POWERING PROGRESS

ANNUAL REPORT 2018

WAH SEONG CORPORATION BERHAD
(495846-A)

WHAT'S INSIDE

VISION

A global Oil & Gas and Industrial Services group that develops our portfolio of businesses into world class standards

MISSION

Be the preferred partner of our customers by providing quality services and reliable solutions, whilst delivering sustainable growth and values to our employees, shareholders, partners and stakeholders

CORE VALUES

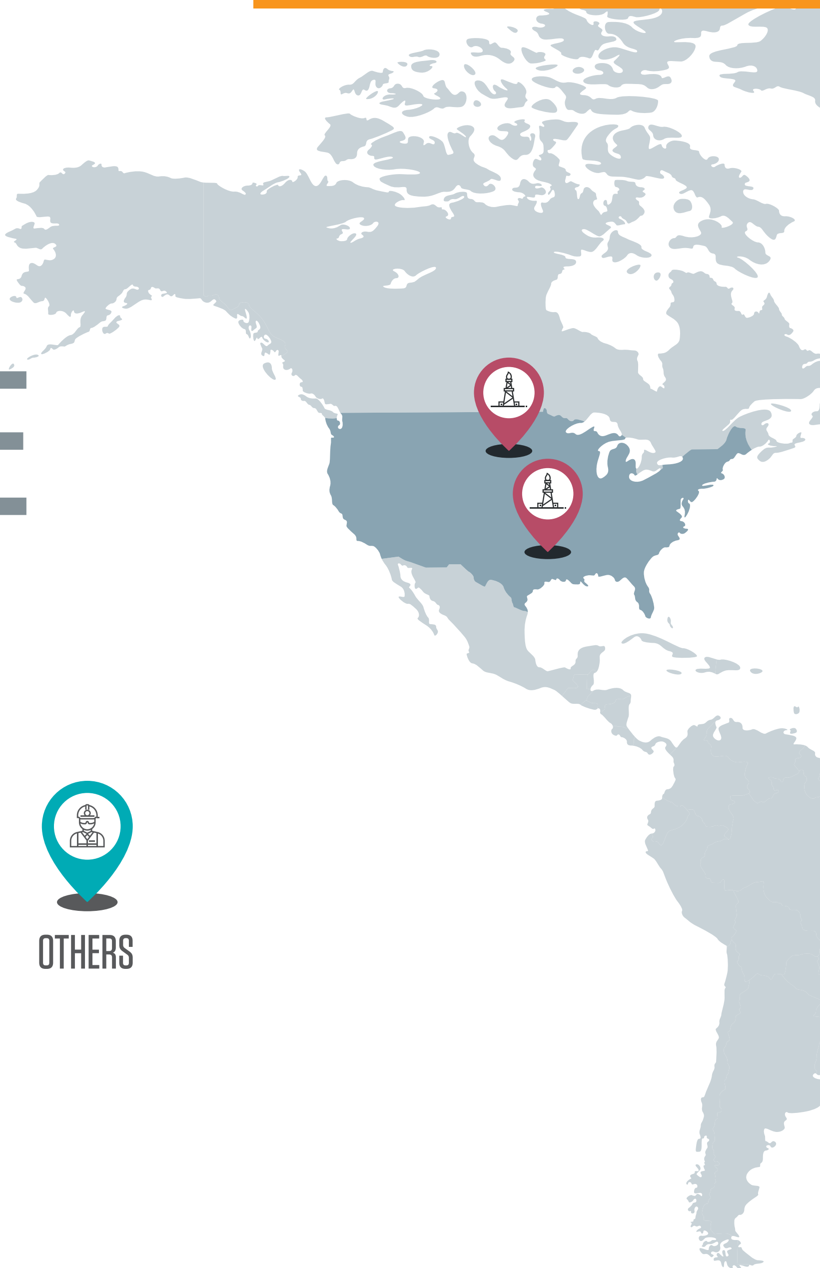
We are passionate about what we do

- We deliver our commitments to customers
- We work together to create an open, friendly and safe workplace
- We are intolerant to waste
- We hold ourselves and each other to the highest standards of professionalism, accountability, integrity and transparency
- Performance, merit and equal opportunity are the cornerstones of our rewards philosophy
- We are a caring and responsible organisation
- Only sustainable profit and growth will perpetuate our business and enable all of the above

CORPORATE PROFILE

A Rising Global Energy Service Provider

WORLDWIDE OPERATION



OIL & GAS

RENEWABLE ENERGY

INDUSTRIAL TRADING & SERVICES

OTHERS

Once a medium-sized Malaysian enterprise, Wah Seong Corporation Berhad incorporated on 9 October, 1999, has evolved into an international Oil & Gas and Industrial Services group. Listed on the Main Market of Bursa Malaysia Securities Berhad, we have established footprints in more than 14 countries worldwide.

As a globally integrated energy infrastructure group, we have positioned our Oil and Gas Division and Industrial Services Division to be our main strategic business pillars.

Our Oil & Gas Division provides world-class specialized pipe coating, corrosion protection services, EPC, fabrication and rental of gas compressors and process equipment, as well as various E&P products and services for the international oil and gas sector. Meanwhile, our Industrial Services Division is involved in renewable energy, agriculture development and infrastructure materials. Through this Division, we have grown to be one of the leading service providers of process equipment in Asia, serving the plantations, oleo-chemical, petrochemical and power generation industries. We are also one of the top distributors of infrastructure and building materials in Malaysia.

Seeing no limits to the future, we aim to grow through innovation and productivity to be a world class and profitable, integrated energy infrastructure group. We endeavour to serve the needs of both our internal and external stakeholders by enhancing our corporate values that is driven by our uniqueness and capabilities.

Alongside this, we manage both our local and global operations with interests for health, safety and the environment. Fulfilling our corporate responsibility by according the highest priorities to these principles are prerequisites for the success of our business while also demonstrating our commitment to sustainable development and the communities which we serve.

CORPORATE INFORMATION

DIRECTORS

DATO' SERI ROBERT TAN CHUNG MENG
Non-Independent Non-Executive Chairman

CHAN CHEU LEONG
Managing Director/Group Chief Executive Officer

GIANCARLO MACCAGNO
Deputy Managing Director

HALIM BIN HAJI DIN
Independent Non-Executive Director

PROFESSOR TAN SRI LIN SEE YAN
Senior Independent Non-Executive Director

TAN JIAN HONG, AARON
Non-Independent Non-Executive Director

TAN SRI SAW CHOO BOON
Independent Non-Executive Director

GROUP COMPANY SECRETARY
Woo Ying Pun
(MAICSA 7001280)

AUDITORS
PricewaterhouseCoopers PLT
(LLP0014401 – LCA & AF 1146)
Chartered Accountants
Level 10, 1 Sentral
Jalan Rakyat
Kuala Lumpur Sentral
50706 Kuala Lumpur
Malaysia

SOLICITORS
Jeyaratnam & Chong
Rahmat Lim & Partners

PRINCIPAL BANKERS
CIMB Group
HSBC Bank Group
Malayan Banking Berhad
OCBC Bank Group
RHB Bank Berhad

PRINCIPAL ADVISERS
CIMB Investment Bank Berhad
RHB Investment Bank Berhad

SHARE REGISTRAR
Agriteum Share Registration Services Sdn Bhd
2nd Floor Wisma Penang Garden
42 Jalan Sultan Ahmad Shah
10050 Penang
Malaysia
Tel : 604-228 2321
Fax : 604-227 2391
Email: agriteumshareg@gmail.com

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS
Suite 19.01, Level 19
The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia
Tel : 603-2685 6800
Fax : 603-2685 6999
Email : wsc.enquiry@wahseong.com
Website : www.wahseong.com

STOCK EXCHANGE LISTING
Main Market of
Bursa Malaysia Securities Berhad

DATE OF LISTING
9 July 2002

CATEGORY
Sector: Energy
Sub-Sector: Energy Infrastructure, Equipment & Services

STOCK CODE
5142

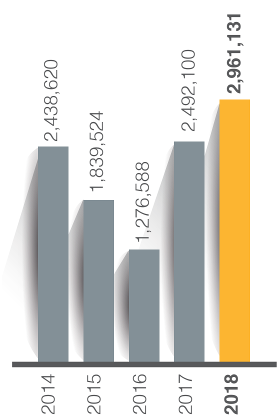
STOCK NAME
WASEONG

COMMITTEE	AUDIT COMMITTEE	NOMINATION COMMITTEE	REMUNERATION COMMITTEE
Chairman	Halim Bin Haji Din	Professor Tan Sri Lin See Yan	Tan Sri Saw Choo Boon
Member	Professor Tan Sri Lin See Yan	Dato' Seri Robert Tan Chung Meng	Halim Bin Haji Din
Member	Tan Jian Hong, Aaron	Halim Bin Haji Din	Professor Tan Sri Lin See Yan
Member	Tan Sri Saw Choo Boon	Tan Sri Saw Choo Boon	

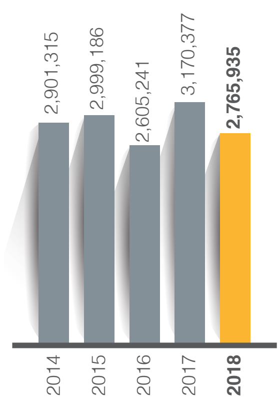
FINANCIAL HIGHLIGHTS

		2014	2015	2016	2017	2018
OPERATING RESULTS						
Revenue	RM'000	2,438,620	1,839,524	1,276,588	2,492,100	**2,961,131**
EBITDA/(LBITDA)	RM'000	287,703	121,419	(72,001)	298,286	**347,396**
EBIT/(LBIT)	RM'000	211,952	52,804	(204,913)	156,842	**139,341**
Profit/(Loss) before tax	RM'000	198,480	35,700	(225,864)	122,605	**107,088**
Net profit/(loss)	RM'000	147,109	(11,868)	(234,554)	114,643	**59,862**
Net profit/(loss) attributable to owners of the Company	RM'000	125,565	9,453	(228,302)	113,021	**64,797**
KEY BALANCE SHEET DATA						
Total assets	RM'000	2,901,315	2,999,186	2,605,241	3,170,377	**2,765,935**
Paid-up capital	RM'000	387,444	387,444	387,444	547,690	**547,690**
Capital and reserves attributable to owners of the Company	RM'000	1,074,977	1,121,918	775,891	894,161	**955,726**
VALUATION						
Per share						
Basic earnings/(loss)	sen	16.26	1.22	(29.54)	14.63	**8.39**
Gross dividend						
- Cash dividend	sen	5.00	3.00	0.50	-	**-**
- Share dividend	sen	0.67	-	-	-	**-**
Net assets	RM	1.39	1.45	1.00	1.16	**1.24**
PROFITABILITY RATIOS						
Return on total assets	%	7	2	-8%	5%	**5%**
Return on capital employed	%	15	3	-21%	9%	**12%**
GEARING RATIO						
Net debt to capital and reserves attributable to owners of the Company	Times	0.69	0.80	1.18	0.75	**0.64**

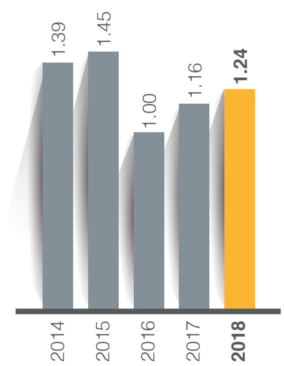
REVENUE
(RM'000)



TOTAL ASSETS
(RM'000)



NET ASSETS PER SHARE
(RM)



CORPORATE CALENDAR

18 January

Wasco Coatings Malaysia Sdn. Bhd., an indirect subsidiary of WSC had completed the concrete coating work for 500km of pipes located on the Utsira Height in the North Sea and 160km of pipes located at West of Stavanger for Johan Sverdrup Export Pipeline Project (JoSSEP).

22 January

Wasco Coatings Malaysia Sdn. Bhd., an indirect subsidiary of WSC, hosted visitors from Maybank Investment Bank for "East Coast Infrastructure Play" in conjunction with Invest Malaysia 2018.

13, 14, 15 February

Wasco Energy Ltd, a direct wholly-owned subsidiary of WSC participated in the 10th Anniversary Edition of AMI's International Pipeline Coating 2018 conference in Austria Trend Hotel Savoyen, Vienna, Austria.

26 February

4QFY2017 Results Announcement.

27 February

PT. Wasco Engineering Indonesia, an indirect subsidiary of WSC took its second and final load out of E-House "Jetty Module" for the Bahrain LNG (BLNG) Project from Batam yard to Schneider Electric (Australia) Pty Ltd.

14 March

PT. Wasco Engineering Indonesia, an indirect subsidiary of WSC completed and delivered one (1) Gas Lift Compressor Package to BW Offshore for Adolo FPSO project from Batam yard to Ruche Field, located offshore of Gabon.

16 March

Wasco Engineering International Ltd, an indirect subsidiary of WSC was awarded US$34.6mil (equivalent to RM135.2mil) contract by Basrah Gas Company for the design, packaging and sale of gas compressor packages and associated plant and site facilities.

20, 21, 22, 23 March

Wasco Energy Ltd, a direct wholly-owned subsidiary of WSC participated in the Offshore Technology (OTC) 2018 at Kuala Lumpur Convention Centre.

9 April

Wasco Coatings Malaysia Sdn. Bhd., an indirect subsidiary of WSC took its final load out of pipes for Johan Sverdrup Export Pipeline Project (JoSEPP) from Port of Kuantan to Stord Base, Norway.

15 May

Wasco (Australia) Pty Ltd, an indirect subsidiary of WSC took its first load out of gas for Westside Corporation Limited Project from Moura Central Gas Compression facility.

16 May

1QFY2018 Results Announcement.

25 May

WSC 18th Annual General Meeting.

5 July

WDG Resources Sdn. Bhd., an indirect subsidiary of WSC entered into a Distributorship Agreement with Ammann BauAusrüstung AG.

18 July

Wasco Coatings Malaysia Sdn. Bhd., an indirect subsidiary of WSC received and stored the first shipment of 18 meters of steel pipes from Kashima, Japan at its facility in Kuantan, Pahang for BP Khazzan Project.

31 July

Welspun Wasco Coatings Private Limited, a joint venture company completed the concrete coating of bends for the Dangote Refinery & Petrochemicals Project.

3 August

Syn Tai Hung Trading Sdn. Bhd., an indirect wholly-owned subsidiary of WSC had disposed of 49% equity interest in Lesso Home Syn Tai Hung Trading Sdn. Bhd. to Lesso Home Services Holdings Limited.

14 August

Wasco Coatings Europe B.V., an indirect subsidiary of WSC completed the coating of pipes for Baltic Connector Project.

17 August

PT. Wasco Engineering Indonesia, an indirect subsidiary of WSC took its first load out of substation for TCO Future Growth Project Tengizchevroil, Kazakhstan from Batam yard to Schneider Electric France SAS.

21, 22, 23 August

Wasco Energy Ltd, a direct wholly-owned subsidiary of WSC participated in the 7th International Conference Offshore Wind Power Substations 2018 in Bremen, Germany.

23 August

Wasco Asset Integrity Solutions with Deepwater Corrosion Services completed the installation of Subsea Pipeline Cathodic Protection Retrofit Project for the provision of design, manufacture, supply and installation of subsea protection systems.

7 September

Incorporation of PMT Saito Sdn. Bhd., a joint venture company between PMT Industries Sdn. Bhd., an indirect wholly-owned subsidiary of WSC and Saito Separator Limited.

15 November

Wasco (Australia) Pty Ltd, an indirect subsidiary of WSC commenced construction work on the Senex Roma Nort Project for the construction of modular gas processing facility.

21 November

PT. Wasco Engineering Indonesia, an indirect subsidiary of WSC was awarded US$1.0mil (equivalent to RM3.91mil) contract by Schneider Electric Systems (formerly known as Invensys) to supply 5 Blast Field Auxiliary Room (FAR) for Brunei LNG.

27 November

3QFY2018 Results Announcement.

7 December

Wasco Coatings Malaysia Sdn. Bhd., an indirect subsidiary of WSC took its final load out of 1,839 units of 18 meters coated pipes for BP Oman Khazzan Project from Kuantan Port to Muscat, Oman.

10 December

Wasco Lindung Sdn. Bhd., an indirect subsidiary of WSC loaded out Retropod & Retrosled for 24 inch ERP-KNM pipeline and ERP Platform Project from Kuantan yard to SAP yard at Songkhla, Thailand.

18 December

Wasco (Australia) Pty Ltd, an indirect subsidiary of WSC completed and handed over Field Boost Compressors project and the Plant 3 LTS & Compression project to Central Petroleum Brisbane at the Mereenie Gas Plant.

22 January


15 May


14 August


17 August


18 December

SUSTAINABILITY STATEMENT

Understanding that stakeholder expectations goes beyond understanding the financial health of a company, ahead of the compulsory requirement of Bursa Malaysia for listed company to deliberate on its sustainability practice, the Company decided to take a proactive step in 2017 to disclose its sustainable business model based on the Economic, Environmental, Social ("EES") platform. Whilst governance is also a key component of sustainability, governance will not be discussed in this section of the Annual Report but discussed separately on pages 48 to 63 as part of the disclosure requirements for corporate governance in the Listing Requirements, as well as the Malaysian Code on Corporate Governance 2017 and the Corporate Governance Guide.

SUSTAINABILITY GOVERNANCE

The role of Sustainability Reporting in WSC has been consolidated under the Investor Relations, Corporate Communications and Sustainability Department ("IRCSD"). In 2017, the Head of IRCSD has been appointed as the member of the Risk Management Committee ("RMC") of WSC where the sustainability agenda is discussed and reported every quarter. The committee which reports directly to the Board of Directors of WSC has amended its charter to include sustainability as referenced on pages 10 to 22 of the Annual Report.

SUSTAINABILITY REPORTING SCOPE AND BOUNDARY

During the year, the committee have presented and have obtained the Board's approval to scope WSC's Sustainability Reporting for the reporting period of 1st January 2018 to 31st December 2018 to its oil and gas division "WASCO", being the single largest business segment of the Group. Due to the stringent requirement of the oil and gas industry, "WASCO" have adopted a sustainability framework much earlier compared to the other parts of the Group. Moving forward, the committee shall make its recommendations to the Board for the scoping of Sustainability Reporting to cover the entire organisation and its subsidiaries which includes quantitative and qualitative data relevant for sustainability reporting. The Group adopts the principle guidelines of Sustainability Reporting provided by Bursa Malaysia.

SUSTAINABILITY POLICY

In our company, sustainability is about delivering value for all our stakeholders in a responsible manner, wherever we operate we will develop, implement and maintain management systems for corporate sustainability that drive continual improvement and will:

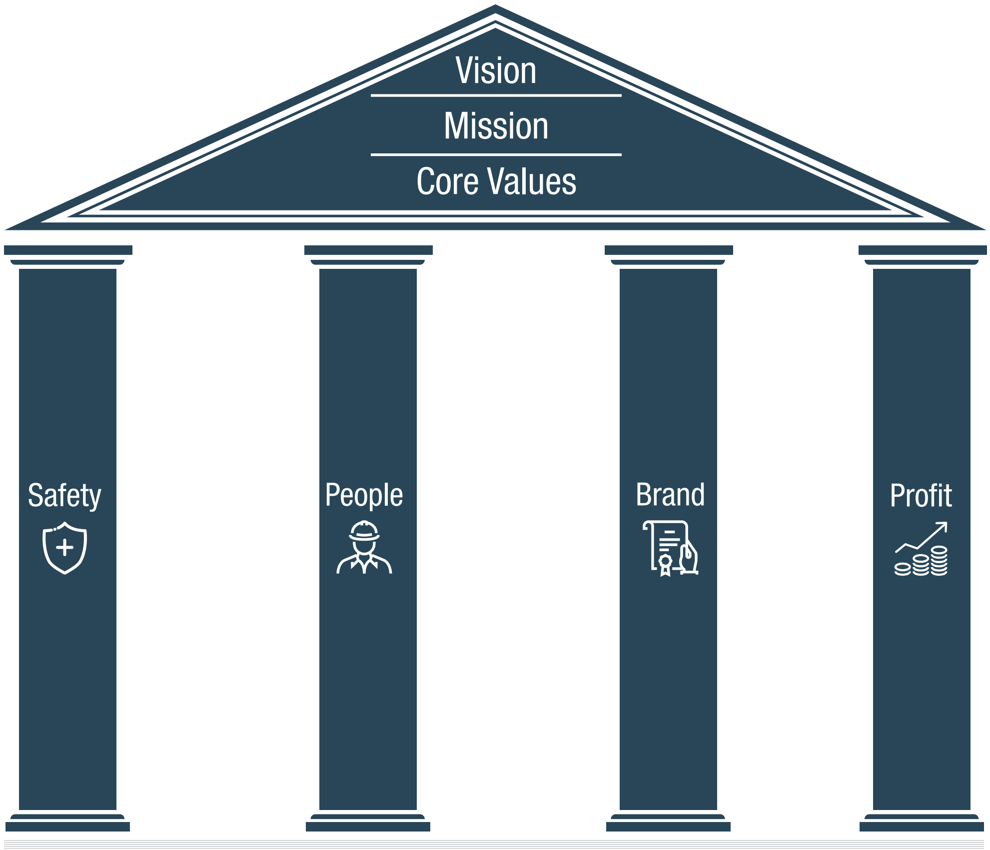
- Ensure our safety values remain a top priority, and seek ways to promote and improve the health of our workforce
- Identify, assess and manage risks to employees, contractors, the environment and our host communities
- Encourage a diverse workforce and provide a work environment in which everyone is treated fairly, with respect and can realise their full potential
- Take action within our own businesses and other stakeholders to reduce our carbon footprint
- Manage our businesses efficiently by promoting the use of energy-efficient solutions and innovative technology as well as reducing and preventing waste
- Embrace leading industry practices and sound principles on business conduct and corporate governance
- Safeguard human rights within our sphere of influence
- Develop partnerships that foster the sustainable development of our host communities
- Regularly review our performance and adjust this policy according to results

In implementing this policy, we aspire to achieve zero harm to people, our host communities and the environment. We will engage with and support our employees, contractors, suppliers, customers, and business partners in sharing responsibility for meeting our goals.

SUSTAINABILITY APPROACH AT "WASCO"

Whilst a formal policy has been in place since 2012, the sustainability practice has been apparent in the day to day operations of WASCO even prior to this date. The Chief Executive Officer of WASCO champions the sustainability agenda and takes on the responsibility of ensuring that each of WASCO's global operations abide to the policy and the implementation is formally tracked and measured for each individual operations via a robust MyGoals performance management system.

WASCO's identifies its materiality matters based on its strategic priorities as set out in the following diagram:



Based on the strategic pillars, material topic as an "EES" issues of critical importance both to stakeholders and the long term success of WASCO is identified and are aligned with internal governance processes and operational imperatives, and are therefore managed as part of internal processes and procedures that answer to both regulatory requirements and also internal Key Performance Indicator ("KPI").

SUSTAINABILITY MATTERS & STAKEHOLDER ENGAGEMENT

Safety Pillar

Importance:
Ensuring that we do ZERO harm to people and environment

Key issues
- Safe Workplace
- Unsafe Condition Unsafe Act
- Resource Management

How we conduct engagement
- Daily Tool Box Talk
- Grand Tool Box Talk
- Safety Bulletins
- Safety Days & Safety Campaigns
- Environmental Campaigns

People Pillar

Importance:
Our most important asset and integral in the success of WASCO

Key issues
- Health, Safety & Environment
- Remuneration & Benefits
- Diversity & Equal Opportunities
- Training & Personal Development

How we conduct engagement
- Workplace Meetings and Employee Briefing
- Intranet & Bulletins
- Annual CEO Town Hall
- MyGoals Performance Reviews

Brand Pillar

Importance:
Meeting Brand Objectives

Key issues
- Quality of Products and Services
- Mandatory Compliance to Standards
- Mandatory Compliance to Regulations
- Compliance to Code of Business Conduct
- Compliance to Code of Ethical Conduct
- Corporate Social Obligations

How we conduct engagement
- Customer Satisfaction Surveys
- Certification Audits
- Regulatory Site Visits and Audits
- Supplier Engagements

Profit Pillar

Importance:
Financial decisions which determines the most efficient use of resources to maximise shareholder returns

Key issues
- Financial and Operational Performance
- Balance Sheet and Access to Capital
- Risk Management
- Governance

How we conduct engagement
- Quarterly Board Briefing
- Quarterly Risk Management Briefing
- Internal & External Audits Engagements

MATERIAL MATTERS

Health, Safety & Environment

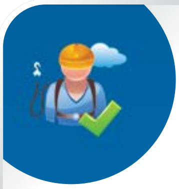
An excellent Health, Safety and Environment ("HSE") performance is central to the responsible delivery of WASCO's products and services.

Ensuring that everyone goes home safe from our workplace is our number one priority. We have a "zero harm" to people, property and environment goal in all of WASCO's operations. We also strive to prevent any damage to our assets and are mindful of the impact of our activities to the environment. We manage HSE risk across our global operations through clear standards, control and compliance systems combined with a behavioural safety-focused culture.

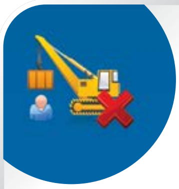
Our Group standards and operating procedures define the controls and physical barriers we require to prevent incidents. We regularly inspect, test and maintain these barriers to ensure they meet our standards. We also routinely prepare and practise our emergency response to potential incidents such as a chemical spill or a fire. This involves working closely with local services and regulatory agencies to jointly test our plans and procedures. These tests continually improve our readiness to respond. If an incident does occur we undertake an investigation to identify the root cause and put in place controls to prevent recurrences. We also have procedures in place to reduce the impact on people and the environment. We continue to strengthen the safety culture among our employees and contractors. We are committed to workplace improvement and environmental safety, consistent with international best practices. HSE is deeply embedded within our business culture as we prioritise continuous improvement in HSE and safety by reducing accidents, occupational injuries and work-related illness rates.

We expect everyone working for us to intervene and stop work that may appear to be unsafe. In addition to our ongoing safety awareness programs we hold annual safety days to give employees and contractors time to reflect on how to prevent incidents. We expect everyone working for us to comply with Wasco's 12 Non-Compromising Rules. If employees break these Rules, they face disciplinary action up to and including termination of employment. If contractors break these Rules, they can be removed from the worksite.

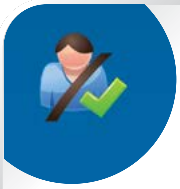
12 Non-Compromising Rules



Work at height only with proper fall protection

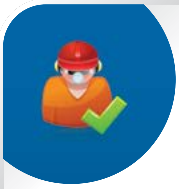


Do not walk under a suspended load

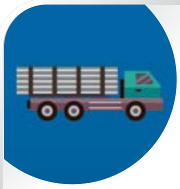


While driving, wear safety belt, obey speed limit, and do not use a mobile phone

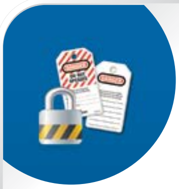
Work with a valid Permit when required



Use correct Personal Protective Equipment

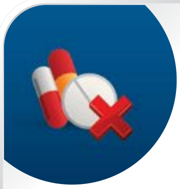


Secure load prior to lifting and transportation

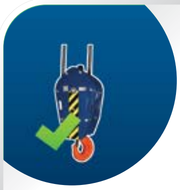


Confirm energy isolation before commercing work

Do not smoke outside designated areas



No alcohol or drugs while working



Use suitable and certified lifting equipment

Do not use mobile phone while walking, working and operating equipment

Do not make unauthorised modifications to scaffold

SAFETY

The full list of HSE Statistics is provided as below for the WASCO operations:

- Wasco Coatings Malaysia Sdn. Bhd. ("WCM")
- Wasco Lindung Sdn. Bhd. ("WLSB")
- Petro-Pipe (Sabah) Sdn. Bhd. ("PPS")
- WS Engineering & Fabrication Pte. Ltd. ("WSEF")

Group HSE Performance KPIs – Lagging Indicators January – December 2018

Business Unit	WCM	WLSB	PPS	WSEF	Group Total
Man-hours Worked	425,771	39,871	386,857	3,112,154	**3,964,653**
Reportable Cases					
Fatality	0	0	0	0	**0**
Loss Time Injury (LTI)	0	0	0	0	**0**
Reportable Occupational Illness	0	0	0	0	**0**
Restricted Work Case (RWC)	0	0	0	0	**0**
Medical Treatment Case (MTC)	0	0	0	1	**1**
Total Reportable Cases	0	0	0	1	**1**
Other Cases (Recordable)					
First Aid Case (FAC)	0	0	0	7	**7**
Near Miss (NM)	2	0	3	9	**14**
Statutory Notice/Fine	0	0	0	0	**0**
Dangerous Occurrence	0	0	0	0	**0**
Fire/Explosion	4	0	0	3	**7**
Property Damage (PD)	1	0	2	0	**3**
Effluent Pollution	0	0	0	0	**0**
Spill Incident	0	0	0	1	**1**
HSE Performance					
Man-hours Lost	0	0	0	0	**0**
Man-days Lost	0	0	0	0	**0**
Lost Time Incident Frequency (LTIF)	0	0	0	0	**0**
Total Reportable Occupational Illness Frequency (TROIF)	0	0	0	0	**0**
Total Reportable Incident (TRIF)	0	0	0	0.32	**0.25**
Incident Free Man-hours Worked since last LTI	6,047,477	1,108,936	1,603,885	13,851,556	**22,611,854**

WASCO COATINGS MALAYSIA SDN. BHD. & WASCO LINDUNG SDN. BHD.

Energy Management

Year	2018	2017	2016
All Plant (kw/h)	**6,489,626**	15,105,290	6,143,696
Total Man-hours	**425,771**	1,478,078	572,577
(kw/h)/Man-hours	**15.24**	10.22	10.73

Water Management

Year	2018	2017	2016
All Plant (m^3)	**148,481**	237,677	176,604
Total Man-hours	**425,771**	1,478,078	572,577
(m^3)/Man-hours	**0.35**	0.16	0.31

PETRO-PIPE (SABAH) SDN. BHD.

Energy Management

Year	2018	2017	2016
All Plant (kw/h)	**992,081**	1,456,034	1,723,400
Total Man-hours	**386,857**	453,774	521,526
(kw/h)/Man-hours	**2.56**	3.21	3.30

Water Management

Year	2018	2017	2016
All Plant (m^3)	**16,987**	17,491	17,610
Total Man-hours	**386,857**	453,774	521,526
(m^3)/Man-hours	**0.044**	0.04	0.03

WS ENGINEERING & FABRICATION PTE. LTD.

Energy Management

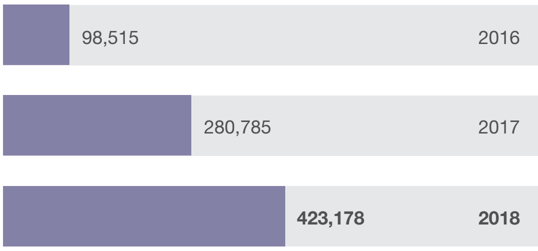
Year	2018	2017	2016
All Plant (kw/h)	**4,391,669**	2,839,100	3,263,340
Total Man-hours	**3,112,154**	1,345,369	1,972,317
(kw/h)/Man-hours	**1.41**	2.11	1.65

Water Management

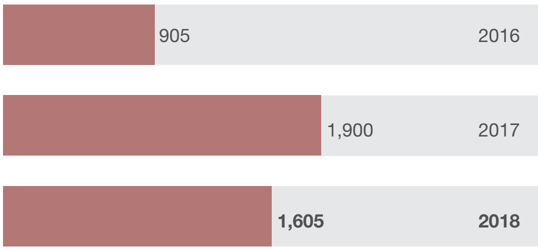
Year	2018	2017	2016
All Plant (m^3)	**12,567**	10,050	23,338
Total Man-hours	**3,112,154**	1,345,369	1,972,317
(m^3)/Man-hours	**0.004**	0.007	0.01

PEOPLE

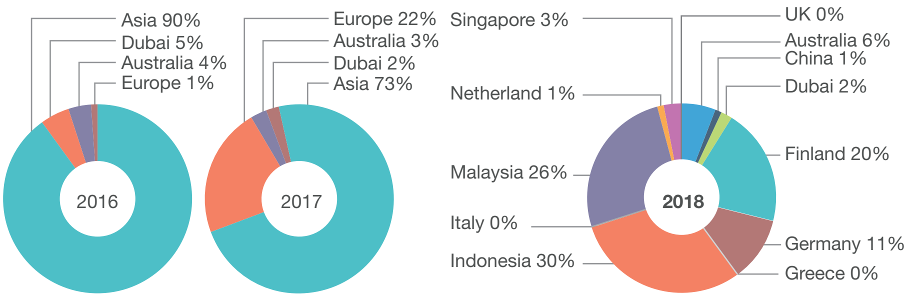
Salaries, Wages and Other Benefits
(in RM'000)



Total Headcount

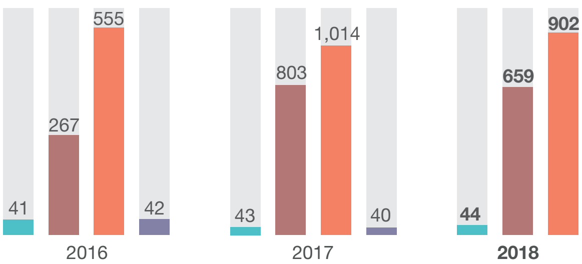


Total Headcount By Location



Total Headcount By Division (Corporate Office)

- Corporate Office
- Enginering
- Pipeline Services
- Energy Services



BRAND

Certification

Wasco Coatings Malaysia Sdn. Bhd.
ISO 14001:2004
OHSAS 18001:2007
ISO 9001:2008
ISO 9001:2015
ISO 14001:2015
ISO 45001:2018

PT. Wasco Engineering Indonesia
ISO 14001:2004
OHSAS 18001:2007

Wasco Engineering International Limited (Dubai Branch)
ISO 14001:2015
OHSAS 18001:2007

Awards

No	Year	Clients/Organisers	Awards
Wasco Coatings Malaysia Sdn. Bhd.			
1	2018	STATOIL	In recognition of the coating of 36,200 pipes and performing 1,601,164 Safe Man-hours without Lost Time Injury (LTI)
2	2017	STATOIL	In recognition of completing One Million Safe Man-hours without LTI
3	2015	PCSB	Outstanding Vendor Award Project Development Category
4	2014	PCSB	In appreciation for hosting Q3 2014 Projects & Engineering PCSB HSE Contractors Conference
5	2014	PetroVietnam	In recognition for excellent performance in Pipeline Coating Application of Dai Hung Gas Gathering Project – Merit Award
6	2013	PCSB	Offshore Installation (DCI) Most Outstanding Unsafe Act (UAUC) reporting in 2013
WS Engineering & Fabrication Pte. Ltd.			
1	2018	Schneider Electric and Siemens	Achieved 2 Million Man-hours Worked without Loss Time Injury (LTI) in TCO Future Growth Project (TCO Area, TCO Gathering & TCO HV)
2	2018	Tengizchevroil/Kazakh PJV/Schneider Electric/ Siemens	Achieved more than 2 Million LTI free Man-hours in TCO Future Growth Project
3	2017	Schneider Electric	Achieved 500,000 LTI free Man-hours in TCO Future Growth Project
4	2016	Yinson/Kongsberg	PTWEI received Construction of Excellence Certificate from Yinson for achieving 1.1 Million Man-hours without any LTI for Ghana OCTP FPSO Development Project in 2016
5	2016	Wartsila/Bumi Armada	Received Appreciation Certificate from Wartsila for achieving 2 Million Man-hours without any LTI in M70A/B Power Generation Packages, Armada Kraken Project
6	2016	Bumi Armada	1 Million Man-hours worked without LTI for M70A/B Power Generation Packages Armaden Kraken Project
7	2016	Total/Saipem	Achieved 1 Million Man-hours without LTI in Total E&P Angola Block 32 Kaombo Project

Community Outreach Program

Wasco Energy Ltd	
24 March 2018	Kick start of Wasco's Keep Calm & Zumba (Year Long Campaign). This Zumba program lessons was held at Sekolah Kebangsaan Taman Megah is aimed at promoting a healthy lifestyle amongst urbanites and especially more to combat obesity at a young age amongst school going children. We're happy that we've also been able to help the school to improve the school facilities by helping out the PTA to collect funds that go straight to the school to fund its initiatives.
05 July 2018	Wasco Energy Ltd celebrated Hari Raya Aidilfitri with kids from Pertubuhan Rumah Saffiyah, homes for the abandoned.
31 July 2018	Wasco Energy Ltd celebrated Durian Party with kids from Pertubuhan Rumah Saffiyah, homes for the abandoned in conjunction with Wasco CSR Program to support Rumah Safiyyah with new sports equipment.

24 March 2018

05 July 2018

31 July 2018

Wasco Coatings Malaysia Sdn. Bhd.	
01 June 2018	Corporate Social Responsibility (CSR) program with Kelab Sukan dan Sosial Jabatan Alam Sekitar Pahang at Perumahan Rakyat Kampung Pak Mahat (PRKPM), Kuantan to recognise and appreciate the less fortunate during the month of Ramadhan.
30 August 2018	Wasco Coatings Malaysia held a blood donation campaign in collaboration with the Blood Bank Unit of Hospital Tengku Ampuan Afzan (HTAA). This initiative is to promote greater awareness of the importance of blood donation amongst employees and at the same time to keep track of their health condition.

01 June 2018

30 August 2018

30 September 2018	Wasco Coatings Malaysia joins PKS Fishing Competiton with Pertubuhan Kebajikan dan Sukan Jabatan Keselamatan dan Kesihatan Pekerjaan Pahang at Tanjung Lumpur Kuantan. The event was held to strengthen the relationship between industries and local authority.

30 September 2018

30 September 2018

WS Engineering & Fabrication Pte. Ltd.

12 October 2018	PT. Wasco Engineering Indonesia's CSR project embarked on facility upgrading works for three schools in Batam. The upgrading works involving fabrication of shelter at the school walkaway and concreting of school yard in SD Negeri 007 (Primary School) and SMP Negeri 38 (Junior High School).
12 December 2018	PT. Wasco Engineering Indonesia rolled out an Oral Health Awareness Campaign part of Corporate Social Responsibility (CSR) program at SMP Negeri 38 (Junior High School) and SD Negeri 007 (Primary School) with an aim to educate students about the importance of oral health.

12 October 2018

12 December 2018

Welspun Wasco Coatings Private Limited

05 June 2018	Welspun Wasco Coatings Pvt. Ltd. and Welspun Corporation Ltd. held an Environment Awareness Campaign at Ajapar Village, India in raising awareness amongst the villagers towards a cleaner and greener world. Some of the programs held were the Awareness Rally with school children, Street Play, Tree Plantation Drive and Distribution of recycle bags.

05 June 2018

Wasco Coatings Germany GmbH

08 July 2018 Wasco Coatings Germany sponsored 14 music stands, an Alto Saxophone and a Soprano Saxophone to Sassnitz Youth Brass Orchestra during the "Rugener Hafentage" in the Sassnitz city Harbour.

08 July 2018

Wasco Coatings Finland Oy

05 October 2018 Wasco Coatings Finland Oy hosted a friendly basketball match with KTP Unified disabled community at Kyminkartano School Kotka, Finland.

05 October 2018

Yayasan Wah Seong

08 February 2018 Yayasan Wah Seong organised a CSR Painting project to paint the exterior walls, exercise handrails, steel gate & fence, water tank stand and cement slabs at the Pertubuhan Kebajikan Chester Selangor, an old-folks home and successfully completed with the help of employees and the paints were sponsored by Syn Tai Hung Trading Sdn. Bhd.

08 February 2018

Wah Seong Corporation Berhad

17 October 2018 Wah Seong Corporation Berhad raised RM50,000 in a charity car wash held at the premises of PMT Industries Sdn. Bhd. in support of Mercy Malaysia's post-disaster recovery aid for the people in Palu. Over 100 staff, suppliers, friends and customers across the subsidiary companies – PMT Industries Sdn. Bhd., Mackenzie Industries Sdn. Bhd., Jutasama Sdn. Bhd. and WDG Resouces Sdn. Bhd. participated in the event with around 80 cars and one excavator washed by staff volunteers.

17 October 2018

PROFIT

Wasco's Segmental Results Trend

Year	2018 RM'000	2017 RM'000	2016 RM'000
Revenue	**1,978,523**	1,557,072	422,952
Profit	**112,149**	132,018	(153,469)

Wasco's Cash Flow Position

Year	2018 RM'000	2017 RM'000	2016 RM'000
Cash Flow Balance	**145,966**	191,641	148,776

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of The Group's Business and Operations, Its Objectives and Strategies

Wah Seong Corporation Berhad ("WSC" or "the Company") is an investment holding company with business interest in three distinct business segments, namely, oil and gas, renewable energy and industrial trading and services (collectively referred as the "Group").

Overall, the momentum of recovery continued in year 2018 for the Group. Against the backdrop of market recovery, the Group remains positive of its core businesses and confident that its diversified business portfolio in different industries will withstand market volatility. In year 2018, driven by the positive performance recorded by the oil and gas segment, the Group achieved a modest net profit after tax and minority interest of RM59.9 million on the back of an order book of RM2.8 billion at the beginning of the financial year.

Consistent with the disclosure of business segments in the financial statements and the discussion and analysis presented last year, discussion of factors affecting the Company's performance and risk will be deliberated by segments.

CHAN CHEU LEONG
Managing Director/Group Chief Executive Officer

RM59.9 million
Net Profit After Tax and Minority Interest

OIL AND GAS ("WASCO")

Discussion of strategies, operational capabilities to achieve the desired business objectives and results

2018 marks the final year of the 3 Year Strategic Planning Cycle for WASCO. Wasco has done tremendously well in what it set out to do amidst the oil and gas crisis that plagued the industry for the past three years. Today, WASCO is known to be one of the stronger oil and gas services company in this region.

During the year, execution and efficiency became key focus areas for WASCO. A major portion of the earnings were driven by its European pipe coating operations. WASCO's pipe coating operations in Kotka, Finland and in Mukran, Germany completed the coatings of approximately 1200km of pipes in financial year 2018 for the Nord Stream 2 (NS2) project. This project is expected to finish in the 3rd quarter of 2019. The transshipment operations progressed during the year with 414km of pipes transshipped to the pipe storage site in Port Hamina Kotka and Port of Karlshamn in Sweden. This activity is also expected to continue into the 2nd half of 2019. The NS2 Project, is the largest pipeline infrastructure project in the world today and for WASCO it entails the coating of 2,400km of pipes and the project management of logistics of coated pipes at the four storage sites. In Greece, WASCO's pipe coating operations successfully executed three projects during the year, namely Nobel, William and Baltic which contributed positively to the segment.

However, WASCO's pipe coating operations in Malaysia suffered losses as a result of lower volume of coatings project available in the Asia Pacific. During the year, apart from cost rationalisation, the Malaysian pipe coating operations were also aggressively implementing process improvements to narrow its loss position and improve its operational efficiencies.

During the year under review, WASCO's Engineering Services fabrication business in Batam, Indonesia was busy with execution of few notable contracts, namely Tengizchevroil (TCO) Project awarded by Schneider. The successful project execution increased WASCO's profile and proved its capabilities to deliver complex low voltage and high voltage substations project globally. The project became an important milestone project as it was the first project delivered for a European client and for the Central Asia environment with extreme climate specification from WASCO's fabrication yard in Batam, Indonesia.

