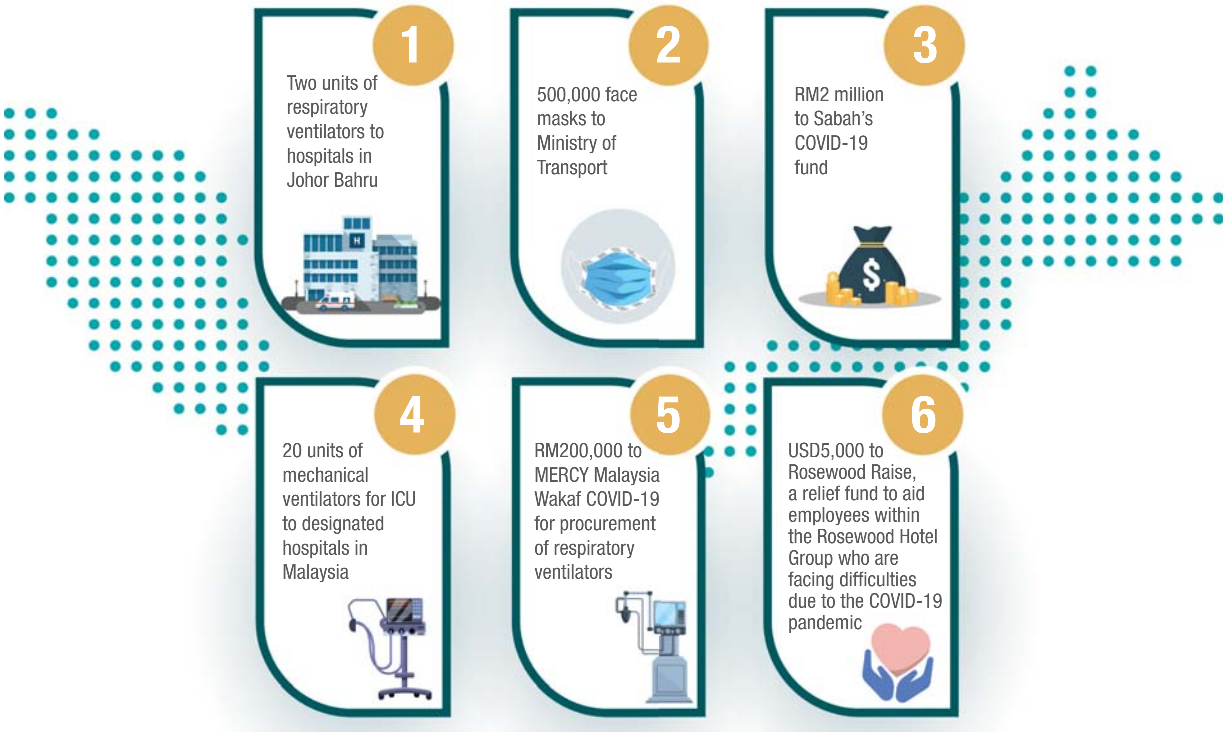

* *Paternity leave allocation is two days*
** *Maternity leave allocation is 60 days*

## CONTRIBUTION TO THE COMMUNITY

As a responsible corporate citizen, WCT has always maintained strong and meaningful connections with the communities that we serve. We are empowered to effect positive change for all our key stakeholders via the projects that we undertake, and the charitable causes that we support.

### Supporting Key Stakeholders

In 2020, we undertook proactive efforts in supporting local organisations and vulnerable communities to weather the effects of the COVID-19 pandemic. The Group extended over RM5 million in contributions for various causes, targeting stakeholder groups in need throughout our community.



# SUSTAINABILITY STATEMENT
cont'd

## INITIATIVES IN 2020

### Appreciating Front Liners at Kempas Medical Centre

In December 2020, Paradigm Mall JB distributed 210 food and gift packages to healthcare workers at Kempas Medical Centre Johor Bahru, in appreciation of their service for the community during the COVID-19 pandemic.

### Kechara Food Bank

A year-long food donation drive partnership between Paradigm Mall PJ and Kechara Food Bank successfully secured RM4,000 of donated dry goods. In February 2020, the WCT Malls' team and Y.A.M. Tengku Datin Paduka Setia Zatashah Binti Sultan Sharafuddin Idris Shah visited *PPR Lembah Subang* to distribute provisions to families in need.


### Chinese New Year Celebration with Persatuan Rumah Warga Emas, Klang

A team of 17 from Première Hotel visited senior citizens at *Persatuan Rumah Warga Emas Klang* for Chinese New Year. Residents received ang paus as well as groceries and shared a meal prepared by the hotel's F&B team.

### Hari Raya CSR with underprivileged families

Associates from Première Hotel visited *Kampung Baru Batu 9, Telok Panglima Garang* during *Hari Raya* 2020, to deliver groceries and funds to five families in need of support.

# SUSTAINABILITY STATEMENT
cont'd

## Blood Donation Drives

In an effort to assist hospitals replenish blood banks in Malaysia, we organised several blood donation drives in collaboration with the National Blood Bank, non-profit organisations and local hospitals at Paradigm Mall JB, gateway@klia2 and SkyPark Terminal. The donation drives received an overwhelming response with 1,516 pints of blood collected in 2020 across three malls.


## University of Malaya (UM) Engineering Students visit The Exchange TRX Retail Project Site

WCT hosted 36 students and one lecturer from the School of Civil Engineering, UM at the proposed mixed commercial development project, The Exchange TRX Retail in Tun Razak Exchange, Kuala Lumpur. This industry knowledge-sharing event gave students the opportunity to gain useful experience of a project site from an engineering perspective.

## Donation of old hotel linens to orphanage and nursing homes

New World PJ Hotel donated used but serviceable bedding and linen to nursing and children's homes including Seed of Hope, En Yuan Old Folks Homes, House of Joy, and *Pusat Jagaan Siddharta*.

For *Pusat Jagaan Siddharta*, the children enjoyed a high tea specially prepared by the F&B team of the hotel in conjunction with Malaysia Day celebrations.

## Food Bank Ji Shan

The Paradigm Mall JB partnership with Food Bank Ji Shan began in 2018 and continued with enhanced emphasis this year. With a dedicated space provided for shoppers to donate dried goods, more than 700 families received these much-needed essential items.

## Hari Raya CSR with Persatuan Sri Kandi Regalia

The *Persatuan Sri Kandi Regalia* is an association supporting single mothers and their children. During Hari Raya in 2020, Paradigm Mall JB donated boxes comprising food and clothing as a mark of solidarity with the communities around us.

# SUSTAINABILITY STATEMENT
cont'd

### Community-Centric Projects

The communities that impact and are impacted by our business forms a key stakeholder group to WCT. We are mindful that proper mitigative measures are essential across our project sites towards preventing negative impacts such as floods and noise pollution to the communities surrounding our project sites. We facilate regular two-way communication with these communities in gaining insightful feedback.

The projects that we undertake have the ability to create positive short-term and long-term value for our community. We undertake a variety of projects, ranging from affordable homes to time-centric and multi-generational developments to cater for the different needs of our customers.

**DESIGNING FOR OUR COMMUNITY**

**Affordable Housing**

A total of four affordable housing projects comprising 1,253 units under the *Rumah Selangorku* initiative to benefit first-time homeowners.

**Accessibility**

We arrange a fleet of 32 buses to transport people to and from some of our retail malls, hotels and offices, to the airport, on a regular basis.

**Time-centric and Multi-generational Concepts**

We undertake projects with a dual-key concept to encourage multiple generations of family members to live close to each other. To date, a total of 218 units of our Waltz Residences and The Maple Residences offer dual-key concept.

Our entire W City OUG @ Kuala Lumpur project is designed for a time-centric and multi-generational lifestyle.

**REGULATING IMPACTS OF OUR PROJECTS**

**Flood Mitigation**

In the case of a flood due to our projects, we conduct site visits with key stakeholders to discuss flood mitigation initiatives.

**Traffic Management**

During construction activities, we implement a traffic management plan to provide clear guidance to road users. We engage with relevant authorities and stakeholders to facilitate smooth traffic flow and minimise hazards by providing on-ground safety assistance.


**Project-based Public Engagements**

We conduct engagements to brief residents on our projects. Feedback channels are also available to raise concerns and enable prompt resolution.

## MOVING FORWARD

Our progressive journey in embedding sustainability into the day-to-day operations of our organisation has enabled operational resilience throughout the onset of the COVID-19 pandemic, all while maintaining our emphasis on the safety and well-being of our key stakeholders via the implementation of several best practice procedures across our business divisions.

As we move into 2021, we will continue prioritising the safety of our stakeholders in tandem with expanding our business via the promising new digital solutions we have adopted in 2020. We also have plans in the pipeline of tracking and disclosing our GHG emissions towards managing our environmental impact and addressing climate change. These key areas will form the basis of our sustainability journey moving forward.

# 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 applying 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 operations and management of WCT and its subsidiaries ("the Group") so as to enhance the value to our shareholders and other stakeholders as well as to generate long term sustainability and growth.

This statement is made pursuant to the MMLR of Bursa Securities and is to be read together with the Corporate Governance ("CG") Report for 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 2020. The CG Report is available on the website of Bursa Securities together with the Company's Annual Report 2020 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
(2) Nomination & Remuneration Committee
(3) Options Committee

The Board Charter, which was last reviewed in June 2020 and is made available for reference on the Company's website at (www.wct.com.my), sets 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 the Group and has been adopted to guide the Board to discharge its roles and responsibilities effectively.

From time to time, where appropriate, the Board would issue policy statements and set guidelines, policies and principles on corporate governance matters affecting the Group. During the financial year ended 31 December 2020, the Board has approved for adoption the following policies:-

(a) Policy on Anti-Bribery & Anti-Corruption;
(b) Policy & Procedures on Remuneration of Directors and Senior Management of the Group;
(c) Policy on Board Diversity; and
(d) Policy on Assessment of External Auditors.

# CORPORATE GOVERNANCE
# OVERVIEW STATEMENT
cont'd

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS** *cont'd*

➢ ***CODE OF CONDUCT***

In addition to the Board Charter, the Board also observes the Code of Ethics for Company Directors and employees, which are available for reference 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 the Group for all its employees. New employees are briefed on the said Code of Ethics upon joining and are required to acknowledge in writing their acceptance and understanding thereof.

During the year, the Board had approved the revised Whistleblowing Policy and Reporting Procedures on Whistleblowing to align the same with the Anti-Bribery & Anti-Corruption Policy implemented within the Group.

➢ ***BOARD COMPOSITION AND BALANCE***

Following the appointment of Mr. Chow Ying Choon as the Deputy Managing Director of the Company on 19 August 2020, the Board now comprises ten (10) members, made up of five (5) Executive Directors including the Executive Chairman, the Group Managing Director, two (2) Deputy Managing Directors, 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 2020.

The current Board composition, half of which consists of Independent Directors, fully complies with the MMLR of Bursa Securities which requires at least two (2) directors or one-thirds (1/3) of the Board members (whichever is the higher) to be Independent Directors.

In addition to the Executive Directors who have day-to-day responsibilities for the Group's operations, the Independent Non-Executive Directors also play an important role in ensuring corporate governance and accountability are being upheld, as they provide unbiased and independent views, advice, opinions and judgments as well as provide effective check and balance in the functioning of the Board to safeguard the interests, not only of the Group but also that of the minority shareholders, employees, customers, suppliers and the communities in which the Group conducts its 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 of promoting 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 are to be made to the Board or on replacement of a Director on the Board, priority will be given to suitable women 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 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 to the continued success and future direction of the Group.

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS** *cont'd*

➢ ***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 and 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 the Group's sustainability programmes and initiatives, updates on material litigations 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 the same are 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 the 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 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 annual general meeting ("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 2020, a total of four (4) Board meetings were held where details of the attendance of the Directors at the Board Meetings are as follows:

| Directors | Number of Board meetings attended in 2020 |
|---|---|
| Tan Sri Lim Siew Choon | 4/4 |
| Dato' Lee Tuck Fook | 4/4 |
| Chow Ying Choon *(appointed on 19 August 2020)* | 2/2 |
| 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 | 3/4 |

# CORPORATE GOVERNANCE
# OVERVIEW STATEMENT
cont'd

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS** *cont'd*

➢ ***COMMITMENT OF THE BOARD*** *cont'd*

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 investments, 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.

➢ ***DIRECTORS' TRAINING***

All the Directors have attended the Mandatory Accreditation Programme 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.

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

During the financial year ended 31 December 2020, all the Directors of the Company have attended an in-house training on sustainability awareness on 7 September 2020, which was organised for the Directors and senior management of WCT Group.

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

**Dato' Lee Tuck Fook**
- Digital Transformation & Disruptors (20 April 2020)
- Key Features of the new Section 17A MACC Act 2009 on Corporate Liability (23 April 2020)

**Datuk Ab Wahab Bin Khalil***
- Corporate Board Leadership Symposium 2020 – Sustainability and Digitalisation: A New Normal (12 February 2020)

**Dato' Ng Sooi Lin***
- Corporate Board Leadership Symposium 2020 – Sustainability and Digitalisation: A New Normal (12 February 2020)

**Ng Soon Lai @ Ng Siek Chuan***
- FIDE Elective Understanding the Evolving Cybersecurity Landscape (11 February 2020)
- Raising Defenses: Section 17A MACC ACT (20 February 2020)
- IFRS 17 For Directors – What you need to know (24 August 2020)

**Rahana Binti Abdul Rashid***
- Corporate Board Leadership Symposium 2020 – Sustainability and Digitalisation: A New Normal (12 February 2020)

* Denotes a Director who is also a member of the Audit Committee

➢ ***BOARD COMMITTEES***

***(A) AUDIT COMMITTEE***

The composition of the Audit Committee complies 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 2020.

CORPORATE GOVERNANCE
# OVERVIEW STATEMENT
cont'd

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS** *cont'd*

➢ ***BOARD COMMITTEES*** *cont'd*

***(A) AUDIT COMMITTEE*** *cont'd*

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 provide opinions, viewpoints and clarifications.

***(B) BOARD RISK & SUSTAINABILITY COMMITTEE***

The Board Risk & Sustainability Committee ("BRSC") is to assist the Board in overseeing the risk management activities of the Group and approving appropriate risk management policies and risk appetite.

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

The BRSC comprises no 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 meets not less than four (4) times a year. In 2020, a total of seven (7) meetings were held and details of the attendance of the BRSC members are as follows:

| Name | Number of BRSC meetings attended in 2020 |
|---|---|
| Dato' Ng Sooi Lin | 7/7 |
| Tan Sri Marzuki Bin Mohd Noor | 7/7 |
| Datuk Ab Wahab Bin Khalil | 7/7 |
| Rahana Binti Abdul Rashid | 6/7 |

During the year under review, the BRSC reviewed and discussed the following:
(i) Risk Reports and Risk Registers of the Group's business operations;
(ii) Gap Analysis Report on Corporate Liability Provision of Section 17A of MACC Act 2018;
(iii) Anti-Bribery and Anti-Corruption Policy and its Standard Operating Procedures;
(iv) Report on the impacts of the COVID-19 pandemic on the Group and the strategies and mitigative measures implemented by the Group;
(v) The Group's sustainability initiatives and flagship programme;
(vi) The Group's Sustainability Statement for inclusion in the Annual Report 2019; and
(vii) The re-appointment of the external consultant for sustainability reporting.

# CORPORATE GOVERNANCE
# OVERVIEW STATEMENT
cont'd

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS** *cont'd*

➢ ***BOARD COMMITTEES*** *cont'd*

***(C) NOMINATION & REMUNERATION COMMITTEE***

The current members of the Nomination & Remuneration Committee ("NRC") consists entirely of 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 2020, three (3) meetings were held and details of the attendance of the NRC members are as follows:

| Name | Number of NRC meetings attended in 2020 |
|---|---|
| Datuk Ab Wahab Bin Khalil | 3/3 |
| Tan Sri Marzuki Bin Mohd Noor | 3/3 |
| Dato' Ng Sooi Lin | 3/3 |

During the financial year ended 31 December 2020, 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) Reviewed the Policy on Board Diversity and Policy on Remuneration of Directors and Senior Management of the Group;
(iv) Conducted the 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) Conducted the annual review of the Board in respect of its size and the required mix of skills and experience;
(vi) Reviewed the re-election of three (3) directors retiring by rotation at the 9th AGM;
(vii) Reviewed the re-appointment of the Executive Chairman of the Company; and
(viii) Reviewed the appointment and remuneration package for the new Deputy Managing Director of the Company.

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

# CORPORATE GOVERNANCE
# OVERVIEW STATEMENT
cont'd

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS** *cont'd*

➢ ***BOARD COMMITTEES*** *cont'd*

***(D) OPTIONS COMMITTEE***

The Options Committee had 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
Chairman/Independent Non-Executive Director

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

(iii) Goh Chin Liong
Member/Deputy Managing Director

The Options Committee meet as and when required and no meeting was held during the financial year ended 31 December 2020.

➢ ***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 an orientation programme in order to be familiar with the operations and organisational 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 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 10th AGM are stated in the notice of the 10th 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 10th 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 the personal profile and shareholdings in the Group of each director standing for re-election are furnished in the Company's Annual Report 2020.

➢ ***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 the financial year ended 31 December 2020 concluded that the Board and the Board Committees had continued to operate effectively towards fulfilling their duties and responsibilities as the members of the Board and Board Committees throughout the year under review.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS** *cont'd*

➢ ***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 undertaken 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 2020, 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.

➢ ***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 four (4) years as at the end of the financial year ended 31 December 2020.

➢ ***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).

# CORPORATE GOVERNANCE
# OVERVIEW STATEMENT
cont'd

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS** *cont'd*

➢ ***DIRECTORS' REMUNERATION*** *cont'd*

The aggregate fees, remuneration and other emoluments received by the Directors of the Company for the financial year ended 31 December 2020 are as follows:

| The Company/Group | Salaries and Other Emoluments (RM) | Fees (RM) | Bonus (RM) | EPF (RM) | Benfits-in-kind (RM) | Insurance Premium (RM) | Total (RM) |
|---|---|---|---|---|---|---|---|
| **Executive Directors** | | | | | | | |
| Tan Sri Lim Siew Choon | 2,656,500 | 12,000 | - | 318,780 | 35,279 | 5,688 | 3,028,247 |
| Dato' Lee Tuck Fook | 2,310,000 | 12,000 | - | 277,200 | - | 2,993 | 2,602,193 |
| Chow Ying Choon | 441,936 | 4,419 | - | 53,033 | 10,383 | 323 | 510,094 |
| Goh Chin Liong | 1,905,750 | 12,000 | - | 228,690 | 63,800 | 6,049 | 2,216,289 |
| Liang Kai Chong | 1,270,500 | 12,000 | - | 152,460 | 23,300 | 8,859 | 1,467,119 |
| **Non-Executive Directors** | | | | | | | |
| Tan Sri Marzuki Bin Mohd Noor | 29,000 | 84,000 | - | - | - | 700 | 113,700 |
| Datuk Ab Wahab Bin Khalil | 25,000 | 84,000 | - | - | - | 700 | 109,700 |
| Dato' Ng Sooi Lin | 28,000 | 84,000 | - | - | - | 2,527 | 114,527 |
| Ng Soon Lai @ Ng Siek Chuan | 12,000 | 84,000 | - | - | - | 2,527 | 98,527 |
| Rahana Binti Abdul Rashid | 16,000 | 84,000 | - | - | - | 2,527 | 102,527 |
| Total (RM) | 8,694,686 | 472,419 | - | 1,030,163 | 132,762 | 32,893 | 10,362,923 |

**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 2020.

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.

# CORPORATE GOVERNANCE
# OVERVIEW STATEMENT
cont'd

**PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT** *cont'd*

➢ **STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS** *cont'd*

The Directors are responsible for ensuring that the Group and the Company keeps 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 2020.

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 of 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 2020.

➢ ***INTERNAL AUDIT FUNCTION***

The internal audit function of the 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 the 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 2020.

**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.

# CORPORATE GOVERNANCE
# OVERVIEW STATEMENT
cont'd

**PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS** *cont'd*

➢ ***EFFECTIVE COMMUNICATION AND PROACTIVE ENGAGEMENTS WITH SHAREHOLDERS*** *cont'd*

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 the same 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. In light of the COVID-19 pandemic, the Company conducted its first fully virtual 9th AGM on 5 August 2020 as a precautionary measure to curb the spread of COVID-19. During the 9th AGM, 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 may 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 10th AGM of the Company scheduled to be held on 22 June 2021 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 2020:

| | Total |
|---|---|
| Meetings/Conference calls with investors, analysts and fund managers | 2 |
| Investors briefings | 4 |

# CORPORATE GOVERNANCE
# OVERVIEW STATEMENT
cont'd

**PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS** *cont'd*

➢ ***INVESTOR RELATIONS*** *cont'd*

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 complying with the principles, recommendations and best practices set out in the Code and the MMLR of Bursa Securities, where applicable. The Company had in year 2020 adopted the Policy on Board Diversity, Policy on Remuneration of Directors and Senior Management of the Group, Policy on Assessment of External Auditors, Revised Whistleblowing Policy and Procedures as well as the implementation of the Anti-Bribery and Anti-Corruption Policy and Procedures. In addition, the Board has been monitoring the impact of the on-going COVID-19 pandemic on the Group's operations and financial position with careful consideration placed on risks and opportunities arising therefrom whilst safeguarding the health and safety of the Group's employees, customers and the general public. The Board will continue to enhance the corporate disclosure requirements in the best interest of the Company's stakeholders and shareholders in the upcoming years. The areas to be prioritised would be those principles which have not yet been adopted by the Company as disclosed in the CG Report 2020. 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 as well as to enhance the Group's digitisation initiatives by expanding the use of digital platform for the Group's work system and to drive future sales and revenue amid the COVID-19 outbreak.

(This Statement on Corporate Governance has been approved by the Board of Directors on 30 April 2021)

# OTHER DISCLOSURES

The following additional disclosures are made in respect of the financial year ended 31 December 2020:

## 1. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSAL

No proceeds have been raised from any corporate proposal during the financial year ended 31 December 2020.

## 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 2020.

(ii) No options were offered and granted under the ESOS (2013/2023) for the financial year ended 31 December 2020. The total number of options granted, exercised and outstanding under the ESOS (2013/2023) since its commencement up to 31 December 2020 are as set out in the table below:

| | | Cumulative Number of Options (Since commencement date up to 31 December 2020) | |
|---|---|---|---|
| **Description** | | **Grand Total** | **Directors** |
| (a) | Option granted | 62,165,000 | 8,604,000 |
| (b) | Exercised & forfeited options | 25,164,600 | 4,904,000 |
| (c) | Outstanding options | 37,000,400 | 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 2020** | **Since commencement date up to 31 December 2020** |
|---|---|---|---|
| (a) | Aggregate maximum allocation | - | 22.92% |
| (b) | Actual no. of options granted | - | 22.24% |

(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 2020 are as follows:

| | **Group (RM)** | **Company (RM)** |
|---|---|---|
| Audit Fees | 620,799 | 92,350 |
| Non-Audit Fees | 471,814 | *401,350 |

** Mainly for financial due diligence services and review of financial impact on a proposed acquisition of a joint venture.*

# OTHER DISCLOSURES
cont'd

### 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 44 to the audited financial statements of the Company as included in this Annual Report:

(i) On 19 March 2020, WCT Berhad ("WCTB"), a wholly-owned subsidiary of the Company, had accepted a contract awarded by Jendela Mayang Sdn Bhd ("JMSB") (where Tan Sri Lim Siew Choon, the Executive Chairman and a major shareholder of the Company, is also a major shareholder and director of JMSB) for the "Superstructure Works for Proposed Pavilion Damansara Heights ("PDH") (Parcel 2) Mixed Development at Jalan Damanlela, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan" for a contract sum of RM1,200,408,176.91.

(ii) On 26 October 2020, WCT OUG Development Sdn Bhd ("WODSB"), an indirect wholly-owned subsidiary of the Company and also the developer of "W City OUG Project", had awarded a contract to Domain Resources Sdn Bhd ("DRSB") (where Tan Sri Lim Siew Choon, the Executive Chairman and a major shareholder of the Company is also a major shareholder and Non-Executive Chairman of Malton Berhad, the ultimate holding company of DRSB) as the main contractor for the Package 2 – Main Building Works for "Cadangan Pembangunan 3 Blok Kondominium (R4) yang mengandungi 940 unit di atas Lot PT 15212, Jalan Awan Besar, Mukim Petaling, Wilayah Persekutuan Kuala Lumpur" for a contract sum of RM393.30 million.

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

At the 9th Annual General Meeting ("AGM") held on 5 August 2020, 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 2020 pursuant to the shareholders' mandate obtained in the Company's 8th AGM held on 12 June 2019 and 9th AGM held on 5th August 2020 are as follow:

| Transacting Company | Transacting Related Party | Interested Major Shareholder/Director | Nature of Transaction | Value of Transaction |
|---|---|---|---|---|
| WCT Berhad ("WCTB") | Jendela Mayang Sdn Bhd ("JMSB") | Tan Sri Lim Siew Choon | Award of contract by JMSB to WCTB (please refer to 4 (i) above) | RM1.2 billion |
| WCT OUG Development Sdn Bhd ("WODSB") | Domain Resources Sdn Bhd ("DRSB") | Tan Sri Lim Siew Choon | Award of contract by WODSB to DRSB (please refer to 4 (ii) above) | RM393.3 million |

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board of Directors ("**the Board**") is pleased to present its Statement on Risk Management and Internal Control for inclusion in the Annual Report 2020 of WCT Holdings Berhad ("**WCT**" or "**Company**"). This statement 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 2020 ("**FYE2020**"). This Statement is prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and guided by the "**Statement on Risk Management and Internal Control** – Guidelines for Directors of Listed Issuers" issued by the publication of Bursa Securities on the issuance of internal control statement.

## BOARD'S RESPONSIBILITY

The Board affirms its responsibility in maintaining a sound system of internal control and risk management procedures within the Group and constantly reviewing its adequacy and integrity to safeguard the assets of the Group as well as to protect shareholders' interest and investment.

The Board also recognises that reviewing of the Group's systems of risk management and internal control is a concerted and continuing process and the objective of risk management and systems of internal control is to manage rather than eliminate risk of failure to achieve business objectives. It shall be noted that all risk management and internal control can only provide reasonable and not absolute assurance against material misstatement or loss. Nonetheless, in striving for continuous improvement, the Board will put in place appropriate action plans, when necessary, to further enhance the Group's systems of risk management and internal control.

## RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

### 1. RISK MANAGEMENT

The Group's risk management activities are governed by the Risk Management Policy and Risk Management Framework approved by the Board.

The Board has delegated the responsibility of risk management oversight and control to the Board Risk & Sustainability Committee ("**BRSC**"). The BRSC, comprising four (4) Independent Non-Executive Directors of the Company, reviews the Group's enterprise-wide risk management framework and ensures effectiveness of process to identify, evaluate, control, report and manage risks.

The Group Risk Management Committee ("**GRMC**"), comprising senior management personnel from various business divisions and support services, 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. 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.

During the FYE2020, all risks identified by respective owners together with the controls and action plans undertaken or proposed to be undertaken to mitigate and manage the risk exposure are reviewed, appraised and assessed by GRMC. Where applicable, the GRMC had also raised other issues of concerns and recommended additional mitigation actions to further mitigate the risk exposure. GRMC then reports the key risks and mitigations actions which have been deliberated and recommended to be implemented on a quarterly basis to BRSC. After due deliberation, BRSC would then present a summary of the key risks, mitigation actions and its recommendation to the Board for final endorsement.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

**RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK** *cont'd*

## 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. 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 require on an ad hoc 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 Annual Report 2020.

During the FYE2020, GIAD had performed twenty-seven (27) 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 FYE2020, QESH certification relevant to the Group are as follows: -

| Type | Ref | Certification No | Issued to | Valid until |
|---|---|---|---|---|
| Quality Management System ("**QMS**") | ISO 9001: 2015 | QMS 00887 | WCT Berhad (including WCT Construction Sdn Bhd) | 8 Apr 2022 |
| | | QMS 01762 | WCT Machinery Sdn Bhd | 4 Oct 2021 |
| | | QMS 01306 | WCT Land Sdn Bhd and its subsidiaries | 2 Sept 2022 |
| | | QMS 03141 | WCT Properties Sdn Bhd | 13 Jul 2023 |
| Environmental Management System ("**EMS**") | ISO 14001: 2015 | EMS 00520 | WCT Berhad (including WCT Construction Sdn Bhd) | 8 Apr 2022 |
| | | EMS 00931 | WCT Machinery Sdn Bhd | 14 Dec 2023 |
| Occupational Health & Safety Management System ("**OHSMS**") | ISO 45001: 2018 | OHS 00221 | WCT Berhad (including WCT Construction Sdn Bhd) | 8 Apr 2022 |
| | | OHS 00503 | WCT Machinery Sdn Bhd | 4 Oct 2021 |
| | | OHS 00227 | WCT Land Sdn Bhd and its subsidiaries | 2 Sept 2022 |

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

**RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK** *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.

**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 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 Policy on Renumeration of Directors and Senior Management 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

**RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK** *cont'd*

**4. POLICIES, PROCEDURES AND VALUES**

- The Group's policies, procedures and guidelines are properly documented and made accessible to all employees 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. During the FYE2020, DAL was updated in relation to implementation of ABAC policy with effect from 1 June 2020.

- 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 is 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;
  - 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.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

**RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK** *cont'd*

**5. INFORMATION, COMMUNICATION AND MONITORING** *cont'd*

- 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.

**6. ANTI-BRIBERY AND ANTI-CORRUPTION**

Pursuant to amendment of Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2018 which come into force on 1 June 2020, both the Group's Anti-Bribery and Anti-Corruption Policy ("ABAC Policy") and Anti-Bribery and Anti-Corruption Policy standard operating procedures ("ABAC SOP") was implemented on 1 June 2020 after it was approved by the Board. The ABAC policy prohibits bribery or corrupt acts by any Director, employee or persons performing services for the Group while the ABAC SOP provide guidance to a person on how to deal with common forms of bribery and corrupt activities, including but not limited to guidelines for and/or prohibitions against the following: -

i. Paying commissions and incentive payments;
ii. Paying unofficial facilitation fees;
iii. Giving kickbacks and gifts,
iv. Providing entertainment and hosting hospitality events;
v. Making political donations and contributions; and
vi. Making donations, charitable support and sponsorships.

During the FYE2020, activities related to this includes (but not limited to) the following: -

i. Appointment of Compliance Officer.
ii. ABAC training for employees.
iii. Declaration of integrity by employee.
iv. Declaration of integrity by service provider.
v. ABAC risk assessment
vi. Gift register.

The ABAC policy is available on Company's website at (www.wct.com.my).

**7. WHISTLEBLOWING**

Subsequent to implementation of ABAC policy and ABAC SOP on 1 June 2020, the revised Whistleblowing Policy and that Whistleblowing Reporting Procedure was approved by the Board. During the FYE2020, activities related to this includes (but not limited to) the following:-

i. Investigation of reported whistleblowing report.
ii. Whistleblowing register.

**8. 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.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

**RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK** *cont'd*

**9. COVID-19**

The Group's COVID-19 Task Force was set-up in March 2020 to assess, co-ordinate and monitor initiatives which are required to be undertaken by the Group to manage, mitigate and contain, the extent possible, the risks arising from COVID-19 outbreak in order to safeguard the safety of all the employees of the Group as well as to protect the interests of our stakeholders. During the FYE2020, some action taken related to this includes (but not limited to) the following: -

i. Issuance of advisories and memos to employees by COVID-19 Task Force and Human Resource & Admin Department.
ii. Segregation of work place for employees.
iii. Physical distancing at work place.

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 MMLR 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 FYE2020. 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 MMLR 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 FYE2020 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 30/04/2021)

# 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 seven (7) Audit Committee meetings were held during the financial year ended 31 December 2020 and the attendance record of the members are as follows:

| Name | Number of meetings attended in 2020 |
|---|---|
| Tan Sri Marzuki Bin Mohd Noor | 7/7 |
| Datuk Ab Wahab Bin Khalil | 7/7 |
| Dato' Ng Sooi Lin | 7/7 |
| Ng Soon Lai @ Ng Siek Chuan | 7/7 |
| Rahana Binti Abdul Rashid | 6/7 |

## 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 2020, 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 2019 together with the external auditors prior to submission to the Board for their consideration and approval;

(3) Reviewed the declaration of final share dividend for financial year ended 31 December 2019 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 26 February 2020 and 25 November 2020 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 twenty-seven (27) 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-five (25) internal audit plans for year 2021 for the Group;

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

- (a) Policy on Assessment of External Auditors;
- (b) Revised terms of reference of Audit Committee;
- (c) Revised Whistleblowing Policy;
- (d) Revised Internal Audit Charter;
- (e) Standard Operating Procedures of Whistleblowing Reporting;

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

(14) Reviewed one (1) Whistleblowing Investigation Report;

(15) Reviewed the following reports and statements and thereafter, recommended the same to the Board for inclusion in the Company's Annual Report 2019:

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

(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.

## 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.

# AUDIT COMMITTEE REPORT
cont'd

**D. INTERNAL AUDIT FUNCTION** *cont'd*

During the financial year ended 31 December 2020, 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 | 7 |
| Completed construction & property development projects | 6 |
| Property maintenance & operations | 3 |
| Mall operations | 3 |
| Business aviation | 3 |
| Others | 5 |
| **Total:** | **27** |

The total cost incurred in respect of the Group's internal audit function for the financial year ended 31 December 2020 was approximately RM986,201.00 (FY2019: RM990,156.00).

# FINANCIAL STATEMENTS

# 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 2020.

## 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 | (179,637) | 11,007 |
| Attributable to: | | |
| Equity holders of the Company | (213,573) | (31,525) |
| Holders of Perpetual Sukuk | 42,532 | 42,532 |
| Non-controlling interest | (8,596) | - |
| | (179,637) | 11,007 |

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

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than the impairment of intangible asset, provision for expected credit losses, fair value adjustment on investment properties and write down in value of inventory properties arising from the effects of COVID-19 as disclosed in Notes 40 and 51(a) to the financial statements as well as the provision for costs arising from an arbitration award as disclosed in Note 54 to the financial statements.

## DIVIDENDS

Dividends paid by the Company since 31 December 2019 were as follows:

| | RM'000 |
|---|---|
| In respect of the financial year ended 31 December 2019: | |
| Final dividend | |
| Share dividend by way of distribution of 13,953,231 treasury shares on 26 August 2020 on the basis of 1 treasury share for every 100 ordinary shares held in the Company | 11,793 |

At the forthcoming Annual General Meeting, a final share dividend in respect of the financial year ended 31 December 2020 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 2021.

# 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 | |
| Chow Ying Choon* | (Appointed on 19 August 2020) |
| 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 | |
| Selena Chua Kah Noi | |
| Ong Ka Thiam | |
| Wan Ahmad Shukri Bin Wan Daud | |
| Ahmad Tarmizi Bin Ismail | |
| Keith George Cowling | |
| 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 | |
| Sharmanand Jhurreea | |
| Ng Mun Wai | (Appointed on 6 July 2020) |
| Ong Chou Wen | (Appointed on 10 September 2020) |
| Lai Cheng Yee | (Appointed on 10 September 2020) |
| Ng Chee Kiet | (Resigned on 13 October 2020) |
| Goh Cheng Chwee | (Resigned on 13 October 2020) |
| Teng Wei Hong ^^ | |
| Taing Kim Hwa ^^ | |
| Choe Kai Keong ^^ | |

*^^ Ceased to be a member of the Members' Council of a subsidiary in Vietnam on 7 September 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 40(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 44(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 or its related corporations during the financial year were as follows:

| | WCT Holdings Berhad | | | | |
|---|---|---|---|---|---|
| | Number of ordinary shares | | | | |
| | 1 January 2020 | Acquired | | (Disposed) | 31 December 2020 |
| Tan Sri Lim Siew Choon | | | | | |
| - direct | 24,786,000 | 947,591 | ** | - | 99,791,737 |
| | | 74,058,146 | | | |
| - deemed *** | 252,151,827 | 2,521,518 | ** | - | 254,673,345 |
| Goh Chin Liong | | | | | |
| - direct | 10,128,271 | 146,534 | ** | - | 14,800,005 |
| | | 4,525,200 | | | |
| Liang Kai Chong | | | | | |
| - direct | 3,847,783 | 38,477 | ** | - | 3,886,260 |
| - indirect (spouse) | 272,166 | 2,721 | ** | - | 274,887 |

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 1 treasury share 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.*

# DIRECTORS' REPORT
cont'd

**DIRECTORS' INTERESTS** *cont'd*

| | WCT Holdings Berhad | | | | |
|---|---|---|---|---|---|
| | Number of Warrants 2015/2020 | | | | |
| | 1 January 2020 | Acquired | (Disposed/ Exercised) | (Lapsed) ^ | 31 December 2020 |
| 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 32(d) to the financial statements.

^ *Warrants 2015/2020 had expired on 27 August 2020.*

| | Number of options to subscribe for ordinary shares pursuant to WCT Holdings Berhad's ESOS 2013/2023 | | | |
|---|---|---|---|---|
| | 1 January 2020 | Granted | (Exercised) | 31 December 2020 |
| 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 32(c) to the financial statements.

Other than the above, none of the Directors in office at the end of the financial year has any interest in ordinary share of the Company or its related corporations during the financial year.

**ISSUE OF SHARES**

There is no issuance of new ordinary shares during the financial year.

**TREASURY SHARES**

Details of the treasury shares are disclosed in Note 32(b) to the financial statements.

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

Details of the ESOS 2013/2023 are disclosed in Note 32(c) to the financial statements.

**WARRANTS 2015/2020**

Details of the Warrants 2015/2020 are disclosed in Note 32(d) to the financial statements.

Warrants 2015/2020 had expired on 27 August 2020 and all unexercised Warrants 2015/2020 automatically lapsed after 27 August 2020.

### 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 2020. The amount of insurance premium paid by the Company for the year ended 31 December 2020 was RM49,000.

### 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.

(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 51 to the financial statements.

# DIRECTORS' REPORT
cont'd

### SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 52 to the financial statements.

### ARBITRATION AWARDS AND MATERIAL LITIGATION

Details of arbitration awards and material litigation are disclosed in Notes 53 and 54 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 for the current financial year is RM1,324,000 and RM493,000, 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 2020.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 7 May 2021.

**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 106 to 245 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 2020 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 7 May 2021.

**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 106 to 245 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Chong Kian Fah
at Kuala Lumpur in the Federal Territory
on 7 May 2021

**Chong Kian Fah**

Before me,

**ABDUL SHUKOR MD NOOR** (No: W725)
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 2020 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 106 to 245.

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 2020, 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), 36 and 37 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 RM1,195,933,000 and RM172,447,000 from construction and property development activities respectively and they accounted for approximately 70% and 10% of the Group's revenue respectively. The related cost of sales from construction and property development activities were RM1,145,216,000 and RM104,446,000 respectively and they accounted for 81% and 7% of the Group's cost of sales respectively.

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 our area of audit focus as significant management judgement and estimates are involved in estimating the total estimated costs of each construction and property development projects.

In addressing this area of focus, 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 to obtain an understanding of the specific terms and conditions;

# 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 (cont'd):

- 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 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 with the customers and 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 and subcontractors. 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 letters of award, we agreed the amounts to independent architect certificates and/or correspondences with the main contractors and subcontractors;

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

- Sighted current financial year signed sales and purchase agreements and recomputed percentage of sales by comparing cumulative sales against net development value of the respective property development projects;

- Recomputed the projects' percentage of completion by comparing total costs incurred against total budgeted costs;

- Recomputed revenue recognised during the financial year by multiplying percentage of completion and percentage of sales to the total net development values; 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), and 7 to the financial statements)

Investment properties are stated at fair value and any gain or loss arising from changes in the fair value are included in profit or loss for the financial year in which they arise. As at 31 December 2020, the carrying amount of investment properties amounted to RM1,730,366,000, representing 31% and 20% of the Group's total non-current assets and total assets respectively.

The Group is required to perform fair value assessment of its investment properties annually and has appointed independent professional valuers. The independent professional valuers adopted two valuation methods depending on the type of property, namely, comparison method and investment method.

# 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*

We identified the valuation of investment properties as an area of audit focus as it 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. We also 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 the investment method of valuation was adopted, we checked mathematical accuracy of the valuers' computations, 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 reasonableness of the yield, outgoings, void and reversion rates used to forecast the cash flows by comparing the rates against 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 2020, the Group's portfolio of completed inventory properties with a net carrying value of RM462,930,000 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 consolidated statement 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;

**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.

# 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*

*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, actions taken to eliminate threats or safeguards applied.

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.

**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.

# INDEPENDENT AUDITORS' REPORT

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

**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
7 May 2021

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2020 | 2019 | 2020 | 2019 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 4 | 334,471 | 351,052 | 2,479 | 3,613 |
| Right-of-use assets: | | | | | |
| - Property, plant and equipment | 23 | 44,388 | 44,343 | 3,578 | 6,364 |
| - Investment properties | 23 | 129,109 | 132,379 | - | - |
| Intangible asset | 5 | 117,639 | 131,353 | - | - |
| Inventory properties under development | 6(a) | 1,747,525 | 1,725,548 | - | - |
| Investment properties | 7 | 1,730,366 | 1,805,106 | - | - |
| Investments in subsidiaries | 8 | - | - | 3,718,026 | 3,718,026 |
| Investments in associates | 9 | 153,580 | 164,904 | - | - |
| Investments in joint ventures | 10(b) | 239,619 | 365,749 | 777 | 777 |
| Trade receivables | 11 | 459,665 | 312,684 | - | - |
| Contract assets | 12 | 224,669 | 229,141 | - | - |
| Other receivables | 13 | 319,241 | 326,239 | 288 | 658 |
| Due from related parties | 14 | - | - | 1,098,750 | 1,090,000 |
| Deferred tax assets | 15 | 10,384 | 11,359 | 112 | 747 |
| | | 5,510,656 | 5,599,857 | 4,824,010 | 4,820,185 |
| **Current assets** | | | | | |
| Inventory properties under development | 6(b) | 207,462 | 242,113 | - | - |
| Inventories | 16 | 463,260 | 469,263 | - | - |
| Trade receivables | 11 | 651,549 | 737,163 | - | - |
| Contract assets | 12 | 440,904 | 436,025 | - | - |
| Other receivables | 13 | 208,208 | 172,735 | 937 | 666 |
| Due from related parties | 14 | 552,781 | 494,516 | 695,294 | 653,872 |
| Tax recoverable | | 24,254 | 22,062 | - | - |
| Cash and bank balances | 17 | 526,495 | 646,444 | 149,332 | 112,339 |
| | | 3,074,913 | 3,220,321 | 845,563 | 766,877 |
| Assets classified as held for sale | 18 | 14,584 | - | - | - |
| | | 3,089,497 | 3,220,321 | 845,563 | 766,877 |

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020
cont'd

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2020 | 2019 | 2020 | 2019 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| **Current liabilities** | | | | | |
| Trade payables | 19 | 780,274 | 753,750 | - | - |
| Contract liabilities | 12 | 101,473 | 159,149 | - | - |
| Other payables | 20 | 260,394 | 278,263 | 16,282 | 27,603 |
| Lease commitment payable | 21 | 4,067 | 3,759 | - | - |
| Hire-purchase and lease liabilities | 22 | 30,349 | 30,174 | 2,723 | 3,048 |
| Due to related parties | 14 | 743 | 8 | 17,055 | - |
| Borrowings | 25 | 1,209,783 | 1,188,132 | 200,000 | 183,250 |
| Income tax payable | | 3,048 | 5,502 | 170 | 1,352 |
| | | 2,390,131 | 2,418,737 | 236,230 | 215,253 |
| **Net current assets** | | 699,366 | 801,584 | 609,333 | 551,624 |
| | | 6,210,022 | 6,401,441 | 5,433,343 | 5,371,809 |
| **Financed by:** | | | | | |
| **Equity attributable to equity holders of the Company** | | | | | |
| Share capital | 32 | 3,212,796 | 3,212,796 | 3,212,796 | 3,212,796 |
| Reserves | 33 | (1,512,183) | (1,497,511) | 8,552 | 8,908 |
| Retained earnings | 33 | 1,209,562 | 1,434,569 | 187,795 | 230,757 |
| Treasury shares, at cost | 32 | (5,336) | (7,486) | (5,336) | (7,486) |
| | | 2,904,839 | 3,142,368 | 3,403,807 | 3,444,975 |
| Perpetual Sukuk | 34 | 818,081 | 612,665 | 818,081 | 612,665 |
| Non-controlling interests | 35 | (42,150) | (33,521) | - | - |
| Total equity | | 3,680,770 | 3,721,512 | 4,221,888 | 4,057,640 |
| **Non-current liabilities** | | | | | |
| Trade payables | 19 | 116,543 | 80,882 | - | - |
| Other payables | 20 | 200,082 | 202,703 | 194 | 185 |
| Contract liabilities | 12 | 69,127 | 87,354 | - | - |
| Lease commitment payable | 21 | 97,949 | 102,017 | - | - |
| Hire-purchase and lease liabilities | 22 | 188,042 | 210,245 | 1,261 | 3,984 |
| Borrowings | 25 | 1,747,270 | 1,897,777 | 1,210,000 | 1,310,000 |
| Deferred tax liabilities | 15 | 110,239 | 98,951 | - | - |
| | | 2,529,252 | 2,679,929 | 1,211,455 | 1,314,169 |
| | | 6,210,022 | 6,401,441 | 5,433,343 | 5,371,809 |

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 2020

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2020 | 2019 | 2020 | 2019 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 36 | 1,704,580 | 1,835,615 | 119,496 | 136,036 |
| Cost of sales | 37 | (1,421,508) | (1,389,053) | - | - |
| **Gross profit** | | 283,072 | 446,562 | 119,496 | 136,036 |
| Other operating income | 38 | 56,795 | 71,088 | 3,415 | 3,217 |
| Administration expenses | | (107,699) | (123,918) | (20,966) | (24,582) |
| Other expenses | | (144,573) | (200,219) | (9,380) | (8,384) |
| **Operating profit** | | 87,595 | 193,513 | 92,565 | 106,287 |
| Finance costs | 39 | (119,761) | (144,964) | (78,242) | (99,752) |
| Share of results of associates | 9 | 5,019 | 2,904 | - | - |
| Share of results of joint ventures | 10(b) | (117,733) | (40,002) | - | - |
| **(Loss)/profit before taxation** | 40 | (144,880) | 11,451 | 14,323 | 6,535 |
| Taxation | 41 | (34,757) | (45,699) | (3,316) | (5,139) |
| **(Loss)/profit after taxation** | | (179,637) | (34,248) | 11,007 | 1,396 |
| **Attributable to:** | | | | | |
| Equity holders of the Company | | (213,573) | (27,321) | (31,525) | 1,396 |
| Holders of Perpetual Sukuk | 34 | 42,532 | - | 42,532 | - |
| Non-controlling interests | 35 | (8,596) | (6,927) | - | - |
| | | (179,637) | (34,248) | 11,007 | 1,396 |
| **Loss per share attributable to equity holders of the Company (sen)** | | | | | |
| - Basic | 42(i) | (15.24) | (1.95) | | |
| - Fully diluted | 42(ii) | - | (1.95) | | |

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 2020

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| (Loss)/profit after taxation | (179,637) | (34,248) | 11,007 | 1,396 |
| Other comprehensive loss to be reclassified to profit or loss in subsequent periods: | | | | |
| - Foreign currency translation | (12,727) | (6,865) | - | - |
| Other comprehensive (loss)/income to be reclassified to retained earnings in subsequent periods: | | | | |
| - Revaluation of freehold land and buildings | (1,619) | 49 | - | - |
| Other comprehensive loss for the year, net of tax | (14,346) | (6,816) | - | - |
| Total comprehensive (loss)/income for the financial year | (193,983) | (41,064) | 11,007 | 1,396 |
| **Total comprehensive (loss)/income for the financial year attributable to:** | | | | |
| Equity holders of the Company | (227,886) | (34,095) | (31,525) | 1,396 |
| Holders of Perpetual Sukuk | 42,532 | - | 42,532 | - |
| Non-controlling interests | (8,629) | (6,969) | - | - |
| | (193,983) | (41,064) | 11,007 | 1,396 |

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 2020

| | | Attributable to equity holders of the Company | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Non-distributable | | | | | | | Distributable | | | | | |
| | | Share capital | Treasury shares | Internal reorganisation reserve | Revaluation reserve | Other reserve | Capital reserve | Equity compensation reserve | Exchange reserve | General reserve | Retained earnings | Total | Perpetual Sukuk | Non-controlling interests | Total equity |
| | | (Note 32) | (Note 32) | (Note 33) | (Note 33) | (Note 33) | (Note 33) | (Note 33) | (Note 33) | (Note 33) | (Note 33) | | (Note 34) | (Note 35) | |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Group** | | | | | | | | | | | | | | | |
| **At 1 January 2020** | | 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 |
| (Loss)/profit for the financial year | | - | - | - | - | - | - | - | - | - | (213,573) | (213,573) | 42,532 | (8,596) | (179,637) |
| Other comprehensive loss | | - | - | - | (1,619) | - | - | - | (12,694) | - | - | (14,313) | - | (33) | (14,346) |
| Total comprehensive (loss)/income for the financial year | | - | - | - | (1,619) | - | - | - | (12,694) | - | (213,573) | (227,886) | 42,532 | (8,629) | (193,983) |
| **Transactions with owners** | | | | | | | | | | | | | | | |
| Share dividend distribution to shareholders | 43 | - | 11,793 | - | - | - | - | - | - | - | (11,793) | - | - | - | - |
| Distribution to holders of Perpetual Sukuk | 34 | - | - | - | - | - | - | - | - | - | - | - | (42,532) | - | (42,532) |
| Issuance of Perpetual Sukuk | 34 | - | - | - | - | - | - | - | - | - | - | - | 205,416 | - | 205,416 |
| Arising from share buy-back | 32 | - | (9,643) | - | - | - | - | - | - | - | - | (9,643) | - | - | (9,643) |
| Transfer within reserve for ESOS forfeited | | - | - | - | - | - | - | (356) | - | - | 356 | - | - | - | - |
| Transfer within reserve | | - | - | - | - | (3) | - | - | - | - | 3 | - | - | - | - |
| **At 31 December 2020** | | 3,212,796 | (5,336) | (1,554,791) | 54,279 | 2 | 61,646 | 9,282 | (84,039) | 1,438 | 1,209,562 | 2,904,839 | 818,081 | (42,150) | 3,680,770 |

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2020

cont'd

| | | Attributable to equity holders of the Company | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Non-distributable | | | | | | | Distributable | | | | | |
| | Note | Share capital (Note 32) RM'000 | Treasury shares (Note 32) RM'000 | Internal reorganisation reserve (Note 33) RM'000 | Revaluation reserve (Note 33) RM'000 | Other reserve (Note 33) RM'000 | Capital reserve (Note 33) RM'000 | Equity compensation reserve (Note 33) RM'000 | Exchange reserve (Note 33) RM'000 | General reserve (Note 33) RM'000 | Retained earnings (Note 33) RM'000 | Total RM'000 | Perpetual Sukuk (Note 34) RM'000 | Non-controlling interests (Note 35) RM'000 | Total equity RM'000 |
| **Group** | | | | | | | | | | | | | | | |
| **At 1 January 2019** | | 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 financial year | | - | - | - | 49 | - | - | - | (6,823) | - | (27,321) | (34,095) | - | (6,969) | (41,064) |
| **Transactions with owners** | | | | | | | | | | | | | | | |
| Share dividend distribution to shareholders | 43 | - | 22,555 | - | - | - | - | - | - | - | (22,555) | - | - | - | - |
| Issuance of Perpetual Sukuk | 34 | - | - | - | - | - | - | - | - | - | - | - | 612,665 | - | 612,665 |
| Arising from share options exercised | 32 | 1,432 | - | - | - | - | - | - | - | - | - | 1,432 | - | - | 1,432 |
| Transfer within reserve for ESOS exercised | 32 | 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 |