Wasco's Engineering operations in Dubai also had a good year in 2018. On 16th March 2018, WSC announced that its indirectly owned subsidiary, Wasco Engineering International Limited secured an order worth USD34million from Basrah Gas Company (BGC), a second award since the successful completion of the Shamiyah Temporary Compression Project in 2017. This contract kept utilisation high at WASCO's Dubai operations during the year.

Discussion on Key Financial and Operational Indicators for the segment

For the year under review, the oil and gas segment recorded a revenue of RM2.0 billion as compared with RM1.6 billion in 2017 and segment profit before taxation of RM112.1 million, as compared with RM104.6 million excluding one-off adjustment in 2017. Last year, the segment recognised a one-off gain on disposal of idle assets of RM99.4 million which was offset by RM72.0 million of impairment charge. WASCO's Pipeline Services Division continues with the execution of order backlogs secured at the end of 2017.

The oil and gas segment had an order backlog of RM2.51 billion at the end of 2017, contributed mainly by NS2 contract worth RM2.85 billion secured in 2016. The order backlog as at end of 2018 dropped to RM774.2 million, as a result of lower replenishment of order book due to smaller project awards available in 2018.

The oil and gas segment recorded 22,611,854 Man-hours without Loss Time Injury ("LTI") in 2018. WASCO recorded other positive indicators signifying the effectiveness of the safety culture instituted by the Group. Discussions of Health, Safety and Environment ("HSE") is set out separately in the Sustainability Development section of the Annual Report on page 13.

Discussion of anticipated or known risks that may have a material effect on, among others, the sustainability of the group's results or operations, financial condition or liquidity

WASCO places strong emphasis on Health, Safety & Environment ("HSE"). Non-compliance to standards or a major HSE incident in the two operations would affect the Group's business and its reputation. In mitigation of the risk, policies and procedures are established, communicated and implemented at all our operations. Audits and inspections are conducted periodically to ensure compliance. Awareness campaigns and on-going trainings are conducted and management does safety walkabout regularly at the sites. Target Key Performance Indicators ("KPI") are also set to create greater accountability.

The global economic, political and social factors largely remain beyond WASCO's control. Deferred project awards due to delays in financial investment decision ("FID") and the lack of funding continues to be the key theme plaguing the industry. Industry players remained cautious and continue to assess outlook prior to committing to further investments. WASCO's Pipeline Services and Engineering Services business are independent of each other, and have different target market in the oil and gas value chain. This in itself is a conscious strategic decision made by WASCO to mitigate risk of being overly reliant on a specific market. The management team conducts strategy meetings and business strategies reviews during the year to ensure operational sustainability. WASCO continues to hold engagement sessions with customers and partners to identify new opportunities. Steps are also undertaken to pre-qualify WASCO in new markets to establish a competitive presence.

WASCO today is operational in 17 locations worldwide and the business of the Company could be exposed to the risk of litigation action by customers, vendors and other parties. Such litigation actions may have a material effect on the Company's results. In mitigation of this risk, the Company has a robust system in place to review contracts and agreements to govern contractual obligations with all parties.

Discussion on expectations of future results

The most positive development over the past one year has been the recovery of oil prices to the USD60 levels, at which the industry has been gradually able to resume investments.

This development came about through a combination of OPEC's success in maintaining production discipline through its pact with Russia and non OPEC producers as well as the collapse of oil production in Venezuela and Libya. The low oil prices experienced during the 2016 and 2017 also fueled the demand for growth despite the growing US Shale production. The US sanctions on Iran further puts on a lot of stability in the oil price. Whilst unconventional resources and geopolitics aided to the oil price stability, efficiency gains in offshore exploration and development costs have also led to resumption of new offshore development activity in the Gulf of Mexico, Brazil, West Africa and elsewhere. In Asia, the Asian LNG growth continue to be led by China, with front end work for many of the proposed gas projects that has been put on hold, or in slow mode for the past two years finally resuming.

Whilst the investments are planned across the oil and gas value chain which resulted in higher levels of enquiries and bidding activities, there will be a lag between improving industry landscape and the scope of WASCO's products and services. In this climate, WASCO will be maintaining a sharp focus on cost control and will be embarking on innovation in a significant way to improve its product and service offerings whilst focusing on for operational efficiencies with process automation.

2019 is expected to be a challenging year for WASCO with an expected lower level of activities in both its pipelines and engineering business despite the on-going execution of order backlog on hand. However, WASCO is expecting project awards and order book replenishment during the year. Market trends from tendering and bidding activities shows a strong comeback post 2019 with significant project awards towards the end of 2019 and early 2020 with projects coming from Australasia and the European markets.

RM2.0 Billion

Oil & Gas segment revenue 2018

RM335.8 Million

Renewable Energy segment revenue 2018

RM481.7 Million

Industrial Trading & Services segment revenue 2018

Zero LTI

The Oil & Gas segment recorded 22,611,854 Man-hours without Loss Time Injury in 2018

RENEWABLE ENERGY ("RE")

Discussion of strategies, operational capabilities to achieve the desired business objectives and results

Despite the weak backdrop in the Palm oil industry sector in 2018, through heighten marketing efforts, RE has recorded a stable increase in sales for both its' agro-engineering and steam solution units.

RE's Teluk Panglima Garang fabrication yard delivered 305 units of process equipment for the Petronas RAPID Project through its EPCC clients namely, Toyo Engineering Japan, Tecnimont Spa Italy, Petrofac Engineering and Flour. At the back of this success, RE was also able to secure a contract directly from Petronas Chemicals to supply LPG Bullet Mounted Tank P29 INA.

Other than that, RE also delivered oversized and large sized module for its growing international clients namely UOP Honeywell, large columns for Thyssenkrupp Thailand and a storage facility project for Singapore's Jurong Island. This raised the yard utilisation rate to 85% in 2018. To further strengthen RE's manufacturing capacity to cope with the demand, the existing production floor space in the Teluk Panglima Garang fabrication yard is expected to be expanded by an additional capacity of 10,000 m^2 in 2019.

On 27th August 2018, PMT entered into a joint venture agreement with Saito Separator Limited, Japan to jointly develop the decanter locally under the name of PMT-Saito. The RE's Agro Engineering unit also continues to perform well with its locally assembled turbines (30% y-o-y increase) and expanded its offering to a 2 in 1 Empty Fruit Bunch Presses in the Indonesian market.

RE had a successful year promoting its products and services into new geographical markets. During the year, RE successfully delivered a 50 tph gas-fired boiler for a sugar mill in Bangladesh and a 7MW steam turbine to a palm oil production complex in Nigeria. RE also was successful in penetrating the Mexico market.

Discussion on Key Financial and Operational Indicators for the segment

For the year under review, the RE segment recorded a higher revenue of RM335.8 million against RM280.3 million achieved in the previous year, a positive indication of business recovery. The RE segment recorded a segment profit before taxation of RM30.7 million which was marginally higher compared to its previous year's performance.

As of 31st December 2018, the RE segment has a combined order book of RM283.3 million which is higher than the order book position as at end 2017. Its orders are made up of smaller projects, of which 20% relates to the downstream oil and gas industry, 60% relates to the palm oil industry and 20% from other industries including power generation industry.

Discussion of anticipated or known risks that may have a material effect on, among others, the sustainability of the group's results or operations, financial condition or liquidity

A change in global economic, political and social factors largely remains beyond RE's control. RE's performance is driven mainly by project awards. Delayed project awards due to delays in customer's investment decision results to a lower order intake and causes fluctuation to earnings. To mitigate this operational risk, RE has been actively building up its recurring income business stream to cushion the impact of project cycles. RE has broadened its customer base and diversified its products and services range across few industries to not be overly reliant on a particular industry.

Discussion on expectations of future results

The renewed optimism especially in the downstream oil and gas industry will impact RE positively in 2019. The segment is expected to benefit from more process equipment packages for LNG development projects, gas infrastructure development and storage projects.

The changes in Malaysia's Department of Environment regulations on air pollution will also have a positive impact on the RE segment. An increased demand in the emission control equipment product line in 2018 is expected to continue in 2019 as factories nationwide step up their efforts to comply with the DOE regulation deadline by July 2019.

The RE segment is positive that more co-generation system will also be adopted by the industry players in view of the rising tariff. This positive development will increase the demand for the products and services offered by the segment in the immediate future, not only in Malaysia but also in Indonesia.

INDUSTRIAL TRADING & SERVICES ("ITS")

Discussion of strategies, operational capabilities to achieve the desired business objectives and results

In year 2018, ITS made good progress in its business strategy to diversify from its traditional business which was dependent on commodity based products to a more profitable product distributorship business model, leveraging on its vast business network. On 5th July 2018, WSC announced that its indirect subsidiary, WDG Resources Sdn. Bhd. entered into a Distributorship Agreement with Ammann BauAusrüstung AG as an exclusive dealer of their products and services in West Malaysia. WDG already is an authorised distributor of Mitsubishi Heavy Industries range of diesel engines, and are sole distributors of Doosan Infacore range of construction equipment. The new distributorship with Ammann Bau expands WDG's product offering to include pavers and compactors.

During the period under review, approximately 80% of WDG's revenue were contributed from its construction equipment business which included its Doosan product range. During the year, ITS was successful in delivering products and services to the Gemas Double Track project, Elmina Township in Shah Alam and Malaysia-China Kuantan Industrial Park (MCKIP) in Kuantan. The remainder 20% of revenue were contributed from its power systems business where it delivered gensets to various projects such as Uptown 8, 8 Conlay and Thomson Hospital in the Klang Valley.

Demand for Spirolite HDPE products remained buoyant as large infrastructure projects in Malaysia progressed despite earlier concerns of cancellations and delays. In 2018, demand was particularly robust for HDPE pipes used as ducting and conduits for cables in infrastructure projects undertaken by utility companies.

During the year, ITS also secured orders to supply building materials to amongst others Rumah Selangorku Putra Heights, Pusat Pentadbiran Sultan Ahmad Shah Kuantan, The Wave Penang, Imperial Grande Penang, Taman Nusa Central Johor and Bandar Sri Sendayan Seremban development projects.

Discussion on Key Financial and Operational Indicators for the segment

For the year under review, ITS segment recorded revenue of RM481.7 million and a segment profit before taxation of RM7.1 million. ITS recorded better performance compared to previous year mainly due to higher margins and better product mix.

ITS enters 2019 with an order backlog of RM54.4 million.

Discussion of anticipated or known risks that may have a material effect on, among others, the sustainability of the group's results or operations, financial condition or liquidity

Credit risk continues to be a significant risk for ITS segment. To mitigate this risk, ITS has taken a prudent approach in the extension of credit to its customers and that its portfolio of customers have relatively sound credit ratings; stepping up collection efforts forms part of the overall effective and efficient working capital management.

Discussion of expectations of future results

The business outlook of ITS segment remains challenging in 2019 amidst the slower growth projection in the construction industry. However, based on the encouraging performance in 2018, there are market niches that ITS can benefit from which will translate to better profitability margins from a better product mix based on the distribution of heavy equipment, machineries and related spares. ITS seeks to enter the new product segments in industrial automation equipment and robotics to position itself to Industry 4.0.

Moving forward, ITS pipe manufacturing business will continue to look into increasing revenue through distribution of ancillary products related to HDPE pipes. In 2019, ITS will also aim to promote other product lines such as spiral pipes, storage tanks, flap gates and fittings notwithstanding the stronger market demand. The longer term goal would be to expand ITS products and service offerings and aim to become a one-stop manufacturing and service provider for pipes in the ASEAN region.

PROFILE OF THE BOARD OF DIRECTORS

DATO' SERI ROBERT TAN CHUNG MENG

Non-Independent Non-Executive Chairman

Dato' Seri Robert Tan, a Malaysian, male, aged 66, was appointed Chairman of Wah Seong Corporation Berhad ("WSC") on 22 May 2002.

Dato' Seri Robert Tan has vast experience in property development, hotel construction, retail design and development as well as corporate management with more than 30 years' experience in the property and hotel industries. After studying Business Administration in the United Kingdom, he was attached to a firm of Chartered Surveyor for a year. He had also developed a housing project in Central London before returning to Malaysia. His stint in the property industry began with IGB Corporation Berhad ("IGB Corp") in 1995 when he was appointed Joint Managing Director and subsequently Group Managing Director in 2001.

Dato' Seri Robert Tan was involved in various development projects carried out by IGB Group, in particular Mid Valley City. From inception to the realisation of Mid Valley Megamall ("MVM") and The Gardens Mall ("TGM"), he was actively involved in every stage of their developments. He is instrumental to the development and success of MVM and TGM, and more importantly, in retaining their positions as prime shopping hotspots in the Klang Valley.

Following the de-listing of IGB Corp from the Official List of Bursa Malaysia Securities Berhad, Dato' Seri Robert Tan was appointed as Group Chief Executive Officer of IGB Berhad on 30 March 2018 and retains his position as Group Managing Director of IGB Corp, Managing Director of IGB Reit Management Sdn. Bhd. (the Manager of IGB Real Estate Investment Trust), a Director of Tan & Tan Developments Berhad (a property division of IGB Corp), and a Trustee of Yayasan Tan Kim Yeow. He also sits on the Board of several private limited companies.

CHAN CHEU LEONG

Managing Director/Group Chief Executive Officer

Mr Chan, a Malaysian, male, aged 68, is the Managing Director and Group Chief Executive Officer of WSC. He was appointed to the Board of WSC on 22 May 2002. He is responsible for the overall business and management operations of the WSC Group.

Mr Chan attained a Bachelor of Science (Hon) Degree in Engineering Production in 1974 from the University of Birmingham under a Colombo Plan Award and began his career by joining the Singapore Administrative Service. He left the Ministry of Finance, Singapore in 1976 to pursue his Master in Business Administration from the London Business School.

Upon successful completion of the same, he joined ESSO Production Malaysia Incorporated as their Senior Financial Analyst before joining Tractors Malaysia Berhad as their Group Treasurer in 1981. Thereafter, he left to become the Group Executive Director for General Corporation Berhad from 1984 to 1990 before assuming the position of Managing Director of Tan & Tan Developments Berhad from 1990 to 1995. In 1994, he established Wah Seong Industrial Holdings Sdn. Bhd. and subsequently formed WSC, which was listed on the Main Market of Bursa Malaysia Securities Berhad on 9 July 2002. He has extensive experience in the property, manufacturing and financial fields. Mr Chan is a Trustee of Yayasan Wah Seong and former member of Sustainable Energy Development Authority (SEDA) Malaysia (retired on 31 January 2019). He is also a member of the Advisory Council of Federation of Malaysian Manufacturers (FMM). He also sits on the Board of several other private limited companies.

GIANCARLO MACCAGNO

Deputy Managing Director

Mr Maccagno, an Italian, male, aged 55, was first appointed as an Executive Director of WSC on 1 June 2004 and subsequently promoted to be the Deputy Managing Director on 1 January 2007. Mr Maccagno is also the Chief Executive Officer of the Wasco Energy Group of Companies. He is responsible for the overall business and management operations of the Wasco Group.

Mr Maccagno attained his Bachelor in Business Administration from Tecnico Commerciale Maddalena Adria (RO) Italy in 1982, after which he worked with Socotherm S.R.L, Italy from 1984 to 1987 as a Trainee in Production and Project Management. He was appointed as Project Manager for Socotherm S.R.L in Nigeria from 1987 to 1990 and was briefly seconded to Petro-Pipe Industries (M) Sdn. Bhd. ("PPI") in 1990 to assist in the setting up of PPI's coating plant in Kuantan, Malaysia. After serving as Country Manager for Socotherm S.R.L in Taiwan from 1991 to 1992, he returned to Malaysia in 1993 to be the General Manager of Wasco Coatings Malaysia Sdn. Bhd. in Kuantan, Malaysia. He has vast experience in the global pipe coating business and the Oil and Gas business in general.

Mr Maccagno is a Director of Petra Energy Berhad. He also sits on the Board of several other private limited companies.

HALIM BIN HAJI DIN

Independent Non-Executive Director

Encik Halim, a Malaysian, male, aged 72, was appointed to the Board of WSC on 22 May 2002.

Encik Halim is a Chartered Accountant who spent more than thirty (30) years working for multinational corporations and international consulting firms. He accumulated eighteen (18) years of experience working in the Oil and Gas Industry – six (6) years of which as a Board member of Caltex/Chevron, responsible for financial management before engaging in the consulting business. Prior to his appointment as a Board member of Caltex Malaysia, Encik Halim served as Regional Financial Advisor for Caltex Petroleum Corporation Dallas, Texas overseeing the investment viability of the Corporation's Asian subsidiaries.

Encik Halim also had extensive experience in corporate recovery when he worked for Ernst & Whinney, London, United Kingdom in mid 1980's. He was appointed as Managing Partner of the Consulting Division of Ernst & Young Malaysia in 1995. He later became the Country Advisor of Cap Gemini Ernst & Young Consulting when Cap Gemini of France merged with Ernst & Young Consulting. In 2003, he with two (2) partners took over the consulting business of Cap Gemini Ernst & Young Malaysia through a management buyout and rebranded it as Innovation Associates, currently known as The IA Group, where he is currently the Chairman of the Group.

Encik Halim was also a Council member of the Malaysian Institute of Certified Public Accountants from 1994 to 2003.

Encik Halim also served as a Board member of Employees Provident Fund (KWSP) for four (4) years from April 2009 till May 2013.

Encik Halim is a Board member of BNP Paribas Malaysia Berhad, IGB REIT Management Sdn. Bhd. and Kwasa Land Sdn. Bhd.. He is also a Director of several other private limited companies.

PROFESSOR TAN SRI LIN SEE YAN
Senior Independent Non-Executive Director

Professor Tan Sri Lin, a Malaysian, male, aged 79, was appointed to the Board of WSC on 20 July 2004.

Professor Tan Sri Lin, a British Chartered Scientist, is a Harvard educated economist. Qualified as Malaysia's first Chartered Statistician, he graduated from the University of Malaya in Singapore and Harvard University (where he received three (3) degrees, including a PhD in Economics). He is Pro-Chancellor, Universiti Teknologi Malaysia; Pro-Chancellor & Research Professor at Sunway University; Professor of Economics (Adjunct), Universiti Utara Malaysia; and an Eisenhower Fellow.

Prior to 1998, he was Chairman/President and Chief Executive Officer of Pacific Bank and for fourteen (14) years previously, Deputy Governor of Bank Negara Malaysia, having been a central banker for thirty four (34) years. Professor Tan Sri Lin continues to serve the public interest, including member of a number of key Committees at Ministry of Higher Education; Member, Asian Shadow Financial Regulatory Committee; Economic Advisor, Associated Chinese Chambers of Commerce and Industry of Malaysia; Governor, Asian Institute of Management, Manila; Board Director, Monash University Malaysia and Sunway University; and Chairman Emeritus, Harvard Graduate School Alumni Council at Harvard University in Cambridge (USA) as well as President, Harvard Club of Malaysia.

Professor Tan Sri Lin advises and sits on the Boards of a number of publicly listed and private businesses in Malaysia, Singapore and Indonesia including Chairman, Cabot (Malaysia) Sdn. Bhd.. He is also a Director of Ancom Berhad, Genting Berhad, IGB REIT Management Sdn. Bhd., Silverlake Axis Ltd. and Sunway Berhad.

TAN JIAN HONG, AARON
Non-Independent Non-Executive Director

Mr Tan Jian Hong, Aaron, a Malaysian, male, aged 35, was appointed to the Board of WSC on 25 May 2015.

Mr Tan holds a Bachelor of Arts in Economics from Johns Hopkins University, Baltimore, Maryland, USA.

Mr Tan began his career as a Financial Advisor Associate with UBS Financial Services, Inc from 2008 to 2010. He was promoted to become a Branch Analyst, specialising in private wealth management in 2010. In 2011, he returned to Malaysia and joined Hong Leong Investment Bank as a Client Relationship Executive until 2013. In 2013, he moved on to join Wasco Energy Ltd Group, an international Oil and Gas and Industrial Services Group as Project and Operations Senior Manager. Mr Tan was appointed as the Executive Director of Yi-Lai Berhad ("YLB") on 5 June 2014. He is a member of the Remuneration Committee of YLB and is presently responsible for the strategic business direction of the YLB Group and plays an active role in the overall management.

Mr Tan was appointed as an Alternate Director to Mr Tony Tan Choon Keat on the Board of IGB Corporation Berhad from November 2016 till April 2018.

He also sits on the Board of several private limited companies.

TAN SRI SAW CHOO BOON
Independent Non-Executive Director

Tan Sri Saw Choo Boon, a Malaysian, male, aged 72, was appointed to the Board of WSC on 6 April 2018.

Tan Sri Saw holds a Bachelor of Science (Chemistry) Honours from the University of Malaya. He joined Shell Malaysia in 1970 and served in various capacities in Manufacturing, Supply, Trading and Planning in Malaysia, Singapore and Netherlands.

He was appointed Managing Director of Shell MDS (Middle Distillate Synthesis) Sdn. Bhd. in 1996. In 1998 he became the Managing Director of Shell Malaysia Trading Sdn. Bhd., Shell Timur Sdn. Bhd. and Shell Refining (FOM) Berhad, responsible for Shell Malaysia's Downstream business.

In 1999, with the globalisation of the Shell Oil Products business, he assumed the role of Vice-President of the Commercial business in the Asia-Pacific region and in 2005, he managed Shell's Marine Oil Products business globally.

He was appointed Chairman of Shell Malaysia in 2006. At the same time he also assumed the role of Vice President Business Development Asia Pacific focusing on China, India, Indonesia and Vietnam. He remained in these positions till his retirement in 2010 after 40 years of continuous service.

Currently, Tan Sri Saw is the Senior Non-Executive Independent Director of RHB Bank Berhad and Digi.Com Berhad. He is also the Co-Chair of the Government's Special Task Force to Facilitate Business (PEMUDAH), and a Board member of Socio-Economic Research Centre Sdn. Bhd. of Associated Chinese Chambers of Commerce and Industry Malaysia.

Notes:-

Family relationship with Director and/or major shareholders

1. *Dato' Seri Robert Tan Chung Meng and Mr Tony Tan Choon Keat are siblings.*
2. *Mr Tan Jian Hong, Aaron is the son of Mr Tony Tan Choon Keat and nephew of Dato' Seri Robert Tan Chung Meng.*
3. *Dato' Seri Robert Tan Chung Meng and Mr Tony Tan Choon Keat are deemed major shareholders of WSC and their interest in the securities of WSC are set out in the Analysis of Shareholdings of this Annual Report.*

Saved as disclosed herein, none of the Directors have any family relationship with any Directors and/or major shareholders of WSC.

Conflict of interest

None of the Directors have any conflict of interest with WSC.

Convicted of offences

None of the Directors have been convicted for any offence within the past five (5) years other than possible traffic offences.

PROFILE OF THE KEY SENIOR MANAGEMENT

ALAN LEW KOK CHEONG

Male
Malaysian
51 years of age

Mr Lew Kok Cheong ('Alan Lew') is the Head Group Treasury of Wah Seong Corporation Berhad since 1 June 2008. He assumed the role as the Head of Corporate Finance Industrial Services Division in Wah Seong Corporation Berhad with effect from 1 January 2016.

He attained his Bachelor of Economics from Monash Australia and has also read law holding a LLB (Honours) from the University of London. He is a fellow member of CPA Australia and a member of the Malaysian Institute of Accountants.

He began his career as a Senior Finance Manager in Wah Seong Corporation Berhad since 2005. He has assumed the current group treasury lead since 2008 in addition to various other support roles from Finance, Tax and Legal for the past 13 years.

Mr Lew also sits on the Board of a number of subsidiaries within the Group.

ARIESZA NOOR

Female
Malaysian
41 years of age

Mdm Ariesza Noor is the Head of Group Strategy for Wasco Energy Group of Companies and is also the Head of Malaysia Coatings Operations for Pipeline Services. She also heads up the role of Investor Relations and Corporate Communications for the holding company.

She attained her Bachelor of Commerce and Management (BCOMHons) Accountancy and Finance Degree from Lincoln University, New Zealand and is an Associate member of CPA Australia.

Being a full board scholar of Tenaga Nasional Berhad, she began her career in Tenaga Nasional since year 1999. She has assumed various financial and accounting roles within Tenaga Nasional Berhad before moving to Wah Seong Corporation Berhad as Manager, Investor Relations in 2008. She later took on the role of Vice President, Investor Relations and Corporate Communications for IHH Healthcare Berhad in 2012 during the listing of the private healthcare group and played a pivotal role in setting up the company's Investor Relations and Corporate Communications function. She rejoined Wasco in 2014 and under her portfolio she heads the branding and marketing, strategic planning and M&A ventures portfolio for the oil and gas division apart from her carrying out her roles at the holding company.

Mdm Ariesza Noor also sits on the Board member of subsidiaries and joint ventures for Wasco Energy Group of Companies.

BERNARD YEAP CHEW SOON

Male
Malaysian
64 years of age

Mr Yeap Chew Soon ('Bernard Yeap') is the Head Finance of Wah Seong Corporation Berhad. He oversees the financial management, accounting and taxation matters of the listed company since 2002. In 2016, his portfolio was expanded to include the Industrial Services Division.

He has also held various positions as the Group Financial Controller and Head, Risk Management. He served an initial period of 7 years with Coopers & Lybrand (n.k.a PricewaterhouseCoopers). He has more than 30 years of post-qualifying experience in finance & accounting, taxation, management information systems and operational auditing in public listed and multi-national organisations, including companies such as, Island & Peninsular Berhad and Philips Group of Companies.

Mr Yeap holds a fellowship with the Chartered Association of Certified Accountants, UK and is a member of both the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

Mr Yeap also sits on the Board of a number of subsidiaries within the Group.

CHRIS WORTHINGTON

Male
British
56 years of age

Mr Chris Worthington is the Vice President, Operations (EMEA region) for the Pipeline Services Division. Previously for the Wasco Group of Companies, Mr Worthington has been the President/CEO of the Wasco Engineering Division, based in Singapore.

He attained his B.Sc. (Hons) in Mechanical Engineering from City University, London. Mr Worthington has over 25 years of experience in operations, of which the past 10 years have been in the oil and gas industry. He has filled various senior management positions in the Middle East, South East Asia and Europe.

EDGAR LEWIS

Male
American
58 years of age

Mr Edgar Lewis is the Vice President of Business Development for the Pipeline Services Division. He was previously the Executive Vice President of the Energy Services Division, prior to its integration into Pipeline Services.

He attained his B.A. in International Relations from the University of Southern California, is a Stanford University Certified Project Manager (SCPM) and a NACE Certified Coating Inspector – Level 3. Mr Lewis has over thirty years of experience in the oil and gas industry, with more than twenty of those years in Asia Pacific.

He was previously the Managing Director of Asia Pacific for Corrpro Companies, Inc. (Aegion Corporation) and the Manager of Pipeline Integrity (Far East Asia Pacific) for TD Williamson, Inc.

ERIK NUGTEREN

Male
Dutch
48 years of age

Mr Erik Nugteren is the Project Director for the Nord Stream 2 project, executed by the Pipeline Services Division. This is the largest single project ever undertaken by the Wasco Group of Companies. He was previously the General Manager for Pipeline Services Division for the European region.

He attained his B.A. in Industrial Engineering from the Rotterdam Institute of Technology. Mr Nugteren has over 25 years of experience in the oil and gas industry, during which he has filled various management, commercial and operational roles around the world including the Far East, Africa, Australia, South-America and Europe.

Mr Nugteren also sits on the Board of a number of subsidiaries with the Group.

GOH ENG HOOI

Male
Malaysian
38 years of age

Mr Goh Eng Hooi is the Chief Executive Officer of the Industrial Trading & Services Division in Wah Seong Corporation Berhad since 1 May 2016.

He attained his Bachelor of Laws (Hons.) from the University of Melbourne, Australia in 2002. He has also completed the Stanford University NUS Executive Program (International Management) in 2012.

He began his career in Wah Seong Corporation Berhad in 2002 and undertook various responsibilities in corporate services, corporate communications, business development and investor relations before moving on to general management roles within the Group. He has also held operational roles within the Group and was appointed as Vice President Wasco Corrosion Services, Wasco Coatings Malaysia Sdn. Bhd. and Senior Vice President of PMT Group and subsequently as CEO of Syn Tai Hung Trading in 2013.

Mr Goh sits on the Board of a number of subsidiaries within the Group as well as other private companies.

PROFILE OF THE KEY SENIOR MANAGEMENT

HONG CHING KIANG

Male
Malaysian
65 years of age

Mr Hong Ching Kiang is the Senior Vice President of PMT Industries Sdn. Bhd. ("PMTI") who is in-charge of the overall operation of PMTI. He has over 38 years of working experience, specifically in the installation, commissioning, overhauling/repairing and troubleshooting of Steam Turbo Generator, Sludge Separator, Decanter, Pump and other palm oil mill equipment and Steam Turbine sales (encompassing the selection, advisory of Turbine used in mini-power plant of palm oil mill, wood-based industries and other agro based industries). He acquired his technical training at Technical Institute Penang.

Prior to joining PMTI, Mr Hong had previously worked in other companies including, Malaysia Shipyard and Engineering Sdn. Bhd., Salcon Engineering Sdn. Bhd. and Jebsen and Jessen Engineering (M) Sdn. Bhd.

He also received overseas training pertaining to Steam Turbine in:-

1. Japan – Sumitomo Heavy Industries & Shinko Industries Ltd
2. USA – Worthington Group of Company (Turbodyne)
3. Germany – Terry Steam Turbine

Mr Hong also sits on the Board of a number of subsidiaries within the Group.

LEE YEE CHONG

Male
Malaysian
50 years of age

Mr Lee Yee Chong is the Chief Executive Officer for the Renewable Energy Division since 1 May 2016. He was previously the Chief Operating Officer of Renewable Energy Division of Wah Seong Corporation Berhad in 2013.

He attained his Bachelor in Mechanical Engineering from University of Malaya in 1993. He started his career as project and commissioning engineer with ABB Industrial Systems Sdn. Bhd. and subsequently joined Jutasama Sdn. Bhd. as project engineer in 1996.

Mr Lee also sits on the Board of a number of subsidiaries within the Group.

RAMANATHAN A/L P.R. SINGARAM

Male
Malaysian
51 years of age

Mr Ramanathan P.R. Singaram is the Chief Financial Officer of Wasco Energy Group of Companies, Oil & Gas Division in Wah Seong Corporation Berhad since 1 July 2013.

He attained his ACCA from the Association of Chartered Certified Accountants, United Kingdom in 1994. He is a Fellow of Association of Chartered Certified Accountants, United Kingdom and a member of Malaysian Institute of Accountants.

He began his career in Wah Seong Corporation Berhad as a Head of Group Internal Audit in June 2006 and took up the role of Group Financial Controller, Oil & Gas Division in June 2008. In 2009, he also took up additional responsibility for the regulatory reporting of Wah Seong Corporation Berhad. Mr Rama assumed his current role in July 2013.

Previously he worked with PricewaterhouseCoopers ("PwC"), Malaysia between 1995 and 2006 and was an Audit Senior Manager at the time of leaving PwC.

Mr Rama also sits on the Board of a number of subsidiaries, associates and jointly controlled companies within the Group.

SHAMUGAM KARUPIAH

Male
Malaysian
49 years of age

Mr Shamugam Karupiah is the Executive Vice President for the Engineering Division since 1 March 2016.

He attained his Bachelor's Degree in Accounting from University of Utara Malaysia in 1991.

He began his career as an Assistant Accountant in Hong Leong Group Malaysia. He served in various companies within the group and left the group in 1998 while serving as Finance Manager. He joined Trox, a German MNC as their Finance Director in 1999 and went on to become General Manager and later Managing Director for the Asia Pacific operations. He left Trox in 2004 to return to Hong Leong Group to serve as Financial Controller at their listed affiliate, Southern Steel Berhad. He left Southern Steel Berhad in 2009 to join Wasco Energy as Senior Financial Controller for the Engineering Division. In 2014 he was promoted to the position of Vice President – Operations for Engineering Division. He assumed his current role as Executive Vice President of Engineering Division in April 2016.

Mr Shan also sits on the Board of a number of subsidiaries within the Group.

WOO YING PUN, IRENE

Group Company Secretary

(Please refer to her profile under Corporate Governance Overview Statement)

AUDIT COMMITTEE

1. ROLE OF THE AUDIT COMMITTEE

The primary function of the Audit Committee ("AC") is to assist the Board of Directors ("the Board") in fulfilling the following oversight objectives on the Group's activities:-

- assess the Group's processes relating to its risks and control environment;
- oversee financial reporting; and
- evaluate the internal and external audit processes.

The Terms of Reference, including the duties and responsibilities of the AC are available on the Company's website at www.wahseong.com.

2. MEMBERS AND MEETINGS

The AC meets regularly at least five (5) times annually, with due notice of issues to be discussed and its conclusions duly recorded in the minutes by the Group Company Secretary who is the Secretary of the AC in attendance towards discharging of its duties and responsibilities. In the event the Secretary is unable to attend any of the meetings, an assistant or deputy Secretary may be appointed for that specific meeting. Additional meetings may be held at the request of the Board, the AC, the Management and the External or Group Internal Auditors.

Nonetheless, the Chairman and the AC members have free and direct access to consult, communicate and enquire with any Senior Management of the Group as well as the External Auditors at any time.

The Chief Financial Officer of Oil and Gas Division, the Head, Finance, Industrial Services Division and the Head, Group Internal Audit attend such AC Meetings and the representative of the External Auditors are encouraged to attend whenever possible. Other Directors may be invited to attend such AC Meetings when necessary. The AC will meet the External Auditors at least twice a year without the presence of any executive Board members and the Management.

Members and details of attendance of Directors at the AC Meetings of the Company for the financial year ended 31 December 2018 are as follows:-

Name of Director	Directorship	Date of Appointment	No of Meeting Attended
Halim Bin Haji Din (Chairman)	Independent Non-Executive Director	22 May 2002	5/5
Professor Tan Sri Lin See Yan (Member)	Senior Independent Non-Executive Director	20 July 2004	5/5
Tan Jian Hong, Aaron (Member)	Non-Independent Non-Executive Director	3 June 2015	5/5
Tan Sri Saw Choo Boon (Member)	Independent Non-Executive Director	30 August 2018	1/1

3. SUMMARY OF ACTIVITIES

During the financial year under review, the AC conducted its activities in line with the Terms of Reference, as follows:-

3.1 Financial Reporting

a. In overseeing the Group's financial reporting, the AC reviewed quarterly reports of the Group and the annual audited financial statements for the financial year ended 31 December 2017 before submission to the Board for consideration and approval.

   The Quarterly Financial Statements for the fourth quarter of 2017 and first, second and third quarters of 2018, which were prepared in compliance with the Malaysian Financial Reporting Standard 134 Interim Financial Reporting, International Accounting Standards 34 Interim Financial Reporting and paragraph 9.22, including Appendix 9B of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, were reviewed by the AC at the AC meetings held on 26 February 2018, 16 May 2018, 30 August 2018 and 27 November 2018 respectively.

   On 26 February 2018, the AC reviewed the key findings by the External Auditors, PricewaterhouseCoopers PLT ("PwC"), for the financial year ended 31 December 2017 and subsequently on 6 April 2018, the AC reviewed the Summary Updates of the Significant Audit and Accounting Matters and Internal Control Memorandum Report in respect of the financial year ended 31 December, 2017 as presented by PwC together with the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2017.

   The recommendations of the AC were presented to the Board for approval at the respective subsequent Board meetings.

b. The AC also reviewed the yearly group operating and capital expenditure budget prior to recommending the same to the Board for approval.

   The Group Operating and Capital Expenditure Budget for the financial year 2018 were reviewed and deliberated by the AC at the AC meeting held on 26 February, 2018 and were subsequently recommended to the Board for their approval.

3.2 Annual Report and Circular to Shareholders

a. To ensure compliance with Bursa Malaysia Securities Berhad's Main Market Listing Requirements, the AC reviewed and approved the WSC Annual Report 2017 in particular the Audit Committee Report, Corporate Governance Overview Statement, Additional Compliance Information, Statement on Risk Management and Internal Control, Statement of Directors' Responsibilities, Summary of Significant Recurrent Related Party Transactions, Management Discussion and Analysis and Sustainability Statement on 6 April 2018 and the same were recommended to the Board for their approval.

b. On 6 April 2018, the AC reviewed the Company's Circulars to Shareholders pertaining to the following before submission to Bursa Malaysia Securities Berhad for their review and approval:-

   - Proposed renewal of shareholders' mandate for the existing recurrent related party transactions of a revenue or trading nature and provision of financial assistance between the Company and/or its subsidiaries; and

   - Proposed new shareholders' mandate for additional recurrent related party transactions of a revenue or trading nature and provision of new financial assistance between the Company and/or its subsidiaries.

   - Proposed amendments to the Company's Constitution to be in line with the amendments to the Companies Act, 2016 and Bursa Malaysia Securities Berhad's Main Market Listing Requirements.

c. On 6 April 2018, the AC reviewed the Company's Share Buy-Back Statement and the proposed renewal of authority to buy-back its own shares by the Company.

3.3 External Auditors

a. The AC at its meeting held on 26 February 2018, reviewed the annual assessment of the performance of PricewaterhouseCoopers PLT in respect of the financial year ended 31 December 2017 based on the following areas:-

- Caliber of external auditors;
- Quality processes/performance;
- Audit team;
- Independent and objectivity;
- Audit scope and planning;
- Audit fees; and
- Audit communications.

Being satisfied with their performance, technical competency and audit independence, the AC recommended the re-appointment of PricewaterhouseCoopers PLT as the External Auditors of the Group for the financial year ended 31 December 2018 to the Board for approval accordingly.

The Board had since tabled the same to the Company's shareholders for their approval at the Annual General Meeting of the Company held on 25 May 2018.

b. The AC had two (2) private meetings with the External Auditors on 26 February 2018 and 30 August 2018 respectively, without the presence of the Group Chief Executive Officer, the Executive Directors, Senior Management and Internal Auditors.

There were no areas of concern raised by PricewaterhouseCoopers PLT that need to be escalated to the Board.

c. On 30 August 2018, the AC reviewed the Audit Plan prepared by the External Auditors for the financial year ended 31 December 2018 outlining the detailed terms and responsibilities of PwC and PwC's affirmation of their independence as External Auditors, scope of audit, areas of audit emphasis based on significant risks, audit reporting timeline, reliance and working with the Internal Auditors, Information Technology Risk Assurance, Information Technology application and control audit and PwC's action plans on how to go about working efficiently and effectively and team work with the Management of the Group.

d. On 27 November, 2018, the AC reviewed the WSC Group Interim Audit Report presented by PwC for the financial year ended 31 December, 2018 which covered the scope of audit involving the tests of controls over Management's processes surrounding revenue and receivables, purchases and payables, treasury, payroll and inventory cycles performed on certain of the subsidiaries within the group and PwC's confirmation of their audit independence.

e. The AC had progressively reviewed the fees for the External Auditors and had recommended the same for the Board's approval.

f. The AC had obtained confirmation from the External Auditors confirming their independence throughout their terms of engagement for the financial year under review.

3.4 Recurrent Related Party Transactions

a. On 26 February 2018, 16 May 2018, 30 August 2018 and 27 November 2018 respectively, the AC reviewed all related party transactions and recurrent related party transactions to ensure that they were within the mandate obtained from the shareholders of the Company.

b. The AC at its meeting held on 6 April 2018 reviewed the following proposals of the Group for inclusion in the Circular to the Shareholders pursuant to Bursa Malaysia Securities Berhad's Main Market Listing Requirements for the Board's approval:-

- The proposed renewal of Shareholders' mandate for the existing recurrent related party transactions of a revenue or trading nature and provision of financial assistance between the Company and/or its subsidiaries; and
- The proposed new Shareholders' mandate for additional recurrent related party transactions of a revenue or trading nature and provision of new financial assistance between the Company and/or its subsidiaries.

3.5 Risk Management

a. On 26 February 2018, 16 May 2018, 30 August 2018 and 27 November 2018 respectively, the AC reviewed and deliberated on the key and significant risks presented and discussed at the respective Risk Management Committee meetings held quarterly taking into consideration of the Group risks profile and risk appetite.

3.6 Internal Audit

a. On 26 February 2018, 16 May 2018, 30 August 2018 and 27 November 2018 respectively, the AC reviewed the major findings in the Internal Audit Reports prepared by the Group Internal Audit together with the recommendations and the Management's response to the findings.

b. On 27 November 2018, the AC reviewed the Group Internal Audit Plan for year 2019 encompassing the time-table, budgeted man hours and the scope of planned audits of business units to be covered in 2019.

3.7 Capital Expenditure

On 26 February 2018, 16 May 2018, 30 August 2018 and 27 November 2018 respectively, the AC reviewed the capital expenditures on a quarterly basis to monitor and ensure that the expenditures were within the budget being approved for 2018.

3.8 Others

a. The AC had been progressively reviewing the strategic investments of the WSC Group during the financial year under review and in making the necessary decisions.

b. The AC had been progressively reviewing the internal control issues of the WSC Group and the relevant improvements and recommendations as highlighted by both the External and Internal Auditors.

c. The AC had been progressively amending the Terms of Reference of the Audit Committee to be in line with the amendments made to Bursa Malaysia Securities Berhad's Main Market Listing Requirements and the Malaysian Code on Corporate Governance 2017.

d. The AC had reviewed and amended the Risk Management Committee Charter at the AC Meeting held on 26 February, 2018 to ensure its relevance and to be in line with the amendments made to the Bursa Malaysia Securities Berhad's Main Market Listing Requirements and the Malaysian Code on Corporate Governance 2017.

4. INTERNAL AUDIT FUNCTION

The AC is assisted by the Group Internal Audit in providing an independent and objective assessment on the adequacy and effectiveness of risk management, financial and operational control, and governance processes of the WSC Group.

The Group Internal Audit is independent from the activities or operations of all operating units of the WSC Group. Its principal responsibility is to conduct periodic and systematic reviews on the WSC Group's key operations so as to provide reasonable assurance that the risk management and internal control system continue to operate satisfactorily and effectively within the WSC Group.

A summary of the Internal Audit activities during the financial year under review is as follows:-

a. prepared and presented the annual audit plan for review and approval by the AC;

b. performed financial and operational audits on business units of the Group to ascertain the adequacy and integrity of their system of internal controls and made recommendations for improvement where weaknesses were found;

c. conducted follow-up review to determine the adequacy, effectiveness and timeliness of actions taken by the Management on audit recommendations and provided updates on their status to the AC; and

d. performed special reviews requested by the Management and/or the AC.

After each engagement, the observations and recommended opportunities for improvement were communicated to the respective Management for their response and corrective actions, if necessary. On quarterly intervals, the internal audit reports with the Management's responses were submitted to the AC for their deliberation.

The total cost incurred by the Internal Audit Function for 2018 was RM710,849.89 (2017: RM774,596).

REMUNERATION COMMITTEE

1. MEMBERS AND MEETING

Members and details of attendance of Directors at the Remuneration Committee Meeting of the Company for the financial year ended 31 December 2018 are as follows:-

Name of Director	Directorship	Date of Appointment	No. of Meeting Attended
* Halim Bin Haji Din (Chairman)	Independent Non-Executive Director	22 May 2002	1/1
** Chan Cheu Leong (Member)	Managing Director/ Group Chief Executive Officer	22 May 2002	1/1
Professor Tan Sri Lin See Yan (Member)	Senior Independent Non-Executive Director	25 August 2014	1/1
^ Tan Sri Saw Choo Boon	Independent Non-Executive Director	25 February 2019	-

** Re-designated as member of Remuneration Committee with effect from 25 February 2019.*
*** Resigned as member of Remuneration Committee with effect from 25 February 2019.*
^ Appointed as chairman of Remuneration Committee with effect from 25 February 2019.

2. ROLE OF THE REMUNERATION COMMITTEE

The Remuneration Committee ("RC") shall set the policies and procedures to determine the remuneration of the Company's Board of Directors and Senior Management, drawing from outside advise as necessary with the objective of ensuring:-

a. that the Company's Executive Directors are fairly rewarded for their individual contributions to the Company's overall performance; and

b. that the levels of remuneration are sufficient to attract and retain the Directors needed to run the Company successfully.

The determination of remuneration packages of Non-Executive Directors, including Non-Executive Chairman should be a matter for the Board as a whole.

The individuals concerned should abstain from discussion of their own remuneration.

3. TERMS OF REFERENCE

i. Composition

The RC shall be headed by a Non-Executive Chairman and its members shall comprise wholly or mainly of Non-Executive Directors.

ii. Quorum of Meetings

A minimum of two (2) RC Members present in person shall constitute the quorum.

Any other person(s) maybe invited or determined by the RC and/or the RC Chairman from time to time to attend the RC meeting.

iii. RC Members

The RC Members are as disclosed above.

iv. Majority Decision

All decisions of the RC shall be decided on the votes of the simple majority of those Members present. However, no Executive Director shall participate in the discussion of his own remuneration.

Any decision or recommendation made at the RC shall be subject to the review and ultimate approval of the Company's Board of Directors.

v. Casting Vote

In the event there be an equality of votes, then the Chairman of the meeting shall have a casting vote.

vi. Frequency of Meetings

The RC shall meet at least annually or at such other frequency as the Chairman may determine.

vii. Notice of Meetings

Minimum seven (7) days or such shorter notice as the RC may deem fit depending on the nature and prevailing circumstances at hand.

viii. Secretary

The Group Company Secretary shall be the Secretary for the RC. In the event that the Company Secretary is unable to attend, an assistant or deputy Secretary may be appointed for that specific meeting.

ix. Minutes of Meetings

The Secretary (which expression shall include the assistant or deputy Secretary appointed under item (viii)) shall table the Minutes of each RC Meeting and shall circulate the same for each Member's record. The Chairman's confirmation of the Minutes shall be taken as a correct record of the proceedings thereat.

The Chairman shall report on the outcome of the discussion and decision of each meeting to the Board.

x. Functions of the RC

Without prejudice to the generality of the foregoing, the RC shall:-

a. Review, recommend and advise on all forms of Directors' remuneration e.g.:
   - Basic Salary
   - Profit-sharing schemes (if any)
   - Share options
   - Any other benefits;

b. To establish a fair, formal and transparent procedures for developing a policy for Board of Directors and Senior Management's remuneration and for fixing the remuneration packages of individual Directors and Senior Management;

c. To structure the component parts of the Executive Directors' remuneration so as to link rewards to corporate and individual performance; whereas, in the case of Non-Executive Directors, the level of remuneration should reflect the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned;

d. Conduct continued assessment of individual Executive Directors to ensure that remuneration is directly related to performance over time.

   In this regard, the review of Non-Executive Directors' fees may take place at a different time of the year from the review of Executive Directors' salaries;

e. To monitor and assess the suitability of such proposed performance related formula (e.g. whether the formula is based on individual performance, company profit performance, earnings per share, etc.) and to see that awards under the Company's share option schemes are consistent with the Company's overall performance and provide an additional incentive to Management;

f. To provide an objective and independent assessment of the benefits granted to Executive Directors;

g. To ensure that there are adequate pension arrangements for the Executive Directors;

h. To consider, the extent of the details of the Board of Directors and Key Senior Management's remuneration to be reported in the Company's Annual Report in compliance with the Malaysian Code on Corporate Governance 2017 and the Listing Requirements of Bursa Malaysia;

i. Introduce any regulation which would enable the smooth administration and effective discharge of the RC's duties and responsibilities;

j. To furnish a report to the Board of any findings of the RC;

k. Engage or appoint such other competent and professional advisers/consultants as may be deemed fit to assist the RC in the smooth discharge of its duties herein;

l. To establish a Remuneration Policy/Framework for the Board of Directors and Senior Management of the Group in order to attract and retain key personnel of requisite quality that increase productivity and profitability in the long run. The Remuneration Policy is available on the Company's website at www.wahseong.com;

m. To review and determine the appropriate remuneration package for the Board of Directors and Key Senior Management of the Group as follows:-

   – Head Office – Group Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Group Company Secretary;

n. To review the salary increment or adjustment in the event of promotion or re-designation of Key Senior Management of the Group, where necessary;

o. To review the annual increment and bonus payment for Key Senior Management of the Group basing on the performance of the Group and performance of the individuals, where necessary;

p. To establish schemes, options and remuneration and compensation plans for the Board of Directors and Key Senior Management of the Group, where appropriate; and

q. Generally, to decide and implement such other matters as may be delegated by WSC's Board of Directors from time to time.

xi. Variation

The above Terms of Reference may be determined and/or varied by the Board of Directors at any time and from time to time.

NOMINATION COMMITTEE

1. MEMBERS AND MEETING

Members and details of attendance of Directors at the Nomination Committee Meeting of the Company for the financial year ended 31 December 2018 are as follows:-

Name of Director	Directorship	Date of Appointment	No of Meeting Attended
Professor Tan Sri Lin See Yan (Chairman)	Senior Independent Non-Executive Director	25 August 2014	2/2
Dato' Seri Robert Tan Chung Meng (Member)	Non-Independent Non-Executive Chairman	22 May 2002	2/2
Halim Bin Haji Din (Member)	Independent Non-Executive Director	22 May 2002	2/2
Tan Sri Saw Choo Boon	Independent Non-Executive Director	25 February 2019	-

2. ROLE OF THE NOMINATION COMMITTEE

The Nomination Committee ("NC") is responsible for assessing and making recommendations on any new appointments to the Board and its various Board Committees.

The NC shall set the policy framework and:-

a. Recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board after considering the candidates:-
   - skills, knowledge, expertise and experience;
   - professionalism;
   - integrity; and
   - in the case of candidates for the position of Independent Non-Executive Directors, to evaluate the candidates' ability to discharge such responsibilities/functions as expected from the Independent Non-Executive Directors.

b. Consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and within the bounds of practicability, by any other senior executive or any director or shareholder; and

c. Recommend to the Board, directors to fill the seats on Board Committees.

The actual decision as to who shall be nominated shall be the responsibility of the full Board after considering the NC's recommendations.

The individuals concerned should abstain from discussion of their own nomination.

3. TERMS OF REFERENCE

i. Composition

The NC shall be headed by a Non-Executive Chairman and its members shall comprise exclusively of Non-Executive Directors, a majority of whom are independent.

ii. Quorum of Meetings

A minimum of two (2) NC Members present in person shall constitute the quorum.

Any other person(s) maybe invited by the NC and/or the NC Chairman from time to time to attend the NC meeting.

iii. NC Members

The existing NC Members are as disclosed above.

iv. Majority Decision

All decisions of the NC shall be decided on the votes of the simple majority of those Members present.

Any decision or recommendation made by the NC shall be subject to the review and ultimate approval of the Company's Board of Directors.

v. Casting Vote

In the event there be an equality of votes, then the Chairman of the meeting shall have a casting vote.

vi. Frequency of Meetings

The NC shall meet at least annually or at such other frequency as the Chairman may determine.

vii. Notice of Meetings

Minimum seven (7) days or such shorter notice as the NC may deem fit depending on the nature and prevailing circumstances at hand.

viii. Secretary

The Group Company Secretary shall be the Secretary for the NC. In the event that the Company Secretary is unable to attend, an assistant or deputy Secretary may be appointed for that specific meeting.

ix. Minutes of Meetings

The Secretary (which expression shall include the assistant or deputy Secretary appointed under item (viii)) shall table the Minutes of each NC Meeting and shall circulate the same for each Members' record. The Chairman's confirmation of the Minutes shall be taken as a correct record of the proceedings thereat.

The Chairman shall report on the outcome and decision of each meeting to the Board.

x. Roles of the Chairman of NC

The Chairman of the NC shall review the succession plans for key officers of the Group including the future Chairman and Chief Executive Officer.

The Chairman shall also assess the Board's effectiveness and the contribution of each individual Director independently in the discharge of their duties and responsibilities.

xi. Roles and Functions of the NC

Without prejudice to the generality of the foregoing, the NC shall:-

a. Determine the core competencies and skills required of Board members to best serve the business and operations of the Group as a whole and the optimum size of the Board to reflect the desired skills and competencies;

b. To review and assess the skills, expertise, experience, gender, age, ethnicity, time commitment and independence of its Directors to ensure their relevance and the efficiencies and effectiveness of the Board as a whole including its effectiveness in promoting a diverse Board composition which includes appropriate number of women Director(s);

c. Review the size of Non-Executive participation, Board balance and determine if additional Board members are required and also to ensure that at least one-third (1/3) of the Board is independent;

d. To assess the independency of the Independent Directors;

e. Recommend to the Board on the appropriate number of Directors to compose the Board which should fairly reflect the investments of the minority shareholders in the Company, and whether the current Board representation satisfies this requirement;

f. Recommend to the Board, candidates for directorships to be filled by the shareholders or the Board;

g. Consider in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any Director or shareholder;

h. Recommend to the Board, Directors to fill the seats on Board Committees;

i. Undertake an annual review of the required mix of skills and experience and other qualities of Directors, including core competencies which Non-Executive Directors should bring to the Board and to disclose this forthwith in every Annual Report;

j. Assist the Board to introduce a criteria and to formulate and implement a procedure to be carried out by the NC annually for assessing the effectiveness of the Board as a whole, the Board Committees and for assessing the contributions of each individual Director;

k. Introduce any regulation which would enable the smooth administration and effective discharge of the NC's duties and responsibilities;

l. To furnish a report to the Board of any findings of the NC;

m. To recommend to the Board for continuation or discontinuation in service of Directors as an Executive Director or Non-Executive Director;

n. To recommend Directors who are retiring by rotation to be put forward for re-election;

o. To recommend to the Board the employment of the services of such advisers as it deems necessary to fulfill the Board's responsibilities;

p. To review the term of office and performance of the Audit Committee and each of its member annually.

q. To review the appointment and termination of key officers of the Group as follows:-

   Head Office – Group Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Group Company Secretary;

r. To review the appointment and resignation of Directors on the Board of subsidiaries, where necessary;

s. To review the composition, quality, capacity, competencies and effectiveness of the Board of the subsidiaries, where necessary; and

t. Generally, to decide and implement such other matters as may be delegated by the Company's Board of Directors from time to time.

xii. Variation

The above Terms of Reference may be determined and/or varied by the Company's Board of Directors at any time and from time to time.

The Terms of Reference including the roles and functions of the NC are available on the Company's website at www.wahseong.com.

4. BOARD DIVERSITY

With the establishment of the Diversity Policy by the Board which came into effect on 27 November 2018, the NC was tasked to review and assess the skills, expertise, experience, gender, age, ethnicity, time commitment and independence of its Directors to ensure their relevance and the efficiencies and effectiveness of the Board as a whole on an annual basis or as and when the need arises including its effectiveness in promoting a diverse Board composition which includes an appropriate number of woman Director(s). The Diversity Policy is available on the Company's website at www.wahseong.com.

5. BOARD'S EFFECTIVENESS ASSESSMENT

The NC conducted an annual assessment of the Board's effectiveness as a whole and the contribution of each individual Director in respect of the financial year ended 31 December 2018 using a set of customised self-assessment questionnaires to be completed by the Directors. The results of the self-assessment by Directors and the Board's effectiveness as a whole as compiled by the Group Company Secretary were tabled to the Board for review and deliberation.

The Board was satisfied with the results of the annual assessment and that the current size and composition of the Board is appropriate and well-balanced with the right mix of skills with the Board composition comprising individuals of high calibre, credibility and with the necessary skills and qualifications to enable the Board to discharge its responsibility effectively.

Assessment was also conducted on the Board Committees' effectiveness based on a set of questionnaires to be completed in respect of the financial year ended 31 December 2018 and the NC was pleased with the outcome of the said assessment.

The NC was satisfied with the existing Board composition with regards to the mix of skills, experience, expertise and independence in meeting the required needs of the Company taking into consideration the gender diversity and ethnicity of the members of the Board. The Board is supported by the core Management team having the relevant and appropriate qualifications, experience and competencies in their respective roles and functions.

6. INDEPENDENCE ASSESSMENT OF THE INDEPENDENT DIRECTORS

In line with the Malaysian Code on Corporate Governance 2017 ("MCCG 2017"), the NC had conducted an independence assessment of the Independent Directors in respect of the financial year ended 31 December 2018 and the NC was satisfied with the results whereby all the Independent Directors fulfilled the criteria for an Independent Director as prescribed under the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad.

In conjunction with the above assessment, the NC considered and recommended to the Board of Directors the following appointments of Directors at the forthcoming Nineteenth Annual General Meeting of the Company:-

(i) Professor Tan Sri Lin See Yan
(ii) En Halim Bin Haji Din

All whom have served as Independent Non-Executive Directors of the Company for a cumulative terms of more than twelve (12) years, to continue to act as Independent Non-Executive Directors of the Company.

The NC and the Board taking cognisance of Practice 4.2 of the MCCG 2017 will continue to source for suitably qualified, credible and caliber candidates to assume the positions of the existing Independent Non-Executive Directors whom have exceeded the tenure of twelve (12) years. In the event that the NC and the Board failed to identify suitable candidates to assume the Independent Non-Executive Directorships, the Board will explain the departure from Practice 4.2 of the MCCG 2017 in the Corporate Governance Report which is required to be submitted to Bursa Malaysia Securities Berhad together with the Company's Annual Report.

7. REVIEW OF THE AUDIT COMMITTEE

Pursuant to Paragraph 15.20 of Chapter 15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the NC had conducted a review of the terms of office and performance of the Audit Committee and each of the members annually and was of the opinion that the Audit Committee and each of the members have carried out their duties in accordance with their Terms of Reference.

8. FINANCIAL LITERACY OF AUDIT COMMITTEE MEMBERS

Pursuant to Practice 8.5 of the MCCG 2017, the NC had conducted the financial literacy assessment for each of the Audit Committee members based on a set of questionnaires to be completed in respect of the financial year ended 31 December 2018 and the NC was pleased with the outcome of the assessment.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of Wah Seong Corporation Berhad ("WSC" or "the Company") recognises the importance of practising and upholding good corporate governance in discharging its duties and responsibilities towards enhancing business prosperity, corporate accountability, sustainability and realising and creating ongoing values for its shareholders and stakeholders. Hence, the Board is pleased to present an overview of the extent of the application and compliance of WSC and its Group with the relevant principles and practices of the Malaysian Code on Corporate Governance ("MCCG 2017") issued by the Securities Commission in April, 2017 as well as the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR").

1. BOARD OF DIRECTORS

1.1 Duties and Responsibilities of the Board

The Board is responsible for the strategic planning, overseeing the proper utilisation and management of its resources and operational conduct, identifying and implementing appropriate systems to mitigate and manage principal risks, reviewing the adequacy and integrity of its internal control, risks management and management information systems and ensuring that a management succession plan, a dedicated investor relation and shareholders' communication policy are in place in meeting the Company's goals and objectives.

The Board together with the Managing Director/Group Chief Executive Officer and the respective Management team(s), where applicable, developed the Group's corporate goals, objectives and policies and setting the appropriate limits of empowerment of its respective Management/Committees' authority, duties and responsibilities.

The Board exercises due care and diligence in discharging its fiduciary duties and responsibilities and in ensuring that high ethical standards are applied in practising and upholding good corporate governance and through the compliance with the relevant rules and regulations, directives and guidelines and the adoption of the relevant principles and practices of the MCCG 2017 in addition to acting in the best interest of the shareholders, stakeholders and the Group, taking into account diverse perspectives and insights.

The Board has established a Board Charter which sets out the Board's strategic intent and outlines the Board's roles and responsibilities including the key values, mission, principles and ethos of the Company. The Board Charter serves as a source of reference for Board members as well as a primary induction literature for new Board members in respect of their duties and responsibilities and the various legislations and regulations governing their conduct with the application of principles and practices of good corporate governance in their business conduct. The Board Charter would be reviewed and updated periodically as and when the need arises. The Board Charter was last reviewed by the Board on 28 December 2018.

The Board Charter clearly spells out the following principal roles and responsibilities of the Board in enhancing Board's effectiveness in the pursuit of corporate goals and objectives:

- reviewing and adopting the strategic plans and direction of the Group;
- overseeing and evaluating the conduct of the Group's businesses;
- reviewing, challenging and deciding on Management's proposals and recommendations and monitor their implementation where appropriate;
- identifying principal risks and ensuring that appropriate internal control and risk management and mitigation measures are implemented to manage these risks;
- succession planning including the implementation of appropriate systems for recruitment, training, determining compensation benefits and replacement of Senior Management staff;
- developing and implementing an investor relations programme to enable effective communications with the shareholders and stakeholders;
- supervising and assessing Management's performance in managing the businesses of the WSC Group; and
- reviewing the adequacy and integrity of the internal control systems and management information systems which includes sound system of reporting and in ensuring regulatory compliance with applicable laws, regulations, rules, directive and guidelines.

The Board Charter is available on the Company's website at www.wahseong.com.

Apart from the aforesaid principal roles and responsibilities of the Board, the Board also delegates certain responsibilities to its Board Committees with clearly defined terms of reference to assist the Board in discharging its responsibilities. While the Board Committees have their own functions and delegated roles, duties and responsibilities, they will report to the Board with their decisions and/or recommendations. Hence, the ultimate responsibility and decision on all matters lies with the Board.

As an effort to continuously observe high standard of ethical conducts, the Board has established the Company Directors' Code of Ethics on 27 November 2018. The Company Directors' Code of Ethics is available on the Company's website at www.wahseong.com.

The Board of Directors has also established the Principles of Business Conduct as guidance for the conduct of the Group's business and on issues pertaining to conflict of interest and related parties which may affect any members of the Board.

The Principles of Business Conduct is available on the Company's website at www.wahseong.com.

The Board has devoted sufficient time in carrying out their duties and responsibilities. The schedule of meetings for the calendar year comprising Board meetings and other Committee meetings is prepared by the Group Company Secretary and sent to members of the Board two months prior to the commencement of the calendar year to notify the Board on the meetings scheduled ahead.

The Group Company Secretary besides overseeing the compliance matters and assisting the Chairman in overseeing the governance matters of the WSC Group, she also plays a pivotal advisory role to the Board and its Committees to ensure that they function effectively. The Group Company Secretary kept abreast with the latest amendments to the laws, acts, regulations, guidelines and codes by attending various relevant talks, seminars, conferences and workshops.

The Board also takes their own initiatives and liberty to regularly update their knowledge and enhance their skills by attending the relevant seminars and talks as listed under item 1.13 Directors' Training.

The members of the Board have maintained the number of other directorships comfortable and manageable by them in respect of time and commitment.

1.2 Board Composition and Balance

During the year under review, the Board is led by the Non-Executive Chairman, Dato' Seri Robert Tan Chung Meng and altogether, comprises of seven (7) members, which includes two (2) Executive Directors, two (2) Non-Independent Non-Executive Directors (including the Non-Executive Chairman) and three (3) Independent Non-Executive Directors.

The composition of the Board reveals their varied background as outlined on pages 28 to 31 of this Annual Report. The Board members are equipped with the relevant skills, knowledge and expertise required for the proper running of the Company's affairs. The effectiveness of the individual Directors and the Board as a whole are assessed annually by the Nomination Committee.

Generally, the Executive Directors along with the Management Team are responsible for making and implementing operational decisions. Non-Executive Directors play a key supporting role, contributing their skills, expertise and knowledge towards the formulation of the Group's strategic and corporate goals and objectives, policies and decisions. The Board collectively made decisions in the best interest of the Company.

1.3 Board Independence

The number of Independent Directors on the Board complies with Paragraph 15.02, Chapter 15 of the MMLR, which states that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher shall comprise of Independent Directors. The Independent Directors also fulfilled the criteria of independence as defined in the MMLR. Their presence provides a check and balance in the discharge of the Board function and the Independent Directors' views carry significant weight in all Board deliberations and decision-making. All Independent Directors act independently of the Management and do not participate in any business dealings and are not involved in any other relationship with the WSC Group that may impair their independent judgement and decision-making.

Annual assessment on the independence of the Independent Directors is conducted annually.

Practice 4.2 of the MCCG 2017 requires the tenure of an Independent Director to not exceed a cumulative term limit of nine (9) years. However, the Nomination Committee and Board have duly assessed, determined and resolved that the Independent Non-Executive Directors of the Company namely Encik Halim Bin Haji Din and Professor Tan Sri Lin See Yan, who have served on the Board for more than twelve (12) years, to remain as Independent Directors based on the following justifications as well as contributions from Encik Halim Bin Haji Din and Professor Tan Sri Lin See Yan, as members of the Board and also members of the respective Board Committees:

(i) they have fulfilled the criteria of independence as per the definition set out under Chapter 1 of the MMLR;

(ii) they have the required skill sets, experience and expertise;

(iii) they understand the Company's industry well and are able to contribute to the effective over-sight of the Company's business activities while monitoring their independence;

(iv) they have performed their duties diligently and provided independent judgements and balanced assessments hence ensured effective check and balance in the proceedings of the Board and the respective Board Committees; and

(v) they have devoted sufficient time and attention to the duties and responsibilities as Independent Non-Executive Directors of the Company.

Hence, the Board would table the ordinary resolutions to the shareholders at the forthcoming Nineteenth AGM to retain the aforesaid Independent Directors.

The Chairman of the Company and the Board is not an Independent Director. There are three (3) Independent Directors out of seven (7) Board members. The Board believes that its current Board composition provides the appropriate balance in terms of skills, knowledge and experience in creating, protecting and enhancing the interests and values of all shareholders and stakeholders and in overseeing the conduct of businesses and to properly run the WSC Group effectively. As the Chairman is also a shareholder who has substantial interest in the Company, he is well placed to act on behalf of shareholders and stakeholders and in their best interest and in providing Board leadership.

The Board believes in recognising and retaining high performance, talented and dedicated Board member, Senior Management and workforce regardless of gender, ethnicity and age with the required merits, knowledge, experience, expertise, competencies, professionalism, integrity and ability in discharging their responsibility and capability in contributing to the Board and the organisation. Hence, the Board has established a Diversity Policy which came into effect on 27 November 2018. The Diversity Policy is available on the Company's website at www.wahseong.com.

The Board through the Nomination Committee will continuously evaluate suitable candidates for Independent Directors to form at least half of the Board to comply with Practice 4.1 of the MCCG 2017. However, the process should be exercised with due care and careful assessment has to be made based on merits, skills, knowledge, appropriate experience and time commitment to ensure that the candidates would be able to contribute to the effectiveness of the Board.

Hence, the above process is also applicable in the selection and evaluation of suitable candidate for gender, ethnicity and age diversity on the Board.

1.4 Division of Roles and Responsibilities between the Chairman and the Managing Director/Chief Executive Officer

The Board is led by Dato' Seri Robert Tan Chung Meng as the Non-Independent Non-Executive Chairman and Mr Chan Cheu Leong as the Managing Director/Group Chief Executive Officer.

There is a clear separation between the Chairman's role and the Managing Director/Group Chief Executive Officer's role to ensure a division of responsibilities and a balance of control, power and authority.

The Chairman leads and manages the Board with a keen focus on governance and compliance. In turn, the Board monitors the functions of the Board Committees in accordance with their respective terms of reference, to ensure its own effectiveness, while the Managing Director/Group Chief Executive Officer manages the businesses and operations of the Group and implements and develops the Board's decisions, policies and strategies.

1.5 Senior Independent Non-Executive Director

The Board has identified Professor Tan Sri Lin See Yan as the Senior Independent Non-Executive Director of the Board, to whom concerns relating to the Group may be conveyed by shareholders and other stakeholders.

All concerns relating to the Group can be conveyed to him via his electronic mail address at seeyan.lin@wahseong.com.

1.6 Board Meetings

The Board meetings for each financial year are scheduled before the end of the preceding financial year, to enable the Directors to plan ahead and fit the year's meetings into their own schedules. The Board meets on a scheduled basis of at least four (4) times a year and has a formal schedule of matters specifically reserved for the Board to decide in order to ensure that the direction and control of the Company firmly rests in its hands, for example strategic financial and investment decisions. Additional or ad-hoc Board meetings can be convened as and when necessary.

During the financial year ended 31 December 2018, the Board met four (4) times and the details of the attendance of the Board members are as follows:

Director	Directorship	Total Meetings Attended
Dato' Seri Robert Tan Chung Meng	Non-Independent Non-Executive Chairman	4/4
Chan Cheu Leong	Managing Director/ Group Chief Executive Officer	4/4
Giancarlo Maccagno	Deputy Managing Director	4/4
Professor Tan Sri Lin See Yan	Senior Independent Non-Executive Director	4/4
Halim Bin Haji Din	Independent Non-Executive Director	4/4
Tan Jian Hong, Aaron	Non-Independent Non-Executive Director	4/4
Tan Sri Saw Choo Boon	Independent Non-Executive Director	3/3

To facilitate productive and meaningful deliberations, the proceedings of the Board meetings are conducted in accordance with a structured agenda with the supply of complete and timely information to enable the Board to discharge their responsibilities effectively and for them to make informed decisions. The Board reviews and deliberates on the Group's financial performance and results, business operations, budgets, reports of the various Board Committees, risks management, business plans, corporate exercises and strategic financials and investments decisions.

In the intervals between Board meetings, any matters requiring urgent Board decisions and/or approvals will be sought via circular resolutions which are supported with all the relevant information and explanations required for an informed decision to be made.

1.7 Supply of Information

The Board is briefed on a timely manner on all major financial, operational and corporate matters. In order to maintain confidentiality, meeting papers on issues or corporate proposals which are deemed highly confidential and sensitive, would only be distributed to the Directors at the Board meeting itself.

The Board stresses on having timely reports and has full access to quality information which is not just historical or bottom line and financial oriented but information that goes beyond assessing the quantitative performance of the Group and other performance factors e.g. customer satisfaction, product and service quality, market share, market reaction, environmental protection, etc.

The Directors have access to all information within the Company whether as a full Board or in their individual capacity, in furtherance of their duties. Through regular Board meetings, the Board receives updates, written reports and supporting/discussion documents on the development and business operations of the Group, as well as on potential corporate exercises, proposals, mergers and acquisitions. Minutes of the respective Board Committees' meetings are presented at Board meetings. The respective Board Committees' Chairman will brief the Board on major issues deliberated by each of the Board Committees.

The Board either collectively or individually is authorised to seek such independent professional advice as may be considered necessary in furtherance of their duties at the expense of the Company.

The Directors also have access to the advice and services of its qualified Group Company Secretary in the course of discharging their duties and responsibilities and in fulfilling their obligation to statutory requirements, the MMLR or other rules and regulations, either as a full Board or in their individual capacity.

1.8 Group Company Secretary

Ms. Irene Woo Ying Pun, the Group Company Secretary of WSC is a Fellow Member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and also a Council Member of MAICSA. She is a qualified Chartered Secretary and a Chartered Governance Professional. She heads the Group Corporate Secretarial Department of WSC and is a member of the key senior management team of the WSC Group. She was appointed to the position since 3 November, 2008.

Ms. Woo has more than 28 years of extensive relevant working experience in the corporate secretarial practice both as the in-house Group Company Secretary for large public listed groups as well as in large professional consultancy firms. She obtained her initial training of more than six years in Signet & Co. Sdn. Bhd, the Corporate Secretarial arm of Messrs. Ernst & Young.

Ms. Woo does not hold any directorship and does not have any family relationship with any of the Directors or major shareholders of WSC and has no conflict of interest whatsoever with WSC.

She ensures that the Group complies with the Companies Act, 2016, MMLR, Capital Markets & Services Act, 2007 and all relevant acts, rules, regulations, codes and guidelines of the relevant authorities and governmental/ regulatory bodies and their relevant updates and amendments from time to time. She assists the Board of Directors in overseeing and advising on the relevant aspects of the regulatory, compliance and corporate governance matters of the Group. She attends all meetings of the Board of Directors and all meetings of the Committees and Sub-Committees of the Board and captures all discussions and deliberations thereat comprehensively and accurately in her minutes. Her prompt and well written minutes and advices given to the members of the Board have so far assisted the Board of Directors in making informed decisions as well as for the Management to promptly act on decisions approved by the Board. The Board of Directors is satisfied with the competent performance and support rendered by the Group Company Secretary in the discharge of their duties and functions as members of the Board.

1.9 Appointments to the Board

The Nomination Committee is responsible for assessing and making recommendations on any new appointments to the Board and its various Board Committees.

In making these recommendations, due consideration is given to the composition, objective criteria, required mix of skills, expertise, knowledge, experience, professionalism and integrity that the proposed Directors shall bring to complement the Board.

The Directors would notify the Chairman of the Board before accepting any new directorships and the expected time to be spent on the new appointment.

1.10 Re-election of Directors

The Company's Constitution provides that all the Directors shall retire at least once (1) in every three (3) years and are eligible for re-election at each Annual General Meeting in compliance with the MMLR.

1.11 Board Committees

The Board delegates specific responsibilities to the respective Board Committees of the Board, each of which has clearly defined terms of reference and its own functions, delegated roles, duties and responsibilities. The Board reviews the functions and terms of reference of Board Committees from time to time to ensure that they are relevant and updated in line with the MCCG 2017, the MMLR and other related policies or regulatory requirements.

The Board Committees have the authority to examine specific issues and report to the Board with their proceedings, deliberations, findings and recommendations. The Board also reviews the minutes of the Board Committees' meetings presented at Board meetings.

During Board meetings, the Chairman of the various Committees provide summary reports of the decisions and recommendations made at the respective Board Committees' meetings, and highlight to the Board on any further deliberation and/or approval that is required at the Board level. The Board Committees shall deliberate and thereafter recommend their decisions to the Board for its approval. The relevant decisions and recommendations of the Board Committees are incorporated into the minutes of the Board meetings accordingly.

The Board has established three (3) principal Board Committees namely, Audit Committee, Nomination Committee and Remuneration Committee. The Risk Management Committee is a sub-committee of the Audit Committee.

(a) Audit Committee

The composition of the Audit Committee comprises of non-executive Directors i.e. three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The Terms of Reference, including the duties and responsibilities of the Audit Committee are available on the Company's website at www.wahseong.com. A summary of activities of the Audit Committee in the discharge of its functions and duties for the financial year ended 31 December 2018 are set out separately in the Audit Committee Report as laid out on pages 36 to 40 of this Annual Report.

(i) Risk Management Committee

The Risk Management Committee comprised of the Executive Directors; Heads of Finance, Group Internal Audit and Heads of Business Units/Divisions. The Committee meets at least four (4) times a year to discuss, assess, manage and mitigate risks associated with the respective Business Units and Divisions and the Group as a whole. The Summarised Risk Registers compiled and confirmed by the respective Heads of the Business Unit/Division and based on which WSC Group's key risks are identified for monitoring. Potential new investments are tabled to the Risk Management Committee for comprehensive risks assessment and deliberation on the risks associated with the proposed investment before the said proposed investment is tabled to the Finance and Investment Committee for review, evaluation and financing needs assessment before tabling to the Audit Committee for their review and then to the Board for approval.

The Risk Management Committee has been expanded recently to cover the areas on Sustainability of the WSC Group instead of having to establish a separate Sustainability Committee.

(b) Nomination Committee

The Nomination Committee ("NC") has been established comprising exclusively of four (4) Non-Executive Directors, a majority of whom are Independent Directors. The Terms of Reference, including the roles and responsibilities of the Nomination Committee are available on the Company's website at www.wahseong.com. The activities of the Nomination Committee in the discharge of its duties for the financial year ended 31 December 2018 are set out on pages 44 to 47 of this Annual Report.

The Nomination Committee will conduct annual assessment of the Board's effectiveness as a whole and the contribution of each individual Director in every financial year using a set of customised self-assessment questionnaires to be completed by the Directors. The results of the self-assessment by Directors and the Board's effectiveness as a whole as compiled by the Group Company Secretary will be tabled to the Board for review and deliberation.

The Nomination Committee will also conduct the annual assessment on the Board Committees' effectiveness based on a set of questionnaires.

(c) Remuneration Committee

The Remuneration Committee has been established comprising solely of Independent Non-Executive Directors with the role of determining and recommending to the Board the remuneration of Executive Directors in all its forms, drawing from outside advice where necessary. The Executive Directors play no part in decisions on their own remuneration.

Determination of remuneration packages of Non-Executive Directors, including the Non-Executive Chairman is a matter of the Board as a whole. The individuals concerned will abstain from discussion of their own remuneration.

The information on Remuneration Committee and its Terms of Reference including its functions are available on pages 41 to 43 of this Annual Report.

The Remuneration Policy is available on the Company's website at www.wahseong.com.

1.12 Finance Committee

The Finance and Investment Committee ("FIC") is chaired by the Group Managing Director/Chief Executive Officer and comprised of the Executive Directors, Head of Group Treasury, Head of Finance of the Industrial Services Division and Chief Financial Officer of the Oil & Gas Division. The FIC meets quarterly or as and when required or at such frequency as the Chairman may deem appropriate.

The FIC undertakes periodic review of the overall Group's financial position with emphasis on group financial status and financing requirements, summary update on forward contracts position, group cash flows and receivables. The FIC also provides oversight of the investment functions of the Group to assist the Board of Directors in evaluating new investments, acquisitions, joint ventures, divestments and any other corporate proposals ("Investment Related Proposals") in which the Group engages as its business strategy from time to time. The respective business units/divisions strategic business activities and ventures are also updated at the FIC meetings.

Besides, the FIC also deliberates on the implication of the global economic sentiment and outlook on the Group's various business divisions and with this hindsight, actively reviews the overall business activities, capital expenditure requirements and forex strategies.

Both the Risk Management Committee and the FIC have the responsibility of assessing and reviewing all Investment Related Proposals.

Normally, the Risk Management Committee will perform the necessary risk assessment on the Investment Related Proposals and thereafter recommend the same to the FIC for their review. The FIC will then consider and evaluate the feasibility of the Investment Related Proposals by taking into account the comprehensive feasibility study, due diligence reports, valuation reports and/or other relevant reports in accordance with the standard operating procedures. A threshold limit of the value of the Investment Related Proposals is established to determine the relevant approvals required. The value of the Investment Related Proposals of up to RM5.0 million will be approved by the FIC and the Board of the investing company and thereafter to be endorsed by the Board of WSC. For value of the Investment Related Proposals of above RM5.0 million, the approval must be sought from the Board of WSC upon recommendation by the FIC.

1.13 Directors' Training

All members of the Board have attended the Mandatory Accreditation Programme as required under the MMLR.

The Directors do and will undergo such similar or continuing training and education programmes from time to time to equip and keep themselves abreast of the latest developments in order to discharge their duties and responsibilities more effectively.

During the financial year under review, the Directors had participated in various programmes, courses and forums which they have individually or collectively considered as relevant and useful in contributing to the effective discharge of their duties as Directors.

The lists of training/courses attended by the respective Directors are tabled to the Board at the respective Board Meetings held every quarter for the Board's notation. Based on the results of the annual assessment of the individual Directors and the Board's effectiveness as a whole conducted by the Nomination Committee, the Board was satisfied with the training/courses attended by the respective Directors and that they are well equipped and updated on the industry knowledge and developments in enhancing their skills and in discharging their duties and responsibilities effectively.

A brief description of the type of training/courses attended by the Directors for the financial year under review is as set out below.

Directors	Date of Course/Name of Organiser	Title of Training/Courses Attended
Dato' Seri Robert Tan Chung Meng	14 November 2018/ PricewaterhouseCoopers PTL	Fiscal Discipline in Driving Sustainable Growth – Budget 2019
Professor Tan Sri Lin See Yan	12 January 2018/Jeffrey Cheah Institute & Jeffrey Sachs Center	A discussion at Jeffrey Cheah Institute Forum on "TN50: The Road Ahead"
	25 - 27 January 2018/NIDA Business School	Asian Shadow Financial Regulatory Committee Meeting
	30 January 2018/Sunway University	Sunway University Strategy Workshop
	1 March 2018/Bank Negara Malaysia	Dialogue session at the Financial Institutions Directors' Education ("FIDE") Forum "Dialogue with a Leader – Reflections on Crucial Lessons Learned in Dealing with Complexity"
	6 March 2018/South East Asian Central Banks ("SEACEN") Indonesia	Guest speaker for the SEACEN Leadership Masterclass 1 Workshop on "Leading Adaptively in Complex Times"
	9 & 10 March 2018/Asian Institute of Management in Manila	Board of Governors & Board of Trustees Meeting
	20 March 2018/Jeffrey Cheah Institute & the International Academic Advisory Council	Speaker at Jeffrey Cheah Institute on "ASEAN & New Challenges"
	31 May 2018/Ancom Berhad	Key Amendments to Listing Requirement arising from the Companies Act, 2016
	23 - 25 June 2018/Hitotsubashi University, Tokyo	Asian Shadow Financial Regulatory Committee Meeting
	5 October 2018/Sunway Berhad	Sunway Leaders Conference 2018
	17 & 18 October 2018/Harvard Business School	Harvard President's Global Advisory Council Meeting

Directors	Date of Course/Name of Organiser	Title of Training/Courses Attended
Professor Tan Sri Lin See Yan	2 November 2018/Universiti Utara Malaysia	Speaker at Universiti Utara Malaysia for the Workshop on Strategic Planning
	14 November 2018/Master Builders Association Malaysia	Panel Speaker at the Building & Construction Industry Conference 2018
	23 November 2018/Asian Institute of Management	Game Changers: The Impact of Technology and Entrepreneurship
Halim Bin Haji Din	16 March 2018/Bursa Malaysia	Corporate Governance Briefing Sessions: MCCG Reporting & CG Guide
Chan Cheu Leong	25 January 2018/Credit Suisse	Market Outlook Dinner Seminar
	9 - 12 April 2018/Sustainable Energy Development Authority Malaysia	4th International Sustainable Energy Summit 2018
	31 October 2018/Ministry of International Trade and Industry	National Policy on Industry 4.0 Launching Ceremony
Giancarlo Maccagno	25 January 2018/Credit Suisse	Market Outlook Dinner Seminar
	2 December 2018/Essec Business School	Design Driven Innovation
Tan Jian Hong, Aaron	8 & 9 March 2018/Young President's Organisation ("YPO")	YPO EDGE, Singapore
Tan Sri Saw Choo Boon	10 January 2018/RHB Bank Berhad ("RHB")	AML/CFT & Regulatory Compliance Training by PWC Malaysia
	28 February 2018/Bursa Malaysia/ Securities Commission	Malaysian Corporate Governance Guidelines
	29 March 2018/RHB	"Global Economic and Markets Outlook" by Dr Mark Zandi, Chief Economist Moody Analytics
	10 April 2018/RHB	"Singapore's New Insolvency & Restructuring Regime" by Shook Lin & Bok Singapore
	12 April 2018/World Bank and Bank Negara Malaysia	Global Financial Development Report 2017/2018: Bankers without Borders
	11 May 2018/Financial Institutions Directors' Education ("FIDE") Forum	"Win the innovation race: Unlocking the creative power of Asians" by Prof. Roy Chua
	14 May 2018/Digi.Com Berhad	Strategy Beyond Core – Digital Bets
	22 May 2018/Singapore Manufacturing Federation	Things You Need to Know About Industry 4.0 – The Current Trend of Manufacturing and Automation
	2 July 2018/World Bank	18th Malaysia Economic Monitor: Unlocking the Potential of the Digital Economy
	17 July 2018/FIDE and IBM	Blockchain in Financial Services Industry
	30 July 2018/RHB	"Islamic Finance Beyond Banking" and "Cryptocurrency, Blockchain & Beyond: A Cautionary Tale"
	20 August 2018/World Bank	Panelist on World Bank Digital Conference

Directors	Date of Course/Name of Organiser	Title of Training/Courses Attended
Tan Sri Saw Choo Boon	5 September 2018/RHB	Training on New Corporate Liability MACC (Amendment) Act 2018
	12 September 2018/World Bank	Public Policy in a Digital World
	18 September 2018/Khazanah Research	Turmoil in Global Finance
	3 October 2018/FIDE Forum	Understanding Fintech and Its Implications for Insurance Companies
	9 October 2018/Malayan Banking Berhad, CIMB Bank Berhad and RHB	Malaysia – 'A New Dawn' Conference 2018
	11 October 2018/Malaysia Productivity Centre ("MPC")	National Convention on Good Regulatory Practice 2018
	31 October 2018/Institute Corporate Directors Malaysia ("ICDM")	Panelist - Effective Boards in a VUCA (Volatility, Uncertainty, Complex and Ambiguous) World
	7 November 2018/World Bank	The Conceptual Basis and Operational Implications of "Green Growth"
	8 November 2018/Federation of Malaysian Manufacturers	Business Ethics Seminar 2018
	8 November 2018/ICDM	Roundtable on the Climate Governance Initiative for Non-Executive Directors
	12 November 2018/RHB and Ernst & Young	AML/CFT Compliance Training
	14 November 2018/Securities Industry Development Corporation ("SIDC")	2019 Budget – The Economy, Capital Market and You

2. DIRECTORS' REMUNERATION

The remuneration of the Board Members is broadly categorised into those paid to Executive Directors and Non-Executive Directors.

The Executive Directors are remunerated in cash and in kind by way of salary, performance bonus and other benefits and entitlements; taking into consideration their experience, responsibilities, length of service, their individual performance and contribution as well as the overall performance of the Group and the Company. Non-Executive Directors are paid fees based on their experience and level of responsibilities.

The Remuneration Committee is responsible to make any recommendation to the Board on the remuneration package and benefits extended to the Executive Directors; whereas, Non-Executive Directors' remuneration is a matter to be decided by the Board as a whole. The individual concerned must abstain from deliberations and voting on decisions in respect of his individual remuneration.

The details of the remuneration of the Directors of the Company (including the remuneration for services rendered to the Company as a Group) received from the Company and received on a group basis during the financial year ended 31 December 2018 are as follows:

Company

				Benefits-in-kind	
	Directors' Fees (RM'000)	Salaries and Other Emoluments (RM'000)	Bonus (RM'000)	Leave Passage (RM'000)	Others* (RM'000)
Dato' Seri Robert Tan Chung Meng	80	10	-	-	11
Halim Bin Haji Din	70	22	-	-	-
Professor Tan Sri Lin See Yan	60	22	-	-	-
Tan Jian Hong, Aaron	40	18	-	-	-
Tan Sri Saw Choo Boon	-	8	-	-	-
Chan Cheu Leong	40	2,354	1,050	42	33
Giancarlo Maccagno	40	8	-	-	-
	330	**2,442**	**1,050**	**42**	**44**

Group

				Benefits-in-kind	
	Directors' Fees (RM'000)	Salaries and Other Emoluments (RM'000)	Bonus (RM'000)	Leave Passage (RM'000)	Others* (RM'000)
Dato' Seri Robert Tan Chung Meng	80	10	-	-	11
Halim Bin Haji Din	70	22	-	-	-
Professor Tan Sri Lin See Yan	60	22	-	-	-
Tan Jian Hong, Aaron	40	18	-	-	-
Tan Sri Saw Choo Boon	-	8	-	-	-
Chan Cheu Leong	40	2,354	1,050	42	33
Giancarlo Maccagno	40	4,675	1,597	111	245
	330	**7,109**	**2,647**	**153**	**289**

* Others under benefits-in-kind include motor vehicles, club subscription, etc.