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 2020

| | Note | Share capital (Note 32) RM'000 | Treasury shares (Note 32) RM'000 | Equity compensation reserve (Note 33) RM'000 | Retained earnings (Note 33) RM'000 | Perpetual Sukuk (Note 34) RM'000 | Total equity RM'000 |
|---|---|---|---|---|---|---|---|
| | | | ← Non-distributable | → | Distributable | | |
| **Company** | | | | | | | |
| **At 1 January 2020** | | 3,212,796 | (7,486) | 8,908 | 230,757 | 612,665 | 4,057,640 |
| (Loss)/profit for the financial year, representing total comprehensive (loss)/income for the financial year | | - | - | - | (31,525) | 42,532 | 11,007 |
| **Transactions with owners** | | | | | | | |
| Share dividend distribution to shareholders | 43 | - | 11,793 | - | (11,793) | - | - |
| Distribution to holders of Perpetual Sukuk | 34 | - | - | - | - | (42,532) | (42,532) |
| Issuance of Perpetual Sukuk | 34 | - | - | - | - | 205,416 | 205,416 |
| Arising from share buy-back | 32 | - | (9,643) | - | - | - | (9,643) |
| Transfer within reserve for ESOS forfeited | | - | - | (356) | 356 | - | - |
| **At 31 December 2020** | | 3,212,796 | (5,336) | 8,552 | 187,795 | 818,081 | 4,221,888 |
| **Company** | | | | | | | |
| **At 1 January 2019** | | 3,210,984 | (30,041) | 9,514 | 251,690 | - | 3,442,147 |
| Profit for the financial year, representing total comprehensive income for the financial year | | - | - | - | 1,396 | - | 1,396 |
| **Transactions with owners** | | | | | | | |
| Share dividend distribution to shareholders | 43 | - | 22,555 | - | (22,555) | - | - |
| Issuance of Perpetual Sukuk | 34 | - | - | - | - | 612,665 | 612,665 |
| Arising from share options exercised | 32 | 1,432 | - | - | - | - | 1,432 |
| Transfer within reserve for ESOS exercised | 32 | 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 |

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

# STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2020

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Cash flows from operating activities** | | | | |
| (Loss)/profit before taxation | (144,880) | 11,451 | 14,323 | 6,535 |
| Adjustments for: | | | | |
| Interest income | (38,941) | (33,115) | (96,265) | (97,382) |
| Dividend income | - | - | (5,200) | (20,200) |
| Interest expense | 119,761 | 144,964 | 78,242 | 99,752 |
| Finance cost/(income) from financial assets at amortised cost | 461 | (5,777) | - | - |
| Net unrealised foreign exchange loss | 752 | 2,996 | - | - |
| Allowance for expected credit losses: | | | | |
| - related parties | - | - | - | 94 |
| - third parties | 4,380 | 9,303 | - | - |
| Reversal of allowance for expected credit losses | (18,027) | (119) | (22) | - |
| Bad debts written off | 38 | 5,784 | - | - |
| Intangible asset: | | | | |
| - amortisation | 7,958 | 8,274 | - | - |
| - impairment | 5,756 | - | - | - |
| Property, plant and equipment: | | | | |
| - depreciation | 26,618 | 19,790 | 1,206 | 1,038 |
| - loss/(gain) on disposal | 182 | (2,037) | 1 | - |
| - written off | 3 | 110 | - | - |
| Right-of-use assets: | | | | |
| - depreciation | 3,432 | 2,334 | 2,786 | 2,592 |
| - fair value adjustment | 3,270 | 8,141 | - | - |
| - gain on lease modification | (363) | - | (9) | - |
| Net write down in value of inventory properties: | | | | |
| - completed inventory properties | 9,238 | 9,297 | - | - |
| - land held for property development | 6,165 | 13,270 | - | - |
| Investment properties: | | | | |
| - fair value loss/(gain) | 87,350 | (14,842) | - | - |

# STATEMENTS OF
# CASH FLOWS

For the Financial Year Ended 31 December 2020
cont'd

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Cash flows from operating activities** *cont'd* | | | | |
| Adjustments for: *cont'd* | | | | |
| Gain on liquidated of an associate | - | (824) | - | - |
| Reversal of provision of foreseeable losses for contract assets | (58) | (72) | - | - |
| Accrual of costs arising from arbitration awards | - | 149,534 | - | - |
| Share of results of associates | (5,019) | (2,904) | - | - |
| Share of results of joint ventures | 117,733 | 40,002 | - | - |
| Operating profit/(loss) before changes in working capital | 185,809 | 365,560 | (4,938) | (7,571) |
| Working capital changes: | | | | |
| Development expenditure | 32,449 | (9,742) | - | - |
| Related parties | (58,282) | (40,921) | (33,095) | 84,425 |
| Joint ventures | (1,997) | (3,082) | - | - |
| Inventories | (3,235) | 38,657 | - | - |
| Receivables | (63,686) | 265,518 | 99 | 60 |
| Payables | (34,011) | (210,161) | (11,097) | (2,508) |
| Provision for foreseeable losses | (2) | (3) | - | - |
| Lease commitment payable | (12,434) | (12,086) | - | - |
| Cash flows generated from/(used in) operations | 44,611 | 393,740 | (49,031) | 74,406 |
| Taxation paid | (26,629) | (63,505) | (3,863) | (5,324) |
| Net cash generated from/(used in) operating activities | 17,982 | 330,235 | (52,894) | 69,082 |
| **Cash flows from investing activities** | | | | |
| Dividend received | - | - | 5,200 | 20,200 |
| Interest received | 38,941 | 33,115 | 96,265 | 97,382 |
| Purchase of property, plant and equipment | (20,456) | (34,491) | (73) | (1,758) |
| Purchase of investment properties | (12,610) | 6,111 | - | - |
| Proceeds from liquidation of an associate | - | 824 | - | - |
| Additional investment in a subsidiary | - | - | - | (43,999) |
| Redemption of cumulative redeemable preference shares by an associate | 4,686 | - | - | - |
| Additional investment in joint venture | - | (1,530) | - | - |
| Dividend received from joint ventures | 10,394 | 17,447 | - | - |
| Dividend received from associates | 6,033 | 3,529 | - | - |
| Placement of deposits in licensed banks | (16,876) | (5,710) | - | - |
| Proceeds from disposal of property, plant and equipment | 4,278 | 11,498 | - | - |
| Net cash generated from investing activities | 14,390 | 30,793 | 101,392 | 71,825 |

# STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2020
cont'd

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Cash flows from financing activities** | | | | |
| Interest paid | (143,838) | (176,276) | (77,179) | (99,199) |
| Distribution to holders of Perpetual Sukuk | (42,532) | - | (42,532) | - |
| Proceeds from: | | | | |
| - share options exercised | - | 1,432 | - | 1,432 |
| - issuance of Perpetual Sukuk | 204,500 | 617,000 | 204,500 | 617,000 |
| - term loans | 38,845 | 124,947 | - | - |
| - Sukuk Murabahah | 100,000 | - | 100,000 | - |
| - revolving credits | 210,368 | 228,178 | - | - |
| - bankers' acceptances | (4,533) | 4,079 | - | - |
| Purchase of treasury shares | (9,643) | - | (9,643) | - |
| Repayment of: | | | | |
| - Medium Term Notes | (183,250) | (616,750) | (183,250) | (616,750) |
| - term loans | (86,282) | (115,544) | - | - |
| - revolving credits | (204,464) | (142,573) | - | - |
| Payments of: | | | | |
| - hire purchase payables | (17,517) | (12,944) | - | - |
| - lease liabilities | (24,202) | (23,337) | (3,401) | (3,181) |
| Incidental costs of issuance of Perpetual Sukuk | - | (4,436) | - | (4,436) |
| Net cash used in financing activities | (162,548) | (116,224) | (11,505) | (105,134) |
| **Net (decrease)/increase in cash and cash equivalents** | (130,176) | 244,804 | 36,993 | 35,773 |
| **Exchange differences** | (7,109) | (5,014) | - | - |
| **Cash and cash equivalents at beginning of the financial year** | 606,572 | 366,782 | 112,339 | 76,566 |
| **Cash and cash equivalents at end of the financial year** | 469,287 | 606,572 | 149,332 | 112,339 |

# STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2020
cont'd

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

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2020 | 2019 | 2020 | 2019 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash and bank balances | 17 | 526,495 | 646,444 | 149,332 | 112,339 |
| Bank overdrafts | 29 | (460) | - | - | - |
| | | 526,035 | 646,444 | 149,332 | 112,339 |
| Less: Deposits with maturity more than 3 months | 17 | (2,566) | (1,828) | - | - |
| Less: Deposits with licensed banks pledged as security | 17 | (54,182) | (38,044) | - | - |
| Total cash and cash equivalents | | 469,287 | 606,572 | 149,332 | 112,339 |



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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 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 7 May 2021.

## 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 2020 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 2020, the Group and the Company adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2020.

| 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: *Definition of a Business* | 1 January 2020 |
| Amendments to MFRS 134: *Interim Financial Reporting* | 1 January 2020 |
| Amendments to MFRS 137: *Provisions, Contingent Liabilities and Contingent Assets* | 1 January 2020 |
| Amendments to MFRS 138: *Intangible Assets* | 1 January 2020 |
| Amendments to IC Interpretation 22: *Foreign Currency Transactions and Advance Consideration* | 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 |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
cont'd

## 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:

**Amendments to MFRS 16 COVID-19-Related Rent Concessions**

On 28 May 2020, the IASB issued COVID-19-Related Rent Concessions - amendment to MFRS 16 Leases. The amendments provide relief to lessees from applying MFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19-Related Rent Concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19-Related Rent Concession the same way it would account for the change under MFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. The Group and the Company have elected for early application of this practical expedient for all the leases for the financial year ended 31 December 2020. The Group and the Company have recognised the effect of the rent concession in profit or loss as a variable lease payment in relation to the change in lease payments that were not a lease modification. This amendment had no material impact on the financial statements of the Group and the Company.

### 2.3 Standards issued but not yet effective

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

| Descriptions | Effective for annual periods beginning on or after |
|---|---|
| MFRS 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 will have no material impact on the financial statements in the period of initial application.

### 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.

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

### 2.4 Basis of consolidation *cont'd*

**Business combinations and merger accounting** *cont'd*

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2020. 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.

**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.

NOTES TO THE
# FINANCIAL STATEMENTS
31 December 2020
cont'd

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

### 2.4 Basis of consolidation *cont'd*

**Business combinations and goodwill** *cont'd*

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of 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 statements 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 Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

### 2.6 Foreign currencies

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

**(a) Transactions and balances**

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

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

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

### 2.6 Foreign currencies *cont'd*

#### (a) Transactions and balances *cont'd*

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.

### 2.8 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.

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

### 2.8 Property, plant and equipment *cont'd*

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 statements of profit or loss, the increase is recognised in statements 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 statements 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 statements of profit or loss when the asset is derecognised.

## 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.

# NOTES TO THE
# FINANCIAL STATEMENTS
31 December 2020
cont'd

## 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.

## 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.

# NOTES TO THE FINANCIAL STATEMENTS
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cont'd

**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*

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.

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.

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

### 2.16 Financial assets and financial liabilities *cont'd*

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

**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.

<u>Loan and borrowings</u>

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

**Derecognition**

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

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

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cont'd

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

**2.18 Inventory property**

**(i) Completed inventory property and inventory property under development**

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

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

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

- Freehold and leasehold rights for land

- Amounts paid to contractors for development

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

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

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

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

### 2.20 Borrowing costs

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

### 2.21 Medium Term Notes ("MTN")

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

### 2.22 Sukuk Murabahah

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

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

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

### 2.23 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.

# NOTES TO THE
# FINANCIAL STATEMENTS
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## 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 23.

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

**2.24 Leases** *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.

# NOTES TO THE FINANCIAL STATEMENTS

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cont'd

**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.

# NOTES TO THE
# FINANCIAL STATEMENTS
31 December 2020
cont'd

**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.

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
cont'd

## 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.

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

### 2.27 Taxes *cont'd*

#### (b) Deferred tax *cont'd*

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

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 55, 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.

# NOTES TO THE FINANCIAL STATEMENTS
31 December 2020
cont'd

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

**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.

**2.31 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.

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

### 2.33 Fair value measurement *cont'd*

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 by 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.

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.

## 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 23 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 and investment properties as at 31 December 2020. 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.

## 4. PROPERTY, PLANT AND EQUIPMENT

| | Freehold 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 |
| **Group** | | | | | | | | |
| **At 31 December 2020** | | | | | | | | |
| **Cost/valuation** | | | | | | | | |
| At 1 January 2020 | 28,074 | 164,092 | 238,920 | 66,855 | 70,266 | 6,497 | 28,265 | 602,969 |
| Additions | - | 19 | 11,190 | 2,186 | 2,334 | 9 | 10,841 | 26,579 |
| Disposals | - | - | (5,729) | (5,677) | (112) | - | - | (11,518) |
| Written off | - | (1,709) | (1,167) | (346) | (2,133) | - | - | (5,355) |
| Revaluation | - | (2,130) | - | - | - | - | - | (2,130) |
| Reclassification | - | 776 | 6,083 | (20) | 806 | (6,506) | (1,139) | - |
| Exchange differences | - | - | (272) | (14) | (75) | - | - | (361) |
| At 31 December 2020 | 28,074 | 161,048 | 249,025 | 62,984 | 71,086 | - | 37,967 | 610,184 |
| **Accumulated depreciation and impairment** | | | | | | | | |
| At 1 January 2020 | - | 39,309 | 140,646 | 31,820 | 40,142 | - | - | 251,917 |
| Depreciation charge for the financial year | - | 5,945 | 19,252 | 3,992 | 7,362 | - | - | 36,551 |
| Disposals | - | - | (3,094) | (3,862) | (102) | - | - | (7,058) |
| Written off | - | (1,709) | (1,165) | (343) | (2,130) | - | - | (5,347) |
| Reclassification | - | 108 | - | (9) | (99) | - | - | - |
| Exchange differences | - | - | (266) | (10) | (74) | - | - | (350) |
| At 31 December 2020 | - | 43,653 | 155,373 | 31,588 | 45,099 | - | - | 275,713 |
| **Net carrying amount** | | | | | | | | |
| At 31 December 2020 | 28,074 | 117,395 | 93,652 | 31,396 | 25,987 | - | 37,967 | 334,471 |

# NOTES TO THE
# FINANCIAL STATEMENTS
31 December 2020
cont'd

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

| | Freehold 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 |
| **Group** *cont'd* | | | | | | | | |
| **At 31 December 2019** | | | | | | | | |
| **Cost/valuation** | | | | | | | | |
| At 1 January 2019 | 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 | - | 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 |
| **Accumulated depreciation and impairment** | | | | | | | | |
| At 1 January 2019 | - | 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 |

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

| | Renovations, office equipment, furniture and fittings Total RM'000 |
|---|---|
| **Company** | |
| **At 31 December 2020** | |
| **Cost** | |
| At 1 January 2020 | 8,028 |
| Additions | 73 |
| Disposals | (3) |
| At 31 December 2020 | 8,098 |
| **Accumulated depreciation** | |
| At 1 January 2020 | 4,415 |
| Depreciation charge for the financial year | 1,206 |
| Disposals | (2) |
| At 31 December 2020 | 5,619 |
| **Net carrying amount** | |
| At 31 December 2020 | 2,479 |
| **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 |

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## 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 2020 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 2020 would have been as follows:

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **RM'000** | **RM'000** |
| **Freehold land and buildings** | | |
| Cost | 91,496 | 91,496 |
| Accumulated depreciation | (13,253) | (11,790) |
| Net carrying amount | 78,243 | 79,706 |

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

| | Freehold land | | Buildings | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| **Group** | | | | |
| Valuation | 28,074 | 28,074 | 161,048 | 164,092 |
| Accumulated depreciation | - | - | (43,653) | (39,309) |
| | 28,074 | 28,074 | 117,395 | 124,783 |

**Significant unobservable valuation input:**

| | Range | |
|---|---|---|
| | **2020** | **2019** |
| Price per square foot | RM18 - RM792 | RM18 - RM808 |

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

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

(a) *cont'd*

**Reconciliation of fair value**

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **RM'000** | **RM'000** |
| As at 1 January | 152,857 | 154,424 |
| Level 3 revaluation recognised | (2,130) | 1,014 |
| Additions during the financial year | 19 | 576 |
| Depreciation charge during the financial year | (5,945) | (6,456) |
| Transferred from building work in progress | 776 | 3,299 |
| Reclassification | (108) | - |
| As at 31 December | 145,469 | 152,857 |

Fair value hierarchy disclosures for freehold land and buildings are disclosed in Note 48(f)(i).

(b) During the financial year, the Group and the Company acquired property, plant and equipment by way of the following:

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Cash | 20,456 | 34,491 | 73 | 1,758 |
| Hire purchase | 2,578 | 2,281 | - | - |
| Interest costs capitalised | 3,545 | 3,431 | - | - |
| | 26,579 | 40,203 | 73 | 1,758 |

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

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **RM'000** | **RM'000** |
| Motor vehicles | 22,659 | 24,413 |
| Machineries | 38,245 | 43,336 |
| | 60,904 | 67,749 |

(d) The freehold land, buildings and building work in progress with an aggregate carrying amount of RM125,796,000 (2019: RM121,306,000) are pledged to financial institutions for term loans obtained as disclosed in Note 28.

(e) Interest costs of RM3,545,000 (2019: RM3,431,000) were capitalised within building work in progress during the financial year as disclosed in Note 39.

# NOTES TO THE
# FINANCIAL STATEMENTS
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cont'd

## 5. INTANGIBLE ASSET

| | Group 2020 RM'000 | Group 2019 RM'000 |
|---|---|---|
| **Concession asset** | | |
| **Cost less amortisation** | | |
| At 1 January | 131,353 | 139,627 |
| Impairment loss (Note 40(a)) | (5,756) | - |
| Amortisation (Note 40(a)) | (7,958) | (8,274) |
| At 31 December | 117,639 | 131,353 |

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, a carpark and a hangarage 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 28.

## 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 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 40(a)) | (1,504) | - | (11,766) | (13,270) |
| Transferred to inventory properties under development (Note 6(b)) | (9,572) | - | 8,793 | (779) |
| **At 31 December 2019/1 January 2020** | 983,681 | 304,970 | 436,897 | 1,725,548 |

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## 6. INVENTORY PROPERTIES UNDER DEVELOPMENT *cont'd*

### (a) Land held for property development *cont'd*

| | Freehold land RM'000 | Leasehold land RM'000 | Development costs RM'000 | Total RM'000 |
|---|---|---|---|---|
| **Group** *cont'd* | | | | |
| **Cost** *cont'd* | | | | |
| **At 31 December 2019/1 January 2020** | 983,681 | 304,970 | 436,897 | 1,725,548 |
| Additions | - | 3 | 54,176 | 54,179 |
| Reclassification | 10,475 | (14,784) | 4,309 | - |
| Impairment of undeveloped lands (Note 40(a)) | (6,165) | - | - | (6,165) |
| Transferred to inventory properties under development (Note 6(b)) | (7,601) | - | (4,639) | (12,240) |
| Reclassified to assets held for sale (Note 18) | (2,185) | - | (11,612) | (13,797) |
| **At 31 December 2020** | 978,205 | 290,189 | 479,131 | 1,747,525 |

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 (2019: RM104,638,000), of which RM2,707,000 (2019: RM1,260,000) was paid during the financial year. RM2,707,000 amount payable in the previous financial year was included in other payables (Note 20(a)).

### (b) Property development costs

| | Freehold land RM'000 | Development costs RM'000 | Total RM'000 |
|---|---|---|---|
| **Group** | | | |
| **At 31 December 2020** | | | |
| **Cumulative property development costs** | | | |
| At 1 January 2020 | 75,192 | 836,690 | 911,882 |
| Cost incurred during the financial year | - | 124,327 | 124,327 |
| Transferred from land held for property development (Note 6(a)) | 7,601 | 4,639 | 12,240 |
| Unsold units transferred to completed inventory properties | (331) | (69,947) | (70,278) |
| Reclassified to assets held for sale | (176) | (611) | (787) |
| At 31 December 2020 | 82,286 | 895,098 | 977,384 |

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cont'd

## 6. INVENTORY PROPERTIES UNDER DEVELOPMENT *cont'd*

### (b) Property development costs *cont'd*

| | Freehold land RM'000 | Development costs RM'000 | Total RM'000 |
|---|---|---|---|
| **Group** *cont'd* | | | |
| **At 31 December 2020** *cont'd* | | | |
| **Cumulative costs recognised in statements of profit and loss** | | | |
| At 1 January 2020 | (29,870) | (639,899) | (669,769) |
| Recognised during the financial year | (9,419) | (90,734) | (100,153) |
| At 31 December 2020 | (39,289) | (730,633) | (769,922) |
| **Property development costs as at 31 December 2020** | 42,997 | 164,465 | 207,462 |
| **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 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 |

The carrying amount of freehold land and development costs included contract cost assets of RM1,989,000 (2019: RM4,748,000) and RM2,863,000 (2019: RM3,422,000) respectively.

The property development costs with a carrying amount of RM173,758,000 (2019: RM228,360,000) are pledged to a financial institution for a term loan obtained as disclosed in Note 28.

Interest costs of RM40,524,000 (2019: RM48,448,000) were capitalised within development costs during the financial year as disclosed in Note 39.

## 7. INVESTMENT PROPERTIES

| | Group<br>Investment properties<br>RM'000 |
|---|---|
| **Fair value** | |
| At 1 January 2020 | 1,805,106 |
| Additions | 12,610 |
| Loss from fair value adjustment (Note 40(a)) | (87,350) |
| At 31 December 2020 | 1,730,366 |
| At 1 January 2019 | 1,796,375 |
| Additions | 4,902 |
| Adjustments | (11,013) |
| Gain from fair value adjustment (Note 38) | 14,842 |
| At 31 December 2019 | 1,805,106 |

| | Group | |
|---|---|---|
| | **2020**<br>**RM'000** | **2019**<br>**RM'000** |
| Income derived from investment properties: | | |
| - Rental income (Note 36) | 155,861 | 167,653 |
| - Car park income (Note 36(a)(i)) | 9,201 | 15,362 |
| Direct operating expenses (including repair and maintenance) of income generating properties | (26,846) | (34,767) |
| Profit arising from investment properties carried at fair value | 138,216 | 148,248 |

Investment properties with an aggregate carrying amount of RM69,856,000 (2019: RM70,356,000) are held under lease terms.

Investment properties are stated at their fair value as at 31 December 2020. 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 RM1,656,876,000 (2019: RM1,728,641,000) are pledged as securities for borrowings as disclosed in Note 28.

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 48(f)(i).

Strata titles of certain investment properties with a total net carrying amount of RM57,381,000 (2019: RM60,356,000) are pending issuance by the authorities.

# NOTES TO THE FINANCIAL STATEMENTS
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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 2019** | 37,000 | 1,747,375 | 12,000 | 1,796,375 |
| Additions | - | 4,902 | - | 4,902 |
| Adjustments [(1)] | - | (11,013) | - | (11,013) |
| Gain on fair value adjustments recognised in profit or loss (Note 38) | - | 14,342 | 500 | 14,842 |
| **As at 31 December 2019/1 January 2020** | 37,000 | 1,755,606 | 12,500 | 1,805,106 |
| Additions | 25 | 12,585 | - | 12,610 |
| Loss on fair value adjustments recognised in profit or loss (Note 40) | (3,000) | (84,350) | - | (87,350) |
| **As at 31 December 2020** | 34,025 | 1,683,841 | 12,500 | 1,730,366 |

[(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) 2020 | 2019 |
|---|---|---|---|---|
| Retail and office properties | Investment method | Estimated rental value per square feet per month | RM1.26 - RM5.50 | RM1.20 - RM6.35 |
| | | Rent growth per annum | 0.00% - 6.00% | 6.00% - 10.00% |
| | | Long term vacancy rate | 5.00% - 25.00% | 5.00% - 20.00% |
| | | Discount rate | 5.00% - 7.50% | 6.00% - 7.50% |
| Retail properties | Comparison method | Difference in location, time factor, size and tenure | -20.00% - -35.00% | -20.00% - -40.00% |
| Vacant land | Comparison method | Difference in location, time factor, size and tenure | -20.00% - +30.00% | -5.00% - +10.00% |

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 | |
|---|---|---|
| | **2020** | **2019** |
| | **RM'000** | **RM'000** |
| Unquoted shares, at cost | 3,248,914 | 3,248,914 |
| Redeemable convertible preference shares-A | 453,000 | 453,000 |
| Arising from ESOS granted to subsidiaries' employees | 16,112 | 16,112 |
| | 3,718,026 | 3,718,026 |

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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 2020 (%) | 2019 (%) |
|---|---|---|---|---|
| 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 2020 (%) | 2019 (%) |
|---|---|---|---|---|
| **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 F&B Management Sdn. Bhd. (Formerly known as 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 Malls E-Shop Sdn. Bhd. (Formerly known as WCT Phenomenon Development Sdn. Bhd.) (1) | Malaysia | Property development* | 100 | 100 |

# NOTES TO THE FINANCIAL STATEMENTS
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cont'd

## 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 2020 (%) | 2019 (%) |
|---|---|---|---|---|
| **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. | Malaysia | As the manager of WCT Real Estate Investment Trust * | 100 | 100 |
| **Held by Labur Bina Sdn. Bhd.:** | | | | |
| Labur Bina Management Sdn. Bhd. | Malaysia | Maintenance and management services on developed property | 100 | 100 |
| **Held by WCT Land Resources Sdn. Bhd.:** | | | | |
| BBT Mall Sdn. Bhd. | Malaysia | Building management in investment properties | 100 | 100 |
| BBT Hotel Sdn. Bhd. | Malaysia | Investment in hotel | 100 | 100 |
| **Held by WCT Premier Development Sdn. Bhd.:** | | | | |
| WCT OUG Development Sdn. Bhd. | Malaysia | Property development | 100 | 100 |
| **Held by Skyline Domain Sdn. Bhd.:** | | | | |
| Subang SkyPark Sdn. Bhd. (1) | 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) | 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 2020 (%) | 2019 (%) |
|---|---|---|---|---|
| **Held by Subang SkyPark Sdn. Bhd. and SkyPark RAC Sdn. Bhd.:** | | | | |
| SkyPark FBO Malaysia Sdn. Bhd. [1] | 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 of auditors other than Ernst & Young PLT

**(a) Capital injection in a subsidiary in previous financial year**

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

# NOTES TO THE FINANCIAL STATEMENTS
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cont'd

## 8. INVESTMENTS IN SUBSIDIARIES *cont'd*

### (b) 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 2020 | Group 2019 |
|---|---|---|---|
| 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 2020 RM'000 | Group 2019 RM'000 |
|---|---|---|
| **Accumulated balances of material non-controlling interests:** | | |
| Cebarco WCT Bahrain | 4,406 | 5,453 |
| SSSB Group | (46,494) | (38,893) |
| Other individually immaterial non-controlling interests | (62) | (81) |
| | (42,150) | (33,521) |

| | Group 2020 RM'000 | Group 2019 RM'000 |
|---|---|---|
| **Total comprehensive loss allocated to material non-controlling interests:** | | |
| Cebarco WCT Bahrain | (1,047) | (117) |
| SSSB Group | (7,601) | (6,031) |
| Other individually immaterial non-controlling interests | 19 | (821) |
| | (8,629) | (6,969) |

## 8. INVESTMENTS IN SUBSIDIARIES *cont'd*

### (b) 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 2020:**

| | Cebarco WCT Bahrain RM'000 | SSSB Group RM'000 | Total RM'000 |
|---|---|---|---|
| Revenue | - | 19,859 | 19,859 |
| Cost of sales | (1,981) | (4,853) | (6,834) |
| **Gross (loss)/profit** | (1,981) | 15,006 | 13,025 |
| Other income | - | 3,189 | 3,189 |
| Administrative expenses | - | (6,190) | (6,190) |
| Other expenses | - | (15,037) | (15,037) |
| Finance costs | - | (15,970) | (15,970) |
| **Loss before tax** | (1,981) | (19,002) | (20,983) |
| Income tax expense | - | - | - |
| **Loss for the financial year** | (1,981) | (19,002) | (20,983) |
| Other comprehensive loss for the year, net of tax | (113) | - | (113) |
| **Total comprehensive loss** | (2,094) | (19,002) | (21,096) |
| **Attributable to:** | | | |
| Non-controlling interests | (1,047) | (7,601) | (8,648) |
| Other individually immaterial non-controlling interests | - | - | 19 |
| | (1,047) | (7,601) | (8,629) |

**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 financial 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) |

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## 8. INVESTMENTS IN SUBSIDIARIES *cont'd*

### (b) 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 2020:**

| | Cebarco WCT Bahrain RM'000 | SSSB Group RM'000 | Total RM'000 |
|---|---|---|---|
| Property, plant and equipment | - | 7,882 | 7,882 |
| Intangible asset | - | 117,639 | 117,639 |
| Trade and other receivables (current) | - | 6,673 | 6,673 |
| Cash and bank balances (current) | 10,083 | 11,970 | 22,053 |
| Trade and other payables | | | |
| - Current | (59) | (10,621) | (10,680) |
| - Non-current | - | (4,000) | (4,000) |
| Lease commitment payables | | | |
| - Current | - | (4,067) | (4,067) |
| - Non-current | - | (97,949) | (97,949) |
| Amount due from/(to) related parties/companies (current) | (1,213) | (72,142) | (73,355) |
| Interest-bearing loans and borrowings | | | |
| - Current | - | (9,750) | (9,750) |
| - Non-current | - | (46,470) | (46,470) |
| Others | - | (15,299) | (15,299) |
| **Total equity** | 8,811 | (116,134) | (107,323) |
| **Attributable to:** | | | |
| Non-controlling interest | 4,406 | (46,454) | (42,048) |
| Equity capital contribution | - | (40) | (40) |
| Other individually immaterial non-controlling interests | - | - | (62) |
| Total non-controlling interest | 4,406 | (46,494) | (42,150) |

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

**(b) 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) |

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## 8. INVESTMENTS IN SUBSIDIARIES *cont'd*

### (b) 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 2020:** | | | |
| Operating activities | (204) | 19,488 | 19,284 |
| Investing activities | - | 3,189 | 3,189 |
| Financing activities | - | (15,970) | (15,970) |
| **Net (decrease)/increase in cash and cash equivalents** | (204) | 6,707 | 6,503 |
| **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 |

## 9. INVESTMENTS IN ASSOCIATES

| | Group | |
|---|---|---|
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| Unquoted shares, at cost | 104,902 | 109,588 |
| Share of pre-acquisition profit and reserves | (79) | (79) |
| Group's share of post acquisition profit and reserves | 85,644 | 86,658 |
| | 190,467 | 196,167 |
| Exchange difference | (36,887) | (31,263) |
| | 153,580 | 164,904 |
| Represented by: | | |
| Group's share of net identifiable assets | 153,580 | 164,904 |

**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 2020 (%) | 2019 (%) |
|---|---|---|---|---|
| **Held by WCT Berhad:** | | | | |
| 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") | 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 (Note a) | 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 [(2)] | India | Investment holding | 50 | 50 |

(1) Audited by Ernst & Young PLT. All other associates are audited by firms of auditors other than Ernst & Young PLT.
(2) Perdana Highway Operations Private Limited is an entity over which the Group has significant influence.

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

These associates have no material capital commitments as at 31 December 2020 and 2019.

These associates have reported a combined contingent liabilities of RM22,115,000 (2019: RM23,100,000) as at reporting date. The Group's share of these contingent liabilities approximate RM6,635,000 (2019: RM6,930,000) as disclosed in Note 46(d).

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**9. INVESTMENTS IN ASSOCIATES** *cont'd*

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

During the financial year, Suria Holdings (Offshore) Private Limited has redeemed CRPS held by WCT (International) Private Limited for a total cash consideration of RM4,686,000.

**(b) Deregistration of an associate in previous financial year**

In the previous financial year, 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 38) and a net cash inflow to the Group of RM824,000.

The following table summarises the information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates.

| | KKBWCT RM'000 | CORE Precious RM'000 | Mapex RM'000 | Emas RM'000 | Other individually immaterial associates RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| **2020** | | | | | | |
| (i) Summarised statements of financial position | | | | | | |
| Non-current assets | 2,789 | 77,701 | 108 | 22 | 232,387 | 313,007 |
| Current assets | 115,856 | 292,928 | 141,151 | 83,280 | 63,885 | 697,100 |
| Total assets | 118,645 | 370,629 | 141,259 | 83,302 | 296,272 | 1,010,107 |
| Non-current liabilities | (8,936) | (79,394) | - | - | - | (88,330) |
| Current liabilities | (100,866) | (32,605) | (21,556) | (16,927) | (2,511) | (174,465) |
| Total liabilities | (109,802) | (111,999) | (21,556) | (16,927) | (2,511) | (262,795) |
| Net assets | 8,843 | 258,630 | 119,703 | 66,375 | 293,761 | 747,312 |
| (ii) Summarised statements of profit and loss and other comprehensive income | | | | | | |
| Revenue | 82,493 | 75,120 | - | 1,359 | 37,707 | 196,679 |
| Finance income | - | - | - | 432 | - | 432 |
| (Loss)/profit for the financial year | (15,928) | 17,290 | 5,440 | 14,127 | 1,563 | 22,492 |
| (iii) Group's share of net assets, representing carrying amount of Group's interest in associates | 2,653 | 51,726 | 35,911 | 19,913 | 24,520 | 134,723 |
| Foreign exchange effect on investments in subsidiaries of associates | - | - | 11,824 | 7,033 | - | 18,857 |
| | 2,653 | 51,726 | 47,735 | 26,946 | 24,520 | 153,580 |

## 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 |
|---|---|---|---|---|---|---|
| **2020** *cont'd* | | | | | | |
| (iv) Group's share of results of associates | | | | | | |
| (Loss)/profit for the financial year | (4,778) | 3,458 | 1,632 | 4,238 | 469 | 5,019 |
| (v) Dividend received from associates | - | - | - | - | 6,033 | 6,033 |
| **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 financial 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 |
| (iv) Group's share of results of associates | | | | | | |
| Profit/(loss) for the financial year | 1,059 | (1,425) | 5,351 | (1,802) | (279) | 2,904 |
| (v) Dividend received from associates | - | - | - | - | 3,529 | 3,529 |

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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 2020 (%) | Proportion of ownership interest 2019 (%) |
|---|---|---|---|---|
| **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 of auditors 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 | |
|---|---|---|
| | **2020** | **2019** |
| | **RM'000** | **RM'000** |
| **Assets and liabilities** | | |
| Current assets | 178,326 | 157,744 |
| Non-current assets | 732,565 | 729,304 |
| **Total assets** | 910,891 | 887,048 |
| Current liabilities | (551,755) | (590,942) |
| Non-current liabilities | (272,167) | (268,668) |
| **Total liabilities** | (823,922) | (859,610) |
| **Net assets** | 86,969 | 27,438 |
| **Results** | | |
| Revenue | 275,207 | 193,306 |
| Expenses | (208,639) | (144,775) |
| Profit before tax | 66,568 | 48,531 |
| Taxation | - | - |
| Profit after tax | 66,568 | 48,531 |
| Other comprehensive loss for the financial year, net of tax | (7,037) | (288) |
| **Total comprehensive income** | 59,531 | 48,243 |

### (b) Investments in joint ventures

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Unquoted shares, at cost | 414,178 | 414,178 | - | - |
| Effects of MFRS 16 Leases adoption | - | (3,671) | - | - |
| Group's share of post acquisition profits and reserves | (183,380) | (51,582) | - | - |
| Unrealised profit | 8,044 | 6,047 | - | - |
| Arising from ESOS granted to joint ventures' employees | 777 | 777 | 777 | 777 |
| | 239,619 | 365,749 | 777 | 777 |
| Represented by: | | | | |
| Group's share of net identifiable assets | 239,619 | 365,749 | 777 | 777 |

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

**(b) Investments in joint ventures** *cont'd*

Details of the joint ventures are as follows:

| Name of joint ventures | Country of incorporation | Principal activities | Proportion of ownership interest 2020 (%) | 2019 (%) |
|---|---|---|---|---|
| **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 | 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 in previous financial year**

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 RM'000 | Jelas Puri RM'000 | Segi Astana RM'000 | Total RM'000 |
|---|---|---|---|---|
| **2020** | | | | |
| (i) Summarised statements of financial position | | | | |
| Non-current assets | 11,428 | 852,516 | 512,718 | 1,376,662 |
| Current assets | 37,312 | 250,021 | 107,021 | 394,354 |
| Total assets | 48,740 | 1,102,537 | 619,739 | 1,771,016 |
| Non-current liabilities | (714) | (375,144) | (370,063) | (745,921) |
| Current liabilities | (41,949) | (508,121) | (131,062) | (681,132) |
| Total liabilities | (42,663) | (883,265) | (501,125) | (1,427,053) |
| Net assets | 6,077 | 219,272 | 118,614 | 343,963 |
| (ii) Summarised statements of profit and loss and other comprehensive income | | | | |
| Revenue | 54,684 | 73,779 | 84,976 | 213,439 |
| Profit/(loss) for the financial year | 2,392 | (133,577) | (36,355) | (167,540) |
| (iii) Group's share of net assets, representing carrying amount of Group's interest in joint ventures | 3,099 | 153,490 | 83,030 | 239,619 |
| (iv) Group's share of results of joint ventures | 1,220 | (93,504) | (25,449) | (117,733) |
| (v) Dividend received from joint ventures | - | - | 10,394 | 10,394 |
| **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 |

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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 |
|---|---|---|---|---|
| **2019** *cont'd* | | | | |
| (ii) Summarised statements of profit and loss and other comprehensive income | | | | |
| Revenue | 23,229 | 111,887 | 134,018 | 269,134 |
| Profit/(loss) for the financial 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 |

## 11. TRADE RECEIVABLES

| | Group 2020 RM'000 | Group 2019 RM'000 |
|---|---|---|
| **Current** | | |
| Trade receivables | 514,312 | 511,499 |
| Retention sum on contracts receivable within 1 year | 145,186 | 253,513 |
| | 659,498 | 765,012 |
| Less: Allowance for expected credit losses | (7,949) | (27,849) |
| | 651,549 | 737,163 |
| **Non-current** | | |
| Trade receivables | 20,606 | 20,971 |
| Retention sum on contracts receivable after 1 year | 439,059 | 291,713 |
| | 459,665 | 312,684 |
| Total | 1,111,214 | 1,049,847 |

Details of the Group's trade receivables subject to enforcement of an arbitration award are disclosed in Note 53(a).

## 11. TRADE RECEIVABLES *cont'd*

### (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 (2019: 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 53. 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.

The ageing of trade receivables as at the end of the financial year was:

| | Gross<br>RM'000 | Individual impairment<br>RM'000 | Net<br>RM'000 |
|---|---|---|---|
| **Group** | | | |
| **2020** | | | |
| Not past due | 900,864 | - | 900,864 |
| Past due 0-30 days | 44,733 | - | 44,733 |
| Past due 31-120 days | 105,831 | - | 105,831 |
| Past due more than 120 days | 87,886 | (7,949) | 79,937 |
| | 1,139,314 | (7,949) | 1,131,365 |
| **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 |

## 11. TRADE RECEIVABLES *cont'd*

### (a) Credit risk *cont'd*

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

| | Group | |
|---|---|---|
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| At 1 January | 27,849 | 21,040 |
| Charge for the financial year | 4,380 | 8,547 |
| Written off | (6,805) | (1,560) |
| Reversal of allowance | (17,600) | (119) |
| Exchange differences | 125 | (59) |
| At 31 December | 7,949 | 27,849 |

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 | |
|---|---|---|
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| **Contract assets** | | |
| **Current** | | |
| Contract assets - construction (Note (a)) | 412,486 | 380,546 |
| Contract assets - property development (Note (b)) | 28,418 | 55,479 |
| | 440,904 | 436,025 |
| **Non-current** | | |
| Contract assets - construction (Note (a)) | 224,669 | 229,141 |
| Total | 665,573 | 665,166 |
| **Contract liabilities** | | |
| **Current** | | |
| Contract liabilities - construction (Note (a)) | (101,473) | (159,116) |
| Contract liabilities - property development (Note (b)) | - | (33) |
| | (101,473) | (159,149) |
| **Non-current** | | |
| Contract liabilities - construction (Note (a)) | (69,127) | (87,354) |
| Total | (170,600) | (246,503) |

## 12. CONTRACT BALANCES *cont'd*

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

| | Group | |
|---|---|---|
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| Aggregate costs incurred to date | 9,371,188 | 11,517,246 |
| Add: Attributable profits | 131,352 | 133,639 |
| Less: Foreseeable losses | - | (58) |
| | 9,502,540 | 11,650,827 |
| Less: Progress billings | (8,910,709) | (11,142,511) |
| Less: Advances received from customers on contracts | (125,276) | (145,099) |
| | 466,555 | 363,217 |
| Presented as: | | |
| Contract assets - construction | 637,155 | 609,687 |
| Contract liabilities - construction | (170,600) | (246,470) |
| | 466,555 | 363,217 |
| Contract revenue recognised during the financial year (Note 36(a)(i)) | 1,195,933 | 1,255,991 |
| Contract cost recognised during the financial year (Note 37) | (1,145,216) | (1,116,873) |

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

| | Group | |
|---|---|---|
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| Wages and salaries | 57,606 | 58,534 |
| Other staff related expenses | 12,805 | 26,856 |
| Hiring of machineries | 56,850 | 40,222 |
| Expense relating to short-term leases and leases of low-value assets (Note 23) | 1,304 | 1,589 |
| Interest expense on lease liabilities (Note 39) | 250 | 438 |
| Depreciation of right-of-use assets (property, plant and equipment) (Note 23) | 3,169 | 3,511 |
| Depreciation of property, plant and equipment | 9,933 | 13,907 |
| Property, plant and equipment written off | 5 | 256 |

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cont'd

## 12. CONTRACT BALANCES *cont'd*

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

| | Group | |
|---|---|---|
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| At beginning of the financial year | 55,446 | 34,762 |
| Consideration payable to customers | 5,672 | 1,662 |
| Revenue recognised during the financial year (Note 36(a)(i)) | 259,949 | 302,537 |
| | 321,067 | 338,961 |
| Less: Progress billings during the financial year | (292,649) | (283,515) |
| At end of the financial year | 28,418 | 55,446 |
| Presented as: | | |
| Contract assets - property development | 28,418 | 55,479 |
| Contract liabilities - property development | - | (33) |
| | 28,418 | 55,446 |
| Contract revenue recognised during the financial year (Note 36(a)(i)) | 259,949 | 302,537 |
| Contract cost recognised during the financial year (Note 37) | 168,853 | 150,095 |

## 13. OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Current** | | | | |
| Sundry receivables | 15,126 | 47,188 | 342 | 206 |
| Deposits | 28,844 | 26,829 | 5 | 4 |
| Advances to subcontractors (Note (i)) | 163,883 | 99,653 | - | - |
| Prepayments | 4,111 | 4,326 | 590 | 456 |
| Advances to non-controlling interests of subsidiaries (Note (ii)) | 778 | 1,519 | - | - |
| | 212,742 | 179,515 | 937 | 666 |
| Less: Allowance for expected credit losses | (4,534) | (6,780) | - | - |
| | 208,208 | 172,735 | 937 | 666 |

## 13. OTHER RECEIVABLES *cont'd*

| | Group 2020 RM'000 | Group 2019 RM'000 | Company 2020 RM'000 | Company 2019 RM'000 |
|---|---|---|---|---|
| **Non-current** | | | | |
| Deposits | 8,305 | 9,126 | 149 | 148 |
| Sundry receivables | 736 | 1,090 | - | - |
| Advances to subcontractors | 54,460 | 55,426 | - | - |
| Prepayments | 2,166 | 2,526 | 139 | 510 |
| Performance security deposit (Note 53(a)) | 253,574 | 258,071 | - | - |
| | 319,241 | 326,239 | 288 | 658 |
| Total | 527,449 | 498,974 | 1,225 | 1,324 |

(i) The Group's outstanding advances to subcontractors in excess of 1 year as at 31 December 2020 amounted to RM45,013,000 (2019: RM44,574,000). 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 2020 RM'000 | Group 2019 RM'000 |
|---|---|---|
| At 1 January | 6,780 | 8,647 |
| Charge for the financial year | - | 756 |
| Written off | (1,777) | (2,594) |
| Reversal of allowance | (427) | - |
| Exchange differences | (42) | (29) |
| At 31 December | 4,534 | 6,780 |

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 53(a).

# NOTES TO THE
# FINANCIAL STATEMENTS
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## 14. DUE FROM/(TO) RELATED PARTIES

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Due from related parties:** | | | | |
| **Current** | | | | |
| **Subsidiaries** | | | | |
| - current accounts | | | | |
| - interest bearing | - | - | 566,230 | 565,176 |
| - non-interest bearing | - | - | 126,659 | 87,140 |
| **Associates** | | | | |
| - trade accounts | | | | |
| - interest bearing | 68,166 | 45,238 | - | - |
| - non-interest bearing | 19,138 | 27,278 | - | - |
| - current accounts | | | | |
| - non-interest bearing | 600 | 600 | 488 | 488 |
| **Joint ventures** | | | | |
| - trade accounts | | | | |
| - interest bearing | 235,608 | 161,167 | - | - |
| - non-interest bearing | 982 | 71,251 | - | - |
| - current accounts | | | | |
| - interest bearing | 221,284 | 178,876 | - | - |
| - non-interest bearing | 7,003 | 10,106 | 2,058 | 1,231 |
| | 552,781 | 494,516 | 695,435 | 654,035 |
| Less: Allowance for expected credit losses | - | - | (141) | (163) |
| | 552,781 | 494,516 | 695,294 | 653,872 |
| **Non-current** | | | | |
| **Subsidiaries** | | | | |
| - current accounts | | | | |
| - interest bearing | - | - | 1,098,750 | 1,090,000 |
| | - | - | 1,098,750 | 1,090,000 |
| | 552,781 | 494,516 | 1,794,044 | 1,743,872 |
| **Due to related parties:** | | | | |
| **Current** | | | | |
| **Subsidiaries** | | | | |
| - current accounts | | | | |
| - interest bearing | - | - | (17,005) | - |
| - non-interest bearing | - | - | (50) | - |
| **Joint ventures** | | | | |
| - current accounts | | | | |
| - non-interest bearing | (743) | (8) | - | - |
| | (743) | (8) | (17,055) | - |

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

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

| | Company | |
|---|---|---|
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| At 1 January | 163 | 69 |
| Charge for the financial year | 36 | 94 |
| Reversal of allowance | (58) | - |
| At 31 December | 141 | 163 |

Further details on related party transactions and information on financial risks are disclosed in Notes 44 and 48 respectively.

Balances with related parties are unsecured, bear interest ranging from 5.00% to 6.00% (2019: 5.00% to 6.00%) per annum during the financial year.

Trade accounts have a credit terms of 90 days (2019: 90 days) whereas current accounts are repayable on demand.

## 15. DEFERRED TAXATION

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January | 87,592 | 93,130 | (747) | (623) |
| Effects of MFRS 16 Leases adoption | - | (6,555) | - | (237) |
| Recognised in the profit or loss (Note 41) | 12,774 | 52 | 635 | 113 |
| Recognised in equity (Note 41) | (511) | 965 | - | - |
| At 31 December | 99,855 | 87,592 | (112) | (747) |
| **Presented after appropriate offsetting as follows:** | | | | |
| Deferred tax assets | (10,384) | (11,359) | (112) | (747) |
| Deferred tax liabilities | 110,239 | 98,951 | - | - |
| | 99,855 | 87,592 | (112) | (747) |

# NOTES TO THE
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**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 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 2020 | (2,644) | (11,750) | (25,464) | (39,858) |
| Recognised in the profit or loss | - | 11,419 | (3,600) | 7,819 |
| At 31 December 2020 | (2,644) | (331) | (29,064) | (32,039) |
| At 1 January 2019 | (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) |

**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 2020 | 8,054 | 69,133 | 44,160 | 6,103 | 127,450 |
| Recognised in the profit or loss | 9,821 | (9,332) | 3,414 | 1,052 | 4,955 |
| Recognised in equity | - | (511) | - | - | (511) |
| At 31 December 2020 | 17,875 | 59,290 | 47,574 | 7,155 | 131,894 |
| At 1 January 2019 | 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 |

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 2020 | (767) |
| Recognised in the profit or loss | 623 |
| At 31 December 2020 | (144) |
| At 1 January 2019 | (666) |
| Effects of MFRS 16 Leases adoption | (237) |
| Recognised in the profit or loss | 136 |
| At 31 December 2019 | (767) |

**Deferred tax liabilities of the Company:**

| | **Accelerated capital allowances RM'000** |
|---|---|
| At 1 January 2020 | 20 |
| Recognised in the profit or loss | 12 |
| At 31 December 2020 | 32 |
| At 1 January 2019 | 43 |
| Recognised in the profit or loss | (23) |
| At 31 December 2019 | 20 |

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

| | **Group** | |
|---|---|---|
| | **2020 RM'000** | **2019 RM'000** |
| Unused tax losses | 106,893 | 60,275 |
| Unabsorbed capital allowances | 25,933 | 22,868 |
| Unused tax losses in foreign countries | 240 | 173 |
| Unused tax losses in foreign branches | 181,159 | 162,499 |
| | 314,225 | 245,815 |
| Deferred tax at rates prevailing in the respective jurisdictions, if recognised | 50,030 | 36,230 |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
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## 15. DEFERRED TAXATION *cont'd*

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 unused business losses and unabsorbed 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 unused losses or unabsorbed capital allowances were ascertained with those on the first day of the basis period in which the unused losses or unabsorbed capital allowances are to be utilised.

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 unused business losses.

Under New Section 44(5F) of the Income Tax Act 1967, unused 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 unused 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.

Under provisions of Article (7) of Law No.24 of 2018 of the Qatari Tax Law, unused business losses shall not be carried forward for more than 5 years after the end of the taxable year during which they are incurred.

## 16. INVENTORIES

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **RM'000** | **RM'000** |
| Consumable stocks, at cost | 330 | 407 |
| Completed inventory properties, at cost | 137,803 | 103,697 |
| Completed inventory properties, at net realisable value | 325,127 | 365,159 |
| | 463,260 | 469,263 |
| Costs of inventories recognised as an expense | (120,286) | (85,933) |

Certain properties held for sale with an aggregate carrying amount of RM2,344,000 (2019: RM2,344,000) are in the process of being registered in a subsidiary's name.