3. TOP FIVE KEY SENIOR MANAGEMENT'S REMUNERATION

Pursuant to Practice 7.2 of the MCCG 2017, the top five Key Senior Management's total remuneration inclusive of salary, bonus, benefits in-kind and other emoluments in bands of RM50,000 are disclosed as follows:

	Total
RM600,001 to RM650,000	1
RM800,001 to RM850,000	1
RM850,001 to RM900,000	1
RM1,200,001 to RM1,250,000	1
RM1,800,001 to RM1,850,000	1
Total	**5**

For purposes of security and to avoid poaching by other organisation, the names of the Top Five Key Senior Management are withheld and the detailed remuneration of each of the individuals are not presented because the Board of Directors is of the opinion that such information will not add significant value and understanding towards the evaluation of the Company's standard of Corporate Governance.

4. SHAREHOLDERS AND INVESTORS

4.1 Effective Communications Policy

Besides the various announcements and disclosures including information on the quarterly and annual results released to Bursa Malaysia Securities Berhad, the Board maintains an effective communications policy that enables the Board (in particular the Executive Board Members) to communicate effectively with its shareholders, stakeholders and the public in general.

As part of the Group's commitment towards having an effective investor relations and shareholders' communication policy, the following have been established:

(a) an interactive and dedicated website for the Group which can be accessed by the public at large at www.wahseong.com.

(b) the Company's Investor Relations and Communications Department attends to the Group's communication needs and whenever required, the services of an external public relations firm will be engaged to promote the Group's image and to create greater public awareness of the Group's products and services aside from fostering and maintaining closer relations with the press and other members of the media.

(c) Internally, the Group Corporate Secretarial Department headed by the Group Company Secretary maintains most of the official correspondences with the various authorities.

(d) the Annual General Meeting provides an additional forum for shareholders' interaction and feedback with the Company.

(e) Media and Analyst Briefings are held by the Company to explain any major corporate exercises and/or to discuss the financial performance of the Group from time to time.

4.2 Dialogue between the Company and Investors

The Board values feedback and dialogues with its investors. The Company will hold open discussions with investors upon written request. Analyst Briefings are periodically held to introduce and update the investors on the Company's/the Group's undertakings and financial performance from time to time.

In this respect, the Board and the Company shall ensure that any information sought is disseminated in strict adherence to the disclosure requirements under the MMLR.

The Company's website at www.wahseong.com contains vital information concerning the Group. All investors are encouraged at all times to log on and visit the Company's website to be informed of the latest happenings and detailed information of the Group and all the announcements made to Bursa Malaysia Securities Berhad.

4.3 Annual General Meeting

The Annual General Meeting ("AGM") is one of the platforms for the Company's shareholders to meet and exchange views with the Board.

An open Question and Answer Session will be held whereby any shareholder may seek further details and clarification regarding any proposed resolutions as well as matters relating to the Group's businesses and affairs.

The Chairman and the other members of the Board together with Management and the Company's External Auditors will be in attendance to provide explanations to all shareholders' queries.

Pursuant to Paragraph 8.29A(1), Chapter 18 of the MMLR, any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is required to be voted by poll.

At least one (1) scrutineer will be appointed to validate the votes cast at the general meeting. Such scrutineer must be independent of the person undertaking the polling process.

A summary of the key matters discussed at the AGM will be published on the Company's website as soon as practicable after the conclusion of the AGM.

5. ACCOUNTABILITY AND AUDIT

5.1 Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial position, performance and prospects at the end of the financial year primarily through the audited financial statements, annual report as well as the quarterly announcements of results to shareholders.

The Board is responsible for ensuring that the financial statements prepared are drawn up in accordance with the provisions of the Companies Act, 2016 and applicable approved accounting standards in Malaysia. In presenting the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The Board assisted by the Audit Committee, oversees the financial reporting processes and the quality of the financial reporting by the Group. The Audit Committee scrutinises information prior to their disclosure to ensure their timeliness, accuracy and adequacy. The quarterly financial results and audited financial statements were reviewed by the Audit Committee and approved by the Board before being released to Bursa Malaysia Securities Berhad.

The Statement of Directors' Responsibility in respect of the audited financial statements of the Company and the Group is set out on page 68 of this Annual Report.

5.2 Internal Control

The Board has overall responsibility for maintaining a sound system of internal control, which encompasses risk management, financial, organisational, operational and compliance controls necessary for the Group to achieve its objectives within an acceptable risk profile.

These controls can only provide reasonable but not absolute assurance against material misstatement, errors of judgment, loss or fraud.

Information on the Group's Internal Control is as set out in the Statement on Risk Management and Internal Control on pages 65 to 67 of this Annual Report.

The establishment of an Internal Audit Department since the Group first commenced operations followed by the formation of the Risk Management Committee in 2009 are testimony of the dedication and commitment that the Board and the Company have in identifying and mitigating potential risks which affect the Group.

5.3 Principles of Business Conduct and Whistle-Blowing Policy

The Board is committed to achieving and maintaining high ethical standards with regards to behavior at work and hence the Principles of Business Conduct are established. The Principles of Business Conduct of the Group is a formal document which sets out the guiding principles and standards in which the employees and Directors shall adhere to in conducting the day to day duties and operations.

In conjunction with the above, the Company has also disseminated its Whistle Blowing Policy and Procedures by which an employee or stakeholder can report or disclose in good faith, through the established channel, genuine concerns about unethical behaviour, malpractice, illegal act or failure to comply with regulatory requirements.

The Principles of Business Conduct and procedures of the Whistle Blowing Policy, in raising such genuine concerns to the established channels are available on the Company's website at www.wahseong.com.

5.4 Relationship with Auditors

The Board has established a formal and transparent relationship with the External Auditors appointed by the Company and its subsidiaries within its fold.

The External Auditors are invited to attend the Audit Committee Meeting where the Group's annual financial results are considered, as well as at meetings to review and discuss the Group's audit findings, internal controls and accounting policies, whenever the need arises.

For the financial year under review, the Audit Committee had two (2) meetings with the External Auditors without the presence of Management, which has encouraged a greater exchange of independent, frank views and opinions/dialogue between both parties.

The Audit Committee obtains written confirmation from the External Auditors on their independence throughout their terms of engagement for the financial year in compliance with the requirements of the relevant professional and regulatory bodies and/or authorities.

The Board also reviews the External Auditors' annual audit plan and scope of work for each of the financial years and the External Auditors' audit review on the financial statements for each of the financial years together with their audit report.

The Annual Assessment Form for External Auditors is established to assess the annual performance of the External Auditors by the Audit Committee. During the financial year under review, the Audit Committee had reviewed the independence of the External Auditors' by taking into consideration among other factors, the following:-

- rotation of the External Audit Partner-in-charge once in every five years in accordance with the relevant laws and requirements; and
- the professionalism, openness in communication and interaction with the External Auditors through private discussions which had demonstrated their independence.

The Audit Committee also assessed the suitability of the External Auditors by taking into consideration among other factors, the following:-

- size, sufficiency of the allocated resources and geographical coverage of the external audits being conducted;
- calibre, competency, requisite skills and expertise, including industry knowledge of the audit team to effectively audit the Company and the Group that meet the requirements;
- adequacy of audit scope and plan to address the accounting risks, audit risk and financial reporting risks faced by the Company and the Group;
- quality and effectiveness of the audit services provided by the External Auditors; and
- the External Auditors met their performance targets as expected of them.

Based on the results of the annual assessment on External Auditors carried out during the financial year under review, the Audit Committee was satisfied with the independence and suitability of the External Auditors and hence had recommended the re-appointment of the External Auditors for the Board's consideration.

The Board, upon the recommendation of the Audit Committee, concurred on the suitability and independence of the External Auditors and had therefore agreed to table the resolution for the re-appointment of the External Auditors to the Shareholders at the forthcoming 19th AGM for their approval.

Further information on the role of the Audit Committee with the External Auditors is stated in the Audit Committee Report on pages 36 to 40 of this Annual Report.

5.5 Internal Audit Function

The Board has established an Internal Audit Function for the Group to review the adequacy of financial and operational controls so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively in the Group and to add value and improve the Group's operations by providing independent and objective assurance.

The Internal Audit Function of the Group is performed in-house. It focused on:

a. reviewing the adequacy and effectiveness of key controls.
b. compliance to established policies and procedures as well as relevant statutory requirements.
c. recommending improvements to existing procedures and policies in order to improve financial and operational efficiency and effectiveness within the Group and the Company.
d. performing special reviews requested by Management and/or the Audit Committee.

The Head, Group Internal Audit reports directly to the Audit Committee. The Internal Audit Function of the Group is independent of the activities they audit and the audit reviews are performed with impartiality, proficiency and due professional care.

The Board and/or the Audit Committee determines the general direction or remits of the Internal Audit Function, which encompasses its main role, that is to evaluate risk and monitor the effectiveness of the Group's system of internal controls, consistent with the standards developed by the internal audit profession.

The Internal Audit Function is competently and adequately resourced and independently positioned to assist the Board and the Audit Committee in obtaining the assurance they require regarding the effectiveness of the Group's system of internal controls.

Further details of the activities of the Internal Audit Function are set out in the Statement on Risk Management and Internal Control on pages 65 to 67 of this Annual Report.

6. CORPORATE RESPONSIBILITY

Throughout 2018, the Group has undertaken various initiatives to create a positive and momentous impact on the lives of others, within the community and the environment in which it operates, as set out in the Sustainability Statement pages 10 to 22 of this Annual Report.

7. SUSTAINABILITY

The Company has come a long way from a medium sized Malaysian enterprise to where the Group is today. It is through resilience and fortitude that the Group has been growing from strength to strength, meeting challenges along the way and succeeding in branching further aloft. As at today, the Group is a significant player in its core businesses and is sustaining growth on the global business landscape.

The Company develops, implements and maintains sound management systems for sustainable development and growth that drive continual improvement. While maintaining sustainable growth, the Company is committed to create an open, diverse, friendly and safe workplace which is part of the Group's core values. Besides, the Company places utmost priority and is fully committed to its Health, Safety and Environment policy and objectives with the aim of ensuring health and safety of our people as well as protection of the environment that the Group operates in by promoting and improving the health and welfare of the workforce, maintaining an accident-free work environment, eliminating occupational injuries, preventing pollutions by reducing carbon footprint, preventing wastages by promoting the efficient use of resources, recycling initiatives, optimising the use of natural resources and conserving energy.

The Group is dedicated in supporting the local communities within which it operates and through its corporate responsibility programmes, the Company will continue to implement initiatives to contribute back to the society and local communities.

A separate Statement on Sustainability is as set out on pages 10 to 22.

8. CORPORATE DISCLOSURE POLICIES AND PROCEDURES

The Board has established a Corporate Disclosure Policies and Procedures aiming at effectively handling and disseminating the corporate information timely and accurately to its shareholders, stakeholders, potential investors and the public in general as required by Bursa Malaysia Securities Berhad.

The Corporate Disclosure Policies and Procedures are available on the Company's website at www.wahseong.com.

9. CORPORATE GOVERNANCE REPORT

Please refer to the Company's Corporate Governance Report on the extent of the Company and its Group's application and compliance with the MCCG 2017 and the relevant explanations for the deviations which can be downloaded from the Company's website at www.wahseong.com.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There are no proceeds raised from corporate proposals during the financial year ended 31 December 2018.

2. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AND PROVISION OF FINANCIAL ASSISTANCE

The details of significant recurrent related party transactions conducted during the financial year ended 31 December 2018 pursuant to the shareholders' mandate are disclosed in the Summary of Significant Recurrent Related Party Transactions as set out on pages 176 to 177 of this Annual Report.

3. MATERIAL CONTRACTS

There are no material contracts (not being contracts entered into in the ordinary course of business), entered into by the Company and its subsidiaries, involving the interests of the Directors, Chief Executive who is not a Director or major shareholders during the financial year ended 31 December 2018.

4. AUDIT AND NON-AUDIT FEES

(a) The amount of audit fees paid and payable to the Company's External Auditors i.e. PricewaterhouseCoopers PLT Malaysia ("PwC") for the services rendered to the Company and the Group for the financial year under review are RM88,000 and RM1,068,000 respectively.

(b) The amount of non-audit fees paid and payable to PwC and its affiliates for the services rendered to the Company and the Group for the financial year under review are RM14,000 and RM2,774,000 respectively.

(c) The summary of the aforesaid audit and non-audit fees for the services rendered to the Company and the Group for the financial year under review are as follows:-

	Company (RM)	**Group (RM)**
Audit Fees	88,000	1,068,000
Non-Audit Fees*	14,000	2,774,000
Total	**102,000**	**3,842,000**

* Included in fees for non-audit services are fees payable to PwC for the Company and the Group of RM14,000 and RM692,000, respectively.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

BOARD RESPONSIBILITY

The Board of Directors ("Board") recognises the importance of sound risk management and internal control practices for good corporate governance. The Board affirms its responsibility for ensuring the Group's system is able to adequately and effectively manage significant risks.

The Group has in place an ongoing process for identifying, evaluating and managing significant risks through a framework which includes a reporting structure. This is supported through a Risk Management Committee ("RMC") that meets regularly, receiving risk management updates and taking necessary actions to ensure that risks are managed within the acceptance levels of the company within which they reside.

The Group's system of internal control is designed to manage and control risks appropriately, rather than eliminate the risk of failure to achieve business objective. Due to the inherent limitations in all control systems, these control systems can only provide reasonable and not absolute assurance.

The Board has received reports from the RMC that the Group's risk management and internal control system is operating adequately and effectively in all material aspects based on the existing risk management and internal control system of the Group.

Based on the reports received from the RMC and the assurance reports from various sources (including both internal and external auditors), the Board is of the view that the system of risk management and internal control in place for the year under review and up to the date of issuance of this Annual Report is adequate and effective to safeguard shareholders' interest in the Group, interest of customers, regulators, employees and the Group's assets.

In addition, the Board also received assurance from the Group Chief Executive Officer, Chief Financial Officer of the Oil & Gas Division and Head, Finance, Industrial Services Division that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management model adopted by the Group.

RISK MANAGEMENT COMMITTEE

The RMC being the sub-committee of the Audit Committee was established by the Board towards ensuring a sound system of risk management and control framework is embedded into the culture, processes and structures of the Group. The RMC provides oversight on the effectiveness of the Group's policies and processes in identifying, evaluating and managing the Group's risks.

The RMC is headed by the Deputy Managing Director and made up of the Heads/CEOs of the Group's business divisions.

The principal responsibilities of the RMC includes:-

- Reviewing the Group Risk Management Policy and Framework, as and when necessary, for approval by the Audit Committee and the Board;
- Ensuring that the processes to identify, assess, treat, monitor and report on all material business risks are functioning as designed;
- Maintaining and reviewing both the group top risk and divisional/business unit risk profiles with the assistance from the group risk management every quarter;
- Providing guidance and direction to the Business Units on the adequacy and effectiveness of internal control system for the identification and mitigation of material business risks; and
- Establishing procedures for the identification of and compliance with relevant laws, licensing and regulatory requirements.

KEY ELEMENTS AND PROCESSES ON RISK MANAGEMENT AND INTERNAL CONTROLS

The key elements and processes that have been established in reviewing the adequacy and effectiveness of the risk management and internal control system include the following:-

Risk Management

The risk management framework, which is embedded in the management system of the Group, clearly defines the authority and accountability in implementing the risk management process and internal control system. The Management assists the Board in implementing the process of identifying, evaluating and managing significant risks applicable to their respective areas of business and in formulating suitable internal controls to mitigate and control these risks.

The Group has adopted a Risk Management Guideline, which is based on ISO 31000, the international guideline for managing risk, to ensure that risk management process is consistent across the Group. Risk owners across the business divisions of the Group define, highlight, report on and manage a variety of risks, including business and operational risks anticipated by them.

All business divisions or major departments across the group conducted risk assessments to identify the risks relating to their areas of supervision, analyzed the likelihood of these risks occurring, the impact if they do occur, evaluated the risk level, as well as determined the existing control and actions to be taken to manage these risks to an acceptable level. The risk profiles measures determined from this process are documented in risk registers with each business or operations area having its respective risk register. The overall process is facilitated by the Group Risk Management which is dedicated to this role.

The risk register is tabled to the Risk Management Committee every quarter. During the quarterly meeting, the significant risk of business units will be presented to the RMC for their deliberation. The Risk Management Committee reports to the Audit Committee on any significant changes in the business and external environment, which affect key risks.

Internal Audit Function

The Internal Audit Function reports directly to the Audit Committee (“AC”). All key internal audit staff are from accounting backgrounds and members of the Institute of Internal Auditors, Malaysia. To ensure that the internal audits are effectively performed, it recruits and employs suitably qualified staff with the requisite skills and experience. Such staffs are also given relevant training and development opportunities to update their technical knowledge and auditing skills. Key staff members of the IA Department also receive relevant technical training and attend seminars organised by the Institute of Internal Auditors and other professional bodies.

The responsibility of the Internal Audit Function is to evaluate the adequacy and effectiveness of risk management, control, governance processes, report on inadequacies and make recommendations for improvements. Follow-up reviews are undertaken on audit observations to ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action. The results and conclusions noted from these engagements are tabled at the Audit Committee Meetings for deliberation. The annual internal audit plan is reviewed and approved by the AC.

The Internal Audit Function is in conformance with the Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing, which are issued by The Institute of Internal Auditors.

OTHER KEY ELEMENT ON INTERNAL CONTROL SYSTEM

Internal control processes which are embedded for effective Group’s operations includes:-

- Clear organisational structure and financial authorisation limits are clearly defined;
- Group policies, including Principles of Business Conduct and Whistle Blowing Policy and Standard Operating Procedures to ensure compliance with internal controls, relevant laws and regulations;
- Annual business plans of all Business Units are reviewed and approved by the respective Divisional Executive Committee;
- Group budgets are reviewed and approved by the Board;
- Regular Executive Committee meetings at Business Units are held to review the operational and key performance indicators against the approved budget;
- Utilisation of contract tendering and evaluation process for large projects; and
- Weekly report on Group’s cash position is monitored by Group Treasury.

Periodic site visits to operating units are undertaken by the members of the Executive Committee and/or the members of the Board whenever deemed appropriate.

The Group's system of risk management and internal control applies principally to Wah Seong Corporation Berhad and its subsidiaries. Associate companies and joint ventures have been excluded because the Group does not have full management control and/or majority Board representation.

RISK MANAGEMENT FRAMEWORK

The RMC principally develops, executes and maintains the risk management system to ensure that the Group's corporate objectives and strategies are achieved within the acceptable risk appetite of the Group. Its reviews cover responses to significant risks identified including non-compliance with applicable laws, rules, regulations and guidelines, changes to internal controls and management information systems, and output from monitoring processes as well as continual review process of identified risks and effectiveness of mitigation strategies and controls.

REVIEW OF THIS STATEMENT

As required by Paragraph 15.23, Chapter 15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guides ("AAPG") 3 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 control systems of the Group.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are responsible for ensuring that the annual audited financial statements of the Group and the Company are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Malaysian Companies Act, 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are also responsible for ensuring that the annual audited financial statements of the Group and the Company are prepared with reasonable accuracy from the accounting records of the Group and the Company so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2018, and of the results of their operations and cash flows for the financial year ended on that date.

In preparing the annual audited financial statements, the Directors have applied the appropriate and relevant accounting policies on a consistent basis; made judgements and estimates that are reasonable and prudent; and prepared the annual audited financial statements on a going concern basis.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

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

The principal activities of the Group consist of specialised pipe coating and corrosion protection services; Engineering, Procurement and Construction ("EPC") of gas compressors and process equipment; renewable energy and infrastructure materials and services.

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit/(loss) for the financial year attributable to:		
- Owners of the Company	64,797	(312)
- Non-controlling interests	(4,935)	-
Net profit/(loss) for the financial year	59,862	(312)

DIVIDENDS

No dividends are paid or declared since the end of the previous financial year.

The Directors do not recommend the payment of any dividend in respect of the financial year ended 31 December 2018 and 31 December 2017.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any shares and debentures during the financial year.

TREASURY SHARES

During the financial year, the Company purchased 2,329,600 ordinary shares of its total issued share capital from the open market on Bursa Malaysia Securities Berhad ("Bursa Malaysia") for RM2,447,883. The average price paid for the ordinary shares purchased during the financial year was approximately RM1.05 per share.

As at 31 December 2018, the total number of treasury shares held by the Company was 4,426,938 shares.

Details of the treasury shares are set out in Note 27 to the financial statements.

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Dato' Seri Robert Tan Chung Meng
Chan Cheu Leong
Giancarlo Maccagno
Halim Bin Haji Din
Professor Tan Sri Lin See Yan
Tan Jian Hong, Aaron
Tan Sri Saw Choo Boon (Appointed on 6 April 2018)

The names of Directors of subsidiaries are set out in the respective subsidiaries' statutory accounts and the said information is deemed incorporated herein by such reference and made part thereof.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries during the financial year except as follows:

	Number of ordinary shares			
	As at 1.1.2018	Acquired	Disposed	As at 31.12.2018
The Company				
Dato' Seri Robert Tan Chung Meng				
- direct interest	**11,601,308**	**160,000**	**-**	**11,761,308**
- deemed interest#	**310,511,267**	**-**	**-**	**310,511,267**
Chan Cheu Leong				
- direct interest	**19,990,651**	**210,000**	**-**	**20,200,651**
- deemed interest*	**40,632,627**	**447,700**	**-**	**41,080,327**
Giancarlo Maccagno				
- direct interest	**16,537,177**	**143,100**	**-**	**16,680,277**

By virtue of his interests of more than 20% in the shares of the Company, Dato' Seri Robert Tan Chung Meng is deemed to be interested in the shares of all the subsidiaries to the extent that the Company has an interest.

Deemed interest held through Wah Seong Enterprises Sdn. Bhd., Wah Seong (Malaya) Trading Co. Sdn. Bhd. and Tan Kim Yeow Sendirian Berhad pursuant to Section 8 of the Companies Act, 2016 ("the Act").

* Deemed interest held through Midvest Asia Sdn. Bhd. pursuant to Section 8 of the Act and includes interests of his spouse and children.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the benefits shown under Directors' Remuneration in Note 42 and related party transaction in Note 40) by reason of a contract made by the Company or by a related corporation with the 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.

Neither during nor at the end of the financial year was the Company or any of its subsidiaries a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 42 to the financial statements.

INDEMNITY GIVEN TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and officer of the Group and the Company was RM153,880.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were prepared, 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 in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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

    (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent; or

    (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

    (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) At the date of this report, there does not exist:

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

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

(d) No contingent or other liability of any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company and its subsidiaries to meet their obligations as and when they fall due.

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

(f) In the opinion of the Directors:

    (i) 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; and

    (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SUBSIDIARIES

Details of subsidiaries are set out in Note 7 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 34 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 3 April 2019. Signed on behalf of the Board of Directors:

CHAN CHEU LEONG
DIRECTOR

HALIM BIN HAJI DIN
DIRECTOR

Kuala Lumpur

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, Chan Cheu Leong and Halim Bin Haji Din, two of the Directors of Wah Seong Corporation Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 79 to 175 are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2018 and financial performance of the Group and the Company for the financial year ended 31 December 2018 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 3 April 2019.

CHAN CHEU LEONG
DIRECTOR

HALIM BIN HAJI DIN
DIRECTOR

Kuala Lumpur

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT, 2016

I, Ramanathan A/L P.R. Singaram, the officer primarily responsible for the financial management of Wah Seong Corporation Berhad, do solemnly and sincerely declare that, the financial statements set out on pages 79 to 175 are, to the best of my knowledge and belief, 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.

RAMANATHAN A/L P.R. SINGARAM
CA16937

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 3 April 2019.

Before me:

S. ARULSAMY (W.490)
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF WAH SEONG CORPORATION BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

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

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss, statements of other comprehensive income, statement of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 79 to 175.

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 opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and the Company. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matters</th></tr>
<tr><td>Impairment assessment for goodwill of CGU A and CGU B

Refer to Note 13 'Goodwill and Other Intangible Assets' and Note 3(a) 'Critical Accounting Estimates and Judgements'.

As at 31 December 2018, the Group's goodwill totalled RM145.2 million which is allocated to the following cash generating units ("CGU"):

• Specialised Pipe Coating and Corrosion Protection Services (CGU A); and
• EPC, Fabrication and Rental of Gas Compressors and Process Equipment (CGU B).

We focused on this area due to the size of the goodwill and because the recoverable amounts of the CGUs are determined based on value in use ("VIU") calculations which involve estimates about the future cash flows generated and the appropriate discount and growth rates applied.

The key assumptions used in VIU calculations are disclosed in Note 13 to the financial statements.</td><td>We performed the following audit procedures to evaluate management's methodology and assumptions used in the VIU for each CGU:

• Compared forecasted revenues to approved budgets, past performance, current order book and potential contracts;
• Compared revenue and terminal growth rates to historical track records and external market trends;
• Compared costs to approved budget and historical performance; and
• We involved PwC valuation specialists to evaluate the appropriateness of the methodology and the discount rates used for CGU A and CGU B. This involved consideration of inputs from comparable industries and peer companies, adjusted for business risk and marketability.

We also considered the adequacy of the disclosures made in the financial statements on key assumptions and the sensitivity analysis for the respective CGUs. We considered the sensitivity of the recoverable amount of CGU A and B by varying the key assumptions within reasonably possible ranges.</td></tr>
<tr><td>Impairment assessment on investments in associates and joint ventures

Refer to Note 8 'Investment in Associates', Note 9 'Investment in Joint Ventures' and Note 3(b) 'Critical Accounting Estimates and Judgements'.

As at 31 December 2018, the Group holds investments in Petra Energy Berhad ("PEB") and Alam-PE Holdings (L) Inc. ("Alam-PE") which are accounted for as an associate and joint venture respectively. PEB and Alam-PE are primarily operating in the offshore oil and gas market.

Management assessed the carrying amounts of the investments for impairment in view of the decreased activities in the offshore oil and gas market and lower market value in PEB.

We focused on this area due to the size of the investments totalling RM186.4 million and because the recoverable amounts of the investments are determined based on VIU calculations which involve estimates about the future cash flows generated and the appropriate discount and growth rates applied.

The key assumptions used in VIU calculations are disclosed in Notes 8 and 9 to the financial statements.</td><td>We performed the following audit procedures to evaluate management's methodology and assumptions used in the VIU for each investment:

• Compared forecasted revenues to approved budgets, past performance, current order book and potential contracts;
• Compared revenue and terminal growth rates to historical track records and external market trends;
• Compared costs to approved budget and historical performance; and
• We involved PwC valuation specialists to evaluate the appropriateness of the methodology and discount rates used for PEB and Alam-PE. This involved independently assessing the cost of equity using comparable companies in the same territories.

We also considered the adequacy of the disclosures made in the financial statements on key assumptions and the sensitivity analysis for the respective investments. We considered the sensitivity of the recoverable amounts of PEB and Alam-PE by varying the key assumptions within reasonably possible ranges.</td></tr>
</table>

There are no key audit matters in relation to the financial statements of the Company.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 of Corporate Information, Sustainability Statement, Management Discussion & Analysis, Audit Committee report, Remuneration Committee report, Nomination Committee report, Corporate Governance Overview Statement, Additional Compliance Information, Statement on Risk Management and Internal Control, Statement of Directors' Responsibilities, and Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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, 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.

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

(a) 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.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

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

(e) 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.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 of the financial statements.

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

GAN WEE FONG
03253/01/2021J
Chartered Accountant

Kuala Lumpur
3 April 2019

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	4	**831,587**	965,096	**1,890**	4,040
Prepaid lease payments	5	**89,256**	90,584	**-**	-
Investment properties	6	**16,621**	9,340	**23,065**	21,287
Investment in subsidiaries	7	**-**	-	**763,597**	722,201
Investment in associates	8	**182,029**	185,223	**-**	-
Investment in joint ventures	9	**126,368**	146,446	**-**	-
Finance lease receivables	10	**18,042**	-	**-**	-
Investment in equity instruments	11	**6**	-	**-**	-
Available-for-sale financial assets	11	**-**	10	**-**	-
Goodwill and other intangible assets	13	**145,404**	143,390	**-**	-
Deferred tax assets	14	**43,344**	41,724	**2,423**	2,062
		1,452,657	1,581,813	**790,975**	749,590
CURRENT ASSETS					
Inventories	15	**324,666**	290,159	**-**	-
Contract assets	16	**95,869**	-	**-**	-
Amounts due from customers on contracts	17	**-**	52,467	**-**	-
Trade and other receivables	18	**560,707**	843,136	**12,989**	14,418
Amounts owing by subsidiaries	19(a)	**-**	-	**163,851**	149,871
Amounts owing by associates	20(a)	**11,617**	12,722	**20**	13
Amounts owing by joint ventures	21(a)	**55,471**	55,417	**-**	23
Finance lease receivables	10	**14,380**	-	**-**	-
Tax recoverable		**15,479**	15,418	**303**	-
Derivative financial assets	12	**146**	94	**-**	-
Time deposits	22	**76,373**	111,396	**9,109**	20,972
Cash and bank balances	23	**156,363**	189,612	**854**	2,221
		1,311,071	1,570,421	**187,126**	187,518
Assets classified as held for sale	24	**2,207**	18,143	**-**	-
TOTAL ASSETS		**2,765,935**	3,170,377	**978,101**	937,108

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	25	**547,690**	547,690	**547,690**	547,690
Treasury shares	27	**(4,779)**	(2,331)	**(4,779)**	(2,331)
Exchange translation reserves		**(4,679)**	(6,220)	**-**	-
Available-for-sale reserve		**-**	6	**-**	-
Retained profits		**417,494**	355,016	**244,124**	244,436
		955,726	894,161	**787,035**	789,795
Non-controlling interests		**81,118**	96,211	**-**	-
TOTAL EQUITY		**1,036,844**	990,372	**787,035**	789,795
NON-CURRENT AND DEFERRED LIABILITIES					
Loans and borrowings	28	**129,410**	201,669	**-**	-
Deferred tax liabilities	14	**13,804**	13,128	**-**	-
Trade and other payables	29	**6,294**	491,929	**-**	-
		149,508	706,726	**-**	-
CURRENT LIABILITIES					
Contract liabilities	16	**52,792**	-	**-**	-
Amounts due to customers on contracts	17	**-**	31,759	**-**	-
Trade and other payables	29	**726,350**	618,000	**14,258**	11,603
Provision for warranties	30	**8,895**	6,929	**-**	-
Amounts owing to subsidiaries	19(b)	**-**	-	**6,797**	1,291
Amounts owing to associates	20(b)	**-**	175	**-**	-
Amounts owing to joint ventures	21(b)	**3,959**	3,314	**-**	-
Loans and borrowings	28	**718,215**	774,854	**170,011**	134,167
Dividend payable		**14,004**	13,685	**-**	-
Current tax liabilities		**55,368**	24,563	**-**	252
		1,579,583	1,473,279	**191,066**	147,313
TOTAL LIABILITIES		**1,729,091**	2,180,005	**191,066**	147,313
TOTAL EQUITY AND LIABILITIES		**2,765,935**	3,170,377	**978,101**	937,108

STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Gross revenue	31	**2,961,131**	2,492,100	**18,634**	25,394
Cost of sales	32	**(2,625,280)**	(2,182,428)	**-**	-
Gross profit		**335,851**	309,672	**18,634**	25,394
Other operating income		**57,952**	169,021	**3,760**	18,456
Selling and distribution expenses		**(27,314)**	(28,012)	**-**	-
Administrative and general expenses		**(202,215)**	(290,706)	**(15,368)**	(13,406)
Other gains/(losses) - net	33	**44**	(487)	**-**	-
Profit from operations	34	**164,318**	159,488	**7,026**	30,444
Finance costs	35	**(38,940)**	(41,897)	**(6,489)**	(7,427)
Share of results of associates		**1,170**	(4,863)	**-**	-
Share of results of joint ventures		**(19,460)**	9,877	**-**	-
Profit before tax		**107,088**	122,605	**537**	23,017
Tax expense	36	**(47,226)**	(7,962)	**(849)**	(2,101)
Net profit/(loss) for the financial year		**59,862**	114,643	**(312)**	20,916
Net profit/(loss) for the financial year attributable to:					
Owners of the Company		**64,797**	113,021	**(312)**	20,916
Non-controlling interests		**(4,935)**	1,622	**-**	-
Net profit/(loss) for the financial year		**59,862**	114,643	**(312)**	20,916
Earnings per share computed based on the net profit for the financial year attributable to the owners of the Company:					
- basic and diluted (sen)	37	**8.39**	14.63		

STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Net profit/(loss) for the financial year		**59,862**	114,643	**(312)**	20,916
Other comprehensive expenses:					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation differences for foreign operations		**1,412**	472	**-**	-
Share of other comprehensive income/(loss) of an associate, net of tax		**696**	(2,117)	**-**	-
Other comprehensive income/(expense) for the financial year, net of tax		**2,108**	(1,645)	**-**	-
Total comprehensive income/(expense) for the financial year		**61,970**	112,998	**(312)**	20,916
Total comprehensive income/(expense) for the financial year attributable to:					
Owners of the Company		**66,338**	110,161	**(312)**	20,916
Non-controlling interests		**(4,368)**	2,837	**-**	-
Total comprehensive income/(expense) for the financial year		**61,970**	112,998	**(312)**	20,916

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Attributable to owners of the Company								
		Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Exchange translation reserves RM'000	Available-for-sale reserve RM'000	Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2018										
- as previously stated		547,690	-	(2,331)	(6,220)	6	355,016	894,161	96,211	990,372
- effects of adoption of MFRS 9		-	-	-	-	(6)	(2,319)	(2,325)	-	(2,325)
- as restated		547,690	-	(2,331)	(6,220)	-	352,697	891,836	96,211	988,047
Net profit/(loss) for the financial year		-	-	-	-	-	64,797	64,797	(4,935)	59,862
Other comprehensive income for the financial year		-	-	-	1,541	-	-	1,541	567	2,108
Total comprehensive income/(expense) for the financial year		-	-	-	1,541	-	64,797	66,338	(4,368)	61,970
Transactions with owners:										
Shares repurchased (including transaction costs)	27	-	-	(2,448)	-	-	-	(2,448)	-	(2,448)
Dividend paid/payable to non-controlling interests		-	-	-	-	-	-	-	(10,725)	(10,725)
Total contributions by and distributions to owners		-	-	(2,448)	-	-	-	(2,448)	(10,725)	(13,173)
Total transactions with owners		-	-	(2,448)	-	-	-	(2,448)	(10,725)	(13,173)
At 31 December 2018		547,690	-	(4,779)	(4,679)	-	417,494	955,726	81,118	1,036,844

		Attributable to owners of the Company								
	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Exchange translation reserves RM'000	Available-for-sale reserve RM'000	Retained profits RM'000	Total RM'000	Non controlling interests RM'000	Total equity RM'000
At 1 January 2017		387,444	160,246	(2,331)	(11,469)	6	241,995	775,891	91,913	867,804
Net profit for the financial year		-	-	-	-	-	113,021	113,021	1,622	114,643
Other comprehensive (expense)/income for the financial year		-	-	-	(2,860)	-	-	(2,860)	1,215	(1,645)
Total comprehensive (expense)/income for the financial year		-	-	-	(2,860)	-	113,021	110,161	2,837	112,998
Transactions with owners:										
Transition to no-par value regime on 31 January 2017	25, 26	160,246	(160,246)	-	-	-	-	-	-	-
Total contributions by and distributions to owners		160,246	(160,246)	-	-	-	-	-	-	-
Acquisition of shares in existing subsidiary from non-controlling interest		-	-	-	-	-	-	-	400	400
Disposal of a subsidiary		-	-	-	6,895	-	-	6,895	-	6,895
Liquidation of a joint venture		-	-	-	1,214	-	-	1,214	1,061	2,275
Total changes in ownership interest in subsidiaries that did not result in a loss of control		-	-	-	8,109	-	-	8,109	1,461	9,570
Total transactions with owners		160,246	(160,246)	-	8,109	-	-	8,109	1,461	9,570
At 31 December 2017		547,690	-	(2,331)	(6,220)	6	355,016	894,161	96,211	990,372

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Retained profits RM'000	Total equity RM'000
At 1 January 2018		**547,690**	**-**	**(2,331)**	**244,436**	**789,795**
Total comprehensive expense for the financial year		**-**	**-**	**-**	**(312)**	**(312)**
Transactions with owners:						
Shares repurchased (including transaction costs)	27	**-**	**-**	**(2,448)**	**-**	**(2,448)**
Total contributions by and distributions to owners		**-**	**-**	**(2,448)**	**-**	**(2,448)**
At 31 December 2018		**547,690**	**-**	**(4,779)**	**244,124**	**787,035**
At 1 January 2017		387,444	160,246	(2,331)	223,520	768,879
Total comprehensive income for the financial year		-	-	-	20,916	20,916
Transactions with owners:						
Transition to no-par value regime on 31 January 2017	25, 26	160,246	(160,246)	-	-	-
Total contributions by and distributions to owners		160,246	(160,246)	-	-	-
At 31 December 2017		547,690	-	(2,331)	244,436	789,795

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		**107,088**	122,605	**537**	23,017
Adjustments for:					
Property, plant and equipment:					
- Depreciation charge		**188,091**	144,713	**100**	237
- Impairment charge		**48**	72,842	**-**	-
- Reversal of impairment charge		**(4,904)**	-	**-**	-
- Written off		**839**	239	**80**	-
- Net gain on disposal		**(5,418)**	(36,006)	**(4)**	(98)
Prepaid lease payments:					
- Amortisation charge		**1,328**	1,509	**-**	-
- Gain on disposal		**-**	(64,071)	**-**	-
Depreciation of investment properties		**346**	236	**273**	236
Inventories:					
- Allowance for obsolescence		**880**	6,207	**-**	-
- Write back of allowance for obsolescence		**(727)**	(840)	**-**	-
- Written off		**1,862**	30	**-**	-
Impairment loss on investment in an associate		**-**	271	**-**	-
Share of results of associates		**(1,170)**	4,863	**-**	-
Share of results of joint ventures		**19,460**	(9,877)	**-**	-
Loss/(Gain) on disposal of a subsidiary		**-**	8,363	**-**	(12,235)
Gain on disposal of:					
- non-current asset held for sale		**(4,534)**	-	**-**	-
- an associate		**(207)**	-	**-**	-
Net impairment on trade and other receivables		**3,421**	767	**209**	-
Net provision for/(write back of) warranties		**1,880**	(2,079)	**-**	-
Net unrealised loss/(gain) on foreign exchange		**306**	4,356	**(2,338)**	(4,276)
Dividend income		**-**	-	**(9,094)**	(10,863)
Interest income		**(6,687)**	(7,660)	**(8,839)**	(11,319)
Interest expense		**38,940**	41,897	**6,489**	7,427
Fair value (gain)/loss on:					
- derivative financial instruments	33	**(48)**	487	**-**	-
- investment in equity instruments	33	**4**	-	**-**	-
		340,798	288,852	**(12,587)**	(7,874)
Changes in working capital:					
Inventories		**(4,281)**	(49,553)	**-**	-
Receivables		**(8,236)**	(70,160)	**(38,166)**	(50,065)
Payables		**(85,143)**	221,818	**8,050**	(68)
Cash generated from/(used in) operations		**243,138**	390,957	**(42,703)**	(58,007)
Interest received		**6,687**	7,660	**8,839**	11,319
Interest paid		**(38,940)**	(41,897)	**(6,489)**	(7,427)
Tax paid		**(13,994)**	(19,199)	**(1,654)**	(1,757)
Net cash generated from/(used in) operating activities		**196,891**	337,521	**(42,007)**	(55,872)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		**(98,207)**	(477,999)	**(81)**	(27)
Purchase of other intangible assets		**(11)**	(25)	**-**	-
Purchase of investment properties		**(7,216)**	(30)	**-**	-
Additional investment in an associate		**-**	(9,433)	**-**	-
Proceeds from disposal of property, plant and equipment*		**65,433**	8,074	**4**	124
Proceeds from disposal of:					
- prepaid lease payments*		**87,110**	5,790	**-**	-
- non-current asset held for sale		**46,286**	-	**-**	-
- an associate		**440**	-	**-**	-
Net proceeds from deposits and short term investment		**56,421**	12,970	**18,253**	10,978
Net cash outflow from disposal of a subsidiary		**-**	(5)	**-**	-
Dividends received from:					
- subsidiaries		**-**	-	**9,094**	10,863
- a joint venture		**4,312**	3,450	**-**	-
- an associate		**257**	4,228	**-**	-
Net advance (to)/from subsidiaries		**-**	-	**(132,820)**	(66,022)
Net repayment from subsidiaries		**-**	-	**120,107**	151,565
Net repayment from joint ventures		**1,545**	16,852	**-**	-
Net (advances to)/repayment from associates		**(793)**	448	**-**	-
Net cash generated from/(used in) investing activities		**155,577**	(435,680)	**14,557**	107,481
CASH FLOWS FROM FINANCING ACTIVITIES					
Purchase of treasury shares	27	**(2,448)**	-	**(2,448)**	-
Drawdown from term loans		**124,217**	3,406	**-**	-
Repayments of term loans		**(110,677)**	(117,422)	**-**	-
Drawdown of fixed rate notes		**2,071**	-	**-**	-
Repayments of fixed rate notes		**(23,083)**	-	**-**	-
Drawdown from other bank borrowings		**1,271,640**	1,515,173	**831,887**	1,037,998
Repayments of other bank borrowings		**(1,399,674)**	(1,568,759)	**(796,966)**	(1,111,659)
Proceeds received from non-controlling interests on issuance of shares by subsidiaries		**-**	400	**-**	-
Dividends paid to non-controlling interests		**(10,178)**	-	**-**	-
(Utilisation)/Advances from customer		**(213,937)**	265,886	**-**	-
Net cash (used in)/generated from financing activities		**(362,069)**	98,684	**32,473**	(73,661)
NET CHANGES IN CASH AND CASH EQUIVALENTS		**(9,601)**	525	**5,023**	(22,052)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**227,110**	228,388	**4,331**	26,568
EFFECTS OF EXCHANGE RATE CHANGES		**(2,250)**	(1,803)	**-**	(185)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		**215,259**	227,110	**9,354**	4,331
Represented by:					
TIME DEPOSITS	22	**76,373**	111,396	**9,109**	20,972
CASH AND BANK BALANCES	23	**156,363**	189,612	**854**	2,221
		232,736	301,008	**9,963**	23,193
LESS:					
TIME DEPOSITS WITH MATURITY MORE THAN 3 MONTHS	22	**(16,868)**	(55,036)	**-**	-
SHORT TERM INVESTMENTS	22	**(609)**	(18,862)	**(609)**	(18,862)
CASH AND CASH EQUIVALENTS		**215,259**	227,110	**9,354**	4,331

* Proceeds from disposal of property, plant and equipment and prepaid lease payments amounting to RM55,890,000 and RM87,110,000 respectively received during the financial year relates to the disposal in prior financial year.

1 GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business are as follows:

Registered office and principal place of business:
Suite 19.01, Level 19
The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

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

The principal activities of the Group consist of specialised pipe coating and corrosion protection services; Engineering, Procurement and Construction ("EPC") of gas compressors and process equipment; renewable energy and infrastructure materials and services.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. Unless otherwise indicated, the amounts in these financial statements have been rounded to the nearest thousand.

These financial statements were authorised for issue by the Directors on 3 April 2019.