## 17. CASH AND BANK BALANCES

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Deposits: | | | | |
| With licensed banks [(a)] | 185,164 | 378,525 | 53,900 | 106,000 |
| With licensed banks [(a), (b)] | 54,182 | 38,044 | - | - |
| | 239,346 | 416,569 | 53,900 | 106,000 |
| Cash and bank balances | 257,475 | 207,661 | 95,432 | 6,339 |
| Cash held under Housing Development Accounts [(c)] | 28,897 | 21,404 | - | - |
| Escrow account | 777 | 810 | - | - |
| | 287,149 | 229,875 | 95,432 | 6,339 |
| Total cash and bank balances | 526,495 | 646,444 | 149,332 | 112,339 |

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Less than 3 months | 236,780 | 414,741 | 53,900 | 106,000 |
| More than 3 months but less than 1 year | 2,566 | 1,828 | - | - |
| | 239,346 | 416,569 | 53,900 | 106,000 |

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

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

Other information on financial risks of cash and bank balances are disclosed in Note 48.

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## 18. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

| | Group | |
|---|---|---|
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| **Assets** | | |
| Arising from disposal of inventory properties under development: | | |
| Land held for property development (Note (a)) | 13,797 | - |
| Property development costs (Note (b)) | 787 | - |
| | 14,584 | - |

(a) On 30 December 2020, Labur Bina Sdn. Bhd. ("LBSB"), an indirect wholly-owned subsidiary of the Company, received an offer from a third party for the purchase of 3 parcels of freehold land held under Geran No. 59808 (Lot 83189), Geran No. 94932 (Lot 84200) and Geran No. 95201 (Lot 84201) measuring approximately 64,954 square metres, located at Pekan Pandamaran, District of Klang, State of Selangor for a total consideration of RM69,916,000. LBSB accepted the offer on 18 January 2021 and has entered into a sale and purchase agreement with the third party on 1 March 2021.

(b) On 20 December 2020, Gabungan Efektif Sdn. Bhd. ("GESB"), an indirect wholly-owned subsidiary of the Company, received an offer from a third party for the purchase of a parcel of freehold land held under Geran No. 321537 (Lot 167797) measuring approximately 1,439 square metres, located at Mukim Klang, District of Klang, State of Selangor for a total consideration of RM929,000. GESB entered into a sale and purchase agreement with the third party on 23 February 2021.

The disposals of the above parcels of freehold land have been completed as at the date of this report.

## 19. TRADE PAYABLES

| | Group | |
|---|---|---|
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| **Current** | | |
| Trade payables | 646,369 | 569,502 |
| Retention sum on contracts payable within 1 year | 133,905 | 184,248 |
| | 780,274 | 753,750 |
| **Non-current** | | |
| Trade payables | 5,497 | 5,595 |
| Retention sum on contracts payable after 1 year | 111,046 | 75,287 |
| | 116,543 | 80,882 |
| Total | 896,817 | 834,632 |

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2019: 30 to 90 days).

Details of trade payables subject to enforcement of an arbitration award are disclosed in Note 53(a).

Included in trade payables is an accrual of costs arising from an arbitration award amounting to RM51,069,000 (2019: RM51,927,000). Further details on the arbitration award are disclosed in Note 53(b).

## 20. OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Current** | | | | |
| Sundry payables [a] | 7,544 | 15,287 | 269 | 691 |
| Accruals [b] | 168,395 | 164,707 | 15,476 | 24,856 |
| Provision for foreseeable losses [c] | 267 | 269 | - | - |
| Advances from a non-controlling interest of subsidiaries | | | | |
| - non-interest bearing | 1,397 | 261 | - | - |
| Advances from shareholders of joint ventures | | | | |
| - non-interest bearing | 41,411 | 41,897 | - | - |
| Refundable deposits | 19,819 | 21,206 | - | - |
| Others | 21,561 | 34,636 | 537 | 2,056 |
| | 260,394 | 278,263 | 16,282 | 27,603 |
| **Non-current** | | | | |
| Sundry payables (Note 53(a)) | 180,504 | 183,705 | - | - |
| Advances from a non-controlling interest of a subsidiary | | | | |
| - non-interest bearing | 4,000 | 4,000 | - | - |
| Provision for restoration cost (Note 23) | 65 | 36 | 194 | 185 |
| Refundable deposits | 15,513 | 14,962 | - | - |
| | 200,082 | 202,703 | 194 | 185 |
| Total | 460,476 | 480,966 | 16,476 | 27,788 |

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 53(a).

(a) In the previous financial year, 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.

(b) Included in accruals are costs arising from an arbitration award amounting to RM93,169,000 (2019: RM94,736,000). Further details on the arbitration award are disclosed in Note 53(b).

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

| | Group | |
|---|---|---|
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| At 1 January | 269 | 272 |
| Utilised during the financial year | (2) | (3) |
| At 31 December | 267 | 269 |

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## 21. LEASE COMMITMENT PAYABLE

| | Group | |
|---|---|---|
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| **Future minimum lease payments:** | | |
| Not later than 1 year | 12,433 | 12,433 |
| Later than 1 year and not later than 2 years | 12,433 | 12,433 |
| Later than 2 years and not later than 5 years | 38,392 | 38,027 |
| Later than 5 years | 119,330 | 132,129 |
| Total future minimum lease payments | 182,588 | 195,022 |
| Less: Future finance charges | (80,572) | (89,246) |
| Present value of finance lease liabilities | 102,016 | 105,776 |
| **Analysis of present value of lease commitment payables:** | | |
| Not later than 1 year | 4,067 | 3,759 |
| Later than 1 year and not later than 2 years | 4,401 | 4,067 |
| Later than 2 years and not later than 5 years | 16,674 | 15,074 |
| Later than 5 years | 76,874 | 82,876 |
| | 102,016 | 105,776 |
| Less: Amount due within 12 months | (4,067) | (3,759) |
| Amount due after 12 months | 97,949 | 102,017 |

The Group's lease commitment payables arose from the acquisition of 60.00% equity interest in SSSB in the previous financial years. The lease commitment payables are in relation to the concession assets recognised as intangible assets as disclosed in Note 5.

## 22. HIRE-PURCHASE AND LEASE LIABILITIES

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2020 | 2019 | 2020 | 2019 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| **Current** | | | | | |
| Hire purchase payables | 24 | 16,834 | 17,231 | - | - |
| Lease liabilities | 23 | 13,515 | 12,943 | 2,723 | 3,048 |
| | | 30,349 | 30,174 | 2,723 | 3,048 |
| **Non-current** | | | | | |
| Hire purchase payables | 24 | 13,129 | 27,671 | - | - |
| Lease liabilities | 23 | 174,913 | 182,574 | 1,261 | 3,984 |
| | | 188,042 | 210,245 | 1,261 | 3,984 |
| Total hire purchase and lease liabilities | | 218,391 | 240,419 | 3,984 | 7,032 |

**22. HIRE-PURCHASE AND LEASE LIABILITIES** *cont'd*

The hire purchase and lease liabilities are initially measured at the present value of the lease payments that are not paid at the inception date.

After initial recognition, hire purchase and lease liabilities are measured by increasing the carrying amounts to reflect interest on the hire purchase and lease liabilities, reducing the carrying amounts to reflect the lease payments made and remeasuring the carrying amounts to reflect any reassessment or lease modifications.

The corresponding right-of-use assets of the hire purchase and lease liabilities are presented as property, plant and equipment and right-of-use assets as disclosed in Notes 4 and 23 to the financial statements respectively.

**23. 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 | 15,303 | 31,778 | 47,081 |
| Additions | 67 | 3,040 | 3,107 |
| Depreciation expense | (1,008) | (4,837) | (5,845) |
| At 31 December 2019/1 January 2020 | 14,362 | 29,981 | 44,343 |
| Additions | - | 6,780 | 6,780 |
| Modification | (22) | (127) | (149) |
| Depreciation expense | (846) | (5,755) | (6,601) |
| Exchange differences | - | 15 | 15 |
| At 31 December 2020 | 13,494 | 30,894 | 44,388 |

**23. 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 | 6,954 |
| Additions | 2,002 |
| Depreciation expense | (2,592) |
| At 31 December 2019/1 January 2020 | 6,364 |
| Depreciation expense | (2,786) |
| At 31 December 2020 | 3,578 |

The above excludes 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 | 140,520 |
| Fair value adjustments recognised in profit or loss (Note 40) | (8,141) |
| At 31 December 2019/1 January 2020 | 132,379 |
| Fair value adjustments recognised in profit or loss (Note 40) | (3,270) |
| At 31 December 2020 | 129,109 |

## 23. LEASES *cont'd*

**Group as a lessee** *cont'd*

Set out below are the carrying amounts of lease liabilities and the movements during the financial year:

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January | 195,517 | - | 7,032 | - |
| Effects of MFRS 16 Leases adoption | - | 203,787 | - | 7,778 |
| Additions | 6,761 | 3,097 | - | 1,992 |
| Accretion of interest (Note 39) | 10,866 | 11,970 | 362 | 443 |
| Remeasurement | (512) | - | (9) | - |
| Payments | (24,202) | (23,337) | (3,401) | (3,181) |
| Exchange differences | (2) | - | - | - |
| At 31 December | 188,428 | 195,517 | 3,984 | 7,032 |
| Current | 13,515 | 12,943 | 2,723 | 3,048 |
| Non-current | 174,913 | 182,574 | 1,261 | 3,984 |
| | 188,428 | 195,517 | 3,984 | 7,032 |

The maturity analysis of lease liabilities are disclosed in Note 48(b).

Set out below are the carrying amounts of provision for restoration cost and the movements during the year:

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January | 36 | - | 185 | - |
| Effects of MFRS 16 Leases adoption | - | 24 | - | 166 |
| Additions | 19 | 10 | - | 10 |
| Unwinding of discount on provision for restoration costs (Note 39) | 10 | 2 | 9 | 9 |
| At 31 December (Note 20) | 65 | 36 | 194 | 185 |

## 23. LEASES *cont'd*

**Group as a lessee** *cont'd*

The following are the amounts recognised in profit or loss:

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Depreciation expense of right-of-use assets (property, plant and equipment) | | | | |
| - included in other expenses (Note 40(a)) | 3,432 | 2,334 | 2,786 | 2,592 |
| - included in construction contracts (Note 12(a)) | 3,169 | 3,511 | - | - |
| | 6,601 | 5,845 | 2,786 | 2,592 |
| Fair value adjustment on right-of-use assets (investment properties) (Note 40(a)) | 3,270 | 8,141 | - | - |
| Interest expense on lease liabilities (Note 39) | 10,866 | 11,970 | 362 | 443 |
| Unwinding of discount on provision for restoration costs (Note 39) | 10 | 2 | 9 | 9 |
| Gain on lease modification | (363) | - | (9) | - |
| Expense relating to short-term leases and leases of low-value assets | | | | |
| - included in administrative expenses | 179 | 1,381 | - | - |
| - included in construction contract (Note 12(a)) | 1,304 | 1,589 | - | - |
| **Total amount recognised in profit or loss** | 21,867 | 28,928 | 3,148 | 3,044 |

The Group and the Company had total cash outflows for leases of RM25,685,000 (2019: RM26,307,000) and RM3,401,000 (2019: RM3,181,000), respectively. The Group and the Company also had non-cash additions to right-of-use assets and lease liabilities of RM6,780,000 (2019: RM3,107,000) and Nil (2019: 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)).

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:

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **RM'000** | **RM'000** |
| Extension options expected not to be exercised: | | |
| More than 5 years | 224,700 | 224,700 |

**23. LEASES** *cont'd*

**Group as a 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 | |
|---|---|---|
| | **2020** | **2019** |
| | **RM'000** | **RM'000** |
| **Future minimum rental receivables:** | | |
| Not later than 1 year | 123,620 | 154,525 |
| Later than 1 year and not later than 5 years | 166,460 | 140,533 |
| Later than 5 years | 31,040 | - |
| | 321,120 | 295,058 |

Rental income earned from these investment properties during the financial year is disclosed in Note 36.

**24. HIRE PURCHASE PAYABLES**

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **RM'000** | **RM'000** |
| **Future minimum lease payments:** | | |
| Not later than 1 year | 18,043 | 19,214 |
| Later than 1 year and not later than 2 years | 9,441 | 17,508 |
| Later than 2 years and not later than 5 years | 4,481 | 11,851 |
| Total future minimum lease payments | 31,965 | 48,573 |
| Less: Future finance charges | (2,002) | (3,671) |
| Present value of finance lease liabilities | 29,963 | 44,902 |
| **Analysis of present value of hire purchase payables:** | | |
| Not later than 1 year | 16,834 | 17,231 |
| Later than 1 year and not later than 2 years | 8,915 | 16,407 |
| Later than 2 years and not later than 5 years | 4,214 | 11,264 |
| | 29,963 | 44,902 |
| Less: Amount due within 12 months | (16,834) | (17,231) |
| Amount due after 12 months | 13,129 | 27,671 |

The hire purchase payables are secured by a charge over the leased assets (Note 4(c)) and bear weighted average effective interest rate at 5.33% (2019: 5.19%) per annum.

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## 25. BORROWINGS

| | Note | Group 2020 RM'000 | Group 2019 RM'000 | Company 2020 RM'000 | Company 2019 RM'000 |
|---|---|---|---|---|---|
| **Current** | | | | | |
| Secured: | | | | | |
| Revolving credits | 26 | 459,186 | 448,282 | - | - |
| Term loans | 28 | 141,010 | 137,940 | - | - |
| | | 600,196 | 586,222 | - | - |
| Unsecured: | | | | | |
| Revolving credits | 26 | 386,500 | 391,500 | - | - |
| Trust receipts and Bankers' acceptances | 27 | 22,627 | 27,160 | - | - |
| Bank overdrafts | 29 | 460 | - | - | - |
| Medium term notes | 30 | - | 183,250 | - | 183,250 |
| Sukuk Murabahah | 31 | 200,000 | - | 200,000 | - |
| | | 609,587 | 601,910 | 200,000 | 183,250 |
| | | 1,209,783 | 1,188,132 | 200,000 | 183,250 |
| **Non-current** | | | | | |
| Secured: | | | | | |
| Term loans | 28 | 537,270 | 587,777 | - | - |
| Unsecured: | | | | | |
| Sukuk Murabahah | 31 | 1,210,000 | 1,310,000 | 1,210,000 | 1,310,000 |
| | | 1,747,270 | 1,897,777 | 1,210,000 | 1,310,000 |
| **Total borrowings** | | | | | |
| Revolving credits | 26 | 845,686 | 839,782 | - | - |
| Bankers' acceptances | 27 | 22,627 | 27,160 | - | - |
| Term loans | 28 | 678,280 | 725,717 | - | - |
| Bank overdrafts | 29 | 460 | - | - | - |
| Medium term notes | 30 | - | 183,250 | - | 183,250 |
| Sukuk Murabahah | 31 | 1,410,000 | 1,310,000 | 1,410,000 | 1,310,000 |
| | | 2,957,053 | 3,085,909 | 1,410,000 | 1,493,250 |

## 25. BORROWINGS *cont'd*

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revolving credits | 385,514 | 403,975 | - | - |
| Term loans | 132,061 | 191,998 | - | - |
| Bank overdrafts | 24,040 | 24,500 | - | - |
| Medium term notes | 1,000,000 | 816,750 | 1,000,000 | 816,750 |
| Sukuk Murabahah | 90,000 | 190,000 | 90,000 | 190,000 |
| Other trade lines | 36,886 | 60,317 | - | - |
| | 1,668,501 | 1,687,540 | 1,090,000 | 1,006,750 |

During the financial year, the Group has obtained moratorium for certain borrowings amounting to RM65,026,000 (of which RM10,239,000 was interest expense) for the period between April to September 2020.

Other information on the borrowings are disclosed in Note 48.

## 26. REVOLVING CREDITS

| | Group | |
|---|---|---|
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| **Secured** | | |
| Revolving credit I | 60,000 | 65,000 |
| Revolving credit II | 399,186 | 383,282 |
| | 459,186 | 448,282 |
| **Unsecured** | | |
| Revolving credit III | 15,000 | 15,000 |
| Revolving credit IV | 371,500 | 376,500 |
| | 386,500 | 391,500 |
| | 845,686 | 839,782 |

Revolving credit I is secured on the same terms as Term loan I, disclosed in Note 28 and bears interest at 1.00% (2019: 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 5 local projects (2019: 4 local projects) undertaken by the Group and bears interest ranging from 3.05% to 4.55% (2019: 4.30% to 4.75%) per annum.

Revolving credit III is secured by corporate guarantee from a subsidiary and bears interest at 1.25% (2019: 1.25%) per annum over the bank's cost of funds.

Revolving credit IV is unsecured and bears interest at rates ranging from 2.68% to 4.56% (2019: 4.05% 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.

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## 27. BANKERS' ACCEPTANCES

| | Group | |
|---|---|---|
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| **Unsecured** | | |
| Bankers' acceptances | 22,627 | 27,160 |

The bankers' acceptances bear interest at rates ranging from 2.54% to 4.22% (2019: 3.98% to 4.29%) per annum. These bankers' acceptances have a maturity period of 112 to 122 (2019: 101 to 120) days.

## 28. TERM LOANS

| | Group | |
|---|---|---|
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| **Secured** | | |
| Term loan I | 245,200 | 256,000 |
| Term loan II | 266,976 | 265,920 |
| Term loan III | 109,912 | 144,922 |
| Term loan IV | 13,473 | 14,680 |
| Term loan V | 42,719 | 44,195 |
| Total term loans | 678,280 | 725,717 |
| The term loans are repayable as follows: | | |
| Not later than 1 year | 141,010 | 137,940 |
| Later than 1 year and not later than 2 years | 372,938 | 154,022 |
| Later than 2 years and not later than 5 years | 151,141 | 419,086 |
| Later than 5 years | 13,191 | 14,669 |
| | 678,280 | 725,717 |
| Less: Amount due within 12 months | (141,010) | (137,940) |
| Amount due after 12 months | 537,270 | 587,777 |

(i) Term loan I together with the Revolving credit I (Note 26) 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 5.25% (2019: 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.

**28. 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:

- 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.

The TL1 is repayable by way of redemption sum of the selling price of the service apartment unit and/or 10 equal quarterly principal repayments commencing from April 2021 whichever is earlier. The margin of profit rate is 1.20% per annum and 1.00% above the bank's cost of funds during the construction stage and upon completion respectively.

The TL2 are repayable over 24 quarterly principal payments commencing from April 2017. The margin of profit rate is 1.20% (2019: 1.20%) per annum and 1.00% (2019: 1.00%) above the bank's cost of funds during the construction stage and upon completion respectively.

The TL3 is repayable over 24 quarterly principal repayments commencing from October 2022. The TL3 bears interest at 1.20% per annum and 1.00% above the bank's cost of funds during the construction stage and upon completion respectively.

(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 by way of redemption sum of the selling price of each development properties on the OUG Project Land and/or 12 equal quarterly principal repayments commencing from February 2019 whichever is earlier. The margin of profit rate is 1.25% (2019: 1.25%) per annum above the bank's cost of funds.

The TL-B is repayable by way of redemption sum of the selling price of each development properties on the OUG Project Land and/or over 11 equal quarterly principal payments and a final principal payment, with the first payment commencing from April 2019 whichever is earlier with TL-A taking precedent. The margin of profit rate is 1.25% (2019: 1.25%) per annum above the bank's cost of funds.

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## 28. TERM LOANS *cont'd*

(iv) The Term loan IV bears interest at a rate of 1.25% (2019: 1.25%) per annum above the bank's base lending rate and is repayable over 36 quarterly instalments (inclusive of interests) commencing from August 2013.

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% (2019: 1.25%) per annum above the bank's base lending rate and is repayable in 48 and 56 quarterly principal repayments 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.

## 29. BANK OVERDRAFTS

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **RM'000** | **RM'000** |
| Unsecured | 460 | - |

The unsecured bank overdrafts of the subsidiaries were guaranteed by the Company and by a subsidiary and bear interest at rates ranging from 6.40% to 7.15% (2019: Nil) per annum.

## 30. MEDIUM TERM NOTES ("MTN")

| | Group/Company | |
|---|---|---|
| | **2020** | **2019** |
| | **RM'000** | **RM'000** |
| **Unsecured** | | |
| The MTNs are repayable as follows: | | |
| Not later than 1 year | - | 183,250 |

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.

**30. MEDIUM TERM NOTES ("MTN")** *cont'd*

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 RM183,250,000 (2019: RM616,750,000) during the current financial year.

**31. SUKUK MURABAHAH**

| | Group/Company | |
|---|---|---|
| | **2020** | **2019** |
| | **RM'000** | **RM'000** |
| **Unsecured** | | |
| The Sukuk Murabahah are repayable as follows: | | |
| Not later than 1 year | 200,000 | - |
| Later than 1 year and not later than 2 years | 400,000 | 100,000 |
| Later than 2 years and not later than 5 years | 500,000 | 700,000 |
| Later than 5 years | 310,000 | 510,000 |
| | 1,410,000 | 1,310,000 |
| Less: Amount due within 12 months | (200,000) | - |
| Amount due after 12 months | 1,210,000 | 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.

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**31. SUKUK MURABAHAH** *cont'd*

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.

On 27 October 2020, the Company issued additional RM100,000,000 nominal value Sukuk Murabahah with a tenure of 366 days at profit rate of 3.77% per annum, payable semi-annually in arrears commencing 6 months after the issue date.

**32. SHARE CAPITAL**

| | Group/Company | | | |
|---|---|---|---|---|
| | Number of ordinary shares | | Amount | |
| | 2020 | 2019 | 2020 | 2019 |
| | '000 | '000 | RM'000 | RM'000 |
| **Issued and fully paid:** | | | | |
| At 1 January | 1,418,150 | 1,416,403 | 3,212,796 | 3,210,984 |
| Share options exercised under: | | | | |
| - ESOS 2013/2023 (Note 32(c)) | - | 1,747 | - | 1,432 |
| Transfer within reserve arising from ESOS exercised | - | - | - | 380 |
| At 31 December | 1,418,150 | 1,418,150 | 3,212,796 | 3,212,796 |

**32. SHARE CAPITAL** *cont'd*

**(a) Issue of shares**

There is no issuance of new ordinary shares during the financial year. In the previous 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 holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry 1 vote per share without restrictions and rank equally with regard to the Company's residual assets.

**(b) Treasury shares**

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares.

During the financial year, the Company repurchased a total of 20,709,100 of its issued ordinary shares from the open market at an average price of RM0.47 per share. The total consideration paid for the repurchase including transaction costs was RM9,643,239. 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.

During the financial year, 13,953,231 (2019: 27,626,878) treasury shares were distributed as share dividends to the shareholders on 26 August 2020 (2019: 28 June 2019) on the basis of 1 (2019: 2) treasury shares for every 100 ordinary shares held at the entitlement date on 12 August 2020 (2019: 18 June 2019), fractions of treasury shares was disregarded.

As at 31 December 2020, the total number of ordinary shares held as treasury shares was 14,941,027 (2019: 8,185,158) at a total cost of RM5,335,528 (2019: RM7,485,661).

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

**(c) Employees' share option scheme 2013/2023 ("ESOS 2013/2023")**

The Company's ESOS 2013/2023 is governed by the By-Laws which was approved by the shareholders at the Extraordinary General Meeting held on 26 April 2013.

The salient terms of the ESOS 2013/2023 are as follows:

(i) Subject to the ESOS By-Laws, the maximum number of options granted under the ESOS 2013/2023 shall not exceed 10.00% of the total issued and paid-up share capital comprising ordinary shares in the Company at any time throughout the duration of the scheme which shall be in force for a period of 10 years commencing from 19 July 2013 ("ESOS Option Period");

(ii) An employee of the Group shall be eligible to participate in the ESOS 2013/2023 if, as at the date of the ESOS 2013/2023 offer, such employee:

(aa) has attained the age of 18 years;

(bb) has been in the employment of any company(s) within the Group for a period of at least 1 year of continuous service (which employment need not be with the same company within the Group throughout the duration) prior to and up to the offer date, including service during the probation period, and is confirmed in service; and

(cc) in the case where a company is acquired by the Group during the duration of the ESOS 2013/2023 and becomes a subsidiary of the Company upon such acquisition, must have completed a continuous period of at least 1 year of employment in the Group following the date such company becomes or is deemed to be a subsidiary of the Company.

**32. SHARE CAPITAL** *cont'd*

**(c) Employees' share option scheme 2013/2023 ("ESOS 2013/2023")** *cont'd*

The salient terms of the ESOS 2013/2023 are as follows: *cont'd*

(ii) *cont'd*

Any non-executive director of the Company who is not involved in the day-to-day management of the Company and who, on the offer date, has served any company within the Group for at least 1 year, including any period that he/she was an employee or director of any company within the Group, shall be eligible to participate in the ESOS 2013/2023.

The Options Committee may with its power under the ESOS By-Laws, nominate any employee or non-executive directors of the Group to be an Eligible Employee notwithstanding that the eligibility criteria as stated in (c) (ii) (bb), (cc) or the above is not met.

Subject to the fulfilment of additional eligibility criteria under the ESOS By-Laws, no employee shall participate at anytime in more than 1 employee share option scheme implemented by any company within the Group;

(iii) Not more than 10.00% of the Options available under the ESOS 2013/2023 shall be allocated, to any individual Director or Eligible Employee who, either individually or collectively through persons connected with the Directors or employees, holds 20.00% or more in the issued and paid-up share capital of the Company;

(iv) The option price for subscription of each share shall be at a discount of not more than 10.00% from the weighted average market price of the Company's shares traded on Bursa Malaysia for the 5 market days preceding the date of offer;

(v) Subject to any adjustments that may be made under the ESOS By-Laws, no options shall be granted for less than 100 shares of the Company but not more than the maximum allowable allotment as set out in the ESOS By-Laws;

(vi) Subject to the ESOS By-Laws, the Options Committee may with its power under the ESOS By-Laws, at any time and from time to time, before or after an ESOS Option is granted, limit the exercise of the ESOS Option to a maximum number of new shares of the Company and/or such percentage of the total new shares of the Company comprised in the ESOS Option during such periods within the ESOS Option Period and impose any other terms and/or conditions deemed appropriate by the Options Committee in its sole discretion including amending/varying any terms and conditions imposed earlier;

(vii) An ESOS 2013/2023 offer may be made upon such terms and conditions as the Options Committee may decide from time to time. Each ESOS 2013/2023 offer shall be made in writing and is personal to the Eligible Employee and cannot be assigned, transferred, encumbered or otherwise disposed off in any manner whatsoever; and

(viii) Subject to the ESOS By-Laws, an ESOS Option can be exercised by the Grantee, by notice in writing to the Company in the form prescribed by the Options Committee during the ESOS Option Period in respect of all or any parts of the new shares in the ESOS Option.