2 SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements.

2.1 Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of Companies Act, 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention unless otherwise indicated in this summary of significant accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures

(a) Standards, amendments to published standards and interpretations that are effective

The Group and the Company have applied the following amendments for the first time for the financial year beginning on 1 January 2018:

- MFRS 9 'Financial Instruments'

  The Group has applied MFRS 9 retrospectively with the date of initial application of 1 January 2018. In accordance with the transitional provisions provided in MFRS 9, comparative information for the financial year ended 31 December 2017 was not restated and continued to be reported under the previous accounting policies governed under MFRS 139. The cumulative effects of initially applying MFRS 9 were recognised as an adjustment to the opening balance of retained earnings as at 1 January 2018.

- MFRS 15 'Revenue from Contracts with Customers'

  The Group has applied MFRS 15 with the date of initial application of 1 January 2018 by using the modified retrospective transition method. Under the modified retrospective transition method, the Group applies the new policy retrospectively only to contracts that are not completed contracts at the date of initial application. Accordingly, the comparative information for the financial year ended 31 December 2017 was not restated and continued to be reported under the previous accounting policies governed under MFRS 118 and MFRS 111. There is no significant impact to the opening balance of retained earnings as at 1 January 2018.

- Amendments to MFRS 140 'Investment Property – Transfer of Investment Property'
- IC Interpretation 22 'Foreign Currency Transactions and Advance Consideration'

The adoption of the revised standards and amendments that are applicable from the financial year beginning on 1 January 2018 did not have any significant impact on the financial position and results of the Group and the Company, except as disclosed below.

Effects on adoption of MFRS 9 on financial statements

The measurement category and the carrying amount of financial assets and financial liabilities in accordance with MFRS 139 and MFRS 9 at 1 January 2018 are compared as follows:

Statements of financial position

	Measurement category		Carrying amount		
Group	**Original (MFRS 139) RM'000**	**New (MFRS 9) RM'000**	**Original (MFRS 139) RM'000**	**Reclass RM'000**	**New (MFRS 9) RM'000**
Non-current assets					
Available-for-sale financial assets	Available for sale	-	10	(10)	-
Investment in equity instruments	-	FVTPL	-	10	10

An investment in equity instruments are reclassified from available-for-sale to financial assets at fair value through profit or loss as they do not meet the MFRS 9 criteria for classification at amortised cost as their cash flows do not represent solely payments of principal and interest.

Related fair value gains of RM6,000 previously recognised in available-for-sale reserve are transferred to retained earnings on 1 January 2018.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures (continued)

(a) Standards, amendments to published standards and interpretations that are effective (continued)

Effects on adoption of MFRS 9 on financial statements (continued)

Statements of changes in equity

Impacts on the change in the accounting policies on the Group's retained earnings as at 1 January 2018 is as follows:

Group	Retained earnings RM'000	Available-for-sale reserve RM'000
As previously reported at 31 December 2017	355,016	6
Impacts of adoption of MFRS 9:		
Reclassification of investment in equity instruments from available-for-sale to fair value through profit or loss	6	(6)
Increase in loss allowance for trade receivables that do not contain significant financing components	(2,325)	-
Adjustment to retained earnings upon adoption of MFRS 9	(2,319)	(6)
As restated at 1 January 2018	352,697	-

Except as disclosed above, there is no other impact on the classification and measurement recognised in relation to the remaining financial assets and financial liabilities from the adoption of MFRS 9. See Note 45 on the measurement category for each class of financial assets and financial liabilities.

Effects on adoption of MFRS 15 on financial statements

Statements of financial position

There is no impact of MFRS 15 on the Group's and the Company's statement of financial position as at 1 January 2018.

Had the Group continue to apply the previous accounting policies in accordance with MFRS 111 and MFRS 118 on these transactions, the impact on each financial statement line items for the financial year ended 31 December 2018 would be as follows:

Group	Balances reported as at 31 December 2018 RM'000	Effects of adoption of MFRS 15 RM'000	Balances without adoption of MFRS 15 as at 31 December 2018 RM'000
Current assets			
Contract assets	95,869	(95,869)	-
Amount due from customers on contracts	-	71,251	71,251
Trade and other receivables	560,707	24,618	585,325
Current liabilities			
Contract liabilities	52,792	(52,792)	-
Amount due to customers on contracts	-	29,552	29,552
Trade and other payables	726,350	23,240	749,590

Statements of changes in equity

There is no significant impact to the Group's retained earnings as at 1 January 2018.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures (continued)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and Company but not yet effective

- MFRS 16 'Leases' (effective from 1 January 2019) supersedes MFRS 117 'Leases' and the related interpretations.

  Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

  MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

  The right-of-use asset is depreciated in accordance with the principle in MFRS 116 'Property, Plant and Equipment' and the lease liability is accreted over time with interest expense recognised in profit or loss.

  For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

- IC Interpretation 23 'Uncertainty over Income Tax Treatments' (effective 1 January 2019) provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

  If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty.

  IC Interpretation 23 will be applied retrospectively.

- Amendments to MFRS 128 'Long-term Interests in Associates and Joint Ventures' (effective from 1 January 2019) clarify that an entity should apply MFRS 9 'Financial Instruments' (including the impairment requirements) to long-term interests in an associate or joint venture, which are in substance form part of the entity's net investment, for which settlement is neither planned nor likely to occur in the foreseeable future.

  In addition, such long-term interest is subject to loss allocation and impairment requirements in MFRS 128.

  The amendments will be applied retrospectively.

- Annual Improvements to MFRSs 2015 – 2017 Cycle:

  (i) Amendments to MFRS 11 'Joint Arrangements' (effective from 1 January 2019) clarify that when a party obtains joint control of a business that is a joint operation, the party should not remeasure its previously held interest in the joint operation.

  (ii) Amendments to MFRS 112 'Income Taxes' (effective from 1 January 2019) clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in profit or loss, other comprehensive income or equity) depends on where the past transactions that generated distributable profits were recognised. Accordingly, the tax consequences are recognised in profit or loss when an entity determines payments on such instruments are distribution of profits (that is, dividends). Tax on dividend should not be recognised in equity merely on the basis that it is related to a distribution to owners.

  (iii) Amendments to MFRS 123 'Borrowing Costs' (effective from 1 January 2019) clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures (continued)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and Company but not yet effective (continued)

The Group and the Company have started a preliminary assessment on the effects of the above standards and amendments to published standards and the impact is still being assessed. However, the adoption of MFRS 16 is expected to have a material impact to the Group's financial statements as follows:

- Right-of-use assets will be recorded for assets that are leased by the Group. Lease liabilities will be recorded for future lease payments in the Group's consolidated statements of financial position for the "reasonably certain" period of the lease, which may include future lease periods for which the Group has extension options.

- Lease expenses in the Group's consolidated statements of profit or loss comprise of depreciation of right-of-use assets and interest on lease liabilities.

- In the Group's consolidated statements of cash flows, the repayment of principal portion of the lease payments from existing operating leases will be presented under financing activities. The interest payments will remain in net cash from operating activities.

- The Group will exercise the option of not applying the right-of-use approach to low value assets and short-term leases (maximum terms of 12 months). Rental expenses for these assets will therefore be recognised directly in the consolidated statements of profit or loss.

2.3 Subsidiaries

Subsidiaries are those corporations, partnerships or other entities (including special purpose entities) over which the Group has power to exercise control over variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Potential voting rights are considered when assessing control only when such rights are substantive.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy 2.14 on impairment of non-financial assets.

Subsidiaries acquired from other companies within Wah Seong Corporation Berhad Group as part of the restructuring scheme is accounted for under the "Predecessor Accounting" method as these were entities under common control. Under the predecessor method of accounting, the subsidiaries are consolidated as if the subsidiaries have always been part of Wah Seong Corporation Berhad Group. Assets and liabilities acquired are not restated to their respective fair values and are recognised as the carrying amounts. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities of the acquired entity is recognised as an adjustment to equity. No additional goodwill is recognised.

Other subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured as the fair value of the assets given, equity interests issued and liabilities incurred or assumed at the date of exchange. Acquisition-related costs are expensed to profit or loss as and when incurred. The cost of acquisition includes the fair value of any asset or liability resulting from a contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, measured initially at their fair values at the date of acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill in the statement of financial position – see accounting policy 2.11(a) on goodwill. If the cost of acquisition is less than the fair value of the Group's share of identifiable net assets of the subsidiary acquired, the difference is recognised directly in the profit or loss.

If a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured to its fair value on the date it becomes a subsidiary and the resulting gain or loss is recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Subsidiaries (continued)

All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Non-controlling interests represent that portion of the profit or loss, other comprehensive income and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Company. It is measured at the non-controlling's share of the fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition and the non-controlling's share of changes in the subsidiaries' equity since that date.

All earnings and losses of the subsidiary are attributed to the parent and non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance.

The gain or loss on disposal of a subsidiary, which is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal, including the cumulative amount of any exchange differences that relate to the subsidiary, is recognised in the consolidated profit or loss.

2.4 Transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. Effects of transactions with non-controlling interests are directly recognised in equity to the extent that there is no change in control. The difference between the fair value of any consideration paid/received and the carrying amount of the share of net assets acquired/sold are recorded in equity. Accordingly, such transactions will no longer result in goodwill or gains and losses upon disposal.

2.5 Associates

An associate is an entity in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over those policies.

Investment in associates is accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, investment in associates is initially recognised at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the associates.

The Group's share of the associate's post-acquisition profit or loss and other comprehensive income are recognised in the consolidated profit or loss and other comprehensive income respectively. The cumulative post-acquisition movements are adjusted against the carrying amounts of the investments. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment.

An investment in an associate is accounted for using the equity method from the date on which the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying value of the investment and is not tested for impairment separately.

Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the financial period in which the investment is acquired.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

Equity accounting is discontinued when the carrying amount of the investment in an associate diminishes by virtue of losses to zero, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Associates (continued)

For incremental interest in an associate, the date of acquisition is the purchase date at each stage and goodwill is calculated at each purchase date based on the fair value of assets and liabilities identified. There is no "step up to fair value" of net assets of the previously acquired stake and the share of profits and equity movements for the previously acquired stake is recorded directly through equity.

The Group determines at each reporting date whether there is any objective evidence that the investment in associates is impaired. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy 2.14 on impairment of non-financial assets.

On disposal, the difference between the net disposal proceeds and the net carrying amount of the associate disposed is taken to the profit or loss.

In the Company's separate financial statements, investment in associates is stated at cost less impairment loss.

2.6 Joint arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

The Group has interests in joint venture, which are accounted for in the consolidated financial statements using the equity method of accounting after initially being recognised as cost. Equity accounting involves recognising the Group's share of the post-acquisition profit or loss and other comprehensive income within consolidated profit or loss and other comprehensive income respectively. The cumulative post-acquisition movements are adjusted against the cost of investment and include goodwill on acquisition (net of accumulated impairment loss). Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any long term interests that, in substance, form part of the Group's net investment in the joint venture, the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The Group recognises the portions of gains or losses on the sale of assets by the Group to the joint venture that is attributable to other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of assets or an impairment loss.

The Group determines at each reporting date whether there is any objective evidence that the investment in joint ventures is impaired. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy 2.14 on impairment of non-financial assets.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of joint ventures to ensure consistency of accounting policies with those of the Group.

On disposal, the difference between the net disposal proceeds and the carrying amount of the joint venture disposed is included in the profit or loss.

In the Company's separate financial statements, investment in joint ventures is stated at cost less accumulated impairment loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment

(a) Measurement basis

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment initially recognised includes purchase price, import duties, non-refundable purchase taxes and any expenditure that is directly attributable to the acquisition of the assets.

Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. See accounting policy 2.24 on borrowing costs. Items such as spare parts are recognised when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the asset will flow to the Group and the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to the profit or loss during the financial year in which they are incurred.

At each reporting date, the Group and the Company assess whether there is any indication of impairment. Where an indication of impairment exists, the carrying value of the asset is assessed and written down immediately to its recoverable amount. See accounting policy 2.14 on impairment of non-financial assets.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their use. Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the profit or loss in the financial year the asset is derecognised.

(b) Depreciation

Freehold land is not depreciated as it has an indefinite life. Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

Depreciation is calculated to write off the depreciable amount of other property, plant and equipment on a straight line basis over their estimated useful lives. The depreciable amount is determined after deducting residual value from cost. The estimated useful lives of the property, plant and equipment are as follows:

Buildings	10 – 50 years
Plant, machinery, tools and equipment	2 – 25 years
Electrical installations, office equipment and furniture and fittings	4 – 10 years
Computer equipment	3 – 10 years
Motor vehicles	3 – 5 years
Renovation, yard development and store extension	2 – 50 years

Assets under construction included in plant and equipment are not depreciated as these assets are yet to be available for use.

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

Accounting as lessee

(a) Finance leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the lower of the fair value of the leased assets and the estimated present value of the minimum lease payments at the date of inception. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the lease principal outstanding. The interest element of the finance charge is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Contingent rent, if any, are charged as expenses in the periods which they are incurred.

Property, plant and equipment acquired under finance lease contracts are depreciated over the shorter of the lease term and its useful life if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease expense.

(b) Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit or loss on a straight line basis over the lease period.

Accounting as lessor

(a) Finance leases

The Group leases its compressors under finance leases to non-related party.

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return.

(b) Operating leases

The Group leases its investment properties under operating leases to non-related parties.

Leases of investment properties, where the Group retains substantially all risks and rewards incidental to ownership, are classified as operating leases. Rental income from operating leases is recognised in profit or loss on a straight line basis over the lease term. Contingent rents are recognised as revenue in the period in which they are earned.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Prepaid lease payments

Leasehold land that has a definite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as operating lease. Prepaid lease payments are carried at cost or surrogate carrying amount and are amortised on a straight line basis over the lease terms in accordance with the pattern of benefits provided.

At each reporting date, the Group assesses whether there is any indication of impairment. Where an indication of impairment exists, the carrying value of the prepaid lease asset is assessed and written down immediately to its recoverable amount. See accounting policy 2.14 on impairment of non-financial assets.

Leasehold land is amortised over the remaining period of the respective leases ranging from 62 to 97 years (2017: 63 to 98 years).

2.10 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both rather than for use in the production or supply of goods and services or for administrative purposes, or sale in the ordinary course of business.

(a) Measurement basis

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of investment properties includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repair and maintenance costs are charged to the profit or loss during the financial year in which they are incurred.

At each reporting date, the Group assesses whether there is any indication of impairment. Where an indication of impairment exists, the carrying value of the investment property is assessed and written down immediately to its recoverable amount. See accounting policy 2.14 on impairment of non-financial assets.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. Transfers from investment property to owner-occupied property are made at the carrying amount as at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment as set out in accounting policy 2.7 up to the date of change in use.

(b) Depreciation

Freehold land is not depreciated. Freehold and leasehold buildings are depreciated over the shorter of their estimated useful lives of 50 years or lease term.

Depreciation is calculated to write off the depreciable amount of other investment properties on a straight line basis over their estimated useful lives. Depreciation amount is determined after deducting the residual value from the cost of the investment properties.

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. See accounting policy 2.14 on impairment of non-financial assets. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing 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.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. See accounting policy 2.14 on impairment of non-financial assets. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

(a) Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries, joint ventures and associates over the fair value of the Group's share of the identifiable net assets at the date of acquisition.

Goodwill on acquisition of subsidiaries is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill on acquisition of subsidiaries is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose.

Goodwill on acquisitions of joint ventures and associates is included in the carrying amounts of investments in joint ventures and associates respectively. Such goodwill is tested for impairment as part of the overall balance.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed off, the goodwill associated with the operation disposed off is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured based on the relative fair values of the operations disposed off and the portion of the cash-generating unit retained.

(b) Intellectual property

Expenditure on acquired intellectual property is capitalised and amortised using the straight line method over their estimated useful life, not exceeding a period of 20 years.

(c) Trademarks

Separately acquired trademarks are shown at historical cost. Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Trademarks have an infinite useful life and are carried at cost less accumulated impairment.

(d) Technical know-how

Separately acquired technical know-how is shown at historical costs. Technical know-how acquired in a business combination is recognised at fair value at the acquisition date. Technical know-how has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of technical know-how over its estimated useful lives of 5 years.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first in, first out basis. In the case of finished goods and work in progress, cost comprises materials, direct labour, other direct charges and an appropriate proportion of factory overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to completion and selling expenses.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and exclude fixed deposits pledged to secure banking facilities.

2.14 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation or depreciation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.15 Provision for warranties

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

The Group recognises the estimated liability to repair or replace products when the underlying products or services are sold. The provision is calculated based on historical warranty data and specific circumstances related to products or services sold, after considering the various possible outcomes against their associated probabilities.

2.16 Share capital

(a) Issue of shares

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

(b) Dividend distribution

Dividend distribution to owners of the Company is debited directly to equity, net of any related income tax benefit and the corresponding liability is recognised in the period in which the dividends are approved.

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

(c) Treasury shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from equity attributable to owners of the Company. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to owners of the Company.

An amount equivalent to the original purchase cost of the treasury shares will be deducted from retained earnings upon the distribution of any treasury shares as share dividends.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Foreign currencies

(a) Functional and presentation currencies

The financial statements of each entity within the Group are measured using the currency of the primary economic environment in which the respective entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Transactions and balances

Transactions in foreign currencies are translated into the functional currency at the rate of exchange ruling at the dates of the transactions.

Monetary items denominated in foreign currencies at the reporting date are translated at the foreign currency exchange rates ruling at that date.

Non-monetary items which are measured in terms of historical costs denominated in foreign currencies are translated at the foreign currency exchange rates ruling at the date of the transaction.

Foreign exchange gains and losses arising on the settlement of monetary items and the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges.

When a gain or loss on a non-monetary item is recognised in the profit or loss, any corresponding exchange gain or loss is recognised in profit or loss. When a gain or loss on a non-monetary item is recognised directly in other comprehensive income, any corresponding exchange gain or loss is recognised directly in other comprehensive income.

(c) Translation of foreign operations

On consolidation, all assets and liabilities of foreign operations that have a functional currency other than Ringgit Malaysia, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the reporting date.

Income and expense items are translated at average exchange rates.

All exchange differences arising from the translation of the financial statements of foreign operations are taken to other comprehensive income. Upon disposal of a foreign operation, the exchange translation differences relating to those foreign operations that were recorded within other comprehensive income are recognised in the profit or loss as part of the gain or loss on disposal.

In the case of a partial disposal that does not result in the Group losing control over a foreign operation, the proportionate share of accumulated exchange differences based on effective equity interest are re-attributed to non-controlling interests and are not recognised in profit or loss.

2.18 Financial assets

<u>Accounting policies applied from 1 January 2018 (MFRS 9)</u>

(a) Classification

The Group and the Company classify its financial assets in the following measurement categories: at fair value through profit or loss and at amortised cost. The classification depends on the nature of the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group and the Company reclassify debt investments when and only when its business model for managing those assets changes.

(b) Recognition and initial measurement

Regular way purchases and sales of financial assets are recognised on the trade date. The trade date refers to the date on which the Group and the Company commit to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction cost that are directly attributable to the acquisition of the financial assets except for financial assets at fair value through profit or loss. Transaction costs for financial assets measured at fair value through profit or loss are recognised immediately as expenses within profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Financial assets (continued)

Accounting policies applied from 1 January 2018 (MFRS 9) (continued)

(c) Subsequent measurement

(i) Debt instruments at amortised cost

After initial recognition, financial assets that are held for collection of contractual cash flows where those cash flows represent solely payment of principal and interest are measured at amortised cost using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are recognised in profit or loss within 'cost of sales' or 'administrative and general expenses'.

(ii) Debt instruments at fair value through profit or loss

Subsequent to initial recognition, financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. Any gains or losses arising from changes in fair value are recognised in profit or loss within 'other gains/(losses) - net'. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss.

(iii) Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Where the Group's and the Company's management have elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's and the Company's right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognised in profit or loss within 'other gains/(losses) - net'.

(d) Impairment of financial assets

The Group and the Company assess on a forward looking basis the expected credit loss ("ECL") associated with the debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The financial assets of the Group and the Company that are subject to the ECL model are trade and other receivables, contract assets, lease receivables and loans to subsidiaries. While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the impairment loss is immaterial.

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Financial assets (continued)

Accounting policies applied from 1 January 2018 (MFRS 9) (continued)

(d) Impairment of financial assets (continued)

(i) General 3-stage approach for other receivables and loans to subsidiaries

At each reporting date, the Group and the Company measure ECL through loss allowance at an amount equal to 12 month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

The Group and the Company consider the probability of default upon initial recognition of financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the financial asset as at the reporting date with the risk of default as at the date of initial recognition. Available reasonable and supportable forward-looking information are also considered.

The Group and the Company define a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:
- when the counterparty fails to make contractual payment as they fall due
- the debtor is in breach of financial covenants
- concessions have been made by the lender relating to the debtor's financial difficulty
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent

Financial instruments that are credit-impaired are assessed on individual basis.

(ii) Simplified approach for trade receivables, contract assets and lease receivables

The Group and the Company apply the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables, contract assets and lease receivables. Individual assessment is made to these financial assets which are in default or credit-impaired.

(e) Write-off

Financial assets are written off when the Group and the Company have exhausted all practical recovery efforts and have concluded that there is no reasonable expectation of recovery. Indicator of no reasonable expectation of recovery include failure of a debtor to engage in a repayment plan with the Group and the Company. The Group and the Company may write-off financial assets that are still subject to enforcement activity.

Impairment losses are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(f) De-recognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Financial assets (continued)

Accounting policies applied until 31 December 2017 (MFRS 139)

(a) Classification

The Group and the Company classify its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. The classification of financial assets is determined at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either financial assets held for trading or those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated at fair value through profit or loss at inception, are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the reporting date. Otherwise, they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented within non-current assets unless management intends to dispose of the assets within 12 months after the reporting date.

Available-for-sale reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed or impaired.

(b) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised or derecognised on the trade date. Trade date refers to the date on which the Group and the Company commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses within profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Financial assets (continued)

Accounting policies applied until 31 December 2017 (MFRS 139) (continued)

(c) Subsequent measurement

(i) Financial assets at fair value through profit or loss

Subsequent to initial recognition, financial asset at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss within 'other gains/(losses) - net'. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss.

(ii) Loans and receivables

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) Available-for-sale financial assets

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of available-for-sale financial asset are recognised in other comprehensive income. When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised within other comprehensive income are included in profit or loss.

Interest on available-for-sale financial assets calculated using the effective interest method is recognised in profit or loss as other income. Dividends on available-for-sale financial assets are recognised in profit or loss when the Group's right to receive payment is established.

Investment in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

(d) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Financial assets (continued)

Accounting policies applied until 31 December 2017 (MFRS 139) (continued)

(d) Impairment of financial assets (continued)

(ii) Unquoted equity investments carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) Available-for-sale financial assets - equity investments

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been previously recognised in other comprehensive income, and there is evidence that the decline in fair value is due to an impairment loss, the cumulative loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Instead, any increase in fair value subsequent to impairment loss is recognised in other comprehensive income.

(e) De-recognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group or the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is transferred to profit or loss.

2.19 Financial liabilities

(a) Classification

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Liabilities in this category are classified within current liabilities if they are either held for trading or are expected to be settled within 12 months after the reporting date. Otherwise, they are classified as non-current.

(ii) Other financial liabilities

The Group and the Company's other financial liabilities include trade payables, other payables, intercompany payables, dividend payable and loans and borrowings. Loans and borrowings are classified as current liabilities unless the Group and the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Financial liabilities (continued)

(b) Recognition and de-recognition

A financial liability is recognised when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument.

A financial liability is derecognised when the obligation under the liability is extinguished. 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 a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(c) Initial and subsequent measurement

Derivative financial liabilities are initially measured at fair value and subsequently stated at fair value, with any resulting gains or losses recognised in profit or loss. Net gains or losses on the derivatives include exchange differences.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

2.20 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The legally enforceable rights must not be contingent on future events and must be enforceable in the normal cause of business and in the event of default, insolvency or bankruptcy.

2.21 Derivative financial instruments

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Gains or losses on derivatives that are not designated as a hedging instrument are recognised in profit or loss within ‘other gains/(losses) - net’. The Group currently does not hedge any of its derivative financial instruments.

2.22 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

The Company has issued corporate guarantees to banks for borrowings of certain subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Accounting policies applied from 1 January 2018

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, the liability is measured at the higher of the amount determined in accordance with the ECL model under MFRS 9 ‘Financial Instruments’ and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 ‘Revenue from Contracts with Customers’, where appropriate.

ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instruments less any amounts that the Company expects to receive from the holder, the debtor or any other party. See accounting policy 2.18(d) on impairment under ECL model.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Financial guarantee contracts (continued)

Accounting policies applied until 31 December 2017

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

The fair value of financial guarantee contracts is the estimated amount that would be payable to the holder for assuming the obligations.

2.23 Revenue recognition

Revenue is recognised when it is probable that economic benefits will flow to the Group and the Company and when they can be measured reliably. Revenue is measured at the fair value of consideration received or receivable.

Accounting policies applied from 1 January 2018 (MFRS 15)

(a) Revenue from contracts with customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

Contract asset is the right to consideration for goods or services transferred to the customers. Where the cumulative revenue earned exceed progress billings, the balance is presented as 'contract assets' within current assets.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer. Where progress billings exceed the cumulative revenue earned, the balance is presented as 'contract liabilities' within current liabilities.

Specific revenue recognition criteria for each of the Group's activities are as described below:

(i) Contract revenue

Contract revenue with customers include contracts relating to pipe coating, manufacturing of boilers and steam turbines as well as engineering and fabrication services.

These contracts may include multiple performance obligations as they are not highly integrated. Hence, the transaction price will be allocated to each performance obligation based on the standalone selling price.

Where the contracts are highly integrated, they are recognised as a single performance obligation. Revenue is recognised progressively based on the progress towards complete satisfaction of the performance obligation.

Revenue are recognised over time when control of the asset is transferred over time when the Group's performance:

- creates and enhances an asset that the customer controls as the services are being performed; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Revenue recognition (continued)

Accounting policies applied from 1 January 2018 (MFRS 15) (continued)

(a) Revenue from contracts with customers (continued)

(i) Contract revenue (continued)

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best reflect the Group's performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer (eg. surveys of performance completed to date); or
- the Group's efforts or inputs to the satisfaction of the performance obligation (eg. by reference to cost incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract)

(ii) Sales of goods

The Group manufactures and sells a range of pipes for industrial use. The Group is also involved in the business of selling building materials, construction equipment, and power generators.

Revenue from sales of goods are recognised at a point in time when control of the good is transferred to the customer upon delivery.

Accounting policies applied until 31 December 2017 (MFRS 111 and MFRS 118)

(a) Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date. The stage of completion of a construction contract is determined based on the proportion that the contract costs incurred for work performed to date bear to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from costs incurred to date when determining the stage of completion of a contract. Such costs are shown as amounts due from/(to) customers on construction contracts in the statement of financial position unless it is not probable that such contract costs are recoverable from the customers, in which case such costs are recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable.

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

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is only included in contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

At the reporting date, the cumulative costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as 'amount due from customers on contracts' within current assets. Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as 'amount due to customers on contracts' within current liabilities.

Progress billings not yet paid by customers and retentions by customers are included within 'trade and other receivables'.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Revenue recognition (continued)

Accounting policies applied until 31 December 2017 (MFRS 111 and MFRS 118) (continued)

(b) Sale of goods

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from other sources

(a) Rental income

Rental income is recognised on a time proportion basis over the lease term.

(b) Commission income

Commission income is recognised on an accrual basis when service is rendered.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

(d) Interest income

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective interest rate applicable.

(e) Management fee

Management fee is recognised on an accrual basis when service is rendered.

(f) Other services

Other services is recognised on an accrual basis when service is rendered.

2.24 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Capitalisation of borrowing costs is suspended or ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

All other borrowing costs are recognised in profit or loss using the effective interest method in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.25 Income taxes

(a) Current tax

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group and the Company operates and includes all taxes based upon the taxable profits after taking into consideration available tax incentives.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Income taxes (continued)

(b) Deferred tax

Deferred tax is recognised in full, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference, the deferred tax liability is not recognised.

Deferred tax assets on any unutilised portion of tax incentives are recognised to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentives can be utilised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in the profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

Deferred tax assets and liabilities are offset when the enterprise has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

2.26 Employee benefits

(a) Short term benefits

Salaries, wages, bonuses and social security contributions are recognised as an expense in the financial year in which the 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 entitlements to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur. Non-monetary benefits such as medical care, housing and other staff related expenses are charged to the profit or loss as and when incurred.

(b) Post-employment benefits

The Group has post-employment benefit schemes in accordance with local conditions and practices in the countries in which it operates. These post-employment benefit schemes are defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods.

As required by law, the Company and its subsidiaries in Malaysia make contributions to the Employees Provident Fund ("EPF") which is a defined contribution plan, whereas subsidiaries in other countries make their respective local contributions, if required by law.

Such contributions are recognised as an expense in the profit or loss in the financial year to which they relate.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group Chief Executive Officer has been identified as the chief operating decision-maker as he is responsible for allocating resources and assessing performance of the Group's operating segments.

2.28 Assets classified as held for sale

Assets classified as held for sale are classified as assets/liabilities held for sale of the carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. Property, plant and equipment, prepaid lease payments and intangible assets once classified as held for sale are not depreciated or amortised.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

2.29 Contingent liabilities

The Group and the Company does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

Contingent liability is not recognised on the statement of financial position of the Group, except for contingent liability assumed in a business combination that is a present obligation and which the fair values can be reliably determined.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Impairment of goodwill

The Group tests goodwill for impairment annually in accordance with the accounting policy in 2.11(a) and whenever events or changes in circumstances indicate that the goodwill may be impaired. For the purposes of assessing impairment, goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose. Judgement is required in the estimation of the present value of future cash flows generated by the cash-generating units or groups of cash-generating units. These discounted cash flow calculations use five-year projections that are based on financial forecast. Cash flow projections take into account past experience and represent management's best estimate about future developments. Cash flows after the planning period are extrapolated using terminal growth rates. Key assumptions on which management has based its determination of recoverable value include estimated revenue growth rates and weighted average cost of capital adjusted for specific risks associated with the cash-generating units. Changes in assumptions could affect the results of the Group's test for impairment of goodwill. Further details of the carrying amount and the key assumptions applied in the impairment assessment of goodwill are given in Note 13.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Impairment of non-financial assets

The Group assesses whether there is any indication that non-financial assets are impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows to be derived from that asset. Projected future cash flows are calculated based on historical sector and industry trends, general market and economic conditions, changes in technology and other available information. Changes to any of these assumptions would affect the amount of impairment. Details of the carrying amount and the key assumptions applied in the impairment assessment of investments in associates and joint ventures are given in Note 8 and Note 9. There is no significant impairment or reversal of impairment in respect of other non-financial assets during the financial year.

(c) Revenue recognised from customers on contracts

Revenue is recognised when or as the control of the asset is transferred to the customers and, depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time. If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress, based on the certified work-to-date.

Significant judgement is required in the estimation of the progress based on the estimation of budget cost, the extent of contract costs incurred and the recoverability of the construction contracts. The Group evaluates the estimates made using past experience.

4 PROPERTY, PLANT AND EQUIPMENT

Group	Note	Freehold land and buildings RM'000	Long term leasehold buildings RM'000	Short term leasehold buildings RM'000	Plant, machinery, tools and equipment RM'000	Electrical installations, computer and office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Renovation, yard development and store extension RM'000	Capital work in progress RM'000	Total RM'000
2018										
Cost										
At 1 January		117,676	202,054	103,615	1,370,760	97,089	55,304	70,742	31,954	2,049,194
Additions		4,333	903	-	78,516	1,287	1,149	318	11,701	98,207
Disposals		(1,040)	(6,897)	-	(49,753)	(218)	(1,232)	-	-	(59,140)
Write-offs		(15)	-	-	(18,097)	(364)	-	(127)	-	(18,603)
Reclassification		1,413	8,806	-	31,884	12,339	(39,025)	(2)	(15,415)	-
Transfer to investment properties	6	-	(702)	-	-	-	-	-	-	(702)
Transfer to inventories		-	-	-	(54,632)	-	-	-	-	(54,632)
Transfer to assets held for sale	24	-	-	-	(19,505)	(817)	-	-	-	(20,322)
Effect of exchange rate changes		-	4,785	1,843	(369)	613	(709)	(937)	(766)	4,460
At 31 December		122,367	208,949	105,458	1,338,804	109,929	15,487	69,994	27,474	1,998,462
Accumulated depreciation and impairment loss										
At 1 January		8,192	42,710	88,044	807,052	76,671	13,533	29,741	18,155	1,084,098
Depreciation charge for the financial year		1,154	9,952	2,266	135,432	7,458	1,302	30,527	-	188,091
Impairment charge for the financial year		-	-	-	48	-	-	-	-	48
Reversal of impairment charge for the financial year		-	-	-	(4,904)	-	-	-	-	(4,904)
Disposals		(11)	(6,243)	-	(47,080)	(195)	(988)	-	-	(54,517)
Write-offs		-	-	-	(17,359)	(321)	-	(84)	-	(17,764)
Reclassifications		-	2,707	-	(11,492)	9,512	(727)	-	-	-
Transfer to investment properties	6	-	(291)	-	-	-	-	-	-	(291)
Transfer to inventory		-	-	-	(20,905)	-	-	-	-	(20,905)
Transfer to assets held for sale	24	-	-	-	(17,497)	(618)	-	-	-	(18,115)
Effect of exchange rate changes		-	1,558	1,615	7,045	707	152	(267)	324	11,134
At 31 December		9,335	50,393	91,925	830,340	93,214	13,272	59,917	18,479	1,166,875
Carrying amount at 31 December		113,032	158,556	13,533	508,464	16,715	2,215	10,077	8,995	831,587

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Note	Freehold land and buildings RM'000	Long term leasehold buildings RM'000	Short term leasehold buildings RM'000	Plant, machinery, tools and equipment RM'000	Electrical installations, computer and office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Renovation, yard development and store extension RM'000	Capital work in progress RM'000	Total RM'000
2017										
Cost										
At 1 January		118,822	208,728	126,988	1,089,821	93,526	16,094	26,125	87,446	1,767,550
Additions		252	45,656	-	218,766	5,008	37,795	43,898	126,624	477,999
Disposals		(1,147)	(66,273)	-	(4,083)	(352)	(963)	(197)	(376)	(73,391)
Write-offs		-	-	-	(139)	(1,197)	(42)	(353)	-	(1,731)
Reclassification		-	18,003	(12,614)	169,176	5,149	-	-	(179,714)	-
Transfer from investment properties	6	-	2,997	-	-	-	-	-	-	2,997
Transfer to inventories		-	-	-	(7,198)	-	-	-	-	(7,198)
Transfer to assets held for sale	24	(173)	-	-	(27,046)	-	-	-	-	(27,219)
Effect of exchange rate changes		(78)	(7,057)	(10,759)	(68,537)	(5,045)	2,420	1,269	(2,026)	(89,813)
At 31 December		117,676	202,054	103,615	1,370,760	97,089	55,304	70,742	31,954	2,049,194
Accumulated depreciation and impairment loss										
At 1 January		7,306	66,368	102,950	708,150	73,501	12,468	15,148	-	985,891
Depreciation charge for the financial year		973	9,803	3,339	103,026	9,082	2,301	16,189	-	144,713
Impairment charge for the financial year		-	-	-	53,549	70	-	-	19,223	72,842
Disposals		(7)	(41,712)	-	(2,020)	(182)	(860)	(38)	-	(44,819)
Write-offs		-	-	-	(9)	(1,113)	(24)	(346)	-	(1,492)
Reclassifications		-	9,195	(9,195)	-	-	-	-	-	-
Transfer from investment properties	6	-	1,346	-	-	-	-	-	-	1,346
Transfer to inventory		-	-	-	(517)	-	-	-	-	(517)
Transfer to assets held for sale	24	(80)	-	-	(7,934)	-	-	-	-	(8,014)
Effect of exchange rate changes		-	(2,290)	(9,050)	(47,193)	(4,687)	(352)	(1,212)	(1,068)	(65,852)
At 31 December		8,192	42,710	88,044	807,052	76,671	13,533	29,741	18,155	1,084,098
Carrying amount at 31 December		109,484	159,344	15,571	563,708	20,418	41,771	41,001	13,799	965,096

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Note	Long term leasehold building RM'000	Computer and equipment RM'000	Renovations, office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
2018						
Cost						
At 1 January		**4,025**	**664**	**898**	**708**	**6,295**
Additions		**-**	**55**	**26**	**-**	**81**
Disposals		**-**	**-**	**(24)**	**-**	**(24)**
Write-offs		**-**	**(42)**	**(133)**	**-**	**(175)**
Transfer to investment properties	6	**(2,175)**	**-**	**-**	**-**	**(2,175)**
At 31 December		**1,850**	**677**	**767**	**708**	**4,002**
Accumulated depreciation						
At 1 January		**230**	**636**	**681**	**708**	**2,255**
Depreciation charge for the financial year		**20**	**35**	**45**	**-**	**100**
Disposals		**-**	**-**	**(24)**	**-**	**(24)**
Write-offs		**-**	**(42)**	**(53)**	**-**	**(95)**
Transfer to investment properties	6	**(124)**	**-**	**-**	**-**	**(124)**
At 31 December		**126**	**629**	**649**	**708**	**2,112**
Carrying amount at 31 December		**1,724**	**48**	**118**	**-**	**1,890**
2017						
Cost						
At 1 January		6,200	706	896	1,108	8,910
Additions		-	24	3	-	27
Disposals		-	-	-	(400)	(400)
Write-offs		-	(66)	(1)	-	(67)
Transfer to investment properties	6	(2,175)	-	-	-	(2,175)
At 31 December		4,025	664	898	708	6,295
Accumulated depreciation						
At 1 January		286	649	625	1,013	2,573
Depreciation charge for the financial year		58	53	57	69	237
Disposals		-	-	-	(374)	(374)
Write-offs		-	(66)	(1)	-	(67)
Transfer to investment properties	6	(114)	-	-	-	(114)
At 31 December		230	636	681	708	2,255
Carrying amount at 31 December		3,795	28	217	-	4,040

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment of specialised plant and equipment

For the financial year ended 31 December 2017, the market conditions for the oil and gas sector saw decreased demand which affected the utilisation of the Group's property, plant and equipment. Given this impairment indicator, management carried out an impairment assessment. Based on the recoverable amount which was estimated using value in use calculations, an impairment charge amounting to RM72,842,000 was made on certain specialised plant and equipment that were idle and were also not forecast to generate sufficient future economic benefits in the financial year ended 31 December 2017. The pre-tax discount rate used for the value in use calculations was 20.5%. Based on management's reassessment in 2018, there were no significant impairment for plant and equipment.

Assets pledged as security

The net book value of the Group's property, plant and equipment amounting to RM359,153,000 (2017: RM435,621,000) are pledged as security for the advances from customer (Note 29).

5 PREPAID LEASE PAYMENTS

	Group	
	2018	**2017**
	RM'000	**RM'000**
Unexpired period 50 years and above		
Cost		
At 1 January	**102,622**	136,103
Disposals	**-**	(33,481)
At 31 December	**102,622**	102,622
Accumulated amortisation		
At 1 January	**12,038**	15,181
Amortisation for the financial year	**1,328**	1,509
Disposals	**-**	(4,652)
At 31 December	**13,366**	12,038
Carrying amount at 31 December	**89,256**	90,584

The title deeds to certain leasehold land of the Group stated at a total carrying amount of approximately RM29,062,000 (2017: RM29,432,000) have yet to be issued by the relevant authorities.

6 INVESTMENT PROPERTIES

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Cost					
At 1 January		**11,560**	14,527	**22,575**	20,400
Additions		**7,216**	30	**-**	-
Transfer from/(to) property, plant and equipment	4	**702**	(2,997)	**2,175**	2,175
At 31 December		**19,478**	11,560	**24,750**	22,575
Accumulated depreciation and impairment loss					
At 1 January		**2,220**	3,330	**1,288**	938
Depreciation charge for the financial year		**346**	236	**273**	236
Transfer from/(to) property, plant and equipment	4	**291**	(1,346)	**124**	114
At 31 December		**2,857**	2,220	**1,685**	1,288
Carrying amount at 31 December		**16,621**	9,340	**23,065**	21,287
Fair value		**68,964**	45,853	**39,827**	41,977

Fair value of investment properties is categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2018				
Land	**-**	**-**	**40,008**	**40,008**
Buildings	**-**	**-**	**28,956**	**28,956**
	-	**-**	**68,964**	**68,964**
2017				
Land	-	-	12,166	12,166
Buildings	-	-	33,687	33,687
	-	-	45,853	45,853
Company				
2018				
Buildings	**-**	**-**	**39,827**	**39,827**
2017				
Buildings	-	-	41,977	41,977

6 INVESTMENT PROPERTIES (CONTINUED)

Fair value of investment properties is categorised as follows (continued):

Level 1 fair value is derived from quoted price in active markets for identical investment properties that the entity can access at the measurement date.

Level 2 fair value is estimated using inputs other than quoted price included within Level 1 that are observable for the investment properties, either directly or indirectly.

Level 3 fair value is estimated using unobservable inputs for the investment properties. The unobservable input relates to the price per square feet. The fair value of investment properties were estimated based on valuation by independent professionally qualified valuers using the comparison method.

During the financial year, the Group and the Company carried out a review and noted there was no significant change to the fair value of these properties.

7 INVESTMENT IN SUBSIDIARIES

	Company	
	2018	**2017**
	RM'000	**RM'000**
Unquoted shares, at cost	**858,730**	817,334
Accumulated impairment losses	**(127,526)**	(127,526)
	731,204	689,808
Advances to subsidiaries, deemed as net investment	**32,393**	32,393
	763,597	722,201

Advances to subsidiaries for long term working capital purposes represent an extension of capital to the subsidiaries and are such deemed to be net investment.