32. **SHARE CAPITAL** *cont'd*

(c) **Employees' share option scheme 2013/2023 ("ESOS 2013/2023")** *cont'd*

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

| | | | Number of share options | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Outstanding at 1 January | Movement during the year Granted | (Exercised) | (Forfeited) | Outstanding at 31 December | Exercisable at 31 December |
| Grant date | Expiry date | Exercise price RM | '000 | '000 | '000 | '000 | '000 | '000 |
| **2020** | | | | | | | | |
| 30 August 2013 | 18 July 2023 | 1.63 | 5,080 | - | - | - | 5,080 | 5,080 |
| 15 August 2014 | 18 July 2023 | 1.55 | 4,697 | - | - | - | 4,697 | 4,697 |
| 18 September 2015 | 18 July 2023 | 1.18 | 2,663 | - | - | - | 2,663 | 2,663 |
| 12 June 2018 | 12 June 2021 | 0.82 | 26,879 | - | - | (1,638) | 25,241 | 25,241 |
| | | | 39,319 | - | - | (1,638) | 37,681 | 37,681 |
| WAEP (RM) | | | 1.04 | - | - | 1.01 | 1.04 | 1.04 |
| **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 |

**32. 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 |
|---|---|---|
| **2020** | | |
| **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 |
| **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 |

At 31 December 2020, there are 37,681,000 (2019: 39,319,000) options exercisable at the WAEP of RM1.04 (2019: RM1.04) 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 previous financial year resulted in the issuance of 1,746,600 ordinary shares at a WAEP of 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% |

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.

**32. SHARE CAPITAL** *cont'd*

**(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 2019/31 December 2019/1 January 2020 | 235,897 |
| Lapsed | (235,897) |
| At 31 December 2020 | - |

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.

Warrants 2015/2020 had lapsed on 27 August 2020.

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## 33. RESERVES

| | Note | Group 2020 RM'000 | Group 2019 RM'000 | Company 2020 RM'000 | Company 2019 RM'000 |
|---|---|---|---|---|---|
| **Non-distributable** | | | | | |
| Revaluation reserve | (a) | 54,279 | 55,898 | - | - |
| Other reserve | | 2 | 5 | - | - |
| Capital reserve | (b) | 61,646 | 61,646 | - | - |
| Equity compensation reserve | (c) | 9,282 | 9,638 | 8,552 | 8,908 |
| Exchange reserve | (d) | (84,039) | (71,345) | - | - |
| Internal reorganisation reserve | (e) | (1,554,791) | (1,554,791) | - | - |
| | | (1,513,621) | (1,498,949) | 8,552 | 8,908 |
| **Distributable** | | | | | |
| General reserve | (f) | 1,438 | 1,438 | - | - |
| | | (1,512,183) | (1,497,511) | 8,552 | 8,908 |

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.

## 33. RESERVES *cont'd*

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

**(f) General reserve**

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

(ii) Under the provisions of the India Companies Act, 1956, a statutory reserve equivalent to a certain percentage of the subsidiary's net profit before appropriation is required to be transferred to a non-distributable reserve account before any dividend can be declared or paid, 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.

## 34. PERPETUAL SUKUK

| | Group/Company | |
|---|---|---|
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| Issuance in nominal value | 821,500 | 617,000 |
| Less: Transaction cost | (3,419) | (4,335) |
| Net nominal value | 818,081 | 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").

On 3 March 2020, the Company issued additional RM204,500,000 nominal value of Perpetual Sukuk Musharakah pursuant to the 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.

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### 34. 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:

(i) refinancing of existing financing/borrowings;

(ii) capital expenditure;

(iii) asset acquisition;

(iv) working capital;

(v) general corporate purposes; and/or

(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.

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 fifth and seventh 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 a 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.

   The second tranche of the Perpetual Sukuk with a nominal amount of RM204,500,000 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 nominal value of Perpetual Sukuk issued in the previous financial year, the total outstanding Perpetual Sukuk in issue stood at RM821,500,000 in nominal value as at 31 December 2020.

**34. PERPETUAL SUKUK** *cont'd*

The salient features of the Perpetual Sukuk are as follows: *cont'd*

(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 15 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% per annum.

As at the date of this report, none of the Perpetual Sukuk's periodic distribution has been deferred. During the financial year, the Group and the Company have made a distribution of RM42,532,000 (2019: Nil) to the holders of Perpetual Sukuk.

**35. NON-CONTROLLING INTERESTS**

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **RM'000** | **RM'000** |
| At 1 January | (33,521) | (26,552) |
| Share of losses for the financial year | (8,596) | (6,927) |
| Exchange differences | (33) | (42) |
| At 31 December | (42,150) | (33,521) |

**36. REVENUE**

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Revenue from contracts with customers (Note (a)) | 1,534,715 | 1,657,895 | 18,287 | 18,467 |
| Interest income (Note (b)) | 14,004 | 10,067 | 96,009 | 97,369 |
| Dividend income | - | - | 5,200 | 20,200 |
| Rental income (Note 7) | 155,861 | 167,653 | - | - |
| | 1,704,580 | 1,835,615 | 119,496 | 136,036 |

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**36. REVENUE** *cont'd*

**(a) Revenue from contracts with customers**

**(i) Disaggregated revenue information**

Set up below is the disaggregation of the Group's and the Company's revenue from contracts with customers:

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Type of goods or services: | | | | |
| Engineering and construction works (Note 12(a)) | 1,195,933 | 1,255,991 | - | - |
| Revenue from property development (Note 12(b)): | | | | |
| - Completed inventory properties | 87,502 | 54,640 | - | - |
| - Inventory properties under development | 172,447 | 247,897 | - | - |
| | 259,949 | 302,537 | - | - |
| Others: | | | | |
| - Management fees | 6,044 | 6,588 | 18,287 | 18,467 |
| - Sale of goods | 59,082 | 60,655 | - | - |
| - Car park income (Note 7) | 9,201 | 15,362 | - | - |
| - Hotel income | 4,506 | 16,762 | - | - |
| | 78,833 | 99,367 | 18,287 | 18,467 |
| Total revenue from contracts with customers | 1,534,715 | 1,657,895 | 18,287 | 18,467 |

**(ii) Timing of revenue recognition**

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At a point in time | 166,335 | 154,007 | 18,287 | 18,467 |
| Over time | 1,368,380 | 1,503,888 | - | - |
| Total revenue from contracts with customers | 1,534,715 | 1,657,895 | 18,287 | 18,467 |

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.

## 36. REVENUE *cont'd*

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

#### (iii) Remaining performance obligations

The transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) as at 31 December, are as follows:

| | Group | |
|---|---|---|
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| Within one year | | |
| - Engineering and construction works | 1,481,240 | 1,716,226 |
| - Property development | 58,103 | 68,917 |
| | 1,539,343 | 1,785,143 |
| More than one year | | |
| - Engineering and construction works | 3,536,760 | 3,302,774 |
| - Property development | 10,285 | 23,045 |
| | 3,547,045 | 3,325,819 |
| Total in future years | 5,086,388 | 5,110,962 |

### (b) Interest income

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Interest income from deposits with licensed banks | 4,522 | 1,699 | 4,522 | 1,699 |
| Interest income from subsidiaries | - | - | 91,487 | 95,670 |
| Interest income from joint ventures | 9,482 | 8,246 | - | - |
| Interest income from associates | - | 122 | - | - |
| | 14,004 | 10,067 | 96,009 | 97,369 |

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## 37. COST OF SALES

| | Group | |
|---|---|---|
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| Construction contract costs (Note 12(a)) | 1,145,216 | 1,116,873 |
| Cost of inventory properties (Note 12(b)): | | |
| - Inventory properties under development | 104,446 | 123,502 |
| - Completed inventory properties | 64,407 | 26,593 |
| Cost of goods sold | 55,879 | 59,340 |
| Cost of maintenance of investment properties | 24,731 | 31,881 |
| Cost of services provided | 21,388 | 21,203 |
| Cost incurred on car park operation | 2,115 | 2,886 |
| Cost of sales - hotel | 3,326 | 6,775 |
| | 1,421,508 | 1,389,053 |

## 38. OTHER OPERATING INCOME

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Interest income from deposits with licensed banks | 12,638 | 12,099 | 256 | 13 |
| Interest income from joint ventures | 8,713 | 8,008 | - | - |
| Interest income from associates | 3,586 | 2,941 | - | - |
| | 24,937 | 23,048 | 256 | 13 |
| Rental income | 5,999 | 5,889 | 2,749 | 2,757 |
| (Loss)/gain on disposal of property, plant and equipment | (182) | 2,037 | (1) | - |
| Gain on liquidation of an associate (Note 9(b)) | - | 824 | - | - |
| Net realised (loss)/gain on foreign exchange | (360) | 1,778 | - | - |
| Fair value gain on investment properties (Note 7) | - | 14,842 | - | - |
| Fair value adjustment on right-of-use asset (investment properties) (Note 23) | (3,270) | (8,141) | - | - |
| Finance (loss)/income from financial assets carried at amortised cost | (461) | 5,777 | - | - |
| Sale of scaffolding | 16 | 19 | - | - |
| Insurance claim | 1,603 | 227 | - | - |
| Reversal of allowance for expected credit losses | 18,027 | 119 | - | - |
| Arbitration award (Note 53(c)) | - | 11,406 | - | - |
| Gain on lease modification | 363 | - | 9 | - |
| Others | 10,123 | 13,263 | 402 | 447 |
| | 56,795 | 71,088 | 3,415 | 3,217 |

## 39. FINANCE COSTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Interest expense | | | | |
| - term loans | 33,294 | 36,499 | - | - |
| - bank overdrafts | 11 | 33 | - | - |
| - bankers' acceptances | 692 | 819 | - | - |
| - revolving credits | 31,216 | 35,935 | - | - |
| - hire purchase | 2,021 | 2,624 | - | - |
| - lease commitment | 8,674 | 8,932 | - | - |
| - lease liabilities (Note 23) | 10,866 | 11,970 | 362 | 443 |
| - profit on MTNs | 5,543 | 29,021 | 5,543 | 29,021 |
| - profit on Sukuk Murabahah | 71,039 | 70,178 | 71,039 | 70,178 |
| - amortisation of transaction costs incurred on Perpetual Sukuk | 692 | 101 | 692 | 101 |
| - unwinding of discount (Note 23) | 10 | 2 | 9 | 9 |
| - others | 22 | 1,167 | 597 | - |
| | 164,080 | 197,281 | 78,242 | 99,752 |
| - less: Amount capitalised under property, plant and equipment (Note 4(e)) | (3,545) | (3,431) | - | - |
| - less: Amount capitalised under property development costs (Note 6(b)) | (40,524) | (48,448) | - | - |
| - less: Amount capitalised under construction contracts (Note 12(a)) | (250) | (438) | - | - |
| | 119,761 | 144,964 | 78,242 | 99,752 |

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## 40. (LOSS)/PROFIT BEFORE TAXATION

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| (a) The following amounts have been included in arriving at (loss)/profit before taxation: | | | | |
| Auditors' remuneration | | | | |
| - statutory | 852 | 861 | 92 | 92 |
| - underprovision in prior years | 27 | 42 | - | 3 |
| - other services | 472 | 198 | 401 | 179 |
| Expense relating to short-term leases and leases of low-value assets | 179 | 1,381 | - | - |
| Amortisation of intangible asset (Note 5) | 7,958 | 8,274 | - | - |
| Impairment loss of intangible asset (Note 5) | 5,756 | - | - | - |
| Depreciation of property, plant and equipment | 26,618 | 19,790 | 1,206 | 1,038 |
| Depreciation of right-of-use assets (property, plant and equipment) (Note 23) | 3,432 | 2,334 | 2,786 | 2,592 |
| Bad debts written off | 38 | 5,784 | - | - |
| Allowance for expected credit losses: | | | | |
| - related parties | - | - | (22) | 94 |
| - third parties | 4,380 | 9,303 | - | - |
| Accrual of costs arising from arbitration awards: | | | | |
| (Note 53(b)) | - | 146,663 | - | - |
| (Note 53(d)) | - | 2,871 | - | - |
| Settlement with a subcontractor of the Ministry of Interior Head Quarters Project ("MOI Project") | - | (18,798) | - | - |
| Property, plant and equipment written off | 3 | 110 | - | - |
| Fair value adjustment on investment properties (Note 7) | 87,350 | - | - | - |
| Fair value adjustment on right-of-use asset (investment properties) (Note 23) | 3,270 | 8,141 | - | - |
| Finance costs from loans and receivables | - | 15,228 | - | - |
| Net unrealised loss on foreign exchange | (752) | (2,996) | - | - |
| Net write down in value of inventory properties | | | | |
| - completed inventory properties | 9,238 | 9,297 | - | - |
| - land held for property development (Note 6(a)) | 6,165 | 13,270 | - | - |
| Direct expenses (including repair and maintenance) attributable to income generating investment properties (Note 7) | 26,846 | 34,767 | - | - |
| Reversal of foreseeable losses for contract assets | (58) | (72) | - | - |

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## 40. (LOSS)/PROFIT BEFORE TAXATION *cont'd*

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| (b) Employee benefits expense | | | | |
| Staff costs (excluding Directors' remuneration): | | | | |
| Wages and salaries | 59,199 | 66,580 | 3,669 | 3,148 |
| Social security costs | 631 | 718 | 9 | 9 |
| Employees' Provident Fund contribution | 6,554 | 7,219 | 475 | 501 |
| Bonus and ex-gratia | 1,258 | 4,026 | 492 | 475 |
| Other staff related expenses | 6,509 | 8,686 | 1,248 | 649 |
| | 74,151 | 87,229 | 5,891 | 4,782 |

(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 2020** | | | | | | | |
| **Group/Company** | | | | | | | |
| ***Executive*** | | | | | | | |
| Tan Sri Lim Siew Choon | 2,656 | 12 | - | 319 | 35 | 6 | 3,028 |
| Dato' Lee Tuck Fook | 2,310 | 12 | - | 277 | - | 3 | 2,602 |
| Goh Chin Liong | 1,906 | 12 | - | 229 | 64 | 6 | 2,217 |
| Chow Yin Choon | 442 | 4 | - | 53 | 10 | - | 509 |
| Liang Kai Chong | 1,270 | 12 | - | 152 | 23 | 9 | 1,466 |
| | 8,584 | 52 | - | 1,030 | 132 | 24 | 9,822 |
| ***Non-executive*** | | | | | | | |
| Tan Sri Marzuki Bin Mohd Noor | 29 | 84 | - | - | - | 1 | 114 |
| Datuk Ab Wahab Bin Khalil | 25 | 84 | - | - | - | 1 | 110 |
| Dato' Ng Sooi Lin | 28 | 84 | - | - | - | 3 | 115 |
| Ng Soon Lai @ Ng Siek Chuan | 12 | 84 | - | - | - | 3 | 99 |
| Rahana Binti Abdul Rashid | 16 | 84 | - | - | - | 3 | 103 |
| | 110 | 420 | - | - | - | 11 | 541 |
| | 8,694 | 472 | - | 1,030 | 132 | 35 | 10,363 |

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## 40. (LOSS)/PROFIT BEFORE TAXATION *cont'd*

(c) Directors' remuneration *cont'd*

| | Salaries and other emoluments RM'000 | Fees RM'000 | Bonus RM'000 | Defined contribution plan RM'000 | Estimated money value of benefits-in-kind RM'000 | Indemnity given to or insurance effected for Directors RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|
| **At 31 December 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 previous 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. Goh Chin Liong continues to serve as a Director on contract basis during the current financial year.*

## 41. TAXATION

| | Group 2020 RM'000 | Group 2019 RM'000 | Company 2020 RM'000 | Company 2019 RM'000 |
|---|---|---|---|---|
| Current income tax: | | | | |
| Malaysian income tax | 27,510 | 53,406 | 2,485 | 4,950 |
| (Over)/under provision in prior years | (5,527) | (7,759) | 196 | 76 |
| | 21,983 | 45,647 | 2,681 | 5,026 |
| Deferred income tax (Note 15): | | | | |
| Relating to origination and reversal of temporary differences | 4,990 | 707 | 596 | 112 |
| Under/(over) provision in prior years | 7,784 | (655) | 39 | 1 |
| | 12,774 | 52 | 635 | 113 |
| Taxation reported in profit or loss | 34,757 | 45,699 | 3,316 | 5,139 |

## 41. TAXATION *cont'd*

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Deferred tax related to items recognised in OCI during the year: | | | | |
| Revaluation of land and buildings included in property, plant and equipment (Note 15) | (511) | 965 | - | - |

Domestic current income tax is calculated at the Malaysian statutory tax rate of 24.00% (2019: 24.00%) of the estimated assessable profit for the financial year.

Tax in foreign jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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:

| | 2020 | 2019 |
|---|---|---|
| | RM'000 | RM'000 |
| **Group** | | |
| (Loss)/profit before taxation | (144,880) | 11,451 |
| Taxation at Malaysian statutory tax rate of 24.00% (2019: 24.00%) | (34,771) | 2,748 |
| Effect of different tax rates in foreign branches | (8,544) | 16,443 |
| Effect of zero tax rates in foreign countries | 2,804 | 2,142 |
| Effect of share of results of associates | (1,205) | (697) |
| Effect of share of results of joint ventures | 28,256 | 9,600 |
| Effect on different tax rate for fair value in investment properties | 12,229 | (2,078) |
| Effect on tax exemption | (2,459) | (10,086) |
| Effect of distribution to holders of Perpetual Sukuk | (10,208) | - |
| Income not subject to tax | (1,854) | (7,613) |
| Expenses not deductible for tax purposes | 34,452 | 32,677 |
| Utilisation of previously unrecognised tax losses | (1,410) | (1,721) |
| Utilisation of previously unrecognised tax losses in foreign branches | - | (7,002) |
| Deferred tax assets not recognised during the year | 13,334 | 4,015 |
| Deferred tax assets in foreign countries not recognised during the year | 10 | 8 |
| Deferred tax assets in foreign branches not recognised during the year | 1,866 | 15,677 |
| Under/(over) provision of deferred tax in prior years | 7,784 | (655) |
| Over provision of income tax in prior years | (5,527) | (7,759) |
| Tax expense for the financial year | 34,757 | 45,699 |

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## 41. TAXATION *cont'd*

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company respectively are as follows (cont'd):

| | 2020 RM'000 | 2019 RM'000 |
|---|---|---|
| **Company** | | |
| Profit before taxation | 14,323 | 6,535 |
| Taxation at Malaysian statutory tax rate of 24.00% (2019: 24.00%) | 3,438 | 1,568 |
| Income not subject to tax | (11,458) | (4,848) |
| Expenses not deductible for tax purposes | 11,101 | 8,342 |
| Under provision of deferred tax in prior years | 39 | 1 |
| Under provision of income tax in prior years | 196 | 76 |
| Tax expense for the financial year | 3,316 | 5,139 |

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.

## 42. LOSS PER SHARE

### (i) Basic

Basic loss per share is calculated by dividing the loss 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 | |
|---|---|---|
| | 2020 RM'000 | 2019 RM'000 |
| Loss attributable to ordinary equity holders of the Company | (213,573) | (27,321) |
| Weighted average number of shares in issue | 1,401,198 | 1,397,788 |
| Basic loss per share (sen) | (15.24) | (1.95) |

## 42. LOSS PER SHARE *cont'd*

### (ii) Fully diluted

For the purpose of calculating diluted earnings per share, the loss 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 | |
|---|---|---|
| | **2020** | **2019** |
| | **RM'000** | **RM'000** |
| Loss attributable to ordinary equity holders of the Company | (213,573) | (27,321) |
| Weighted average number of shares in issue | 1,401,198 | 1,397,788 |
| Effect of dilution: | | |
| Warrants ^ | - | - |
| Share options | - | 3,401 |
| Adjusted weighted average number of shares in issue and issuable | 1,401,198 | 1,401,189 |
| Diluted loss per share (sen) | * | (1.95) |

^ *All warrants are anti-dilutive.*
* *Not applicable as all the employees' share options are anti-dilutive.*

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 52.

## 43. DIVIDENDS

| | Dividends in respect of year | | Dividends recognised in year | |
|---|---|---|---|---|
| | **2019** | **2018** | **2020** | **2019** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| **Recognised during the year:** | | | | |
| 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 |
| Final dividend comprising: | | | | |
| - Share dividend by way of distribution of 13,953,231 treasury shares on 26 August 2020 on the basis of 1 treasury share for every 100 ordinary shares held in the Company | 11,793 | - | 11,793 | - |
| | 11,793 | 22,555 | 11,793 | 22,555 |

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## 43. DIVIDENDS *cont'd*

At the forthcoming Annual General Meeting, a final share dividend in respect of the financial year ended 31 December 2020 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 2021.

## 44. RELATED PARTY DISCLOSURES

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Contract revenue from: | | | | |
| - joint ventures | - | 331 | - | - |
| - associates | 103,097 | 135,197 | - | - |
| - companies in which certain Director has interest | 283,687 | 89,010 | - | - |
| Rent expense payable to: | | | | |
| - subsidiaries | - | - | - | (2,771) |
| Lease expense payable to: | | | | |
| - subsidiaries | - | - | (3,017) | - |
| - joint ventures | (108) | (96) | - | - |
| - a company in which certain Directors have interest | (393) | (164) | (164) | - |
| Office utilities expense payable to a subsidiary | - | - | (166) | (181) |
| Season parking expense payable to a joint venture | (301) | (314) | (314) | (288) |
| Management fee receivable from: | | | | |
| - subsidiaries | - | - | 16,154 | 16,334 |
| - joint ventures | 5,804 | 6,348 | 1,893 | 1,893 |
| - associates | 240 | 240 | 240 | 240 |
| Gross dividend receivable from: | | | | |
| - subsidiaries | - | - | 5,200 | 20,200 |
| - joint ventures | 10,394 | 17,447 | - | - |
| - associates | 6,033 | 3,529 | - | - |
| Interest receivable from: | | | | |
| - subsidiaries | - | - | 91,487 | 95,670 |
| - joint ventures | 18,195 | 16,254 | - | - |
| - associates | 3,586 | 3,063 | - | - |
| Rental income receivable from: | | | | |
| - subsidiaries | - | - | 2,749 | 2,757 |
| - associates | 1,141 | - | - | - |
| Office utilities income receivable from subsidiaries | - | - | 152 | 150 |
| Season parking income receivable from subsidiaries | - | - | 296 | 273 |

## 44. 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 | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Net (advances to)/repayments from: | | | | |
| - associates | - | 2,424 | - | - |
| - joint ventures | (38,570) | (20,403) | - | - |
| Advance from non-controlling interest of subsidiaries | 741 | 168 | - | - |
| Office equipment rental income receivable from associates | 190 | 174 | - | - |
| Motor vehicle rental income receivable from associates | 727 | 131 | - | - |
| Fees payable for retail management to: | | | | |
| - joint ventures | (406) | (655) | - | - |
| - a company in which certain Directors have interest | (960) | (960) | - | - |

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.

(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 40(c)) for the financial year are as follows:

| | **2020** | **2019** |
|---|---|---|
| | **RM'000** | **RM'000** |
| Salaries | 4,291 | 3,828 |
| Other emoluments | 28 | 66 |
| Fees | 44 | 48 |
| Bonus | - | 682 |
| Employees' Provident Fund contribution | 332 | 404 |
| Perquisite/ex-gratia | 522 | - |
| Benefits-in-kind | 168 | 88 |
| | 5,385 | 5,116 |

## 45. COMMITMENT

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Approved and contracted for: | | | | |
| Property, plant and equipment | 72,013 | 73,902 | 122 | 125 |

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## 46. GUARANTEES

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2020 | 2019 | 2020 | 2019 |
| | | 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 | 103,850 | 89,750 | 2,745,422 | 3,114,103 |
| | - Contract customers of subsidiaries, joint ventures and associates to secure the performance of their obligation for contract works | 1,910,307 | 1,851,329 | 621,168 | 562,249 |
| | Letter of undertaking issued to financial institutions for credit facilities granted to subsidiaries and joint ventures | 480,168 | 480,168 | 823,717 | 823,717 |
| | | 2,494,325 | 2,421,247 | 4,190,307 | 4,500,069 |

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 | |
|---|---|---|---|
| | | 2020 | 2019 |
| | | RM'000 | RM'000 |
| (b) | Performance, advance payment and tender guarantee granted to: | | |
| | Clients of subsidiaries | 563,059 | 913,946 |
| | Clients of a joint venture and associates | 89,535 | 87,554 |
| | | 652,594 | 1,001,500 |

As at the reporting date, no values are ascribed on these guarantees provided by the Group for the purpose described above as the Directors regard the value of the credit enhancement provided by these guarantees as minimal and the probability of default, based on historical track records of the parties receiving the guarantees are remote.

| | | Group | |
|---|---|---|---|
| | | 2020 | 2019 |
| | | RM'000 | RM'000 |
| (c) | Tax matters under appeal by a subsidiary | 1,999 | 2,096 |
| (d) | Share of contingent liabilities of associates (Note 9) | 6,635 | 6,930 |

## 47. CONTINGENT ASSETS

| | Group | |
|---|---|---|
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| Contingent assets arising from the Final Award of the Arbitration Tribunal in DIAC Case No. 02/2009, dated 5 July 2015 as disclosed in Note 53(a) | 722,390 | 735,200 |

## 48. FINANCIAL INSTRUMENTS

### (a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

### (b) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

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

At the reporting date, if interest rates had been 10 basis points higher/lower, with all other variables held constant, the Group's profit before taxation would have been RM1,592,000 (2019: RM1,638,000) lower/higher, arising mainly as a result of higher/lower interest expense on floating rate loans, borrowings and higher/lower interest income.

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## 48. 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 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 2020** | | | | | | | | | |
| **Group** | | | | | | | | | |
| **Fixed rate** | | | | | | | | | |
| Deposits | 17 | 2.97 | 239,346 | - | - | - | - | - | 239,346 |
| Hire purchase payables | 24 | 5.33 | (16,834) | (8,915) | (2,997) | (866) | (351) | - | (29,963) |
| Term loans | 28 | 5.25 | (21,600) | (223,600) | - | - | - | - | (245,200) |
| Sukuk Murabahah | 31 | 5.25 | (200,000) | (400,000) | (300,000) | - | (200,000) | (310,000) | (1,410,000) |
| **Floating rate** | | | | | | | | | |
| Lease commitment payable | 21 | 8.20 | (4,067) | (4,401) | (5,126) | (5,547) | (6,002) | (76,873) | (102,016) |
| Lease liabilities | 23 | 5.51 | (13,515) | (13,791) | (14,268) | (13,447) | (13,928) | (119,479) | (188,428) |
| Revolving credits | 26 | 3.72 | (845,686) | - | - | - | - | - | (845,686) |
| Bankers' acceptances | 27 | 3.46 | (22,627) | - | - | - | - | - | (22,627) |
| Bank overdrafts | 29 | 6.65 | (460) | - | - | - | - | - | (460) |
| Term loans | 28 | 4.62 | (119,410) | (149,338) | (139,330) | (5,905) | (5,905) | (13,192) | (433,080) |
| **Company** | | | | | | | | | |
| **Fixed rate** | | | | | | | | | |
| Deposits | 17 | 1.94 | 53,900 | - | - | - | - | - | 53,900 |
| Lease liabilities | 23 | 5.15 | (2,723) | (329) | (345) | (363) | (224) | - | (3,984) |
| Sukuk Murabahah | 31 | 5.25 | (200,000) | (400,000) | (300,000) | - | (200,000) | (310,000) | (1,410,000) |

48. **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 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 | 28 | 5.02 | (21,600) | (21,600) | (212,800) | - | - | - | (256,000) |
| MTN | 30 | 4.53 | (183,250) | - | - | - | - | - | (183,250) |
| Sukuk Murabahah | 31 | 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 | 23 | 5.63 | (12,943) | (11,563) | (11,782) | (12,810) | (13,406) | (133,013) | (195,517) |
| Revolving credits | 26 | 4.59 | (839,782) | - | - | - | - | - | (839,782) |
| Bankers' acceptances | 27 | 4.22 | (27,160) | - | - | - | - | - | (27,160) |
| Term loans | 28 | 5.50 | (116,340) | (132,422) | (152,596) | (47,785) | (5,905) | (14,669) | (469,717) |
| **Company** | | | | | | | | | |
| **Fixed rate** | | | | | | | | | |
| Deposits | 17 | 3.05 | 106,000 | - | - | - | - | - | 106,000 |
| Lease liabilities | 23 | 5.15 | (3,048) | (2,723) | (329) | (345) | (363) | (224) | (7,032) |
| MTN | 30 | 4.53 | (183,250) | - | - | - | - | - | (183,250) |
| Sukuk Murabahah | 31 | 5.36 | - | (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.

# NOTES TO THE FINANCIAL STATEMENTS
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cont'd

## 48. 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 | |
|---|---|---|---|
| | | Loss before taxation | Profit before taxation |
| | | 2020 RM'000 | 2019 RM'000 |
| AED/RM - | Strengthen 3.00% | (12,761) | 12,610 |
| | Weakened 3.00% | 12,761 | (12,610) |
| QAR/RM - | Strengthen 3.00% | (2,001) | 5,093 |
| | Weakened 3.00% | 2,001 | (5,093) |
| USD/RM - | Strengthen 3.00% | (467) | 459 |
| | Weakened 3.00% | 467 | (459) |

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 RM'000 | UAE Dirhams RM'000 | Qatar Riyals RM'000 | Vietnamese Dong RM'000 | United States Dollars RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **As at 31 December 2020** | | | | | | |
| Cash, deposit and bank balances | 10,083 | 696 | 93,843 | 13,259 | 695 | 118,576 |
| Receivables | - | 640,488 | 226,640 | 212 | 65 | 867,405 |
| Payables | (1,193) | (304,034) | (271,504) | (206) | (124) | (577,061) |

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**48. FINANCIAL INSTRUMENTS** *cont'd*

**(c) Foreign currency risk** *cont'd*

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 (cont'd):

| | Bahrain Dinars RM'000 | UAE Dirhams RM'000 | Qatar Riyals RM'000 | Vietnamese Dong RM'000 | United States Dollars RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| **Group** *cont'd* | | | | | | |
| **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) |

**(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 2020** | | | | |
| Trade and other payables | 1,040,401 | 318,451 | - | 1,358,852 |
| Lease commitment payables | | | | |
| - Principal | 4,067 | 21,075 | 76,874 | 102,016 |
| - Interest | 8,365 | 29,749 | 42,458 | 80,572 |
| Hire-purchase and lease liabilities | | | | |
| - Principal | 30,349 | 68,563 | 119,479 | 218,391 |
| - Interest | 11,445 | 34,209 | 23,983 | 69,637 |
| Due to related parties | 743 | - | - | 743 |
| Loans and borrowings | | | | |
| - Principal | 1,209,783 | 1,424,078 | 323,192 | 2,957,053 |
| - Interest | 129,635 | 171,191 | 5,974 | 306,800 |
| | 2,434,788 | 2,067,316 | 591,960 | 5,094,064 |

# NOTES TO THE FINANCIAL STATEMENTS

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## 48. FINANCIAL INSTRUMENTS *cont'd*

### (d) Liquidity risk *cont'd*

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations (cont'd).

| | On demand or within 1 year RM'000 | More than 1 year less than 5 years RM'000 | More than 5 years RM'000 | Total RM'000 |
|---|---|---|---|---|
| **Group** *cont'd* | | | | |
| **As at 31 December 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 |
| Hire-purchase and lease liabilities | | | | |
| - Principal | 30,174 | 77,232 | 133,013 | 240,419 |
| - Interest | 13,002 | 37,737 | 30,943 | 81,682 |
| Due to related parties | 8 | - | - | 8 |
| Loans and borrowings | | | | |
| - Principal | 1,188,132 | 1,373,108 | 524,669 | 3,085,909 |
| - Interest | 149,725 | 248,885 | 25,187 | 423,797 |
| | 2,425,218 | 2,072,613 | 845,941 | 5,343,772 |
| **Company** | | | | |
| **As at 31 December 2020** | | | | |
| Other payables | 16,282 | 205 | - | 16,487 |
| Lease liabilities | | | | |
| - Principal | 2,723 | 1,261 | - | 3,984 |
| - Interest | 184 | 149 | - | 333 |
| Loans and borrowings | | | | |
| - Principal | 200,000 | 900,000 | 310,000 | 1,410,000 |
| - Interest | 71,964 | 144,360 | 5,231 | 221,555 |
| | 291,153 | 1,045,975 | 315,231 | 1,652,359 |

## 48. 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 | More than 1 year less than 5 years | More than 5 years | Total |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Company** *cont'd* | | | | |
| **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 |

### (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 | |
|---|---|---|
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| Malaysia | 877,481 | 740,679 |
| Middle East | 233,733 | 309,168 |
| | 1,111,214 | 1,049,847 |

# NOTES TO THE
# FINANCIAL STATEMENTS
31 December 2020
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## 48. 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 | Quoted prices (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| **Group** | | | | | |
| **As at 31 December 2020** | | | | | |
| **Assets measured at fair value** | | | | | |
| Investment properties | 7 | 1,730,366 | - | - | 1,730,366 |
| Property, plant and equipment | | | | | |
| - Freehold land and buildings | 4 | 145,469 | - | - | 145,469 |
| Right-of-use assets: | | | | | |
| - Property, plant and equipment | 23 | 13,425 | - | - | 13,425 |
| - Investment properties | 23 | 129,109 | - | - | 129,109 |
| **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 | 23 | 13,535 | - | - | 13,535 |
| - Investment properties | 23 | 132,379 | - | - | 132,379 |

There are no liabilities measured at fair value.

There were no transfers between Level 1, Level 2 and Level 3 during the financial year.

## 48. 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 2020** | | | | |
| **Financial asset** | | | | |
| Trade and other receivables under arbitration award | 397,896 | # | - | - |
| **Financial liabilities** | | | | |
| Term loans | (245,200) | (222,372) | - | - |
| Sukuk Murabahah | (1,410,000) | (1,443,243) | (1,410,000) | (1,443,243) |
| Trade and other payables under arbitration award | (450,233) | # | - | - |
| **As at 31 December 2019** | | | | |
| **Financial asset** | | | | |
| Trade and other receivables under arbitration award | 404,981 | # | - | - |
| **Financial liabilities** | | | | |
| Term loans | (256,000) | (222,539) | - | - |
| MTN | (183,250) | (183,250) | (183,250) | (183,250) |
| Sukuk Murabahah | (1,310,000) | (1,340,931) | (1,310,000) | (1,340,931) |
| Trade and other payables under arbitration award | (457,858) | # | - | - |

\# *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 53(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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
cont'd

## 48. FINANCIAL INSTRUMENTS *cont'd*

### (f) Fair values *cont'd*

(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 2020 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 2020** | | | | |
| **Group** | | | | |
| **Financial assets** | | | | |
| Trade receivables | 11 | 1,111,214 | 1,111,214 | - |
| Other receivables, excluding prepayment and advances to subcontractors | 13 | 302,829 | 302,829 | - |
| Due from related parties | 14 | 552,781 | 552,781 | - |
| Cash and bank balances | 17 | 526,495 | 526,495 | - |
| | | 2,493,319 | 2,493,319 | - |
| **Financial liabilities** | | | | |
| Due to related parties | 14 | (743) | - | (743) |
| Trade payables | 19 | (896,817) | - | (896,817) |
| Other payables, excluding provision for foreseeable losses | 20 | (460,209) | - | (460,209) |
| Lease commitment payable | 21 | (102,016) | - | (102,016) |
| Hire-purchase and lease liabilities | 23 | (218,391) | - | (218,391) |
| Borrowings | 25 | (2,957,053) | - | (2,957,053) |
| | | (4,635,229) | - | (4,635,229) |

**48. 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 2020** | | | | |
| **Company** | | | | |
| **Financial assets** | | | | |
| Other receivables, excluding prepayment | 13 | 496 | 496 | - |
| Due from related parties | 14 | 1,794,044 | 1,794,044 | - |
| Cash and bank balances | 17 | 149,332 | 149,332 | - |
| | | 1,943,872 | 1,943,872 | - |
| **Financial liabilities** | | | | |
| Other payables | 20 | (16,476) | - | (16,476) |
| Lease liabilities | 23 | (3,984) | - | (3,984) |
| Borrowings | 25 | (1,410,000) | - | (1,410,000) |
| | | (1,430,460) | - | (1,430,460) |
| **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 | - |

# NOTES TO THE
# FINANCIAL STATEMENTS
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cont'd

## 48. 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** *cont'd* | | | | |
| **Group** *cont'd* | | | | |
| **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) |
| Hire-purchase and lease liabilities | 23 | (240,419) | - | (240,419) |
| Borrowings | 25 | (3,085,909) | - | (3,085,909) |
| | | (4,747,441) | - | (4,747,441) |
| **At 31 December 2019** | | | | |
| **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** | | | | |
| Due to related parties | 12 | (17,055) | - | (17,055) |
| Other payables | 20 | (27,788) | - | (27,788) |
| Lease liabilities | 23 | (7,032) | - | (7,032) |
| Borrowings | 25 | (1,493,250) | - | (1,493,250) |
| | | (1,545,125) | - | (1,545,125) |

## 49. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

| Group | 1 January 2020 | Cash flows | Other | 31 December 2020 |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current interest-bearing loans and borrowings | 1,188,132 | (408,745) | 430,396 | 1,209,783 |
| Current hire-purchase and lease liabilities | 30,174 | (54,616) | 54,791 | 30,349 |
| Non-current interest-bearing loans and borrowings | 1,897,777 | 138,845 | (289,352) | 1,747,270 |
| Non-current hire-purchase and lease liabilities | 210,245 | - | (22,203) | 188,042 |
| Total liabilities from financing activities | 3,326,328 | (324,516) | 173,632 | 3,175,444 |

| | 1 January 2019 | Cash flows | Other | 31 December 2019 |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current interest-bearing loans and borrowings | 889,772 | (199,512) | 497,872 | 1,188,132 |
| Current hire-purchase and lease liabilities | 16,821 | (38,905) | 52,258 | 30,174 |
| Non-current interest-bearing loans and borrowings | 2,713,800 | (491,803) | (324,220) | 1,897,777 |
| Non-current hire-purchase and lease liabilities | 38,744 | - | 171,501 | 210,245 |
| Total liabilities from financing activities | 3,659,137 | (730,220) | 397,411 | 3,326,328 |

| Company | 1 January 2020 | Cash flows | Other | 31 December 2020 |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current interest-bearing loans and borrowings | 183,250 | (270,072) | 286,822 | 200,000 |
| Current hire-purchase and lease liabilities | 3,048 | (3,401) | 3,076 | 2,723 |
| Non-current interest-bearing loans and borrowings | 1,310,000 | 100,000 | (200,000) | 1,210,000 |
| Non-current hire-purchase and lease liabilities | 3,984 | - | (2,723) | 1,261 |
| Total liabilities from financing activities | 1,500,282 | (173,473) | 87,175 | 1,413,984 |

| | 1 January 2019 | Cash flows | Other | 31 December 2019 |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current interest-bearing loans and borrowings | - | (99,199) | 282,449 | 183,250 |
| Current hire-purchase and lease liabilities | - | (3,181) | 6,229 | 3,048 |
| Non-current interest-bearing loans and borrowings | 2,110,000 | (616,750) | (183,250) | 1,310,000 |
| Non-current hire-purchase and lease liabilities | - | - | 3,984 | 3,984 |
| Total liabilities from financing activities | 2,110,000 | (719,130) | 109,412 | 1,500,282 |

## 50. 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.

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 0.66 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 | |
|---|---|---|---|---|
| | 31.12.2020 | 31.12.2019 | 31.12.2020 | 31.12.2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Loans and borrowings | 2,957,053 | 3,085,909 | 1,410,000 | 1,493,250 |
| Less: Cash and bank balances | (526,495) | (646,444) | (149,332) | (112,339) |
| Net debt | 2,430,558 | 2,439,465 | 1,260,668 | 1,380,911 |
| Equity attributable to the owners of the Company | 2,904,839 | 3,142,368 | 3,403,807 | 3,444,975 |
| Perpetual Sukuk | 818,081 | 612,665 | 818,081 | 612,665 |
| Non-controlling interest | (42,150) | (33,521) | - | - |
| Total equity | 3,680,770 | 3,721,512 | 4,221,888 | 4,057,640 |
| Net gearing ratio | 66% | 66% | 30% | 34% |

The definition of gearing ratio is not governed by the MFRS and IFRS and may vary from one company to another.

## 51. SIGNIFICANT EVENTS

During the financial year:

### (a) Outbreak of Coronavirus ("COVID-19")

In March 2020, the World Health Organisation has officially announced the outbreak of COVID-19 as a global pandemic. In order to combat the spread of COVID-19, the Government of Malaysia had declared a Movement Control Order ("MCO") which encompasses restriction of movement and closure of premises, except for those involved in essential services. The MCO which came into effect on 18 March 2020, followed by different MCO levels throughout 2020 had resulted in restrictions in business activities and directly impacted the demand for the Group's products and services. In response to the COVID-19 pandemic, the Group had reviewed its business portfolios and adapted work methods and business strategies to respond to the immediate challenges, including streamlining procedures and moving some teams to work remotely, while prioritising the safety and health of its employees and protecting the interests of stakeholders. The Group's COVID-19 Task Force was set-up in March 2020 to co-ordinate these initiatives and effectively mitigate the risks arising from the pandemic and build business resilience.

The Group and the Company have accounted for the impact of the pandemic and the consequential effects on the results in their financial statements for the current financial year ended 31 December 2020.

As at 31 December 2020, the Group and the Company are at net current assets position of RM699,366,000 (2019: RM801,584,000) and RM609,333,000 (2019: RM551,624,000) with an amount of cash and cash equivalents of RM469,287,000 (2019: RM606,572,000) and RM149,332,000 (2019: RM112,339,000). The Group and the Company maintain a net gearing ratio of 0.66 times (2019: 0.66 times) and 0.30 times (2019: 0.34 times).

Having considered the COVID-19 impact and the current economic environment, the Directors continue to consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

### (b) Additional issuance of Perpetual Sukuk

Details on issuance of Perpetual Sukuk are disclosed in Note 34.

## 52. SUBSEQUENT EVENTS

### (a) Disposal of land

On 9 February 2021, GESB entered into a sale and purchase agreement with a third party for the disposal of a parcel of freehold land held under Geran No. 331488 (Lot 168850) measuring approximately 59,745 square metres, located at Mukim Klang, District of Klang, State of Selangor for a total consideration of RM64,309,000.

### (b) Settlement agreement

WCTB had on 24 January 2021 entered into a settlement agreement with TGI as disclosed in Note 53(b).

### (c) Lease commitment reduction, transfer of shares, and put option

On 2 April 2021, MAHB via an official letter has notified the Company that it is agreeable to the Company's request for a reduction on the Group's lease commitment payable of the carpark and hangarage of the Sultan Abdul Aziz Shah Airport in Subang (as disclosed in Note 5) amounting to RM85,509,000 commencing from the date of acceptance until the expiry of the sublease in 2037.

In consideration of the above mentioned reduction, MAHB is agreeable to the Company's offer to transfer 10% equity interest in Segi Astana at no cost, and free of encumbrances to MAHB, as well as to enter into a put option agreement that grants MAHB the put option to exercise the sale of the said 10% equity interest back to the Group on the fifth anniversary of the put option agreement at a consideration of RM56,793,000 with an escalation of 6.90% per annum compounded for 5 years.

MAHB has also notified the Company that it is agreeable to the Company's request to make the 2021 lease commitment payments over four instalments, and that the instalment payments of the reduced lease commitment payable be made by the seventh day of every quarter, namely 7 April 2021, 7 July 2021, 7 October 2021, and the first instalment is to be made within 7 days from the Company's acceptance of the above mentioned terms.

The Company has informed MAHB of its acceptance of the above mentioned terms on 21 April 2021. However, the entire transaction has yet to be completed as at the date of this report.

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## 53. ARBITRATION AWARDS

(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 RM253,574,000*) and the Advance Payment Guarantee amounting to AED77,300,000 (Group's share: AED38,650,000 or approximately RM42,491,000*). 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 revised claims was in excess of AED1,400,000,000 (or approximately RM1,539,146,000*).

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 RM1,539,146,000*).

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 had 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 RM1,267,213,000*).

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 recognition of the Award and Meydan's application to annul the Award was then referred to the Special Judicial Committee accordingly.

On 12 January 2021, WCTB Dubai Branch received the Special Judicial Committee's decision dated 10 January 2021 where the Special Judicial Committee dismissed Meydan's application to annul the Award, dismissed Meydan's opposition of WCTB Dubai Branch's application to recognise the Award and upheld the Court of Appeal's decision dated 1 May 2019 recognising the Award.

**53. ARBITRATION AWARDS** *cont'd*

(a) *cont'd*

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 application for annulment the Award has been dismissed and the Court of Appeal's decision to recognise the Award had been upheld. WCTB Dubai Branch is now proceedings with enforcement proceedings through the Dubai civil courts.

Due to the inherent uncertainty over the outcome of the enforcement proceedings, and the recoverability of the Award is not virtually certain, no recognition has been given to the contingent assets described in Note 47.

The Group's share of assets and liabilities of the Joint Venture are as follows:

| | 2020<br>RM'000<br>* | 2019<br>RM'000<br># |
|---|---|---|
| **Statement of financial position** | | |
| **Non-current assets** | | |
| Property, plant and equipment | 1 | 1 |
| Trade receivables | | |
| Contract receivables (1) | 20,606 | 20,971 |
| Contract assets (1) | 224,669 | 229,141 |
| Retention sum receivable (1) | 48,470 | 49,329 |
| Other receivables | | |
| Advances paid to suppliers and subcontractors (1) | 54,460 | 55,426 |
| Performance security deposits (Note 13) | 253,574 | 258,071 |
| Others | 32,235 | 32,806 |
| | 634,015 | 645,745 |
| **Current assets** | | |
| Cash and bank balance | 1 | 1 |
| Other receivables | | |
| Sundry receivables | 4 | 4 |
| Advances paid to suppliers and subcontractors | 6,213 | 6,324 |
| | 6,218 | 6,329 |
| **Total assets** | 640,233 | 652,074 |

# NOTES TO THE FINANCIAL STATEMENTS

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## 53. ARBITRATION AWARDS *cont'd*

(a) *cont'd*

The Group's share of assets and liabilities of the Joint Venture are as follows (cont'd.):

| | 2020<br>RM'000<br>* | 2019<br>RM'000<br># |
|---|---|---|
| **Non-current liabilities** | | |
| Trade payables (2) | 5,497 | 5,695 |
| Retention sum payable (2) | 1,875 | 1,908 |
| Other payables (Note 20) (2) | 180,504 | 183,705 |
| Performance security payable to related party | 249,132 | 253,550 |
| Advances received from customer (2) | 54,460 | 55,426 |
| Amounts due to related parties | 180,160 | 183,354 |
| | 671,628 | 683,638 |
| **Current liabilities** | | |
| Trade payables | 302 | 307 |
| Other payables | 9,591 | 9,761 |
| Retention payable - current portion | 2,686 | 2,734 |
| Advance received from customer | 8,363 | 8,511 |
| | 20,942 | 21,313 |
| **Total liabilities** | 692,570 | 704,951 |
| **Exchange reserve** | 11,603 | 13,132 |
| **Net liabilities** | (52,337) | (52,877) |
| **Deficit** | (40,734) | (39,745) |

(1) Include receivables of RM242,337,000 (2019: RM247,093,000) in respect of the Nominated Subcontractors of the DRC Project.

(2) Include payables of RM242,337,000 (2019: RM247,093,000) 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 enforcement proceedings.

* Based on exchanges rate as at 31 December 2020
\# Based on exchanges rate as at 31 December 2019

**53. ARBITRATION AWARDS** *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 Ministry of Interior ("MOI") Project in Doha, Qatar ("TGI-PE Subcontract"), where WCTB was the main contractor.

The Claimants are claiming from WCTB a total estimate sum of QAR181,573,000 (equivalent to RM201,560,000*) 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 had dismissed WCTB's counterclaim and further ordered and awarded a sum of QAR132,536,000 (equivalent to RM147,125,000*) in favor of the Claimants ("TGI Final Award"), comprising the following:

1) Release of Retention sums amounting to QAR39,443,000 (equivalent to RM43,785,000*);

2) Return of Performance Bond monies amounting to QAR24,731,000 (equivalent to RM27,454,000*);

3) Payment of a sum of QAR61,866,000 (equivalent to RM68,675,000*) being sums claimed and due pursuant to the TGI-PE Subcontract; and

4) Late payment interest of QAR6,496,000 (equivalent to RM7,211,000*).

In addition, the Arbitral Tribunal has further ordered that WCTB pays to the Claimants:

5) QAR24,018,000 (equivalent to RM26,662,000*) in respect of the Claimants' legal, expert and other costs of and incidental to the arbitration proceedings; and

6) USD469,000 (equivalent to RM1,893,000*) 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.

In the previous financial year, WCTB has made an accrual of RM146,663,000 (Note 40(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 paid a sum QAR24,000,000 (equivalent to RM26,642,000*) to the Claimants, in accordance with the agreed payment schedule.

On 14 January 2021, WCTB initiated a negotiation with the Claimants which resulted in both parties reaching an amicable settlement and thereafter entered into a settlement agreement on 24 January 2021 whereby the Claimants agreed to accept a sum of QAR115,000,000 (equivalent to RM127,659,000*) as full and final settlement of the TGI Final Award, to be paid in accordance with an agreed payment schedule over a period of 17 months from the date of the settlement agreement. The Directors have determined that the settlement agreement is a direct outcome of an event which occurred after the financial year ended 31 December 2020 and have therefore concluded that the settlement agreement is not a an adjusting event of the financial year ended 31 December 2020.

* *Based on foreign exchange rate as at 31 December 2020*

# NOTES TO THE FINANCIAL STATEMENTS
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cont'd

**53. ARBITRATION AWARDS** *cont'd*

(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 Branch") as the second respondent. Arabtec and WCTB Dubai Branch 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 RM118,441,000*) 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").

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 made 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 RM240,000*) 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 RM417,000*) directly to DIAC;

b) TSC is to bear its own legal costs; and

c) TSC is to pay to the Joint Venture AED601,000 (equivalent to RM661,000*) for the Joint Venture's legal costs.

The Joint Venture has set-off the arbitration costs payable to TSC against the legal costs TSC is to pay to the Joint Venture and on 26 March 2020 DIAC has confirmed that it has waived all balance arbitration costs owing to it from the Joint Venture and that there are no further sums due and owing from the Joint Venture to DIAC. As at the date of this report, the Joint Venture has yet to receive payment from TSC for the balance of the Joint Venture's legal costs.

In the previous financial year, WCTB had recognised an income of RM11,406,000 in relation to the abovementioned arbitration award as disclosed in Note 38.