Details of subsidiaries are as follows:

		Group's effective interest			
		2018 %	**2017 %**	**Country of incorporation**	**Principal activities**
	Wasco Energy Ltd.	**100**	100	Bermuda	Investment holding
	Wasco Management Services Sdn. Bhd.	**100**	100	Malaysia	Provision of management support services
*	Wasco Capital Pte. Limited	**100**	100	Singapore	Investment and management of treasury activities
~	Wasco (Australia) Pty. Ltd.	**60**	60	Australia	Provision of construction services for the oil and gas industry
#	Wasco Coatings Limited	**100**	100	Hong Kong, SAR	Investment holding
*	Wasco Coatings UK Ltd.	**100**	100	England and Wales	Dormant
*	Wasco Management Services S.R.L.	**100**	100	Italy	Dormant
*	Wasco Coatings Singapore Pte. Ltd.	**100**	100	Singapore	Investment holding

7 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

	Group's effective interest 2018 %	Group's effective interest 2017 %	Country of incorporation	Principal activities
~ Turn Key Pipeline Services B.V.	**100**	100	The Netherlands	Provision of engineering design, construction, installation services and supply of equipment for pipe coating plant and facilities for the oil and gas industry
Wasco Coatings Services Sdn. Bhd.	**100**	100	Malaysia	Provision of pipe coating and related services to the oil and gas industry
~ Wasco Coatings Europe B.V.	**100**	100	The Netherlands	Provision of pipe coating and related services to the oil and gas industry
~ Wasco-PAP Services Ghana Limited	**70**	70	The Republic of Ghana	Provision of services for the oil and gas sectors
Wasco CPM Sdn. Bhd.	**51**[k]	-	Malaysia	Engineering, procurement and construction of onshore and near shore of hydrocarbon, water and slurry pipelines and associated facilities
# Wasco Coatings Germany GmbH	**100**	100	Germany	Provision of pipe coating and related services to the oil & gas industry
# Wasco Coatings Germany (Plant and Equipment) GmbH	**100**	100[g]	Germany	Provision of pipe coating and related services to the oil & gas industry and the leasing of land, building and coating equipment
# Wasco Coatings Finland Oy	**100**	100	Finland	Provision of pipe coating and related services to the oil & gas industry
# Wasco Coatings Finland (Plant and Equipment) Oy	**100**	100[f]	Finland	Provision of pipe coating and related services to the oil & gas industry and the leasing of land, building and coating equipment
# Wasco Coatings Norway AS	**100**	100	Norway	Provision of pipe coating and related services to the oil and gas industry
PPSC Industrial Holdings Sdn. Bhd.	**100**	100	Malaysia	Investment holding
Wasco Resources Sdn. Bhd.	**100**	100	Malaysia	Property investment holding
Wasco Coatings Malaysia Sdn. Bhd.	**70**	70	Malaysia	Coating of pipes for the oil and gas industry
Wasco Coatings Insulation Sdn. Bhd.	**70**	70	Malaysia	Coating of pipes for the oil and gas industry
# Wasco Coatings HK Limited	**100**	100	Hong Kong, SAR	Investment holding, construction of coating plants, marketing and provision of pipe coating and related services to the oil and gas industry
~ Wasco Energy De Mexico S.A.DE C.V.	**100**	100	Mexico	Provision of pipe coating services to the oil and gas industry

7 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

	Group's effective interest			
	2018 %	**2017 %**	**Country of incorporation**	**Principal activities**
~ Wasco Kanssen Limited	**100**	100	British Virgin Islands	Investment holding and provision of pipe coating services
* Jingzhou Wasco Kanssen Offshore Petroleum Engineering Co., Ltd.	**100**	100	People's Republic of China	Provision of pipe coating services
* Kanssen (Yadong) Coating Services (Jingzhou) Company Limited	**100**	100	People's Republic of China	Provision of pipe coating services
* PPSC China Limited	**100**	100	Hong Kong, SAR	Investment holding
Wasco Oil Technologies Sdn. Bhd.	**100**	100	Malaysia	Investment holding and provision of management services
Wasco Oilfield Services Sdn. Bhd.	**49**[ϖ]	49[ϖ]	Malaysia	Investment holding
Wasco Corrosion Services Sdn. Bhd.	**63**	63	Malaysia	Supply and installation of sacrificial anodes, provision of cathodic protection services and equipment, corrosion protection services, passive fire protection services, special paint coating services and provision of technical training services
Wasco Lindung Sdn. Bhd.	**48**[ϖ]	48[ϖ]	Malaysia	Manufacture, supply and installation of sacrificial anodes, provision of cathodic protection services and equipment, corrosion protection services, passive fire protection services, special paint coating services and provision of technical training services
* PT. MPE Deepwater	**-**[a]	-[a]	Indonesia	Dormant (In Member's Voluntary Liquidation)
Asiana Emas Sdn. Bhd.	**100**	100	Malaysia	Investment holding
Petro-Pipe (Sabah) Sdn. Bhd.	**60**	60	Malaysia	Manufacturing and sales of spiral welded pipes for the oil and gas industry
Wasco Engineering Group Limited	**100**	100	British Virgin Islands	Investment holding
# Wasco Engineering International Ltd.	**100**	100	British Virgin Islands	Leasing of compressors and power generators, designing, engineering and fabrication and sale of gas processing and compression systems and gas based power generators; and servicing and selling parts of oil and gas processing and compression systems

7 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

		Group's effective interest			
		2018 %	**2017 %**	**Country of incorporation**	**Principal activities**
*	PT Wasco Engineering International	**100**	100	Indonesia	Consulting services, rental, repair and maintenance of natural gas industry equipment
*	WS Engineering & Fabrication Pte. Ltd.	**100**	100	Singapore	Design, engineering and fabrication of oil and gas processing and compression systems and equipment
~	Wasco Engineering Australia Pty. Ltd.	**100**	100	Australia	Dormant
*	WS Engineering Equipment Pte. Ltd.	**100**	100	Singapore	Leasing of equipment and provision of operation and maintenance, and other related services to the oil and gas industry
~	Mackenzie Hydrocarbons (Australia) Pty. Ltd.	**100**	100	Australia	Provision of engineering consultancy and fabrication services
*	WS Engineering Technologies Pte. Ltd.	**92**	92	Singapore	Engineering and fabrication of oil and gas systems and equipment
#	PT. Wasco Engineering Indonesia	**87**	87	Indonesia	Provision of engineering, design, fabrication and construction services for oil and gas industry
	Wasco Engineering & Technology Inc.	**65**	65	British Virgin Islands	Dormant (In Member's Voluntary Winding Up)
*	Wasco E&P Services Limited	**100**	100	Hong Kong, SAR	Investment holding
*	WSN Investments Limited	**100**	100	Hong Kong, SAR	Dormant
*	Wasco China International Limited	**100**	100	Hong Kong, SAR	Investment holding
*	Ashburn Offshore Oil & Gas Equipment & Engineering (Tianjin) Co. Ltd.	**65**	65	People's Republic of China	Design and manufacturing of products to the oil and gas industry
*	Ashburn International Trade (Tianjin) Co. Ltd.	**65**	65	People's Republic of China	International trade, processing and assembling, storage of bonded goods and development of high technological products and consultancy services
	Jutasama Sdn. Bhd.	**100**	100	Malaysia	Contracting of industrial engineering projects
	Mackenzie Industries Sdn. Bhd.	**60**	60	Malaysia	Undertaking of steam boilers and energy system projects
	Jutasama Jaya Sdn. Bhd.	**100**	100	Malaysia	Dormant
	PMT Energy (Labuan) Ltd.	**100**	100	Federal Territory of Labuan, Malaysia	Investment holding

7 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

		Group's effective interest 2018 %	Group's effective interest 2017 %	Country of incorporation	Principal activities
	PMT Energy Sdn. Bhd.	**100**	100	Malaysia	Project management for biomass power plant
~	P.M.T.I. Energy (Cambodia) Co. Ltd.	**75**	75	Kingdom of Cambodia	Dormant
	PMT Industries Sdn. Bhd.	**100**	100	Malaysia	Manufacturing and supplying of spare parts, equipment and provision of maintenance services for palm oil and other agricultural industries
	PMT Industries (Labuan) Ltd.	**100**	100	Federal Territory of Labuan, Malaysia	Supply of equipment for palm oil and other agricultural industries
	PMT-Phoenix Industries Sdn. Bhd.	**-**[i]	-[i]	Malaysia	Dormant (In Member's Voluntary Winding Up)
	PMT-Dong Yuan Industries Sdn. Bhd.	**100**	100	Malaysia	Fabrication, assembly and supply of machinery and equipment to palm oil industry
*	PT. PMT Industri	**100**	100	Indonesia	Supply of spare parts, equipment, provision of maintenance services and engineering consultation for palm oil and other agricultural industries
	PMT Saito Sdn. Bhd.	**51**[l]	-	Malaysia	Manufacturing accessories and equipment under the brand of 'Saito', for disc bowl centrifuge for palm oil industry' manufacturing of decanters model SID550P and 580P for palm oil industry; and manufacturing and development of new products in any industry
	Petro-Pipe Industrial Corporation Sdn. Bhd.	**100**	100	Malaysia	Investment holding
	Petro-Pipe Industries (M) Sdn. Bhd.	**100**	100	Malaysia	Renting of machineries to its subsidiary
	PPI Industries Sdn. Bhd.	**100**	100	Malaysia	Manufacturing and sales of welded steel pipes and related products
	Syn Tai Hung Trading Sdn. Bhd.	**100**	100	Malaysia	Trading and distribution of building materials
	Syn Tai Hung Marketing Sdn. Bhd. (formerly known as STH Sri Bulatan Sdn. Bhd.)	**60**[o]	100	Malaysia	Dormant
	Stellar Marketing Sdn. Bhd.	**100**	100	Malaysia	Dormant
~	Syn Tai Hung (Cambodia) Co. Ltd	**80**	80	Kingdom of Cambodia	Trading and warehousing of building materials

7 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

		Group's effective interest			
		2018 %	**2017 %**	**Country of incorporation**	**Principal activities**
	Petro-Pipe Engineering Services Sdn. Bhd.	**100**	100	Malaysia	Trading and distribution parts and machineries and other ancillary materials and services
	WDG Resources Sdn. Bhd.	**60**	60	Malaysia	Manufacturing, fabrication, trading, distribution and service of industry machinery, equipment and parts
	Spirolite (M) Sendirian Berhad	**100**	100	Malaysia	Manufacturing and trading of spiral pipes, straight pipes, tubes, tanks and containers
	Spirolite Marketing Sdn. Bhd.	**100**[m]	100	Malaysia	Dormant (In Member's Voluntary Winding Up)
*	Spirolite (Myanmar) Company Limited	**100**	100	The Republic of the Union of Myanmar	Manufacturing and marketing of polyethylene pipes, fittings and tanks for related fluid conveyance products
	Syn Tai Hung Borneo Sdn. Bhd.	**70**	70	Malaysia	Trading and distribution of building materials
*	Wah Seong International Pte Limited	**100**	100	Hong Kong, SAR	Investment holding
~	WSIPL Australia Pty. Ltd.	**100**	100	Australia	Dormant
	Wah Seong Industrial Holdings Sdn. Bhd.	**100**	100	Malaysia	Investment and property holding and provision of management services
	Syn Tai Hung Corporation Sdn. Bhd.	**-**[b]	-[b]	Malaysia	Dormant (In Member's Voluntary Winding Up)
	Wah Seong Ventures Sdn. Bhd.	**-**[d]	-[d]	Malaysia	Dormant (In Member's Voluntary Winding Up)
	E-Green Technology Sdn. Bhd.	**-**[c]	-[c]	Malaysia	Dormant (In Member's Voluntary Winding Up)
	Wah Seong Management Services Sdn. Bhd.	**100**	100[h]	Malaysia	Provision of management support services
	WSC Capital Sdn. Bhd.	**100**	100	Malaysia	Provide treasury services to related companies
	Maple Sunpark Sdn. Bhd.	**100**	100	Malaysia	Letting of properties
	Peakvest Sdn. Bhd.	**100**[n]	100	Malaysia	Letting of properties
	Triple Cash Sdn. Bhd.	**79**	79	Malaysia	Investment and property holding
	Sunrise Green Sdn. Bhd.	**65**	65	Malaysia	Investment and property holding
	WSC Capital (Labuan) Limited	**-**[e]	-[e]	Federal Territory of Labuan, Malaysia	Dormant (In Member's Voluntary Winding Up)
	WS Agro Industries Pte. Ltd.	**-**	-[j]	Singapore	Investment holding

7 INVESTMENT IN SUBSIDIARIES (CONTINUED)

* *Audited by a firm other than member firms of PricewaterhouseCoopers International Limited and PricewaterhouseCoopers PLT.*

\# *Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers PLT.*

~ *Companies not required by their local laws to appoint statutory auditors.*

[o] *On 27 December 2018, Syn Tai Hung Trading Sdn. Bhd. ("STHT"), an indirect wholly-owned subsidiary of the Company had transferred 1,000,000 ordinary shares, representing 100% equity interest in the issued and paid-up share capital of Syn Tai Hung Marketing Sdn. Bhd. (formerly known as STH Sri Bulatan Sdn. Bhd.) ("STHM") to WDG Resources Sdn. Bhd. ("WDG"), a 60% owned subsidiary of the Company, for a total cash consideration of RM163,233.*

As a result, STHM became a wholly-owned subsidiary of WDG and an indirect 60% owned subsidiary of the Company, held through WDG.

[n] *On 20 December 2018, the Company had disposed of 50,000 ordinary shares, representing 100% equity interest in the issued and paid-up share capital of Peakvest Sdn. Bhd. ("PSB") to Jutasama Sdn. Bhd. ("JSB"), a wholly-owned subsidiary of the Company, for a total cash consideration of RM50,000. As a result, PSB ceased to be a direct wholly-owned subsidiary of the Company and became an indirect wholly-owned subsidiary of the Company, held through JSB.*

[m] *On 12 December 2018, Spirolite Marketing Sdn. Bhd. ("Spirolite Marketing"), an indirect wholly-owned subsidiary of the Company had at its Extraordinary General Meeting inter-alia, approved the special resolution to wind up Spirolite Marketing by way of Member's Voluntary Winding Up. As a result, the Group no longer controls the subsidiary and as such it was not consolidated.*

[l] *On 6 September 2018, PMT Saito Sdn. Bhd. ("PMTS") was incorporated in Malaysia. PMTS has an initial issued and paid-up share capital of RM1,000 divided into 1,000 ordinary shares. PMTS became an indirect 51% owned subsidiary of the Company, held through PMT Industries Sdn. Bhd., an indirect wholly-owned subsidiary, and Saito Separator Limited, with equity interest of 51% and 49% respectively.*

[k] *On 16 August 2018, Wasco CPM Sdn. Bhd. ("WCPM") was incorporated in Malaysia. WCPM has an initial issued and paid-up share capital of RM1,000 divided into 1,000 ordinary shares. WCPM became an indirect 51% owned subsidiary of the Company, held through Wasco Coatings Limited, an indirect wholly-owned subsidiary, PT Citra Panji Manunggal and Mr Keith Potter, with equity interest of 51%, 40% and 9% respectively.*

[j] *On 21 December 2017, the Company and WSC Capital Sdn. Bhd. ("WSC Capital"), a direct wholly-owned subsidiary of the Company had disposed 2,000,001 ordinary shares and 3,000,000 redeemable preference shares of WS Agro Industries Pte. Ltd. ("WS Agro"), representing 100% equity interest in WS Agro, for a total cash consideration of USD6,000,000. As a result of the disposal, WS Agro ceased to be a wholly-owned subsidiary of the Company.*

[i] *On 15 December 2017, PMT-Phoenix Industries Sdn. Bhd. ("PMT-Phoenix"), an indirect wholly-owned subsidiary of the Company had at its Extraordinary General Meeting inter-alia, approved the special resolution to wind up PMT-Phoenix by way of Member's Voluntary Winding Up. As a result, the Group no longer controls the subsidiary and as such it was not consolidated.*

[h] *On 16 June 2017, a wholly-owned subsidiary of the Company, Wah Seong Management Services Sdn. Bhd. ("WSMS") was incorporated in Malaysia with an initial issued and paid-up share capital of RM1,000 comprising 1,000 ordinary shares which were fully subscribed and paid-up by the Company.*

7 INVESTMENT IN SUBSIDIARIES (CONTINUED)

g *On 14 February 2017, Wasco Coatings Germany GmbH ("WC Germany"), an indirect wholly-owned subsidiary of the Company, had acquired the entire issued and paid-up share capital of 50,000 no par bear shares of EUR1 each, representing 100% equity interest in Wasco Germany AG ("WGAG") (formerly known as mutares Holding-16 AG ("MH-16")) for a total consideration of EUR19,500,000.*

WGAG is the sole shareholder of Wasco Coatings Germany (Plant and Equipment) GmbH ("WCGPE") (formerly known as Eupec Pipeline Services GmbH ("EUPEC Germany")), with total share capital of Deutsche Mark 50,000.

Upon completion of the acquisition of WGAG, both WGAG and WCGPE became indirect wholly-owned subsidiaries of the Company.

On 11 September 2017, WGAG was consolidated into WCGPE, both being the indirect wholly-owned subsidiaries of the Company, as a single entity. As a result, WGAG ceased to be an indirect wholly-owned subsidiary of the Company.

f *On 17 January 2017, Wasco Coatings Finland Oy ("WC Finland"), an indirect wholly-owned subsidiary of the Company, incorporated a wholly-owned subsidiary in Finland, Wasco Coatings Finland (Plant and Equipment) Oy ("WCFPE") with an initial issued and paid-up share capital of EUR2,500 divided into 1,000 shares of EUR2.50 each.*

e *On 27 December 2016, WSC Capital (Labuan) Limited ("WSCCL"), a wholly-owned subsidiary of the Company had at its Extraordinary General Meeting inter-alia, approved the special resolution to wind up WSCCL by way of Member's Voluntary Winding Up. As a result, the Group no longer controls the subsidiary and as such it was not consolidated.*

On 31 December 2018, WSCCL had held its final meeting for the Member's Voluntary Winding Up and will be fully dissolved after the expiration of three months from the date of lodgement of the Return by Liquidator relating to the Final Meeting with the Labuan Financial Services Authority and Official Receiver.

d *On 30 December 2015, Wah Seong Ventures Sdn. Bhd. ("WSV"), an indirect wholly-owned subsidiary of the Company had at its Extraordinary General Meeting inter-alia, approved the special resolution to wind up WSV by way of Member's Voluntary Winding Up. As a result, the Group no longer controls the subsidiary and as such it was not consolidated.*

c *On 21 December 2015, E-Green Technology Sdn. Bhd. ("EGTSB"), an indirect wholly-owned subsidiary of the Company had at its Extraordinary General Meeting inter-alia, approved the special resolution to wind up EGTSB by way of Member's Voluntary Winding Up. As a result, the Group no longer controls the subsidiary and as such it was not consolidated.*

b *On 18 November 2015, Syn Tai Hung Corporation Sdn. Bhd. ("STHC"), an indirect wholly-owned subsidiary of the Company had at its Extraordinary General Meeting inter-alia, approved the special resolution to wind up STHC by way of Member's Voluntary Winding Up. As a result, the Group no longer controls the subsidiary and as such it was not consolidated.*

a *On 7 March 2012, PT MPE Deepwater, an indirect subsidiary of the Company had at its Extraordinary General Meeting, inter-alia, approved the special resolutions to wind up the company by way of Member's Voluntary Winding Up. As a result, the Group no longer controls the subsidiary and as such it was not consolidated.*

ϖ *Although the Company does not own more than 50% of the equity shares of Wasco Oilfield Services Sdn. Bhd. ("WOS") and Wasco Lindung Sdn. Bhd. ("WL"), and consequently it does not control more than half of the voting power of those shares, it has the power to appoint and remove the majority of the Board of Directors of WOS and WL as such control of these entities is by the Company. Consequently, WOS and WL are controlled by the Company and is consolidated in these financial statements.*

7 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Subsequent event

On 4 January 2019, Wasco Engineering & Technology Inc. ("WETI"), an indirect 65% owned subsidiary of the Company, had at its Extraordinary General Meeting inter-alia, approved the special resolution to wind up WETI by way of Member's Voluntary Winding Up and duly approved by the Financial Services Commission of British Virgin Islands. As a result, the Group no longer controls the subsidiary and as such it was not consolidated.

Petro-Pipe (Sabah) Sdn. Bhd. ("PPS"), an indirect 60% owned subsidiary of the Company, had undertaken a renounceable rights issue exercise of 10,000,000 ordinary shares, which rank pari passu with existing ordinary shares except for entitlement as to dividend, rights, allotment and/or other distributions entitlement of which is declared prior to date of allotment of the renounceable rights share. It is offered at an issue price of RM2.00 to PPS's two shareholders in proportion to their shareholdings, representing a capital injection of RM20,000,000. With renunciation by the minority shareholder, namely Sabah Energy Corporation Sdn. Bhd., the rights issue has been fully subscribed by its majority shareholder and immediate holding company, namely Asiana Emas Sdn. Bhd. On 28 February 2019, PPS has completed the exercise with an allotment of 10,000,000 ordinary shares, thus its issued and paid up capital has increased to 28,000,000 ordinary shares. Accordingly, PPS became an indirect 70% owned subsidiary of the Company.

Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

Group	Mackenzie Industries Sdn. Bhd. RM'000	Wasco Coatings Malaysia Sdn. Bhd. RM'000	Petro-Pipe (Sabah) Sdn. Bhd. RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
2018					
NCI percentage of ownership interest and voting interest	40%	30%	40%		
Carrying amount of NCI	11,141	72,375	(4,110)	1,712	81,118
Net profit/(loss) allocated to NCI	1,208	(7,500)	(2,112)	3,469	(4,935)
Summarised financial information before intra-group elimination					
As at 31 December					
Non-current assets	5,043	31,635	78,042		
Current assets	94,316	262,065	14,481		
Current liabilities	(71,507)	(52,450)	(102,798)		
Net assets/(liabilities)	27,852	241,250	(10,275)		
Financial year ended 31 December					
Revenue	109,412	94,275	41,285		
Net profit/(loss)	3,019	(24,999)	(5,280)		
Cash flows (used in)/generated from operating activities	(18,578)	113,680	24,829		
Cash flows generated from/(used in) investing activities	8,096	(95,664)	(1,001)		
Cash flows used in financing activities	(3,668)	(37,148)	(24,445)		
Net change in cash and cash equivalents	(14,150)	(19,132)	(617)		
Dividends paid/payable to NCI	-	10,200	-		

7 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Non-controlling interests in subsidiaries (continued)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows (continued):

Group	Mackenzie Industries Sdn. Bhd. RM'000	Wasco Coatings Malaysia Sdn. Bhd. RM'000	Petro-Pipe (Sabah) Sdn. Bhd. RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
2017					
NCI percentage of ownership interest and voting interest	40%	30%	40%		
Carrying amount of NCI	9,961	90,640	(1,584)	(2,806)	96,211
Net (loss)/profit allocated to NCI	(1,066)	3,428	(1,428)	688	1,622
Summarised financial information before intra-group elimination					
As at 31 December					
Non-current assets	5,794	33,816	80,087		
Current assets	90,732	383,197	43,157		
Current liabilities	(71,624)	(114,880)	(127,204)		
Net assets/(liabilities)	24,902	302,133	(3,960)		
Financial year ended 31 December					
Revenue	76,489	259,999	65,682		
Net (loss)/profit	(2,664)	11,426	(3,569)		
Cash flows generated from/(used in) operating activities	5,688	12,083	(8,641)		
Cash flows used in investing activities	(17,130)	(22,465)	(3,213)		
Cash flows generated from/(used in) financing activities	28,633	26,284	(2,727)		
Net change in cash and cash equivalents	17,191	15,902	(14,581)		
Dividends paid/payable to NCI	-	-	-		

8 INVESTMENT IN ASSOCIATES

	Group	
	2018	**2017**
	RM'000	**RM'000**
Quoted shares in Malaysia	**130,114**	130,114
Unquoted shares	**85,095**	84,093
Share of post-acquisition results and reserves	**(33,180)**	(28,984)
	182,029	185,223
Share of net assets of associates	**182,029**	185,223
Quoted shares in Malaysia at fair value	**35,053**	71,404

Quoted shares – Petra Energy Berhad

As at 31 December 2018 and 31 December 2017, the fair value of the Group's investment in quoted shares is based on Level 1 of the fair value hierarchy.

The market value of the Group's interest in quoted shares, representing its fair value as at 31 December 2018, was approximately RM35,053,000 (2017: RM71,404,000). This fair value is approximately RM52,892,000 (2017: RM22,920,000) below the carrying value, giving rise to an impairment indicator.

Therefore, the recoverable amount is determined using value-in-use calculations. These calculations are based on the discounted cash flows expected to be generated from the investment. Financial budgets approved by management covering a period of 5 years and the terminal period are based on past performance and management's expectation of the future market developments.

The value-in-use calculations are mainly driven by the revenue growth rate, terminal value growth rate and discount rate. The discount rate reflects the current market assessment of the risks specific to the industry and is based on the cost of equity expected of the investment. The revenue growth rate takes into consideration the secured contracts as at 31 December 2018 and the historical performance. The growth rate assumed for terminal value considers external macroeconomic sources of data and industry specific trends.

The following table presents the key assumptions used for the value-in-use calculations.

	2018	**2017**
Revenue growth rate for 5 years	**<0%* – 3.0%**	<0%* – 3.0%
Discount rate	**12.5%**	12.9%
Growth rate for terminal value	**2.0%**	2.0%

* Negative growth is due to end of ongoing project.

The value-in-use is above the carrying value of the Group's investment in quoted shares. As such, no impairment loss is deemed necessary to be recognised during the financial year.

Sensitivity

The recoverable amount of the investment in quoted shares would equal its carrying amount if the key assumptions were to change as follows:

	2018		**2017**	
	From	**To**	**From**	**To**
Revenue growth rate for 5 years	**3.0%**	**(2.9%)**	1.5%	(2.1%)
Discount rate	**12.5%**	**15.9%**	12.9%	18.1%
Growth rate for terminal value	**2.0%**	**(3.3%)**	2.0%	(4.8%)

8 INVESTMENT IN ASSOCIATES (CONTINUED)

Unquoted shares – Atama Resources Inc.

In the prior financial year, the Company disposed 100% equity interest in its wholly-owned subsidiary, WS Agro Industries Pte. Ltd., which was the holding company of Atama Resources Inc. ("ARI"). As a result, ARI ceased to become associate of the Company. The effects of the disposal of ARI is shown in Note 38.

Impairment of investment in associates

The movements for allowance for impairment loss on investment in associates during the financial year are as follows:

	Group	
	2018 RM'000	**2017 RM'000**
At 1 January	**-**	56,487
Impairment loss recognised	**-**	271
Disposal of an associate	**-**	(56,758)
At 31 December	**-**	-

Details of associates are as follows:

	Country of incorporation	Group's effective interest 2018 %	Group's effective interest 2017 %	Principal activities
WS Integrasi Sdn. Bhd.	Malaysia	**49**	49[b]	Trading, distribution, sales and marketing of the Group's product and services in the oil & gas, renewable energy, engineering, industrial and property (including land acquisitions) as well as undertaking other external business services opportunities
Petra Energy Berhad	Malaysia	**27**	27	Investment holding
Evraz Wasco Pipe Protection Corporation	Canada	**49**	49	Provision of pipe coating services
Syarikat Beka Sdn. Bhd.	Malaysia	**48**	48	Dormant
Lesso Home Syn Tai Hung Sdn. Bhd.	Malaysia	**-**[d]	49[a]	Trading and distribution of home furnishing goods, building materials, household hardware, builders hardware, sanitary wares and others
Wah Seong Boustead Company Limited	Myanmar	**50**	50	Property development, trading and provision of auxiliary services
Atama Resources Inc.	Republic of Mauritius	**-**	-[c]	Investment holding

8 INVESTMENT IN ASSOCIATES (CONTINUED)

[d] *On 3 August 2018, Syn Tai Hung Trading Sdn. Bhd., an indirect wholly-owned subsidiary of the Company had disposed of 490,000 ordinary shares in the issued and paid-up share capital of Lesso Home Syn Tai Hung Sdn. Bhd. ("LHSTH"), representing 49% equity interest in LHSTH to Lesso Home Services Holdings Limited ("LHSH"), the existing shareholder of LHSTH, for a total cash consideration of RM440,000.*

As a result of the disposal, LHSTH ceased to be an indirect associate of the Company.

[c] *On 21 December 2017, the Company and WSC Capital Sdn. Bhd. ("WSC Capital"), a direct wholly-owned subsidiary of the Company had disposed of 2,000,001 ordinary shares and 3,000,000 redeemable preference shares of WS Agro Industries Pte. Ltd. ("WS Agro"), representing 100% equity interest in WS Agro, the holding company of Atama Resources Inc. ("ARI"), for a total cash consideration of USD6,000,000.*

As a result of the disposal, WS Agro ceased to be a wholly-owned subsidiary of the Company. Accordingly, ARI and its subsidiaries namely, Atama Plantation SARL, Signet Plus Sdn. Bhd., Agro Commodities Inc. and Atama Forest SARL also ceased to become associates of the Company.

[b] *On 12 September 2017, the Company together with Tengku Rozitatoria binti Tengku Rostam, had incorporated a company in Malaysia by the name of WS Integrasi Sdn. Bhd. ("WSI"). The total issued and paid-up share capital of WSI is RM1,000 comprising 1,000 ordinary shares which were held in the proportions of 51% and 49% by Tengku Rozitatoria binti Tengku Rostam and the Company, respectively.*

[a] *On 26 January 2017, Lesso Home Syn Tai Hung Sdn. Bhd. ("LHSTH") was incorporated in Malaysia following the Joint Venture and Shareholders' Agreement entered into between Lesso Home Service Holdings Limited ("LESSO") and Syn Tai Hung Trading Sdn. Bhd. ("STHT"), an indirect wholly-owned subsidiary of the Company.*

The total issued and paid-up share capital of LHSTH is RM100 only divided into 100 ordinary shares and held in the proportion of 51% and 49% by LESSO and STHT respectively. As a result, LHSTH became the Company's indirect associate held through STHT.

8 INVESTMENT IN ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates and reconciles the information to the carrying amount of the Group's interest in the associates. The information have been adjusted to reflect the equity method of accounting, including fair value adjustments:

Group	Petra Energy Berhad RM'000	Evraz Wasco Pipe Protection Corporation RM'000	Other individually immaterial associates RM'000	Total RM'000
2018				
Summarised financial information				
As at 31 December				
Non-current assets	315,565	175,867		
Current assets	320,674	46,678		
Non-current liabilities	(19,383)	-		
Current liabilities	(289,922)	(30,874)		
Net assets	326,934	191,671		
Financial year ended 31 December				
Revenue	467,424	122,451		
Net (loss)/profit	(26,277)	17,381		
Other comprehensive income	2,587	-		
Total comprehensive (expense)/income	(23,690)	17,381		
Reconciliation of net assets to carrying amount				
As at 31 December				
Group's share of net assets	87,945	93,919	27	181,891
Goodwill	-	-	68	68
Reclass to other payables	-	-	70	70
Carrying amount in statement of financial position	87,945	93,919	165	182,029
Group's share of results				
Financial year ended 31 December				
Group's share of (loss)/profit	(7,069)	8,517	(278)	1,170
Group's share of other comprehensive income	696	-	-	696
Dividend receivable/received	-	-	257	257

8 INVESTMENT IN ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates and reconciles the information to the carrying amount of the Group's interest in the associates. The information have been adjusted to reflect the equity method of accounting, including fair value adjustments (continued):

Group	Petra Energy Berhad RM'000	Evraz Wasco Pipe Protection Corporation RM'000	Other individually immaterial associates RM'000	Total RM'000
2017				
Summarised financial information				
As at 31 December				
Non-current assets	436,181	150,139		
Current assets	390,704	68,344		
Non-current liabilities	(91,863)	-		
Current liabilities	(384,377)	(34,735)		
Net assets	350,645	183,748		
Financial year ended 31 December				
Revenue	462,604	41,877		
Net (loss)/profit	(33,270)	18,544		
Other comprehensive expense	(13,611)	-		
Total comprehensive (expense)/income	(46,881)	18,544		
Reconciliation of net assets to carrying amount				
As at 31 December				
Group's share of net assets	94,324	90,037	794	185,155
Goodwill	-	-	68	68
Carrying amount in statement of financial position	94,324	90,037	862	185,223
Group's share of results				
Financial year ended 31 December				
Group's share of (loss)/profit*	(8,950)	9,087	(5,000)	(4,863)
Dividend receivable/received	4,228	-	-	4,228

* *Group's share of (loss)/profit for the financial year ended 31 December 2017 included share of loss from Atama Resources Inc., which amounted to RM5,043,000.*

9 INVESTMENT IN JOINT VENTURES

	Group	
	2018	**2017**
	RM'000	**RM'000**
Unquoted shares	**159,358**	159,367
Share of post-acquisition results and reserves	**(24,060)**	(4,141)
	135,298	155,226
Less: Accumulated impairment loss	**(8,930)**	(8,780)
	126,368	146,446
Share of net assets of joint ventures	**126,368**	146,446

Unquoted shares – Alam-PE Holdings (L) Inc.

During the financial year, the Group reviewed the recoverable amount of its investment in a joint venture, Alam-PE Holdings (L) Inc. The recoverable amount was determined using value-in-use calculations. The calculations are based on discounted cash flows expected to be generated from the investment based on past performance and management's business plan.

The value-in-use calculations are mainly driven by the revenue growth rate, terminal value growth rate and discount rate. The discount rate reflects the current market assessment of the risks specific to the industry and is based on the cost of equity. The revenue growth rate takes into consideration the secured contracts as at 31 December 2018 and historical performance. The growth rate assumed for terminal value considers external macroeconomic sources of data and industry specific trends.

The following table presents the key assumptions used to determine the value-in-use.

	2018	**2017**
Revenue growth rate for 5 years	**<0%* – 5.6%**	<0%* – 7.5%
Discount rate	**11.0%**	13.0%
Growth rate for terminal value	**3.0%**	2.5%

* Negative growth is due to end of ongoing project.

Based on management's value-in-use calculation, no impairment loss is deemed necessary to be recognised during the financial year.

Sensitivity

The recoverable amount of the investment in a joint venture would equal its carrying amount if the key assumptions were to change as follows:

	2018		2017	
	From	**To**	**From**	**To**
Revenue growth rate for 5 years	**5.6%**	**3.0%**	7.5%	6.2%
Discount rate	**11.0%**	**11.7%**	13.0%	13.5%
Growth rate for terminal value	**3.0%**	**2.2%**	2.5%	1.8%

9 INVESTMENT IN JOINT VENTURES (CONTINUED)

Impairment of investment in joint ventures

The movements for allowance for impairment loss on investment in joint ventures during the financial year are as follows:

	Group 2018 RM'000	Group 2017 RM'000
At 1 January	**8,780**	9,774
Effect of exchange rate changes	**150**	(994)
At 31 December	**8,930**	8,780

Details of joint ventures are as follows:

	Country of incorporation	Group's effective interest 2018 %	Group's effective interest 2017 %	Principal activities
Boustead Wah Seong Sdn. Bhd.	Malaysia	**50**	50	Investment holding activities and businesses in property development and management; provision of general fabrication, engineering and oil and gas services; trading and marketing activities and any other businesses or projects as shall be mutually agreed from time to time in Myanmar
Socotherm Shashi Pipe Coating Co. Ltd.	People's Republic of China	**50**	50	Provision of pipe coating services
Socotherm PPSC Ningbo (Daxie) Pipe Coating Co. Limited	People's Republic of China	**50**	50	Marketing and provision of pipe coating services to the oil and gas industry
Sichuan Chuanshi Kanssen (Yadong) Coating Services Company Limited	People's Republic of China	**51**	51	Provision of pipe coating services
Shaanxi Yadong Anti-Corrosion Company Limited	People's Republic of China	**55**	55	Provision of pipe coating services
Bayou Wasco Insulation, LLC	United States of America	**49**	49	Provision of thermal insulation coating services to pipes or pipelines
PMT SHINKO Turbine Sdn. Bhd.	Malaysia	**49**	49	Assembly and supply of equipment for palm oil and other agricultural industries
Welspun Wasco Coatings Private Limited	India	**49**	49	Provision of pipe coating services
Alam-PE Holdings (L) Inc.	Federal Territory of Labuan, Malaysia	**49**	49	Investment holding

9 INVESTMENT IN JOINT VENTURES (CONTINUED)

The following table summarises the information of the Group's material joint ventures and reconciles the information to the carrying amount of the Group's interest in the joint ventures. The information have been adjusted to reflect the equity method of accounting, including fair value adjustments:

Group	Alam-PE Holdings (L) Inc. RM'000	Bayou Wasco Insulation, LLC RM'000	Boustead Wah Seong Sdn. Bhd. RM'000	Welspun Wasco Coatings Private Limited RM'000	Other individually immaterial joint ventures RM'000	Total RM'000
2018						
Summarised financial information						
As at 31 December						
Non-current assets	151,364	79,346	39,788	38,302		
Current assets	28,791	9,100	27,043	2,804		
Cash and cash equivalents	4,021	726	29,823	8,523		
Non-current liabilities	-	(53,776)	(4,311)	(46,340)		
Current liabilities	(7,740)	(12,758)	(17,903)	(3,122)		
	176,436	22,638	74,440	167		
Financial year ended 31 December						
Net (loss)/profit	(32,596)	(2,859)	3,034	(8,708)		
Other comprehensive income/ (expense)	-	998	1,361	(636)		
Total comprehensive (expense)/ income	(32,596)	(1,861)	4,395	(9,344)		
Included in the total comprehensive (expense)/income are:						
Revenue	18,329	55,813	19,391	2,509		
Interest income	-	-	169	-		
Depreciation and amortisation	(11,628)	(2,891)	(6,930)	(4,044)		
Interest expense	-	(1,721)	-	(3,289)		
Tax expense	(102)	-	177	-		
Reconciliation of net assets to carrying amount						
As at 31 December						
Group's share of net assets	86,454	11,093	18,531	82	16,949	133,109
Goodwill	11,989	-	-	-	1,148	13,137
Less: Elimination of unrealised profits	-	(10,948)	-	-	-	(10,948)
Less: Accumulated impairment loss	-	-	-	-	(8,930)	(8,930)
Carrying amount in statement of financial position	98,443	145	18,531	82	9,167	126,368
Group's share of results						
Financial year ended 31 December						
Group's share of (loss)/profit	(15,972)	(1,401)	753	(4,267)	1,427	(19,460)
Group's share of other comprehensive income/(expense)	-	489	347	(312)	(441)	83
Group's share of total comprehensive (expense)/income	(15,972)	(912)	1,100	(4,579)	986	(19,377)
Dividend receivable/received	-	-	-	-	412	412

9 INVESTMENT IN JOINT VENTURES (CONTINUED)

The following table summarises the information of the Group's material joint ventures and reconciles the information to the carrying amount of the Group's interest in the joint ventures. The information have been adjusted to reflect the equity method of accounting, including fair value adjustments (continued):

Group	Alam-PE Holdings (L) Inc. RM'000	Bayou Wasco Insulation, LLC RM'000	Boustead Wah Seong Sdn. Bhd. RM'000	Welspun Wasco Coatings Private Limited RM'000	Other individually immaterial joint ventures RM'000	Total RM'000
2017						
Summarised financial information						
As at 31 December						
Non-current assets	187,077	79,847	46,226	39,207		
Current assets	34,682	14,094	8,106	3,165		
Cash and cash equivalents	1,081	4,021	40,388	24,696		
Non-current liabilities	-	(64,731)	(5,232)	(43,191)		
Current liabilities	(13,808)	(8,112)	(19,444)	(14,304)		
	209,032	25,119	70,044	9,573		
Financial year ended 31 December						
Net profit/(loss)	1,085	19,315	6,004	(6,659)		
Other comprehensive expense	-	-	(7,254)	-		
Total comprehensive income/ (expense)	1,085	19,315	(1,250)	(6,659)		
Included in the total comprehensive income/(expense) are:						
Revenue	41,868	216,157	26,611	86,509		
Interest income	-	-	83	-		
Depreciation and amortisation	(11,554)	(4,468)	(7,397)	(2,620)		
Interest expense	-	(2,637)	-	(3,320)		
Tax expense	(102)	-	(1,673)	(1,406)		
Reconciliation of net assets to carrying amount						
As at 31 December						
Group's share of net assets	102,426	12,308	17,431	4,691	16,489	153,345
Goodwill	11,989	-	-	-	648	12,637
Less: Elimination of unrealised profits	-	(10,756)	-	-	-	(10,756)
Less: Accumulated impairment loss	-	-	-	-	(8,780)	(8,780)
Carrying amount in statement of financial position	114,415	1,552	17,431	4,691	8,357	146,446
Group's share of results						
Financial year ended 31 December						
Group's share of profit or loss	532	9,464	1,774	(3,263)	1,370	9,877
Group's share of other comprehensive expense	-	-	(1,850)	-	-	(1,850)
Group's share of total comprehensive income/(expense)	532	9,464	(76)	(3,263)	1,370	8,027
Dividend receivable/received	7,350	-	-	-	-	7,350

10 FINANCE LEASE RECEIVABLES

	Group 2018 RM'000	Group 2017 RM'000
Minimum lease receivables:		
Not later than 1 year	**15,648**	-
Later than 1 year and not later than 2 years	**13,099**	-
Later than 2 years and not later than 5 years	**5,617**	-
	34,364	-
Less: Future finance income	**(1,942)**	-
Present value of finance lease assets	**32,422**	-
Present value of finance lease receivables:		
Not later than 1 year	**14,380**	-
Later than 1 year and not later than 2 years	**12,502**	-
Later than 2 years and not later than 5 years	**5,540**	-
	32,422	-

The effective interest rate of the Group's finance lease receivables is 5.08% (2017: Nil).

11 INVESTMENT IN EQUITY INSTRUMENTS/AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Quoted shares in Malaysia	
Group	**Classified as financial assets at fair value through profit or loss 2018 RM'000**	**Classified as available-for-sale financial assets 2017 RM'000**
At fair value	**6**	10
Market value of quoted investments	**6**	10

The Group has elected to reclass quoted shares in Malaysia from available-for-sale to financial assets at fair value through profit or loss on adoption of MFRS 9.

<u>Gains or losses arising from fair value changes of its financial assets</u>

During the financial year, the Group recognised a loss of RM4,000 in the profit or loss arising from fair value changes of its investment in equity instruments. The method and assumptions applied in determining the fair value of financial assets are disclosed in Note 47.

12 DERIVATIVE FINANCIAL ASSETS

Group	Contract/ notional amount	Assets RM'000	Liabilities RM'000
2018			
Current			
Non-hedging derivatives			
Financial assets at fair value through profit or loss			
- Forward currency contracts	**USD4,721,589**	**146**	**-**
2017			
Current			
Non-hedging derivatives			
Financial assets at fair value through profit or loss			
- Forward currency contracts	SGD1,200,000	94	-

The Company did not hold any derivative financial instruments as at 31 December 2018 (2017: Nil).

Non-hedging derivatives

The Group uses forward currency contracts to manage some of the transaction exposures and limit its exposure to adverse fluctuation in foreign currency. These contracts are not designated as cash flow or fair value hedges.

Forward currency contracts

The Group enters into foreign currency forward contracts to protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled. Forward currency contracts are mainly used to hedge certain trade receivables and trade payables denominated in United States Dollar (2017: Singapore Dollar) for which firm commitments existed at the reporting date, extending to June 2019 (2017: April 2018).

Gains or losses arising from fair value changes of its financial assets and financial liabilities

During the financial year, the Group recognised a gain of RM48,000 (2017: loss of RM487,000) in the profit or loss arising from fair value changes of its derivative financial assets and liabilities. The method and assumptions applied in determining the fair value of derivatives are disclosed in Note 47.