* *Based on foreign exchange rate as at 31 December 2020*

**53. ARBITRATION AWARDS** *cont'd*

(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 and to secure 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 RM5,550,000*) as "material and moral compensation" as well as to pay TTCC's legal expenses (in the sum of QAR150,000 (equivalent to RM167,000*)) but rejected all other claims by TTCC (including claims relating to MOI Project and Lusail).

In the previous financial year, WCTB had made an accrual of RM2,871,000 in relation to the abovementioned arbitration award as disclosed in Note 40(a). As at the date of this report, WCTB has settled the amount outstanding.

* *Based on foreign exchange rate as at 31 December 2020*

**54. MATERIAL LITIGATION**

Segi Astana had on 21 March 2019 through its solicitors served a Notice of Arbitration dated 21 March 2019 on MAHB, claiming against MAHB an estimated sum of not less than 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 ("SASB's Claim"). The sums are payable pursuant to the Concession Agreement dated 22 September 2011 executed between Segi Astana, WCTB and MAHB ("Concession Agreement").

Concurrently, Segi Astana and WCTB had on 21 March 2019, received a Notice of Arbitration from MAHB through its solicitors, whereby MAHB is claiming from Segi Astana 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").

After completing the arbitral proceedings in respect of MAHB's Claim, Segi Astana had on 2 April 2021, received the Arbitrator's final award, where the Arbitrator had issued the following orders:

(i) A declaration that fixed monthly charges for chilled water for the cooling system of the KLIA-2 Integrated Complex at the rate of RM958,849.33 per month is payable by Segi Astana to MAHB on a monthly basis for 2 May 2014 to September 2020 (amounting to RM73,832,000);

(ii) An order for specific performance of Segi Astana's obligations under clause 8.1(d) of the Concession Agreement (where Segi Astana is to procure chilled water from MAHB's privatised chilled water supplier, Airport Cooling Energy Supply Sdn. Bhd. ("ACES"));

(iii) Consequent to (ii) above, Segi Astana is to pay RM73,832,000 to ACES;

(iv) Segi Astana is to pay MAHB RM894,000 for legal, arbitral and other related costs incurred; and

(v) Segi Astana is to pay 5% per annum interest on all sums payable by Segi Astana to MAHB.

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## 54. MATERIAL LITIGATION *cont'd*

In addition to the above, the Arbitrator also made the following ruling:

(vi) All claims by MAHB against WCTB are dismissed;

(vii) No late payment interest is payable on the amount of RM73,832,000 payable by Segi Astana to ACES.

The Board is currently seeking further legal advice on the above final award in respect of the MAHB's Claim and subject to legal advice to be received, will consider all its legal rights and remedies in respect of the same.

The arbitral proceedings in respect of SASB's Claim is, as at the date of this report, still on-going.

The Group has shared an additional loss after tax of RM27,679,000 in relation to the abovementioned arbitration award. As at the date of this report, the Group has yet to settle any of the amount payable.

## 55. 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 2020** | | | | | | |
| **Revenue** | | | | | | |
| Revenue from external customers | 1,252,980 | 278,921 | 172,679 | - | - | 1,704,580 |
| Inter-segment revenue | 128,790 | - | 3,607 | - | (132,397) | - |
| Total revenue | 1,381,770 | 278,921 | 176,286 | - | (132,397) | 1,704,580 |
| **Result** | | | | | | |
| Profit/(loss) from operations | 43,692 | 48,011 | (4,108) | - | - | 87,595 |
| Finance costs | | | | | | (119,761) |
| Share of (loss)/profit of associates | (4,778) | 3,458 | - | 6,339 | - | 5,019 |
| Share of profit/(loss) of joint ventures | 1,220 | (50,492) | (68,461) | - | - | (117,733) |
| Taxation | | | | | | (34,757) |
| **Loss after taxation** | | | | | | (179,637) |
| **Assets and liabilities** | | | | | | |
| Segment assets | 3,150,512 | 2,723,592 | 2,332,844 | 6 | - | 8,206,954 |
| Interest in | | | | | | |
| - associates | 2,654 | 51,726 | - | 99,200 | - | 153,580 |
| - joint ventures | 3,099 | 81,021 | 155,499 | - | - | 239,619 |
| | | | | | | 8,600,153 |
| Segment liabilities | 3,544,967 | 337,281 | 1,037,116 | - | 19 | 4,919,383 |

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## 55. 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 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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## 55. 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 | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysia | 1,428,587 | 1,651,409 | 7,527,270 | 7,679,138 |
| Middle East | 275,993 | 183,042 | 973,428 | 1,015,480 |
| India | - | - | 99,206 | 109,434 |
| Others | - | 1,164 | 249 | 16,126 |
| Consolidated | 1,704,580 | 1,835,615 | 8,600,153 | 8,820,178 |

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 53. The Group's normal trade credit terms for trade receivables are 30 to 90 days (2019: 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.

**55. SEGMENT INFORMATION** *cont'd*

**(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, property investment and management and investment holding;

(ii) Middle East - the operations in this area are principally through the construction of roads, utilities, underground car parks and a light rail transit station in a new township and the construction of a government administration building in Qatar;

(iii) India - the operation in this area is principally the highway concessionaire; and

(iv) Others - primarily investment holding companies in Mauritius and Vietnam.

**(d) Allocation basis and transfer pricing**

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

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

# LIST OF TOP 10 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 2020 RM |
|---|---|---|---|---|---|---|---|---|
| 1. | Paradigm Mall, Johor Bahru<br>Jalan Mewah Ria 2,<br>Taman Bukit Mewah,<br>81200 Johor Bahru,<br>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/4 | Owner operated | 1 | Valuation : December 2020 | **1,102,170,048** |
| 2. | Eight (8) parcels of land at<br>Mukim of Petaling,<br>Daerah Kuala Lumpur,<br>Wilayah Persekutuan. | On-going and future mixed development | 49.47 acres | Freehold | Property development project | - | Acquisition : SSA date – 14 March 2012; 25 November 2015 | **974,807,397** |
| 3. | Paradigm Mall, Petaling Jaya<br>No.1, Jalan SS7/26A,<br>Kelana Jaya,<br>47301 Petaling Jaya,<br>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 2111/8 | Owner operated | 1 | Valuation : December 2020 | **595,598,721** |
| 4. | Bukit Tinggi Shopping Centre,<br>No.1, Persiaran Batu Nilam<br>1/KS 6, Bandar Bukit Tinggi 2,<br>41200 Klang,<br>Selangor Darul Ehsan. | A 6-storey shopping mall | 1,000,950 sf (Retail gross lettable area) | Freehold/13 | Leased to AEON Co. (M) Bhd | 1 | Valuation : December 2020 | **562,708,506** |
| 5. | gateway@klia2<br>KL International Airport,<br>Jalan klia 2/1,<br>64000 KLIA, Sepang,<br>Selangor Darul Ehsan. | Integrated Complex with shopping mall, transportation hub and airport car park building with 5,690 parking lots | 380,000 sf (Net lettable area) | Leasehold interest expiring 11 February 2034/7 | Owner operated | 1 | Completion : 20 September 2013 | **507,376,282** |
| 6. | New World Hotel,<br>Petaling Jaya,<br>No.1, Jalan SS7/26A,<br>Kelana Jaya,<br>47301 Petaling Jaya,<br>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 2111/4 | Newly completed | 1 | Completion : 16 August 2017 | **242,000,000** |
| 7. | No.2,<br>Persiaran Medini Utara 3,<br>79000 Nusajaya,<br>Johor Darul Takzim. | Completed stock properties: residential condominiums, retail office, commercial office; sales gallery | 655 sf to 20,328 sf Total = 481,833 sf | Leasehold interest 99 years expiring on 1 January 2111/4 to 6 | For sales | 273 | Completion : June 2015 to March 2017 | **227,806,296** |
| 8. | Nine (9) parcels of land at<br>Mukim Pulai,<br>Daerah Johor Bahru,<br>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 | **200,409,415** |

# LIST OF TOP 10 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 2020 RM |
|---|---|---|---|---|---|---|---|---|
| 9. | 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 = 276,751 sf | Leasehold interest 99 years expiring on 9 February 2111/3 | For sales | 212 | Completion : October 2018 | **193,068,864** |
| | | | 775 sf to 1,829.86 sf Total = 64,519 sf | Leasehold interest 99 years expiring on 9 February 2111/4 | For sales | 49 | Completion : August 2017 | |
| 10. | The Ascent, Paradigm No.1, Jalan SS7/26A, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan. | Corporate office tower together with 865 car park bays | 520,087 sf (Net lettable area) | Lease period of 15 years expiring on 11 July 2032 | Tenanted | 1 | Valuation : December 2020 | **151,270,978** |

# ANALYSIS OF SHAREHOLDINGS
As at 15 April 2021

## (A) ORDINARY SHARES AS AT 15 APRIL 2021

| | | |
|---|---|---|
| Total number of issued shares | : | 1,403,209,444^ |
| 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 | 3,992 | 22.52 | 169,875 | 0.01 |
| 100 - 1,000 | 2,098 | 11.83 | 758,496 | 0.06 |
| 1,001 - 10,000 | 6,202 | 34.99 | 27,128,449 | 1.93 |
| 10,001 - 100,000 | 4,597 | 25.93 | 131,387,427 | 9.36 |
| 100,001 to less than 5% of issued shares | 836 | 4.72 | 907,401,411 | 64.67 |
| 5% and above of issued shares | 2 | 0.01 | 336,363,786 | 23.97 |
| **Total** | **17,727** | **100.00** | **1,403,209,444^** | **100.00** |

*^ excluding treasury shares of 14,941,027*

### (2) Thirty Largest Shareholders

| No. | Names | No. of Shares | %* |
|---|---|---|---|
| 1. | UOBM Nominees (Tempatan) Sdn Bhd<br>*(Pledged Securities Account for Dominion Nexus Sdn Bhd)* | 254,673,345 | 18.15 |
| 2. | AmanahRaya Trustees Berhad<br>*(Amanah Saham Bumiputera)* | 81,690,441 | 5.82 |
| 3. | Cheah Fook Ling | 68,332,931 | 4.87 |
| 4. | Cimsec Nominees (Tempatan) Sdn Bhd<br>*(CIMB for Tan Sri Lim Siew Choon (PB))* | 42,256,077 | 3.01 |
| 5. | AmanahRaya Trustees Berhad<br>*(Amanah Saham Malaysia 2-Wawasan)* | 34,868,486 | 2.48 |
| 6. | AmanahRaya Trustees Berhad<br>*(Amanah Saham Malaysia)* | 34,643,640 | 2.47 |
| 7. | Citigroup Nominees (Tempatan) Sdn Bhd<br>*(UBS AG Singapore for Lee Vui Han)* | 33,295,200 | 2.37 |
| 8. | Cimsec Nominees (Tempatan) Sdn Bhd<br>*(CIMB for Choo Chuo Siong (PB))* | 29,349,216 | 2.09 |
| 9. | Affin Hwang Nominees (Tempatan) Sdn Bhd<br>*(Pledged Securities Account for Tan Sri Lim Siew Choon)* | 23,560,000 | 1.68 |
| 10. | Tan Sri Lim Siew Choon | 21,535,660 | 1.53 |
| 11. | AllianceGroup Nominees (Tempatan) Sdn Bhd<br>*(Pledged Securities Account for Tan Sri Lim Siew Choon (6000160))* | 16,000,000 | 1.14 |

# ANALYSIS OF SHAREHOLDINGS

As at 15 April 2021
cont'd

**(2) Thirty Largest Shareholders** *cont'd*

| No. | Names | No. of Shares | %* |
|---|---|---|---|
| 12. | Goh Chin Liong | 14,800,005 | 1.05 |
| 13. | HSBC Nominees (Tempatan) Sdn Bhd<br>*(HSBC (M) Trustee Bhd for Manulife Investment Shariah Progress Fund)* | 14,468,048 | 1.03 |
| 14. | Affin Hwang Nominees (Tempatan) Sdn Bhd<br>*(Pledged Securities Account for Koh Goh Yuan)* | 13,000,000 | 0.93 |
| 15. | HSBC Nominees (Asing) Sdn Bhd<br>*(JPMCB NA for Vanguard Total International Stock Index Fund)* | 12,527,205 | 0.89 |
| 16. | Citigroup Nominees (Tempatan) Sdn Bhd<br>*(Exempt AN for OCBC Securities Private Limited (Client A/C-R ES)* | 12,213,722 | 0.87 |
| 17. | HSBC Nominees (Asing) Sdn Bhd<br>*(JPMCB NA for Vanguard Emerging Markets Stock Index Fund)* | 11,862,044 | 0.85 |
| 18. | Cartaban Nominees (Asing) Sdn Bhd<br>*(SSBT Fund J724 for SPDR S&P Emerging Markets ETF)* | 11,385,175 | 0.81 |
| 19. | DB (Malaysia) Nominee (Tempatan) Sendirian Berhad<br>*(Deutsche Trustees Malaysia Berhad for EastSpring Investmentssmall-Cap Fund)* | 10,931,452 | 0.78 |
| 20. | DB (Malaysia) Nominee (Tempatan) Sendirian Berhad<br>*(Deutsche Trustees Malaysia Berhad for Eastspring Investments Islamic Small-Cap Fund)* | 9,000,000 | 0.64 |
| 21. | RHB Capital Nominees (Tempatan) Sdn Bhd<br>*(Pledged Securities Account for Harry Lee Vui Khiun)* | 8,690,000 | 0.62 |
| 22. | Tan Yu Yeh | 8,630,000 | 0.62 |
| 23. | Cimsec Nominees (Asing) Sdn Bhd<br>*(CIMB for Stonecat Corporation (PB))* | 8,224,025 | 0.59 |
| 24. | Harry Lee Vui Khiun | 8,050,000 | 0.57 |
| 25. | Lean Hoen Sew | 7,946,400 | 0.57 |
| 26. | CIMB Group Nominees (Tempatan) Sdn Bhd<br>*(Aiiman Asset Management Sdn Bhd for Lembaga Tabung Haji)* | 7,458,408 | 0.53 |
| 27. | UOB Kay Hian Nominees (Asing) Sdn Bhd<br>*(Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients))* | 7,332,311 | 0.52 |
| 28. | UOB Kay Hian Nominees (Tempatan) Sdn Bhd<br>*(Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients))* | 6,681,936 | 0.48 |
| 29. | AmanahRaya Trustees Berhad<br>*(Public Strategic SmallCap Fund)* | 6,233,000 | 0.44 |
| 30. | AmanahRaya Trustees Berhad<br>*(Public Islamic Treasures Growth Fund)* | 6,178,895 | 0.44 |

*Note:*
** Based on 1,403,209,444 shares (Total number of issued shares of 1,418,150,471 less treasury shares of 14,941,027)*

# ANALYSIS OF SHAREHOLDINGS

As at 15 April 2021
cont'd

**(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 | 103,351,737 | 7.36 | 254,673,345^ | 18.15 |
| Legacy Pacific Limited | - | - | 254,673,345# | 18.15 |
| Dominion Nexus Sdn Bhd | 254,673,345 | 18.15 | - | - |
| AmanahRaya Trustees Berhad -Skim Amanah Saham Bumiputera | 81,690,441 | 5.82 | - | - |

*Notes:*
* Based on 1,403,209,444 shares (Total number of issued shares of 1,418,150,471 less treasury shares of 14,941,027)
^ Deemed interested by virtue of his interest in Dominion Nexus Sdn Bhd via Legacy Pacific Limited
# Deemed interested by virtue of its interest in Dominion Nexus Sdn Bhd

**(B) STATEMENT OF DIRECTORS' INTERESTS IN THE SECURITIES OF THE COMPANY AS PER THE REGISTERS PURSUANT TO THE COMPANIES ACT, 2016 AS AT 15 APRIL 2021**

**(1) Directors' Interests in Ordinary Shares**

| | Direct Interest | | Deemed Interest | |
|---|---|---|---|---|
| **Name** | **No. of Shares** | **%*** | **No. of Shares** | **%*** |
| Tan Sri Lim Siew Choon | 103,351,737 | 7.36 | 254,673,345[1] | 18.15 |
| Goh Chin Liong | 14,800,005 | 1.05 | - | - |
| Liang Kai Chong | 3,886,260 | 0.28 | 274,887[2] | 0.02 |

*Notes:*
* Based on 1,403,209,444 shares (Total number of issued shares of 1,418,150,471 less treasury shares of 14,941,027)
[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

**(2) 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 TENTH
# ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Tenth Annual General Meeting ("10th 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 Tuesday, 22 June 2021 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 2020 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 2020. 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, have offered themselves for re-election:
   (a) Mr. Liang Kai Chong Resolution 2
   (b) Mr. Ng Soon Lai @ Ng Siek Chuan Resolution 3
   (c) Puan Rahana Binti Abdul Rashid Resolution 4

4. To re-elect Mr. Chow Ying Choon who retires in accordance with Article 87 of the Company's Constitution and being eligible, has offered himself for re-election. Resolution 5

5. To re-appoint Messrs Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. Resolution 6

**As Special Business**

To consider and, if thought fit, to pass the following Ordinary Resolutions:

6. **Payment of Directors' fees**

   "THAT the Directors' fees for the period from 23 June 2021 until the next Annual General Meeting ("AGM") of the Company to be held in 2022, be and is hereby approved for payment." Resolution 7

7. **Payment of Directors' benefits**

   "THAT the Directors' benefits (excluding Directors' fees) for the period from 23 June 2021 until the next AGM of the Company to be held in 2022, be and is hereby approved for payment." Resolution 8

8. **Authority to allot and issue shares**

   "THAT pursuant to Section 75 and 76 of the Companies Act, 2016, and subject to the approval of the relevant governmental/regulatory authorities (if any), the Directors of the Company be and are hereby empowered to allot and issue new shares in the Company, at any time, at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this approval does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." Resolution 9

# NOTICE OF TENTH ANNUAL GENERAL MEETING
cont'd

9. **Proposed Renewal of Existing 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 11 May 2021 which are necessary for the Group's day-to-day operations, provided that:

(i) the transactions are in the ordinary course of business and are carried out at arm's length basis on normal commercial terms of the WCT Group and on terms not more favourable to the related parties than those generally available to the public or third parties where applicable and not to the detriment of the minority shareholders of the Company; and

(ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year based on the following information:

(a) the type of the recurrent related party transactions made; and
(b) the names of the related parties involved in the recurrent related party transactions made and their relationship with the WCT Group.

THAT such approval shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
(b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by the Proposed Renewal of RRPT Mandate." Resolution 10

10. **Proposed Renewal of Share Buy-Back Authority**

"THAT subject to the Companies Act, 2016 (the "Act"), rules, regulations and orders made pursuant to the Act (as may be amended, modified or re-enacted from time to time), the provisions of the Company's Constitution and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and approvals of any other relevant authority, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company ("Shares") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

(i) the aggregate number of Shares which may be purchased by the Company shall not exceed ten percent (10%) of the total number of issued ordinary shares of the Company for the time being;

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the retained profits of the Company based on its audited financial statements for the financial year ended 31 December 2020;

(iii) the authority conferred by this resolution will commence immediately upon the passing of this ordinary resolution and will continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
(b) the expiration of the period within which the next AGM is required by law to be held; or
(c) revoked or varied by ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities; and

(iv) upon completion of each purchase of Shares by the Company, the Directors of the Company be and are hereby authorised to cancel the Shares so purchased or to retain the Shares so purchased as treasury shares which may be distributed as dividend to shareholders or resold on Bursa Securities or subsequently cancelled or to retain part of the Shares so purchased as treasury shares and cancel the remainder and/or to deal with the Shares in any other manner as may be allowed or prescribed by the Act or any other rules, regulations and/or orders made pursuant to the Act and the Main Market Listing Requirements of Bursa Securities and any other relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to effect the purchase(s) of Shares with full powers to assent to any conditions, modifications, resolutions, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company in relation to such purchase(s) of Shares." Resolution 11

11. **Proposed Granting of Options to Mr. Chow Ying Choon**

"THAT approval be and is hereby given for the Company to offer and to grant to Mr. Chow Ying Choon, being the 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 12

12. To transact any other business of which due notice shall have been given.

# NOTICE OF TENTH 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 2020 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 10th AGM of the Company, will be credited into the entitled Depositors' Securities Accounts on 22 July 2021. Any fractions of the treasury shares arising from the distribution of the treasury shares shall be disregarded.

The entitlement date shall be fixed on 30 June 2021 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 30 June 2021 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 22 July 2021.

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
11 May 2021

**NOTES:**

**A. VIRTUAL ANNUAL GENERAL MEETING**

1. The Company's 10th 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 at https://web.lumiagm.com/. **Please follow the procedures provided in the Administrative Details for the 10th AGM, which is available at this link https://www.wct.com.my/10thAGM/, in order to register, participate and vote at the 10th AGM of the Company remotely via the RPV facilities.**
2. Shareholders who have duly registered online to participate in the 10th 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 10th AGM of the Company remotely. Shareholders may use the query box facility to submit questions in real time during the 10th AGM or e-mail questions to enquiries@wct.my prior to the meeting.
3. The Broadcast Venue of the 10th 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 TENTH
# 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 10th 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 10th 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, Boardroom Share Registrars Sdn Bhd at Ground Floor or 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 Portal at https://boardroomlimited.my/ before 10 a.m. on 21 June 2021. 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 2020**

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 7 and 8**

The proposed Ordinary Resolutions 7 and 8, if passed, will facilitate the payment of Directors' fees and benefits payable/provided to the Directors of the Company and its subsidiaries for the period commencing from 23 June 2021 until the next AGM of the Company to be held in 2022, 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)<br>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 7 and 8 are passed at the 10th 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 TENTH
# ANNUAL GENERAL MEETING
cont'd

**Resolution 9**

The proposed Ordinary Resolution 9, if passed, will empower the Directors to allot shares in the Company up to an amount not exceeding 10% of the total number of issued shares of the Company for the time being, for any possible 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 5 August 2020.

**Resolution 10**

The proposed Ordinary Resolution 10, if passed, will enable the WCT Group to enter into any of the recurrent related party transactions of a revenue or trading nature set out in Part A of the Circular to Shareholders of the Company dated 11 May 2021 which are necessary for the Group's day-to-day operations. This authority, unless revoked or varied by resolution passed by the shareholders of the Company at a general meeting, will expire at the conclusion of the next AGM, or the expiration of the period within which the next AGM is required by law to be held, whichever is the earliest.

**Resolution 11**

The proposed Ordinary Resolution 11, if passed, is to give authority to the Company to purchase its own shares for up to 10% of the Company's total number of issued shares at any time within the time period stipulated in the Main Market Listing Requirements of Bursa Securities. Please refer to the Statement to Shareholders in relation to the Proposed Renewal of Share Buy-back Authority as set out in Part B of the Circular to Shareholders dated 11 May 2021.

**Resolution 12**

The proposed Ordinary Resolution 12, if passed, is to give authority to the Company to offer and to grant to Mr. Chow Ying Choon, options to subscribe for such number of WCT Shares in accordance with the provisions of the By-Laws governing the WCT ESOS, in recognition of his contribution to the Company and to enable him to participate in the Company's future growth.

**E. STATEMENT ACCOMPANYING NOTICE OF 10TH 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 10th AGM of the Company, other than the Directors who are standing for re-election pursuant to Resolutions No, 2, 3, 4 and 5 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 Act are set out in Explanatory Note for Resolution 9 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 10th AGM, the Company will obtain a General Meeting Record of Depositors as at 16 June 2021 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 10th AGM of the Company.

A copy of the Annual Report 2020, Circular to shareholders, Notice of 10th AGM, Proxy Form, Administrative Details and Request Form are available for download at this link https://www.wct.com.my/10thAGM/

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/Tel No./Email address)*

____________________ Number of shares represented: ____________________

(2) ____________________ NRIC No. ____________________
*(Name in full)*

of ____________________
*(Full address/Tel No./Email 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 Tenth 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 Tuesday, 22 June 2021 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 2020. | | |
| 2 | To re-elect Mr. Liang Kai Chong as Director of the Company. | | |
| 3 | To re-elect Mr. Ng Soon Lai @ Ng Siek Chuan as Director of the Company. | | |
| 4 | To re-elect Puan Rahana Binti Abdul Rashid as Director of the Company. | | |
| 5 | To re-elect Mr. Chow Ying Choon as Director of the Company. | | |
| 6 | To re-appoint Messrs Ernst & Young PLT as Auditors of the Company. | | |
| 7 | To approve the payment of Directors' fees. | | |
| 8 | To approve the payment of Directors' benefits. | | |
| 9 | To authorise the allotment of new shares. | | |
| 10 | To approve the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions. | | |
| 11 | To approve the Proposed Renewal of Share Buy-back Authority. | | |
| 12 | To approve the Proposed granting of options to Mr. Chow Ying Choon. | | |

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 ____________ 2021

| No. of Ordinary Shares Held |
|---|
| |

____________________
Signature(s)/Common Seal of member(s)

*Fold This Flap For Sealing*

**Notes:**

**A. VIRTUAL ANNUAL GENERAL MEETING**

1. The Company's 10th 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 at https://web.lumiagm.com/.

   **Please follow the procedures provided in the Administrative Details for the 10th AGM, which is available at this link** https://www.wct.com.my/10thAGM/, **in order to register, participate and vote at the 10th AGM of the Company remotely via the RPV facilities.**
2. Shareholders who have duly registered online to participate in the 10th 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 10th AGM of the Company remotely. Shareholders may use the query box facility to submit questions in real time during the 10th AGM or e-mail questions to enquiries@wct.my prior to the meeting.
3. The Broadcast Venue of the 10th 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 10th 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 10th AGM shall indicate his/her voting instructions in the instrument appointing a proxy.

*Then Fold Here*

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, Boardroom Share Registrars Sdn Bhd, at Ground Floor or 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 Portal at https://boardroomlimited.my/ before 10 a.m. on 21 June 2021. 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)
B-30-01, The Ascent, Paradigm,
No. 1, Jalan SS7/26A, Kelana Jaya,
47301 Petaling Jaya,
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