13 GOODWILL AND OTHER INTANGIBLE ASSETS

Group	Goodwill RM'000	Trademark RM'000	Technical know-how RM'000	Intellectual property RM'000	Total RM'000
2018					
Cost					
At 1 January	**143,192**	**198**	**112**	**3,800**	**147,302**
Additions	**-**	**11**	**-**	**-**	**11**
Written off	**-**	**-**	**-**	**(499)**	**(499)**
Effect of exchange rate changes	**1,999**	**4**	**-**	**52**	**2,055**
At 31 December	**145,191**	**213**	**112**	**3,353**	**148,869**
Accumulated amortisation and impairment loss					
At 1 January	**-**	**-**	**112**	**3,800**	**3,912**
Written off	**-**	**-**	**-**	**(499)**	**(499)**
Effect of exchange rate changes	**-**	**-**	**-**	**52**	**52**
At 31 December	**-**	**-**	**112**	**3,353**	**3,465**
Carrying amount at 31 December	**145,191**	**213**	**-**	**-**	**145,404**
2017					
Cost					
At 1 January	155,089	192	112	4,391	159,784
Additions	-	25	-	-	25
Written off	-	-	-	(455)	(455)
Effect of exchange rate changes	(11,897)	(19)	-	(136)	(12,052)
At 31 December	143,192	198	112	3,800	147,302
Accumulated amortisation and impairment loss					
At 1 January	-	-	112	4,391	4,503
Written off	-	-	-	(455)	(455)
Effect of exchange rate changes	-	-	-	(136)	(136)
At 31 December	-	-	112	3,800	3,912
Carrying amount at 31 December	143,192	198	-	-	143,390

13 GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)

Impairment testing of goodwill

Goodwill arising from business combination has been allocated to the Group's cash-generating units ("CGU") identified according to operating divisions. The carrying amounts of goodwill allocated to the respective CGUs are as follows:

	Group	
	2018 RM'000	**2017 RM'000**
Cash-generating units		
Specialised Pipe Coating and Corrosion Protection Services (CGU A)	**78,199**	77,157
EPC, Fabrication and Rental of Gas Compressors and Process Equipment (CGU B)	**66,992**	66,035
	145,191	143,192

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a period of 5 years (2017: 5 years) based on past performance and their expectations of the market development. Terminal value is estimated at the end of the 5-year period.

Value-in-use was determined by discounting the future cash flows generated from the CGUs based on the following key assumptions on the premise that there will be no material changes in the Group's principal activities.

	2018		2017	
	Revenue growth rate	**Pre-tax discount rate**	**Revenue growth rate**	**Pre-tax discount rate**
CGU A	**<0%* – 13.5%**	**21.7%**	<0%* – 5.0%	19.4%
CGU B	**<0%* – 7.0%**	**21.1%**	4.8%	20.5%

* Negative growth is due to end of ongoing project.

The key assumptions used in calculating the value-in-use are described below:

(i) Terminal growth rate

Terminal growth rates of 2.0% and 1.5% are for CGU A and CGU B respectively (2017: 2.0% for CGU A and 1.5% for CGU B) were used to determine the terminal values beyond the 5-year period cash flows.

(ii) Discount rate

The discount rates used reflect the weighted average cost of capital adjusted for specific risks associated with the CGUs of the Group with a premium representing the business risk of the respective CGUs.

Sensitivity

The recoverable amount of CGU A and CGU B is estimated to exceed the carrying amount at 31 December 2018 and 31 December 2017. The recoverable amount of CGU A would equal its carrying amount if the key assumptions were to change as disclosed below.

	2018		2017	
	From	**To**	**From**	**To**
CGU A				
Revenue growth rate for 5 years	**13.5%**	**12.8%**	5.0%	(7.0%)
Pre-tax discount rate	**21.7%**	**22.0%**	19.4%	21.5%
Growth rate for terminal value	**2.0%**	**1.6%**	2.0%	(1.7%)

The recoverable amount of CGU B is not sensitive to the changes in the key assumptions.

14 DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Deferred tax assets	**43,344**	41,724	**2,423**	2,062
Deferred tax liabilities	**(13,804)**	(13,128)	**-**	-
	29,540	28,596	**2,423**	2,062
At 1 January	**28,596**	5,126	**2,062**	2,175
Credited/(Charged to) to profit or loss (Note 36):				
- Unused tax losses	**6,461**	14,087	**-**	-
- Property, plant and equipment	**(4,835)**	23,343	**25**	17
- Provisions and accruals	**1,089**	(14,486)	**336**	(130)
- Unrealised foreign exchange	**(198)**	1,320	**-**	-
- Others	**(1,593)**	669	**-**	-
	924	24,933	**361**	(113)
Effect of exchange rate changes	**20**	(1,463)	**-**	-
At 31 December	**29,540**	28,596	**2,423**	2,062
Subject to income tax				
Deferred tax assets (before offsetting)				
- Unused tax losses	**27,388**	21,416	**-**	-
- Property, plant and equipment	**10,951**	16,078	**-**	-
- Provisions and accruals	**7,076**	6,072	**2,430**	2,094
- Unrealised foreign exchange losses	**499**	116	**-**	-
- Others	**866**	1,121	**-**	-
	46,780	44,803	**2,430**	2,094
Offsetting	**(3,436)**	(3,079)	**(7)**	(32)
Deferred tax assets (after offsetting)	**43,344**	41,724	**2,423**	2,062
Deferred tax liabilities (before offsetting)				
- Property, plant and equipment	**(13,517)**	(13,947)	**(7)**	(32)
- Unrealised foreign exchange gains	**(901)**	(377)	**-**	-
- Others	**(2,822)**	(1,883)	**-**	-
	(17,240)	(16,207)	**(7)**	(32)
Offsetting	**3,436**	3,079	**7**	32
Deferred tax liabilities (after offsetting)	**(13,804)**	(13,128)	**-**	-

14 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The Group did not recognise deferred tax assets arising from the following temporary differences of certain subsidiaries as it is not probable that future taxable profit will be available against which the deferred tax assets can be utilised in these subsidiaries.

	Group	
	2018	**2017**
	RM'000	**RM'000**
Deductible temporary differences on:		
- Unused tax losses	**214,317**	264,518
- Unabsorbed capital allowances	**120,934**	67,496
- Provisions and accruals	**5,246**	13,400
- Others	**11,460**	19,682
	351,957	365,096
Deferred tax assets not recognised	**87,143**	83,845

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, the Group's unutilised tax losses with no expiry period amounting to RM51,578,000 as at 31 December 2018 will be imposed with a time limit of utilisation. Any accumulated unutilised tax losses brought forward from year of assessment 2018 can be carried forward for another 7 consecutive years of assessment (i.e. from year of assessment 2019 to 2025).

15 INVENTORIES

	Group	
	2018	**2017**
	RM'000	**RM'000**
Raw materials	**148,422**	126,597
Work-in-progress	**96,659**	70,747
Manufactured and trading goods	**52,192**	56,404
Consumables	**24,792**	14,774
Goods in transit	**2,601**	21,637
	324,666	290,159

16 CONTRACT ASSETS/(LIABILITIES)

Net carrying amount of contract assets/(liabilities) is analysed as follows:

	Group 2018 RM'000
At 1 January (as restated)	
- Contract assets	**82,290**
- Contract liabilities	**(64,563)**
	17,727
Over time	
Revenue recognised in the current financial year	
- that was included in the contract liabilities at 1 January	**32,720**
- from additional contract assets and contract liabilities during the financial year	**534,068**
Less: Billings during the financial year	**(551,912)**
	14,876
Point in time	
Revenue recognised in the current financial year	
- that was included in the contract liabilities at 1 January	**26,275**
- from additional contract assets and contract liabilities during the financial year	**137,627**
Less: Billings during the financial year	**(153,324)**
	10,578
Effect of exchange rate changes	**(104)**
At 31 December	**43,077**
At 31 December	
- Contract assets	**95,869**
- Contract liabilities	**(52,792)**
	43,077

Revenue relating to performance obligations that are unsatisfied or partially unsatisfied as at 31 December 2018 amounting to RM52,792,000 are expected to be recognised in the next 12 months.

17 AMOUNTS DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	Group 2017 RM'000
Aggregate costs incurred to date	302,658
Attributable profits recognised to date less recognised losses	86,125
	388,783
Less: Progress billings on contracts	(368,075)
	20,708
Represented by:	
Amounts due from customers on contracts	52,467
Amounts due to customers on contracts	(31,759)
	20,708
Retention sums on contracts (included within trade receivables)	2,872

18 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Gross trade receivables	**277,826**	399,815	**-**	-
Less: Allowance for impairment loss	**(23,546)**	(18,433)	**-**	-
	254,280	381,382	**-**	-
Other receivables, deposits and prepayments	**323,272**	478,829	**14,098**	15,318
Less: Allowance for impairment loss	**(16,845)**	(17,075)	**(1,109)**	(900)
	306,427	461,754	**12,989**	14,418
Total net receivables	**560,707**	843,136	**12,989**	14,418

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the business segment of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date is as follows:

	Group	
	2018	**2017**
	RM'000	**RM'000**
Oil & Gas	**36,789**	149,904
Renewable Energy	**85,418**	53,696
Industrial Trading & Services	**132,073**	177,782
Total	**254,280**	381,382

Concentration of credit risk exists within the Oil & Gas segment which primarily trades with oil majors. However, the Group considers the risk of default by these oil majors to be negligible given their relative size and financial strength.

There is no concentration of credit risk within the Renewable Energy and Industrial Trading & Services segments as the balances are distributed over a large number of customers.

Ageing analysis of trade receivables (under MFRS 9)

The following table contains an analysis of the credit risks exposure for which expected credit loss is recognised:

	Gross trade receivables RM'000	**Expected credit loss RM'000**	**Net trade receivables RM'000**
2018			
Not past due	**65,611**	**-**	**65,611**
1 to 30 days overdue	**58,526**	**(197)**	**58,329**
31 to 60 days overdue	**52,317**	**(211)**	**52,106**
61 to 90 days overdue	**23,451**	**(342)**	**23,109**
91 to 180 days overdue	**24,952**	**(316)**	**24,636**
181 to 365 days overdue	**20,794**	**(2,618)**	**18,176**
More than 365 days overdue	**32,175**	**(19,862)**	**12,313**
Total	**277,826**	**(23,546)**	**254,280**

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral.

18 TRADE AND OTHER RECEIVABLES (CONTINUED)

Ageing analysis of trade receivables (under MFRS 139)

The ageing analysis of the Group's trade receivables is as follows:

	Gross trade receivables RM'000	Impairment loss RM'000	Net trade receivables RM'000
2017			
Not past due	145,027	-	145,027
1 to 30 days overdue	82,307	-	82,307
31 to 60 days overdue	62,959	-	62,959
61 to 90 days overdue	34,864	-	34,864
91 to 180 days overdue	40,991	-	40,991
181 to 365 days overdue	8,794	-	8,794
More than 365 days overdue	24,873	(18,433)	6,440
Total	399,815	(18,433)	381,382

Receivables that are neither past due nor impaired

Trade and other receivables of the Group and the Company that are not impaired are in respect of creditworthy debtors with reliable payment records and have a low risk of default. Most of the Group's trade receivables arise from customers with more than 5 years of experience with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

The movements in the allowance for impairment loss of trade receivables during the financial year are as follows:

	Group	
	2018 RM'000	2017 RM'000
As previously reported at 31 December	**18,433**	19,748
Effects of adoption of MFRS 9	**2,325**	-
As restated at 1 January	**20,758**	19,748
Impairment loss recognised	**4,397**	1,423
Impairment loss reversed	**(1,405)**	(1,247)
Bad debts written off	**(343)**	(718)
Effect of exchange rate changes	**139**	(773)
At 31 December	**23,546**	18,433

Trade receivables that are individually determined to be impaired at the reporting date relate to balances for which recoveries are doubtful. These receivables are not secured by any collateral.

18 TRADE AND OTHER RECEIVABLES (CONTINUED)

The movements in the Group and the Company's allowance for impairment loss of other receivables during the financial year are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At 1 January	**17,075**	16,626	**900**	900
Impairment loss recognised	**498**	626	**209**	-
Impairment loss reversed	**(234)**	(35)	**-**	-
Bad debts written off	**(523)**	-	**-**	-
Effect of exchange rate changes	**29**	(142)	**-**	-
At 31 December	**16,845**	17,075	**1,109**	900

The Group's trade receivables exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the financial year, were:

	Group	
	2018 RM'000	2017 RM'000
Gross trade receivables		
- United States Dollar	**37,269**	56,589
- Euro Dollar	**5,081**	1,155
- Japanese Yen	**742**	835
- Indonesian Rupiah	**578**	889
- Singapore Dollar	**432**	1,023
- Indian Rupee	**-**	1,322
	44,102	61,813

The Group's and the Company's other receivables, deposits and prepayments exposure to foreign currency (a currency which is other than the functional currency of the Group entities and the Company) risk, based on carrying amounts as at the end of the financial year, were:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Other receivables, deposits and prepayments				
- United States Dollar	**34,360**	6,605	**12,415**	12,197
- Euro Dollar	**12,615**	1,538	**-**	-
- Indonesian Rupiah	**1,882**	336	**-**	-
- Singapore Dollar	**552**	928	**-**	-
- Norwegian Kroner	**405**	442	**-**	-
- Ringgit Malaysia	**-**	502	**-**	-
- Japanese Yen	**-**	6,106	**-**	-
	49,814	16,457	**12,415**	12,197

19 AMOUNTS OWING BY/(TO) SUBSIDIARIES

(a) Amounts owing by subsidiaries

	Company	
	2018	**2017**
	RM'000	**RM'000**
Interest bearing loans (unsecured)	**202,702**	183,191
Interest free advances (unsecured)	**4,255**	9,786
	206,957	192,977
Less: Allowance for impairment loss	**(43,106)**	(43,106)
	163,851	149,871

The effective interest rate of interest bearing loans as at 31 December 2018 ranges between 4.80% to 8.85% (2017: 2.00% to 6.25%) per annum. The loans and advances are recoverable on demand.

The movements in the allowance for impairment loss of amounts owing by subsidiaries during the financial year are as follows:

	Company	
	2018	**2017**
	RM'000	**RM'000**
At 1 January	**43,106**	43,661
Impairment loss reversed	**-**	(555)
At 31 December	**43,106**	43,106

There is no impairment of amounts owing by subsidiaries as the rate of default and expected loss rate is low.

The Company's amounts owing by subsidiaries exposure to foreign currency (a currency which is other than the functional currency of the Company) risk, based on carrying amounts as at the end of the financial year, were:

	Company	
	2018	**2017**
	RM'000	**RM'000**
- United States Dollar	**72,515**	89,348

(b) Amounts owing to subsidiaries

	Company	
	2018	**2017**
	RM'000	**RM'000**
Non-trade account	**6,797**	1,291

The Company's amounts owing to subsidiaries are denominated in Ringgit Malaysia, unsecured, interest free and repayable on demand.

20 AMOUNTS OWING BY/(TO) ASSOCIATES

(a) Amounts owing by associates

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade accounts	**7,396**	6,601	**-**	-
Advances	**4,221**	6,121	**20**	13
	11,617	12,722	**20**	13

The movements in the allowance for impairment loss of amounts owing by associates during the financial year are as follows:

	Group	
	2018 RM'000	2017 RM'000
At 1 January	**-**	1,441
Written off	**-**	(534)
Disposal of an associate	**-**	(885)
Effect of exchange rate changes	**-**	(22)
At 31 December	**-**	-

There is no impairment of amounts owing by associates as the rate of default and expected loss rate is low.

The Group has no significant exposure to foreign currency risk for the amounts owing by associates except for an amount of RM45,000 (2017: RM44,000) denominated in United States Dollar.

Trade accounts are unsecured, interest free and recoverable within the normal credit period. The advances are unsecured, interest free and recoverable on demand.

The Company's amounts owing by associates is non-trade in nature, unsecured, interest free and recoverable on demand. As at 31 December 2018 and 31 December 2017, the Company has no exposure to foreign currency risk for the amounts owing by associates.

(b) Amounts owing to associates

	Group	
	2018 RM'000	2017 RM'000
Trade account	**-**	165
Non-trade account	**-**	10
	-	175

The Group's amounts owing to associates exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the financial year, were:

	Group	
	2018 RM'000	2017 RM'000
- Canadian Dollar	**-**	165
- United States Dollar	**-**	10
	-	175

Trade and non-trade accounts are unsecured, interest free and repayable on demand.

21 AMOUNTS OWING BY/(TO) JOINT VENTURES

(a) Amounts owing by joint ventures

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade accounts	**1,784**	1,678	**-**	-
Interest bearing loan	**53,082**	51,872	**-**	-
Advances	**605**	2,292	**-**	23
	55,471	55,842	**-**	23
Less: Allowance for impairment loss	**-**	(425)	**-**	-
	55,471	55,417	**-**	23

The Group's effective interest rate of interest bearing loans as at 31 December 2018 is between 3.26% to 3.75% (2017: 3.26% to 3.75%) per annum. The loans and advances are unsecured and recoverable on demand.

The movements in the allowance for impairment loss on the Group's amounts owing by joint ventures during the financial year are as follows:

	Group	
	2018 RM'000	2017 RM'000
At 1 January	**425**	454
Written off	**(421)**	-
Effect of exchange rate changes	**(4)**	(29)
At 31 December	**-**	425

There is no impairment of amounts owing by joint ventures as the rate of default and expected loss rate is low.

The Group's amounts owing by joint ventures exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the financial year, were:

	Group	
	2018 RM'000	2017 RM'000
- United States Dollar	**32,496**	33,380
- China Renminbi	**-**	1,080
	32,496	34,460

As at 31 December 2017, the Company's amounts owing by a joint venture is non-trade in nature, unsecured, interest free and recoverable on demand. The Company has no exposure to foreign currency risk for the amounts owing by a joint venture.

21 AMOUNTS OWING BY/(TO) JOINT VENTURES

(b) Amounts owing to joint ventures

	Group	
	2018	**2017**
	RM'000	**RM'000**
Advance	**3,757**	3,198
Non-trade account	**202**	116
	3,959	3,314

The Group's amounts owing to joint ventures exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the financial year, were:

	Group	
	2018	**2017**
	RM'000	**RM'000**
- Japanese Yen	**3,757**	3,198
- China Renminbi	**202**	96
- United States Dollar	**-**	20
	3,959	3,314

Advance and non-trade accounts are unsecured, interest free and repayable on demand.

22 TIME DEPOSITS

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Time deposits placed with:				
- licensed banks in Malaysia	**30,172**	35,998	**8,500**	2,110
- licensed overseas banks	**28,724**	1,500	**-**	-
	58,896	37,498	**8,500**	2,110
Time deposits with maturity more than 3 months	**16,868**	55,036	**-**	-
Short term investments	**609**	18,862	**609**	18,862
	76,373	111,396	**9,109**	20,972

Short term investments are liquid investments held for investment purposes.

As at 31 December 2018 and 31 December 2017, the Group and the Company have no exposure to foreign currency risk for time deposits and short term investments.

The effective interest rates of time deposits of the Group and the Company are as follow:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	%	**%**	**%**	**%**
Time deposits	**1.65 – 3.31**	2.60 – 3.31	**2.70**	2.60 – 2.65

23 CASH AND BANK BALANCES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash and bank balances	**156,363**	189,612	**854**	2,221

The Group's and the Company's cash and cash equivalents exposure to foreign currency (a currency which is other than the functional currency of the Group entities and the Company) risk, based on carrying amounts as at the end of the financial year, were:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
- United States Dollar	**10,082**	34,544	**241**	740
- Euro Dollar	**4,573**	4,302	**-**	19
- Singapore Dollar	**3,834**	5,054	**110**	174
- Indonesian Rupiah	**1,593**	1,518	**-**	-
- Japanese Yen	**1,243**	1,711	**-**	-
- Norwegian Kroner	**650**	148	**-**	-
- China Renminbi	**310**	343	**-**	-
- Australian Dollar	**20**	22	**20**	22
- Ringgit Malaysia	**-**	1,602	**-**	-
	22,305	49,244	**371**	955

Cash and bank balances are deposits held at call with banks and earn no interest.

24 ASSETS CLASSIFIED AS HELD FOR SALE

(a) On 22 June 2018, the Company's 70% owned subsidiary, Wasco Coatings Insulation Sdn. Bhd. ("WCI") entered into a sale and purchase agreement for the disposal of plant and machineries for a consideration of RM2,207,000.

The completion of the disposal is subject to fulfilment of the condition precedent as stipulated in the sales and purchase agreement.

Pursuant to MFRS 5 "Non-current Assets Held for Sales and Discontinued Operations", the carrying amount of the plant and machineries have been classified as assets held for sale.

(b) On 8 August 2017, the Company's wholly-owned subsidiary, Wasco Engineering International Limited ("WEIL") entered into a sale and purchase agreement for the disposal of compressor units for a consideration of USD11,464,000 (equivalent to approximately RM46,286,000). The consideration includes additional refurbishment and modification cost on the existing compressor units.

On 14 January 2018, WEIL completed the disposal of the said compressor units by fulfilling condition precedent as stipulated in the sales and purchase agreement. Accordingly, the carrying amount of the said compressor units was derecognised as asset held for sale, resulting in a gain on disposal of USD1,123,000 (equivalent to approximately RM4,534,000) being recognised in the statement of profit or loss.

Details of the assets classified as held for sale are as follows:

	Group	
	2018 RM'000	2017 RM'000
Property, plant and equipments	**2,207**	18,143

25 SHARE CAPITAL

	Group and Company			
	2018		2017	
	Number of shares '000	Carrying value RM'000	Number of shares '000	Carrying value RM'000
Issued and fully paid:				
At 1 January - Ordinary shares with no-par value (31 January 2017: RM0.50 each)	**774,887**	**547,690**	774,887	387,444
Transition to no-par value regime on 31 January 2017 (Note 26)	**-**	**-**	-	160,246
At 31 December - Ordinary shares with no-par value	**774,887**	**547,690**	774,887	547,690

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share and rank equally with regard to the Company's residual assets.

The Companies Act, 2016 ("Act"), which came into effect on 31 January 2017, had abolished the authorised share capital and par value of share capital. Consequently, any amounts standing to the credit of the share premium account becomes part of the Company's share capital pursuant to Section 618(2) of the Act. There is no impact on the numbers of ordinary shares issued or the entitlement of the shareholders as a result of the Act.

26 SHARE PREMIUM

	Group and Company	
	2018 RM'000	2017 RM'000
At 1 January	**-**	160,246
Transition to no-par value regime on 31 January 2017 (Note 25)	**-**	(160,246)
At 31 December	**-**	-

27 TREASURY SHARES

	Group and Company			
	2018		2017	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
At 1 January	**2,097**	2,331	**2,097**	2,331
Shares repurchased	**2,330**	2,448	**-**	-
At 31 December	**4,427**	4,779	**2,097**	2,331

The shareholders of the Company had approved an ordinary resolution at the Eighteenth Annual General Meeting held on 25 May 2018 for the Company to purchase its own shares of up to a maximum of 10% of the total number of issued shares of the Company. The Directors of the Company are committed to enhancing the value of the Company and believe that the purchase plan is being implemented in the best interest of the Company and its shareholders.

27 TREASURY SHARES (CONTINUED)

During the financial year, the Company purchased 2,329,600 ordinary shares of its total number of issued shares from the open market on Bursa Malaysia for RM2,447,883. The average price paid for the shares purchased during the financial year was approximately RM1.05 per share. The purchase transactions were financed by internally generated funds. Pursuant to the provisions of Section 127 of the Companies Act, 2016 ("Act"), the Company may either retain the purchased shares as treasury shares or cancel the purchased shares or a combination of both. The Directors of the Company may treat the purchased shares held as treasury shares as follows pursuant to Section 127(7) of the Act:

(i) distribute the treasury shares as dividends to the shareholders, such dividend to be known as "share dividends";
(ii) resell the treasury shares or any of the treasury shares in accordance with the relevant rules of Bursa Securities;
(iii) transfer the treasury shares or any of the treasury shares for the purposes of or under an employees' share scheme;
(iv) transfer the treasury shares or any of the treasury shares as purchase consideration;
(v) cancel the treasury shares or any of the treasury shares; or
(vi) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister (as defined in the Act) may by order prescribe.

As treasury shares, the rights attached as to voting, dividends and participation in other distribution, whether cash or otherwise, of the Company's assets including any distribution of assets upon winding up are suspended and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares for any purposes including substantial shareholdings, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

28 LOANS AND BORROWINGS

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Current				
Unsecured:				
Revolving credits	**511,118**	515,194	**170,011**	134,167
Term loans	**110,892**	111,426	**-**	-
Trade financing	**87,190**	118,217	**-**	-
Fixed rate notes	**9,015**	30,017	**-**	-
	718,215	774,854	**170,011**	134,167
Non-current				
Unsecured:				
Term loans	**129,410**	113,169	**-**	-
Revolving credits	**-**	88,500	**-**	-
	129,410	201,669	**-**	-
	847,625	976,523	**170,011**	134,167

28 LOANS AND BORROWINGS (CONTINUED)

The remaining maturities of the loans and borrowings are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Within 1 year	**718,215**	774,854	**170,011**	134,167
More than 1 year and less than 2 years	**51,550**	171,399	**-**	-
More than 2 years and less than 5 years	**37,660**	30,270	**-**	-
More than 5 years	**40,200**	-	**-**	-
	847,625	976,523	**170,011**	134,167

As at 31 December 2018 and 31 December 2017, there were no secured loans and borrowings held by the Group.

The Group's and the Company's loans and borrowings exposure to foreign currency (a currency which is other than the functional currency of the Group entities and the Company) risk, based on carrying amounts as at the end of the financial year, were:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
- United States Dollar	**153,415**	178,646	**120,011**	134,167
- Euro Dollar	**23,344**	10,714	**-**	-
- British Pound	**3,963**	-	**-**	-
	180,722	189,360	**120,011**	134,167

The effective interest rates of loans and borrowings of the Group are as follows:

	Group		Company	
	2018 %	2017 %	2018 %	2017 %
Revolving credits	**2.79 – 6.46**	1.38 – 6.28	**3.20 – 6.46**	1.57 – 6.28
Term loans	**3.16 – 6.57**	2.68 – 5.32	**-**	-
Trade financing	**2.28 – 4.69**	2.40 – 8.51	**-**	-
Fixed rate notes	**3.44 – 4.55**	3.44	**-**	-

28 LOANS AND BORROWINGS (CONTINUED)

The net exposure of loans and borrowings to cash flow risk and fair value risk in the periods in which they mature or reprice (whichever is earlier) are as follows:

2018	Total carrying amount RM'000	Fixed interest rate (Fair value risk) <1 year RM'000	Floating interest rate (Cash flow risk) <1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	>5 years RM'000
Group						
Unsecured						
Revolving credits	**511,118**	**-**	**511,118**	**-**	**-**	**-**
Term loans	**240,302**	**-**	**110,892**	**51,550**	**37,660**	**40,200**
Trade financing	**87,190**	**-**	**87,190**	**-**	**-**	**-**
Fixed rate notes	**9,015**	**9,015**	**-**	**-**	**-**	**-**
	847,625	**9,015**	**709,200**	**51,550**	**37,660**	**40,200**
Company						
Unsecured						
Revolving credits	**170,011**	**-**	**170,011**	**-**	**-**	**-**
2017						
Group						
Unsecured						
Revolving credits	603,694	-	515,194	88,500	-	-
Term loans	224,595	-	111,426	82,899	30,270	-
Trade financing	118,217	-	118,217	-	-	-
Fixed rate notes	30,017	30,017	-	-	-	-
	976,523	30,017	744,837	171,399	30,270	-
Company						
Unsecured						
Revolving credits	134,167	-	134,167	-	-	-

29 TRADE AND OTHER PAYABLES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current				
Trade payables	**190,472**	248,090	**-**	-
Deferred revenue	**-**	6,423	**-**	-
Advances from customer*	**357,464**	85,166	**-**	-
Other payables and accruals	**178,414**	278,321	**14,258**	11,603
	726,350	618,000	**14,258**	11,603
Non-current				
Advances from customer*	**-**	486,236	**-**	-
Other liabilities	**6,294**	5,693	**-**	-
	6,294	491,929	**-**	-

* As at 31 December 2018, the revenue relating to performance obligation that are unsatisfied or partially unsatisfied arising from advances from customer is expected to be recognised over the next 12 months. Revenue recognised during the financial year that would have been included in the contract liabilities as at 1 January 2018 and from additional contract liabilities during the financial year are RM567,433,000 and RM890,209,000 respectively.

The Group's trade payables exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the financial year, were:

	Group	
	2018 RM'000	2017 RM'000
- United States Dollar	**28,477**	27,863
- United Arab Emirates Dirham	**5,014**	1,528
- Indonesian Rupiah	**2,809**	5,564
- Singapore Dollar	**2,010**	5,917
- Euro Dollar	**1,628**	2,123
- China Renminbi	**1,038**	-
- Japanese Yen	**994**	1,756
- British Pound	**424**	2,406
- Ringgit Malaysia	**187**	-
- Australian Dollar	**112**	121
	42,693	47,278

The Group's other payables exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the financial year, were:

	Group	
	2018 RM'000	2017 RM'000
- Euro Dollar	**17,528**	10,748
- United States Dollar	**2,589**	5,914
- Singapore Dollar	**1,424**	2,400
- Indonesian Rupiah	**524**	538
- China Renminbi	**416**	137
- Ringgit Malaysia	**107**	1,635
- Japanese Yen	**10**	3,776
- United Arab Emirates Dirham	**-**	1,138
	22,598	26,286

Other payables and accruals balances of the Company are denominated in Ringgit Malaysia.

30 PROVISION FOR WARRANTIES

	Group	
	2018	2017
	RM'000	RM'000
At 1 January	**6,929**	9,470
Additions	**4,501**	4,476
Utilisation	**-**	(808)
Reversal	**(2,621)**	(5,747)
Effect of exchange rate changes	**86**	(462)
At 31 December	**8,895**	6,929

The Group recognises the estimated liability to repair or replace products when the underlying products or services are sold. It is expected that most of these costs will be incurred over the warranty period which extends up to 4 years.

31 GROSS REVENUE

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers				
Contract revenue	**2,172,634**	1,673,141	**-**	-
Sale of goods	**721,925**	772,225	**-**	-
	2,894,559	2,445,366	**-**	-
Revenue from other sources				
Rental income	**64,545**	39,979	**-**	-
Commission income	**-**	2,683	**-**	-
Dividend income	**-**	-	**9,094**	10,863
Interest income	**-**	-	**8,839**	11,319
Management fees	**-**	-	**701**	3,212
Other services	**2,027**	4,072	**-**	-
	66,572	46,734	**18,634**	25,394
	2,961,131	2,492,100	**18,634**	25,394

Revenue from contracts with customers is represented by:

	Group
	2018
	RM'000
Timing of revenue recognition	
- Over time	**2,024,442**
- At a point in time	**870,117**
	2,894,559

Comparative information for the previous financial year is not required to be disclosed in accordance with MFRS 15.

32 COST OF SALES

	Group 2018 RM'000	Group 2017 RM'000
Contract costs	**1,930,280**	1,443,661
Cost of goods sold	**646,980**	705,935
Direct operating costs relating to rental income	**48,020**	32,832
	2,625,280	2,182,428

33 OTHER GAINS/(LOSSES) - NET

	Group 2018 RM'000	Group 2017 RM'000
Fair value gains/(losses) arising from fair value changes of:		
- Derivative financial instruments - Forward currency contracts	**48**	(487)
- Investment in equity instruments	**(4)**	-
	44	(487)

34 PROFIT FROM OPERATIONS

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Profit from operations is stated after charging:				
Staff costs (Note 41)	**494,370**	334,866	**6,848**	4,371
Auditors' remuneration:				
Fees for statutory audits				
- PricewaterhouseCoopers PLT	**1,068**	1,077	**88**	88
- member firms of PricewaterhouseCoopers International Limited	**2,176**	1,497	**-**	-
- others	**629**	590	**-**	-
Fees for non-audit services*				
- PricewaterhouseCoopers PLT	**692**	577	**14**	14
- member firms of PricewaterhouseCoopers International Limited	**2,082**	2,802	**-**	-
Depreciation of property, plant and equipment	**188,091**	144,713	**100**	237
Impairment loss on:				
- property, plant and equipment	**48**	72,842	**-**	-
- investment in an associate	**-**	271	**-**	-
Loss on foreign currency exchange:				
- realised	**14,058**	13,313	**4,619**	5,545
- unrealised	**11,392**	29,104	**-**	-
Loss on disposal on a subsidiary	**-**	8,363	**-**	-
and crediting:				
Gain on disposal of property, plant and equipment	**5,439**	36,662	**3**	98
Gain on disposal of non-current asset held for sale	**4,534**	-	**-**	-
Gain on disposal of prepaid lease payments	**-**	64,071	**-**	-
Gain on disposal of a subsidiary	**-**	-	**-**	12,235
Gain on foreign exchange:				
- realised	**6,604**	14,342	**-**	-
- unrealised	**11,086**	24,748	**2,338**	4,276
Interest income	**6,687**	7,660	**8,839**	11,319
Reversal of impairment loss on property, plant and equipment	**4,904**	-	**-**	-

* Included in fees for non-audit services are fees payable to PricewaterhouseCoopers PLT and its local affiliates for the Group and the Company of RM692,000 (2017: RM577,000) and RM14,000 (2017: RM14,000) respectively.

35 FINANCE COSTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interest expense on:				
- loans and borrowings	**38,940**	41,897	**6,489**	7,427

36 TAX EXPENSE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current tax:				
- Malaysian income tax	**8,665**	10,173	**1,210**	1,988
- Foreign taxation	**39,485**	22,722	**-**	-
	48,150	32,895	**1,210**	1,988
Deferred taxation (Note 14)	**(924)**	(24,933)	**(361)**	113
	47,226	7,962	**849**	2,101
Current tax:				
- Current financial year	**48,290**	36,959	**1,100**	1,800
- (Over)/Under accrual in prior financial years	**(140)**	(4,064)	**110**	188
	48,150	32,895	**1,210**	1,988
Deferred taxation (Note 14)				
- Origination and reversal of temporary differences	**(924)**	(24,933)	**(361)**	113
Tax expense recognised in profit or loss	**47,226**	7,962	**849**	2,101

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit before tax	**107,088**	122,605	**537**	23,017
Calculated at the Malaysian tax rate of 24% (2017: 24%) on profit before tax	**25,701**	29,425	**129**	5,524
Expenses not deductible for tax purposes	**27,554**	28,779	**654**	3,199
Income not subject to tax	**(22,464)**	(38,328)	**(44)**	(6,810)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**(1,334)**	(3,508)	**-**	-
Reversal of previously recognised deferred tax assets	**3,532**	-	**-**	-
Current financial year deferred tax assets not recognised	**4,262**	10,363	**-**	-
Utilisation of tax incentives	**(1,268)**	(1,971)	**-**	-
Effect of different tax rates in other countries	**6,195**	1,060	**-**	-
Effect of changes in tax rates	**-**	(12,539)	**-**	-
(Over)/Underprovision in prior financial years	**(140)**	(4,064)	**110**	188
Share of associates and joint ventures results	**4,603**	(1,093)	**-**	-
Others	**585**	(162)	**-**	-
Tax expense recognised in profit or loss	**47,226**	7,962	**849**	2,101

37 EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The basic earnings per share for the financial year has been calculated by dividing the Group's profit attributable to owners of the Company for the financial year of RM64,797,000 (2017: RM113,021,000) by the weighted average number of ordinary shares in issue, after adjusting for movements in treasury shares during the financial year.

Weighted average number of shares

	Group	
	2018	**2017**
	'000	**'000**
Issued ordinary shares at 1 January	**774,887**	774,887
Effect of shares repurchased	**(2,786)**	(2,096)
Weighted average number of ordinary shares in issue	**772,101**	772,791
Basic earnings per ordinary share (sen)	**8.39**	14.63

As there are no potential ordinary shares issued by the Company, thus there is no dilution in earnings per share.

38 DISPOSAL OF SUBSIDIARY

Disposal of subsidiary in the previous financial year

On 21 December 2017, the Company and WSC Capital Sdn. Bhd. ("WSC Capital"), a direct wholly-owned subsidiary of the Company had disposed of 2,000,001 ordinary shares and 3,000,000 redeemable preference shares of WS Agro Industries Pte. Ltd. ("WS Agro"), representing 100% equity interest in WS Agro, for a total cash consideration of USD6,000,000. As a result of the disposal, WS Agro ceased to be a wholly-owned subsidiary of the Company.

Details of the disposal and the net cash flow on disposal are as follows:

	At the date of disposal
	RM'000
Investment in associate	24,104
Other receivables	59
Amount owing by associate	1,785
Cash and bank balances	5
Other payables	(15)
Amount owing to related company	(1)
Group share of net assets disposed	25,937
Net disposal proceeds	24,469
Net loss on disposal before reclassification of foreign currency translation reserve	(1,468)
Reclassification of foreign currency translation reserve to profit or loss	(6,895)
Net loss on disposal	(8,363)
Less: Cash and bank balances of subsidiary disposed	(5)
Proceeds receivable	8,363
Net cash outflow on disposal	(5)

39 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	Term loans RM'000	Fixed rate notes RM'000	Other bank borrowings RM'000	Total liabilities from financing activities RM'000
2018				
At 1 January	**224,595**	**30,017**	**721,911**	**976,523**
Cash flows	**13,540**	**(21,012)**	**(128,034)**	**(135,506)**
Effect of exchange rate changes	**2,167**	**10**	**4,431**	**6,608**
At 31 December	**240,302**	**9,015**	**598,308**	**847,625**
2017				
At 1 January	366,580	33,138	831,783	1,231,501
Cash flows	(114,016)	-	(53,586)	(167,602)
Effect of exchange rate changes	(27,969)	(3,121)	(56,286)	(87,376)
At 31 December	224,595	30,017	721,911	976,523

Company	Other bank borrowings RM'000	Total liabilities from financing activities RM'000
2018		
At 1 January	**134,167**	**134,167**
Cash flows	**34,921**	**34,921**
Effect of exchange rate changes	**923**	**923**
At 31 December	**170,011**	**170,011**
2017		
At 1 January	233,402	233,402
Cash flows	(73,661)	(73,661)
Effect of exchange rate changes	(25,574)	(25,574)
At 31 December	134,167	134,167

40 SIGNIFICANT RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions. The transactions described below were carried out on agreed terms.

	Group	
	2018	**2017**
	RM'000	**RM'000**
Significant transactions with companies in which a Director of the Company, Dato' Seri Robert Tan Chung Meng, has interest		
Rental of premises paid/payable	**1,031**	1,031
Significant transactions with an associate		
Lease rental of equipment	**10,307**	11,490

	Company	
	2018	**2017**
	RM'000	**RM'000**
Significant transactions with subsidiaries		
Dividend income:		
- Jutasama Sdn. Bhd.	**7,985**	9,875
- Petro-Pipe Industrial Corporation Sdn. Bhd.	**1,109**	988
Interest income:		
- WSC Capital Sdn. Bhd.	**6,158**	8,337
- Peakvest Sdn. Bhd.	**988**	952
- Sunrise Green Sdn. Bhd.	**853**	264
- Triple Cash Sdn. Bhd.	**230**	217
- Wah Seong Management Services Sdn. Bhd.	**149**	-
- Maple Sunpark Sdn. Bhd.	**112**	-
- WDG Resources Sdn. Bhd.	**70**	-
- Petro-Pipe Industries (M) Sdn. Bhd.	**5**	363
Management fees receivables:		
- PMT Industries Sdn. Bhd.	**271**	662
- Syn Tai Hung Trading Sdn. Bhd.	**235**	1,340
- Jutasama Sdn. Bhd.	**162**	499
- Mackenzie Industries Sdn. Bhd.	**33**	136
- Wasco Management Services Sdn. Bhd.	**-**	442
- Peakvest Sdn. Bhd.	**-**	44
- Maple Sunpark Sdn. Bhd.	**-**	44
- Sunrise Green Sdn. Bhd.	**-**	44
Net (repayment from)/advances to subsidiaries:		
- WSC Capital Sdn. Bhd.	**(36,236)**	(76,593)
- Peakvest Sdn. Bhd.	**(16,866)**	-
- Petro-Pipe Industries (M) Sdn. Bhd.	**(531)**	(12,469)
- Wah Seong Industrial Holdings Sdn. Bhd.	**-**	(43)
- Maple Sunpark Sdn. Bhd.	**65,107**	-
- Sunrise Green Sdn. Bhd.	**7,132**	-
- Wah Seong Management Services Sdn. Bhd.	**1,329**	2,080

40 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

Significant outstanding balances with related parties at the financial year end are as follows:

	Company	
	2018 RM'000	2017 RM'000
Amounts due from/(to) subsidiaries:		
- WSC Capital Sdn. Bhd.	**76,551**	115,501
- Maple Sunpark Sdn. Bhd.	**65,219**	-
- Sunrise Green Sdn. Bhd.	**12,939**	4,951
- Triple Cash Sdn. Bhd.	**4,804**	4,574
- Wah Seong Management Services Sdn. Bhd.	**3,438**	2,100
- Jutasama Sdn. Bhd.	**435**	530
- Syn Tai Hung Trading Sdn. Bhd.	**280**	76
- Peakvest Sdn. Bhd.	**66**	21,119
- Mackenzie Industries Sdn. Bhd.	**51**	387
- Wah Seong Industrial Holdings Sdn. Bhd.	**37**	17
- PMT Industries Sdn. Bhd.	**21**	24
- PPI Industries Sdn. Bhd.	**(3,356)**	-
- Wasco Management Services Sdn. Bhd.	**(2,878)**	(1,291)
- Petro-Pipe Industries (M) Sdn. Bhd.	**(585)**	566

Compensation of key management personnel are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Key management personnel:				
- short-term employee benefits (including monetary value of benefits-in-kind)	**14,997**	13,394	**4,611**	4,072
- post-employment benefits	**1,116**	834	**540**	467

41 STAFF COSTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Salaries, wages and bonus	**470,014**	315,881	**6,243**	3,930
Defined contribution plan	**24,356**	18,985	**605**	441
	494,370	334,866	**6,848**	4,371

Included within staff costs are remuneration of Executive Directors of the Group and the Company (Note 42).

42 DIRECTORS' REMUNERATIONS

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Executive Directors				
Salaries, wages and bonus	**8,984**	6,817	**3,030**	2,184
Defined contribution plan	**674**	504	**364**	263
Directors' fees	**80**	80	**80**	80
Directors' allowances	**18**	18	**18**	18
	9,756	7,419	**3,492**	2,545
Non-Executive Directors				
Directors' fees	**250**	250	**250**	250
Directors' allowances	**80**	78	**78**	78
	330	328	**328**	328
	10,086	7,747	**3,820**	2,873

The estimated monetary value of benefits-in-kind received and receivable by Directors of the Group and the Company are RM442,000 (2017: RM597,000) and RM155,000 (2017: RM156,000) respectively.

43 COMMITMENTS

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group	
	2018	2017
	RM'000	RM'000
Commitment to acquire property, plant and equipment not provided for in the financial statements:		
Approved and contracted	**606**	797

(b) Operating lease commitments - The Group as lessee

In addition to the prepaid lease payments disclosed in Note 5, the Group has entered into commercial leases of land and operating equipment. These leases have an average tenure between 1 and 5 years with no renewal option or contingent rent provision included in the contracts.

Future minimum rental payable under non-cancellable operating leases (excluding prepaid lease payments) at the reporting date are as follows:

	Group	
	2018	2017
	RM'000	RM'000
Payable not later than one year	**21,565**	22,938
Payable later than one year but not later than five years	**64,505**	71,897
Payable later than five years	**173,867**	194,330

44 SEGMENTAL ANALYSIS

For management purposes, the Group is organised into business units based on their products and services.

The Group's operating segments comprise:

(a) Oil & gas division: Pipe coating, pipe manufacturing for the oil and gas industry, building and operating offshore/onshore field development facilities and the provision of highly specialised equipment and services to the power generation, oleochemical and petrochemical industries.

(b) Renewable energy division: Supplier and manufacturer of specialised equipment for biomass power plants; such as industrial fans, boilers and turbines that run primarily on biomass fuels.

(c) Industrial trading & services division: Trading and distribution of building materials and the manufacturing and trading of industrial pipes for the construction industry.

(d) Plantation division: Agricultural development, cultivation of oil palm and other crops and trading of oil palm products and agriculture based products. The Group had disposed of its Plantation business in the previous financial year.

(e) Others: All other units within the Group that do not constitute a separately reportable segment.

Management monitors the operating results of its divisions separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue and profitability measures as shown in the table below.

Transactions between segments were entered into in the normal course of business and were established on agreed terms. The effects of such inter-segmental transactions are eliminated on consolidation.

The assets are allocated based on the operations of the respective segments. The amounts provided to the Group Chief Executive Officer with respect to total assets are measured in a manner consistent with the disclosure of segment assets below.

	Oil & Gas RM'000	Renewable Energy RM'000	Industrial Trading & Services RM'000	Others RM'000	Total RM'000
RESULTS					
Financial year ended 31 December 2018					
Revenue	1,981,234	335,845	481,679	165,505	2,964,263
Less: Inter segment revenue	(2,711)	-	-	(421)	(3,132)
External revenue	1,978,523	335,845	481,679	165,084	2,961,131
Segment profits/(losses)	132,420	29,231	7,279	(5,722)	163,208
Share of results of associates	1,448	-	(208)	(70)	1,170
Share of results of joint ventures	(21,719)	1,506	-	753	(19,460)
	112,149	30,737	7,071	(5,039)	144,918
Unallocated expenses relating to financing activities					(20,253)
Unallocated corporate expenses					(17,577)
Profit before tax					107,088

44 SEGMENTAL ANALYSIS (CONTINUED)

	Oil & Gas RM'000	Renewable Energy RM'000	Industrial Trading & Services RM'000	Others RM'000	Total RM'000
TOTAL ASSETS					
As at 31 December 2018					
Segment assets	1,597,998	411,187	257,920	72,258	2,339,363
Investment in associates	181,864	-	165	-	182,029
Investment in joint ventures	104,107	3,731	-	18,530	126,368
	1,883,969	414,918	258,085	90,788	2,647,760
Assets held for sale					2,207
Unallocated corporate assets					
- Deferred tax assets					43,344
- Tax recoverable					15,479
- Cash and cash equivalents					18,566
- Short term investment					609
- Others					37,970
Total assets					2,765,935

	Oil & Gas RM'000	Renewable Energy RM'000	Industrial Trading & Services RM'000	Others RM'000	Total RM'000
OTHER INFORMATION					
Financial year ended 31 December 2018					
Depreciation of:					
- Property, plant and equipment	180,206	4,676	1,886	1,323	188,091
- Investment properties	-	-	4	342	346
Amortisation of:					
- Prepaid lease payments	508	-	820	-	1,328
Additions of:					
- Property, plant and equipment	91,141	5,265	353	1,448	98,207
- Investment properties	-	-	-	7,216	7,216
Impairment loss on receivables	205	1,471	1,536	209	3,421
(Reversal of)/impairment loss on property, plant and equipment	(4,904)	-	48	-	(4,856)
Impairment loss on inventories	2,120	481	(586)	-	2,015
Interest income	(4,582)	(791)	(949)	(365)	(6,687)
Interest expense	11,580	2,521	3,284	1,302	18,687

44 SEGMENTAL ANALYSIS (CONTINUED)

	Oil & Gas RM'000	Renewable Energy RM'000	Industrial Trading & Services RM'000	Others RM'000	Total RM'000
RESULTS					
Financial year ended 31 December 2017					
Revenue	1,558,949	280,274	520,423	134,791	2,494,437
Less: Inter segment revenue	(1,877)	-	-	(460)	(2,337)
External revenue	1,557,072	280,274	520,423	134,331	2,492,100
Segment profits/(losses)*	124,793	28,492	(493)	(4,307)	148,485
Share of results of associates*	137	-	43	(5,043)	(4,863)
Share of results of joint ventures	7,088	1,015	-	1,774	9,877
	132,018	29,507	(450)	(7,576)	153,499
Unallocated expenses relating to financing activities					(24,963)
Unallocated corporate expenses					(5,931)
Profit before tax					122,605
TOTAL ASSETS					
As at 31 December 2017					
Segment assets	1,966,038	333,006	293,867	93,712	2,686,623
Investment in associates	184,360	-	863	-	185,223
Investment in joint ventures	126,791	2,225	-	17,430	146,446
	2,277,189	335,231	294,730	111,142	3,018,292
Assets held for sale					18,143
Unallocated corporate assets					
- Deferred tax assets					41,724
- Tax recoverable					15,418
- Cash and cash equivalents					18,155
- Short term investment					18,862
- Others					39,783
Total assets					3,170,377
OTHER INFORMATION					
Financial year ended 31 December 2017					
Depreciation of:					
- Property, plant and equipment	136,172	4,647	2,161	1,733	144,713
- Investment properties	-	-	13	223	236
Amortisation of:					
- Prepaid lease payments	689	-	820	-	1,509
Additions of:					
- Property, plant and equipment	473,320	2,993	569	1,117	477,999
- Investment properties	-	-	-	30	30
Impairment loss on trade receivables	-	921	502	-	1,423
Impairment loss on property, plant and equipment	72,024	-	818	-	72,842
Impairment loss on investment in an associate**	-	-	-	271	271
Impairment loss on inventories	-	3,386	2,821	-	6,207
Interest income	(3,921)	(1,023)	(1,443)	(1,273)	(7,660)
Interest expense	12,628	820	2,881	605	16,934

* Segment profits/(losses) and share of results of associates included Plantation segment, which amounted to loss of RM8,698,000 and loss of RM5,043,000 respectively within the "Others" segment.

** Impairment loss on investment in an associate included Plantation segment, which amounted to RM271,000 within the "Others" segment.

44 SEGMENTAL ANALYSIS (CONTINUED)

Geographical information

Revenue and non-current assets information is based on the geographical location of customers and assets respectively as follows:

	Revenue		Non-current assets*	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Attributed to the country of domicile:				
Malaysia	**679,975**	896,636	**554,086**	593,779
Attributed to foreign countries:				
Europe	**1,743,402**	1,144,397	**548,731**	627,015
South East Asia excluding Malaysia	**175,226**	119,409	**122,962**	132,506
Australia	**159,485**	154,556	**16,797**	9,621
Middle East	**74,532**	61,309	**22,881**	25,851
East Asia	**28,183**	12,209	**-**	-
China	**26,681**	18,245	**8,081**	9,029
Latin America	**16,371**	14,132	**-**	-
Canada	**11,550**	13,420	**132,306**	132,538
Africa	**6,582**	19,477	**-**	-
India	**2,624**	8,584	**82**	4,691
Others	**36,520**	29,726	**3,387**	5,049
	2,961,131	2,492,100	**1,409,313**	1,540,079

* Non-current assets other than investment in equity instruments/available-for-sale financial assets, financial instruments and deferred tax assets.

45 FINANCIAL INSTRUMENTS BY CATEGORY

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Financial assets				
Financial assets measured at fair value through profit or loss – designated upon initial recognition:				
- Derivatives financial assets	**146**	94	**-**	-
- Short term investments	**609**	18,862	**609**	18,862
- Investment in equity instruments	**6**	-	**-**	-
Financial assets measured at fair value through other comprehensive income:				
- Available-for-sale financial assets	**-**	10	**-**	-
Financial assets at amortised cost:				
- Trade and other receivables (excluding prepayments)	**466,275**	738,841	**12,815**	14,261
- Amounts owing by subsidiaries	**-**	-	**163,851**	149,871
- Amounts owing by associates	**11,617**	12,722	**20**	13
- Amounts owing by joint ventures	**55,471**	55,417	**-**	23
- Finance lease receivables	**32,422**	-	**-**	-
- Time deposits	**75,764**	92,534	**8,500**	2,110
- Cash and bank balances	**156,363**	189,612	**854**	2,221
	797,912	1,089,126	**186,040**	168,499
Total	**798,673**	1,108,092	**186,649**	187,361

45 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Financial liabilities				
Financial liabilities at amortised cost:				
- Trade and other payables	**369,032**	533,042	**14,258**	11,603
- Amounts owing to subsidiaries	**-**	-	**6,797**	1,291
- Amounts owing to associates	**-**	175	**-**	-
- Amounts owing to joint ventures	**3,959**	3,314	**-**	-
- Dividend payable	**14,004**	13,685	**-**	-
- Loans and borrowings	**847,625**	976,523	**170,011**	134,167
Total	**1,234,620**	1,526,739	**191,066**	147,061

46 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's overall financial risk management objectives and policies are to ensure that the Group and the Company create value and maximise returns for its shareholders. Financial risk management is carried out through risk review, internal control systems, benchmarking to the industry's best practices and adherence to the Group's financial risk management policies.

The main risks arising from the financial instruments of the Group and the Company are credit risk, market risk, and liquidity risk. Management monitors the Group's and the Company's financial position closely with the objective to minimise potential adverse effects on the financial performance of the Group and of the Company.

The following sections provide details regarding the Group's and the Company's exposure to the above mentioned financial risks and the objectives, policies and processes for managing these risks.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company.

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amounts of each class of financial assets recognised in the statements of financial position, including derivative financial instruments with positive fair values.

(a) Receivables

The Group's and the Company's exposure to credit risk is monitored on an ongoing basis. The Group and the Company have credit policies in place to manage the credit risk exposure. The risk is managed through the application of the Group's and the Company's credit management procedures which include the application of credit evaluations or approvals and follow up procedures.

The Group and the Company actively monitor the utilisation of credit limits to manage the risk of any material loss from the non-performance of its counterparties.

46 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

(a) Receivables (continued)

Simplified approach for trade receivables and contract assets (including intercompany trade balances)

The Group and the Company apply simplified approach to providing for expected credit losses prescribed by MFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. The Group and the Company accounts for its credit risk by appropriately providing for expected credit losses on timely basis. In calculating credit loss rate, the trade receivables and contract assets have been assessed based on credit risk categories and the days past due and adjust for forward looking information.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group and the Company. The Group and the Company categorise a receivable for write off when a debtor fails to make contractual payments and the recoverability of the receivables is remote. Where trade receivables have been written off, the Group and the Company continues to engage in enforcement activity to attempt to receiver the receivable due. Where recoveries are made, these are recognised in profit or loss.

General 3-stage approach for other debt instruments financial assets

Other debt instruments financial assets at amortised costs include other receivables, non-trade intercompany balances, time deposits and cash and bank balances. All of these financial assets are considered to have low credit risk, and thus the impairment provision recognised during the financial year was limited to 12 months expected credit losses. These financial assets instruments are considered to be low credit risk when they have a low risk of default and the counterparties have strong capacity to meet its contractual cash flow obligations in the near term. Bank deposits are placed with licensed financial institutions with high credit ratings assigned by credit rating agencies and hence, the credit risk is considered to be low.

Historically, the Company's loss arising from credit risk is negligible. However, the Company considers available reasonable and supportive forward looking information, such as:

- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor and changes in the business of the debtor;
- debtor's past history and existing market conditions

There is no loss allowance provision for other financial asset at amortised cost as at 31 December 2018, except for other receivables.

For movement of allowance for impairment of trade and other receivables, refer to Note 18.

(b) Intercompany balances

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of its subsidiaries regularly.

As at 31 December 2018 and 31 December 2017, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that intercompany receivables are stated at the realisable values. As at 31 December 2018 and 31 December 2017, there was no indication that the loans and advances extended to the subsidiaries are not recoverable.

Loan to subsidiaries

Loan to subsidiaries that are repayable on demand and interest-free are classified as amortised cost in the Company's financial statements because the Company's business model is to hold and collect the contractual cash flows and those cash flows represent solely payments of principal and interest. The Company applied the general 3-stage approach when determining ECL for these loans to subsidiaries.

No additional loss allowance is recognised on these loans to subsidiaries upon adoption of MFRS 9 as all strategies indicate that the Company could fully recover the outstanding balance of the loans to subsidiaries.

Loans to subsidiaries in the Company's separate financial statements are assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored based on each loan to subsidiary.

46 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

(c) Derivative financial instruments

Transactions involving derivative financial instruments are with approved financial institutions and reputable banks.

As at the end of the reporting period, the maximum exposure to credit risk arising from derivatives financial assets is represented by the carrying amounts in the statement of financial position.

In view of the counterparties being reputable licensed financial institutions, management does not expect any of the counterparties to fail to meet their obligations.

(d) Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayment made by the subsidiaries.

The maximum exposure to credit risk amounts to RM208,717,000 (2017: RM311,479,000) representing banking facilities utilised by the subsidiaries as at the end of the financial year.

As at 31 December 2018, there was no indication that any subsidiary would default on repayment.

Financial guarantees have not been recognised since the fair value on initial recognition was not material as the probability of the subsidiaries defaulting on its banking facilities is remote.

(e) Time deposits and cash and bank balances

Time deposits and cash and bank balances are placed with approved financial institutions and reputable banks. The likelihood of non-performance by these financial institutions is remote based on their high credit ratings.

Market risk

Market risk refers to the risk that changes in market prices, such as foreign exchange rates, interest rates and prices will affect the Group's and the Company's financial position and cash flows.

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales and purchases that are denominated in a currency other than the functional currencies of the Group entities. The foreign currency in relation to these transactions is mainly denominated in United States Dollar.

The Group maintains a natural hedge, whenever possible, by maintaining receivables and payables in matching foreign currencies. Foreign exchange exposures in transactional currencies other than the functional currencies of the operating entities are kept to an acceptable level.

The Group also uses forward currency contracts to minimise exposure on currency fluctuations for which receipts or payments are anticipated more than one month after the Group has entered into a firm commitment for a sale or purchase. The forward currency contracts entered are in the same currency as the hedged item. It is the Group's policy to negotiate the terms of the forward currency contracts to match the terms of the hedged item to maximise its effectiveness.

At the reporting date, the Group is mainly exposed to fluctuation in the United States Dollar exchange rate against the respective functional currencies of the Group entities. The Group considers a 5% strengthening or weakening of the United States Dollar as a possible change.

A 5% strengthening or weakening of the United States Dollar would result in profit or loss after tax and equity being approximately RM3,511,000 (2017: RM4,064,000) lower or higher for the Group. A 5% strengthening or weakening of the United States Dollar would result in profit or loss after tax and equity being approximately RM1,540,000 (2017: RM1,594,000) higher or lower for the Company.

The Group and the Company consider that the foreign currency risk attributable to currencies other than the United States Dollar to be insignificant.

46 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (continued)

(b) Cash flow and fair value interest rate risks

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 fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's and the Company's exposure to interest rate risks relates primarily to the Group's and the Company's time deposits and interest bearing borrowings.

Surplus funds are placed with licensed financial institutions to earn interest income based on prevailing market rates. The Group and the Company manages its interest rate risks by placing such funds on short tenures of 12 months or less.

The Group and the Company generally borrow principally on a floating rate basis and ensure that interest rates obtained are competitive.

The interest rate profile of the Group's and the Company's significant interest-bearing financial instrument have been presented in Notes 19, 21, 22 and 28.

Fair value sensitivity for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as a fair value hedge. Therefore, a change in interest rates for these financial instruments at the end of the reporting period would not affect profit or loss.

Sensitivity analysis for variable rate instruments

At the reporting date, if interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's and the Company's profit or loss after tax and equity would have been approximately RM4,193,000 and RM850,000 (2017: RM4,733,000 and RM671,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its payables and borrowings. The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

As at 31 December 2018, there are facilities available together with new facility which the Group and the Company is pursuing, that can be used to part refinance borrowings, capital expenditure and general working capital requirements of the Group and the Company.

46 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

All financial liabilities of the Group and the Company that will be due and payable within the next 12 months are classified within current liabilities. The contractual cash flows of derivative financial liabilities and non-derivative financial liabilities are presented below:

Group	Within 1 year RM'000	More than 1 year and less than 2 years RM'000	More than 2 years and less than 5 years RM'000	More than 5 years RM'000	Total contractual undiscounted cash flows RM'000	Total carrying amount RM'000
2018						
Non-derivative financial liabilities						
Trade and other payables	**368,882**	**63**	**87**	**-**	**369,032**	**369,032**
Amounts owing to joint ventures	**3,959**	**-**	**-**	**-**	**3,959**	**3,959**
Loans and borrowings	**751,123**	**58,380**	**48,507**	**43,398**	**901,408**	**847,625**
Dividend payable	**14,004**	**-**	**-**	**-**	**14,004**	**14,004**
	1,137,968	**58,443**	**48,594**	**43,398**	**1,288,403**	**1,234,620**
2017						
Non-derivative financial liabilities						
Trade and other payables	532,833	209	-	-	533,042	533,042
Amounts owing to associates	175	-	-	-	175	175
Amounts owing to joint ventures	3,314	-	-	-	3,314	3,314
Loans and borrowings	801,555	179,036	31,725	-	1,012,316	976,523
Dividend payable	13,685	-	-	-	13,685	13,685
	1,351,562	179,245	31,725	-	1,562,532	1,526,739
Company						
2018						
Non-derivative financial liabilities						
Financial guarantees*	**208,717**	**-**	**-**	**-**	**208,717**	**-**
Other payables and accruals	**14,258**	**-**	**-**	**-**	**14,258**	**14,258**
Amounts owing to subsidiaries	**6,797**	**-**	**-**	**-**	**6,797**	**6,797**
Loans and borrowings	**178,218**	**-**	**-**	**-**	**178,218**	**170,011**
	407,990	**-**	**-**	**-**	**407,990**	**191,066**
2017						
Non-derivative financial liabilities						
Financial guarantees*	311,479	-	-	-	311,479	-
Other payables and accruals	11,603	-	-	-	11,603	11,603
Amounts owing to subsidiaries	1,291	-	-	-	1,291	1,291
Loans and borrowings	139,431	-	-	-	139,431	134,167
	463,804	-	-	-	463,804	147,061

* This represents the maximum exposure to the Company in the event that the financial guarantee contracts issued by the Company to its subsidiaries are called upon. These liabilities have been included in the consolidated statement of financial position of the Group and hence not result in any additional liability to the Group.

47 FAIR VALUES OF FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and liabilities classified within current assets and current liabilities respectively approximate their fair values due to the relatively short term nature of these financial instruments.

Fair value of quoted equity instruments and debts securities are determined by reference to their respective published market bid price as at 31 December 2018.

The fair values of forward exchange contracts are estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate.

The fair values of interest rate swaps is determined by using valuation techniques based on observable market data.

Fair values of non-derivative financial liabilities are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

The carrying amount of financial liabilities measured at amortised cost approximates their respective fair values.

Fair value hierarchy

The table below summarises all financial instruments carried at fair value as at 31 December 2018 and 31 December 2017, based on a hierarchy that reflects the significance of the inputs used in measuring its respective fair values. The levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical financial assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the financial asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the financial asset or liability that are not based on observable market data (unobservable inputs).

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2018				
Financial assets				
Investment in equity instruments	**6**	**-**	**-**	**6**
Derivative financial assets	**-**	**146**	**-**	**146**
Short term investments	**-**	**609**	**-**	**609**
	6	**755**	**-**	**761**
2017				
Financial assets				
Available-for-sale financial assets	10	-	-	10
Derivative financial assets	-	94	-	94
Short term investments	-	18,862	-	18,862
	10	18,956	-	18,966
Company				
2018				
Financial assets				
Short term investments	**-**	**609**	**-**	**609**
2017				
Financial assets				
Short term investments	-	18,862	-	18,862

48 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital structure in order to continue supporting its businesses, maximise shareholders' value and sustain future development of businesses within the Group. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as interest bearing liabilities less cash and cash equivalents. Total capital includes paid-up share capital and reserves attributable to owners of the Company. The Group's net gearing ratio is 0.64 times (2017: 0.75 times).

SUMMARY OF SIGNIFICANT RECURRENT RELATED PARTY TRANSACTIONS

A. Transactions of A Revenue or Trading in Nature

<table>
<tr><th>Interested Related Party</th><th>Provider of Products/ Services</th><th>Recipient of Products/ Services</th><th>Actual Value Transacted for the Financial Year Ended 31 December 2018</th><th>Nature of Transaction</th></tr>
<tr><td rowspan="2">Dato' Seri Robert Tan Chung Meng; Pauline Tan Suat Ming; Tony Tan Choon Keat; Tan Chin Nam Sdn. Bhd.; Tan Kim Yeow Sendirian Berhad; Wah Seong (Malaya) Trading Co. Sdn. Bhd.</td><td>Syn Tai Hung Trading Sdn. Bhd. and its subsidiaries</td><td>IGB Berhad (formerly known as Goldis Berhad) Group of Companies</td><td>RM6,427,768.80</td><td>Sale/Purchase of building materials, trading in generator sets, construction machineries and equipment and component parts and related products and services</td></tr>
<tr><td colspan="4">Dato' Seri Robert Tan Chung Meng is the Group Chief Executive Officer and Director of IGB Berhad Group. He is also a Director of Wah Seong Corporation Berhad Group. He is a common indirect Major Shareholder of Wah Seong Corporation Berhad and IGB Berhad. His total direct and indirect shareholdings in Wah Seong Corporation Berhad are 1.53% and 40.30% respectively. His total direct and indirect shareholdings in IGB Berhad are 0.23% and 28.41% respectively.

Pauline Tan Suat Ming is a common indirect Major Shareholder of Wah Seong Corporation Berhad and IGB Berhad. Her indirect shareholding in Wah Seong Corporation Berhad is 40.58%. Her total direct and indirect shareholdings in IGB Berhad are 0.05% and 28.41% respectively.

Tony Tan Choon Keat is a common indirect Major Shareholder of Wah Seong Corporation Berhad and IGB Berhad. His indirect shareholding in Wah Seong Corporation Berhad is 40.30%. His indirect shareholding in IGB Berhad is 28.41%. Tony Tan Choon Keat is the father of Tan Jian Hong, Aaron, a Director of Wah Seong Corporation Berhad.

Tan Chin Nam Sdn. Bhd., Tan Kim Yeow Sendirian Berhad and Wah Seong (Malaya) Trading Co. Sdn. Bhd. are common Major Shareholders of Wah Seong Corporation Berhad and IGB Berhad.

Tan Chin Nam Sdn. Bhd.'s total direct and indirect shareholdings in Wah Seong Corporation Berhad are 0.08% and 33.33% respectively. Tan Kim Yeow Sendirian Berhad's total direct and indirect shareholdings in Wah Seong Corporation Berhad are 6.98% and 33.33% respectively. Wah Seong (Malaya) Trading Co. Sdn. Bhd.'s total direct and indirect shareholdings in Wah Seong Corporation Berhad are 32.98% and 0.34% respectively.

Tan Chin Nam Sdn. Bhd.'s total direct and indirect shareholdings in IGB Berhad are 23.68% and 20.08% respectively. Tan Kim Yeow Sendirian Berhad's total direct and indirect shareholdings in IGB Berhad are 9.69% and 18.72% respectively. Wah Seong (Malaya) Trading Co. Sdn. Bhd.'s total direct and indirect shareholdings in IGB Berhad are 15.09% and 3.63% respectively.</td></tr>
</table>

B. Group Financial and/or Treasury Management

<table>
<tr><th>Interested Related Party</th><th>Lender</th><th>Borrower</th><th>Actual Value Transacted for the Financial Year Ended 31 December 2018</th><th>Nature of Transaction</th></tr>
<tr><td rowspan="2">Chan Cheu Leong;
Chan Wei Keat</td><td>Syn Tai Hung Trading Sdn. Bhd.</td><td>WDG Resources Sdn. Bhd.</td><td>RM9,433,261</td><td>Utilisation of Syn Tai Hung Trading Sdn. Bhd.'s banking facilities obtained from the bank(s) by WDG Resources Sdn. Bhd.</td></tr>
<tr><td colspan="4">Chan Wei Keat is a Director of WDG Resources Sdn. Bhd. and holds 51,497 shares in Wah Seong Corporation Berhad. Chan Wei Keat is the son of Chan Cheu Leong.

Syn Tai Hung Trading Sdn. Bhd. is the immediate holding company of WDG Resources Sdn. Bhd.

Chan Cheu Leong is a Substantial Shareholder of 33.33% shareholding in Epilog Tegap Sdn. Bhd. via Midvest Asia Sdn. Bhd. and in turn Epilog Tegap Sdn. Bhd. holds 40% shareholding in WDG Resources Sdn. Bhd.

Chan Cheu Leong is the Managing Director/Group Chief Executive Officer and a Substantial Shareholder of 5.49% shareholding in Wah Seong Corporation Berhad via Midvest Asia Sdn. Bhd. and Midvest Properties Sdn. Bhd.. His direct shareholding in Wah Seong Corporation Berhad is 2.67%. Chan Cheu Leong is the father of Chan Wei Keat.</td></tr>
<tr><td rowspan="2">Chan Cheu Leong;
Chan Wei Keat</td><td>Syn Tai Hung Trading Sdn. Bhd.</td><td>WDG Resources Sdn. Bhd.</td><td>RM30,000,000</td><td>Guarantee granted to undertake outstanding amount owing by WDG Resources Sdn. Bhd. in the event that WDG Resources Sdn. Bhd. failed to settle any debts owing to the suppliers and/or banks.</td></tr>
<tr><td colspan="4">Chan Wei Keat is a Director of WDG Resources Sdn. Bhd. and holds 51,497 shares in Wah Seong Corporation Berhad. Chan Wei Keat is the son of Chan Cheu Leong.

Syn Tai Hung Trading Sdn. Bhd. is the immediate holding company of WDG Resources Sdn. Bhd.

Chan Cheu Leong is a Substantial Shareholder of 33.33% shareholding in Epilog Tegap Sdn. Bhd. via Midvest Asia Sdn. Bhd. and in turn Epilog Tegap Sdn. Bhd. holds 40% shareholding in WDG Resources Sdn. Bhd.

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</table>

NOTE:
The Interested Related Party Relationships are as per Circular to Shareholders on Proposed Renewal of Shareholders' Mandate for the Existing Recurrent Related Party Transactions of a Revenue or Trading Nature and Provision of Financial Assistance; and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature and Provision of New Financial Assistance dated 25 April 2018 which was approved at the Annual General Meeting of Wah Seong Corporation Berhad held on 25 May 2018.

TOP 10 LIST OF PROPERTIES
AS AT 31 DECEMBER 2018

Title/Location	Description/ existing use	Approximate age of the building	Approximate land/ built-up area	Tenure	Audited NBV as at 31.12.2018 RM'000
Geran Mukim 2327, 2805, 2806, 2315, 2328 and 2323 Lot No 512, 513, 514, 515, 1284 and 2347 Mukim Teluk Panglima Garang Daerah Kuala Langat Selangor Darul Ehsan	Agricultural land	N/A	24 acres	Freehold	73,323
PT 15926, Jalan Bandar Lama 42500 Teluk Panglima Garang Selangor Darul Ehsan	Factory and office building	2 years	4 acres		
KKIP Timor, Industrial Zone 13 General Industrial Zone Kota Kinabalu Industrial Park Mile 15 Jalan Telipok, Telipok Kota Kinabalu, Sabah	Industrial land with factory and office building	9 years	22 acres (Land) 232,956 sq ft (Building)	Leasehold 99 years expiring on 31 December 2098	58,005
No 5 Pandan Road Singapore 609299	Office buildings	3 years	13,723 sq m	Leasehold 28 years expiring on 30 December 2037	47,199
HS(D) Nos 40386, 40387 and 39789 PT No 18, 19 and 1554 Mukim 1, Seberang Perai Tengah, Pulau Pinang	Industrial land with office and factory building	16 – 33 years	97,896 sq m (Land) 24,009 sq m (Building)	Leasehold Lot P.T Nos 18 & 19 expiring on 31 January 2039 and 1554 expiring on 5 June 2046	41,377
Geran No 32543, 32544, 32546 and 32547 Lot No 1929, 1930, 1944 and 1945	Industrial land with office and factory building	11 – 12 years	18 acres (Land) 40,425 sq m (Building)	Freehold	40,209
Geran No 32545, Lot No 1943 Daerah & Mukim of Klang Selangor Darul Ehsan	Industrial land	N/A	4 acres (Land)		
Rompintie 182, 48310 Kotka, Finland	Industrial building	9 years	27,150 sq m	Leasehold 50 years expiring 31 May 2058	39,148

TOP 10 LIST OF PROPERTIES
AS AT 31 DECEMBER 2018

Title/Location	Description/ existing use	Approximate age of the building	Approximate land/ built-up area	Tenure	Audited NBV as at 31.12.2018 RM'000
PKNP Land Lot Fiz Kawasan Perindustrian Fiz Tg Gelang, Mukim Sg. Karang Kuantan, Pahang Darul Makmur	Industrial land	N/A	36 acres	Leasehold 99 years expiring on 19 December 2096	19,251
PN 4460, 4461, 4462, 4463, 37309 Lot No 487, 488, 489, 490, 476 Seksyen 90 Bandar Kuala Lumpur No 2 Jalan 1/75 Off Jalan Kampong Pandan Kuala Lumpur	Commercial	29 years	3,190 sq m	Leasehold 99 years expiring on 14 October 2076	17,590
P.T. No.11443 held under title H.S. (M) 9613 Section 13 Mukim of Kajang District of Hulu Langat Lot 4 Jalan P/2A Seksyen 13 Kawasan Perindustrian Bangi 43650 Bandar Baru Bangi Selangor Darul Ehsan	Factory building	22 – 36 years	16,828 sq m	Leasehold 99 years expiring on 29 September 2086	13,902
KKIP Timur, Industrial Zone 10 General Industrial Zone Kota Kinabalu Industrial Park Mile 15 Jalan Telipok, Telipok Kota Kinabalu, Sabah	Industrial land	N/A	15 acres	Leasehold 99 years expiring on 31 December 2096	9,860

ANALYSIS OF SHAREHOLDINGS

Ordinary Shares

Share Capital as at 29 March 2019

Issued and Fully Paid-up Capital	: RM547,690,000.00
Class of Equity Securities	: Ordinary Shares
Stock Name	: WASEONG
Voting Rights	: On a poll - one (1) vote per ordinary share held
Total Shareholders	: 10,759

Distribution of Shareholders as at 29 March 2019

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	2,341	21.7585	73,571	0.0094
100 - 1,000	1,912	17.7712	693,907	0.0895
1,001 - 10,000	4,454	41.3979	17,787,641	2.2955
10,001 - 100,000	1,793	16.6651	48,567,882	6.2677
100,001 to less than 5% of total number of issued shares	256	2.3794	358,506,895	46.2656
5% and above of issued share capital	3	0.0279	349,258,398	45.0720
Total	**10,759**	**100.0000**	**774,888,294**	**100.0000**

List of Substantial Shareholders as at 29 March 2019

		No. of Ordinary Shares			
Name of Substantial Shareholders		**Direct Interest**	**%[(a)]**	**Deemed Interest**	**%[(a)]**
1.	Wah Seong (Malaya) Trading Co. Sdn. Bhd.	254,167,900	32.9891	2,588,705[(b)]	0.3360
2.	Midvest Asia Sdn. Bhd.	41,438,636	5.3784	916,400[(h)]	0.1189
3.	Tan Kim Yeow Sendirian Berhad	53,754,662	6.9769	256,756,605[(c)]	33.3250
4.	Pauline Tan Suat Ming	-	-	312,667,348[(g)]	40.5818
5.	Tan Chin Nam Sdn. Bhd.	600,206	0.0779	256,756,605[(c)]	33.3250
6.	Tony Tan Choon Keat	-	-	310,511,267[(d)]	40.3020
7.	Dato' Seri Robert Tan Chung Meng	11,761,308	1.5265	310,511,267[(d)]	40.3020
8.	Chan Cheu Leong	20,575,062	2.6705	42,355,036[(e)]	5.4974

Directors' Shareholdings as at 29 March 2019

		No of Ordinary Shares			
Name of Directors		**Direct Interest**	**%[(a)]**	**Deemed Interest**	**%[(a)]**
1.	Dato' Seri Robert Tan Chung Meng	11,761,308	1.5265	310,511,267[(d)]	40.3020
2.	Chan Cheu Leong	20,575,062	2.6705	42,509,527[(f)]	5.5174
3.	Halim Bin Haji Din	-	-	-	-
4.	Giancarlo Maccagno	16,680,277	2.1650	-	-
5.	Professor Tan Sri Lin See Yan	-	-	-	-
6.	Tan Jian Hong, Aaron	-	-	-	-
7.	Tan Sri Saw Choo Boon	-	-	-	-

Notes:
(a) Based on 770,461,356 ordinary shares (Total number of issued shares of 774,888,294 ordinary shares less Treasury Shares of 4,426,938).
(b) Deemed interest held through Wah Seong Enterprises Sdn. Bhd. ("**WSE**") pursuant to Section 8 of the Companies Act, 2016 ("**the Act**") whereby Wah Seong (Malaya) Trading Co. Sdn. Bhd. ("**WST**") is the major shareholder of WSE.
(c) Deemed interest held through WSE and WST pursuant to Section 8 of the Act.
(d) Deemed interest held through WSE, WST and Tan Kim Yeow Sendirian Berhad ("**TKYSB**") pursuant to Section 8 of the Act.
(e) Deemed interest held through Midvest Asia Sdn. Bhd. ("**MASB**") and Midvest Properties Sdn. Bhd. ("**MPSB**") pursuant to Section 8 of the Act.
(f) Deemed interest held through MASB and MPSB pursuant to Section 8 of the Act and include interests of his spouse and children.
(g) Deemed interest held through WSE, WST, TKYSB and PTSM Holdings Sdn. Bhd. pursuant to Section 8 of the Act.
(h) Deemed interest held through MPSB pursuant to Section 8 of the Act.

Note:
- By virtue of his interests of more than 20% in the shares of the Company, Dato' Seri Robert Tan Chung Meng is also deemed to be interested in the shares of all its subsidiaries to the extent the Company has an interest.
- TKYSB and Tan Chin Nam Sdn Bhd are the major shareholders of WST.

Thirty (30) Largest Shareholders as at 29 March 2019

No.	Name	No. of Shares	%[(a)]
1.	Wah Seong (Malaya) Trading Co. Sdn. Bhd.	250,221,662	32.4769
2.	Midvest Asia Sdn. Bhd.	41,335,836	5.3651
3.	Tan Kim Yeow Sendirian Berhad	39,154,662	5.0820
4.	Lembaga Tabung Angkatan Tentera	34,684,989	4.5018
5.	Amanahraya Trustees Berhad Amanah Saham Bumiputera	34,000,000	4.4129
6.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	16,845,164	2.1864
7.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	16,682,500	2.1653
8.	HSBC Nominees (Asing) Sdn. Bhd. Giancarlo Maccagno	16,530,277	2.1455
9.	Karya Insaf (M) Sdn. Bhd.	16,050,423	2.0832
10.	Urusharta Jamaah Sdn. Bhd.	15,733,700	2.0421
11.	Tan Kim Yeow Sendirian Berhad	14,600,000	1.8950
12.	HSBC Nominees (Asing) Sdn. Bhd. Exempt AN for Credit Suisse (SG BR-TST-ASING)	13,198,427	1.7131
13.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chan Cheu Leong	12,066,666	1.5662
14.	Robert Tan Chung Meng	10,965,308	1.4232
15.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (PHEIM)	8,963,700	1.1634

Thirty (30) Largest Shareholders as at 29 March 2019 (continued)

No.	Name	No. of Shares	%[(a)]
16.	Amanahraya Trustees Berhad Amanah Saham Nasional	7,784,500	1.0104
17.	Micasa Investments (S) Pte Ltd	6,374,840	0.8274
18.	Amanahraya Trustees Berhad ASN Umbrella for ASN Sara (Mixed Asset Conservative) 1	6,260,000	0.8125
19.	Amanahraya Trustees Berhad ASN Umbrella for ASN Imbang (Mixed Asset Balanced) 2	5,688,000	0.7383
20.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Chan Cheu Leong (PBCL-0G0598)	5,000,000	0.6490
21.	Amanahraya Trustees Berhad ASN Equity 2	4,300,000	0.5581
22.	Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan) (ESPG IV SC E)	4,208,400	0.5462
23.	Ranjit Singh A/L Mahindar Singh	4,075,323	0.5289
24.	Wah Seong (Malaya) Trading Co. Sdn. Bhd.	3,946,238	0.5122
25.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY for Dimensional Emerging Markets Value Fund	3,838,083	0.4982
26.	CIMSEC Nominees (Tempatan) Sdn. Bhd. Exempt AN for CGS-CIMB Securities (Singapore) Pte Ltd (Retail Clients)	3,300,761	0.4284
27.	CIMB Group Nominees (Asing) Sdn. Bhd. Exempt AN for DBS Bank Ltd (SFS)	3,226,800	0.4188
28.	Maybank Nominees (Tempatan) Sdn. Bhd. Maybank Trustees Berhad for Dana Makmur PHEIM (211901)	3,203,300	0.4158
29.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	3,193,740	0.4145
30.	HSBC Nominees (Asing) Sdn. Bhd. Exempt AN for The Hongkong and Shanghai Banking Corporation Limited (HBAP-SGDIV-ACCL)	3,016,667	0.3915
		608,449,966	78.9722

Note:
(a) Based on 770,461,356 ordinary shares (Total number of issued shares of 774,888,294 ordinary shares less Treasury Shares of 4,426,938).

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Nineteenth Annual General Meeting of WAH SEONG CORPORATION BERHAD ("the Company") will be held at Perdana IV, Level 3, Cititel Hotel, 66 Jalan Penang, 10000 Penang, Malaysia on Wednesday, 15 May 2019 at 11.00 a.m. for the following purposes:

AGENDA

As Ordinary Business

1. To receive and adopt the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2018 and the Reports of the Directors and Auditors thereon. **Ordinary Resolution 1**

2. To approve the Directors' Fees of RM510,000 and Directors' Meeting Allowances of RM98,000 payable for the financial year ended 31 December 2018. **Ordinary Resolution 2**

3. To re-elect the following Directors who retire pursuant to Article 110 of the Company's Constitution:

   (i) Professor Tan Sri Lin See Yan **Ordinary Resolution 3**

   (ii) Giancarlo Maccagno **Ordinary Resolution 4**

4. To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

As Special Business

To consider, and if thought fit, to pass the following Ordinary/Special Resolutions, with or without modifications thereto:

5. **Ordinary Resolution**
   Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016 **Ordinary Resolution 6**

   "THAT, subject always to the Companies Act, 2016 ("the Act"), the Company's Constitution and approvals from the relevant governmental and/or regulatory bodies where such approvals shall be necessary, authority be and is hereby given to the Directors of the Company pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the share capital of the Company from time to time upon such terms and conditions and for such purposes as may be determined by the Directors of the Company to be in the interest of the Company provided always that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors of the Company be also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND THAT such authority shall continue to be in forced until the conclusion of the next Annual General Meeting ("AGM") of the Company or the expiration of the period within which the next AGM is required by law to be held, whichever is the earlier; but an approval may be revoked or varied at any time by a resolution of the Company in general meeting."

6. **Ordinary Resolution**
   Proposed Renewal of Authority to Buy-Back its Own Shares by the Company **Ordinary Resolution 7**

   "THAT, subject to the provisions of the Companies Act, 2016 ("the Act"), the Company's Constitution, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other applicable laws, rules, orders, requirements, regulations and guidelines for the time being in force, the Directors of the Company be hereby unconditionally and generally authorised to purchase the Company's own ordinary shares ("WSC Shares") in the Company's total number of issued shares through Bursa Securities at any time and upon such terms and conditions and for such purposes as the Directors of the Company may, in their discretion deem fit, subject to the following:

   (i) the maximum number of WSC Shares which may be purchased and/or held by the Company shall be ten per centum (10%) of the total number of issued shares of the Company for the time being;

(ii) the maximum fund to be allocated by the Company for the purpose of purchasing the WSC Shares shall not exceed the retained profits of the Company as at 31 December 2018 otherwise available for distribution as dividends;

(iii) the authority conferred by this resolution will be effective immediately upon the passing of this resolution and will continue in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time the authority shall lapse, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;

(b) the expiration of the period within which the next AGM after that date it is required by law to be held; or

(c) revoked or varied by an ordinary resolution of the shareholders of the Company at a general meeting;

whichever is earlier but not so as to prejudice the completion of the purchase(s) made by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the MMLR of Bursa Securities or any other relevant authorities;

(iv) upon completion of the purchase(s) of the WSC Shares by the Company, the Directors of the Company be hereby authorised to deal with the WSC Shares in accordance with the MMLR and the Companies Act, 2016.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps that are necessary or expedient and/or appropriate to implement, finalise and to give full effect to the purchase(s) of WSC Shares with full power to assent to any conditions, variations, and/or amendments that may be imposed by the relevant authorities."

7. **Ordinary Resolution**
Proposed Renewal of Shareholders' Mandate for the Existing Recurrent Related Party Transactions and Provision of Financial Assistance **Ordinary Resolution 8**

"THAT, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries ("WSC Group") to enter into recurrent related party transactions of a revenue or trading nature and the provision of financial assistance as specified in Section 2.5 of Part B of the Circular to Shareholders dated 16 April 2019 which transactions are necessary for the day-to-day operations in the ordinary course of business of WSC Group on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company and 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 and that such approval shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time the proposed shareholders' mandate will lapse, unless renewed by a resolution passed at the meeting;

(ii) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution."

8. **Ordinary Resolution**
Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions **Ordinary Resolution 9**

"THAT, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries ("WSC Group") to enter into new/additional recurrent related party transactions of a revenue or trading nature as specified in Section 2.5 of Part B of the Circular to Shareholders dated 16 April 2019 which transactions are necessary for the day-to-day operations in the ordinary course of business of WSC Group on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company and the shareholders' mandate is subject to annual renewal and disclosure shall be made in the Annual Report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year and that such approval shall continue to be in forced until:-

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time the proposed new shareholders' mandate will lapse, unless renewed by a resolution passed at the meeting;
(ii) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution."

9. **Ordinary Resolutions**
Retention of Independent Non-Executive Directors

(i) "THAT approval be and is hereby given to Halim Bin Haji Din who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than sixteenth (16) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2017." **Ordinary Resolution 10**
(ii) "THAT subject to the passing of Ordinary Resolution 3 above, approval be and is hereby given to Professor Tan Sri Lin See Yan who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than fourteenth (14) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2017." **Ordinary Resolution 11**

10. **Special Resolution**
Proposed Adoption of New Constitution of the Company **Special Resolution 1**

"THAT the proposed adoption of the new Constitution of the Company, as set out in Part C of the Company's Circular to Shareholders dated 16 April 2019, as the new Constitution of the Company in substitution of the existing Memorandum and Articles of Association ("M & A") of the Company in its entirety be and is hereby approved ("Proposed Adoption of Constitution") and the existing M & A of the Company shall be revoked accordingly.

AND THAT the Directors of the Company be and are hereby authorised to give effect to the Proposed Adoption of Constitution with full power to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by any relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Adoption of Constitution."

11. To transact any other business that may be transacted at an Annual General Meeting of which due notice shall have been given in accordance with the Companies Act, 2016 and the Company's Constitution.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this Nineteenth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., in accordance with Article 81(2) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, to issue a Record of Depositors as at 9 May 2019 ("General Meeting Record of Depositors"). Only a Depositor whose name appears on the General Meeting Record of Depositors shall be regarded as a member entitled to attend, speak and vote at the Nineteenth Annual General Meeting or appoint proxies to attend, speak and vote on his/her behalf.

BY ORDER OF THE BOARD
WOO YING PUN (MAICSA 7001280)
Group Company Secretary

Kuala Lumpur
Dated: 16 April 2019

Notes:

1. A proxy may but need not be a Member of the Company. If a Member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
2. Where a Member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
3. Where a Member of the Company is an authorised nominee as defined under SICDA, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. If the appointer is a corporation, the proxy form must be executed under the common seal or under the hand of its officer or attorney duly authorised in writing.
5. In accordance with Section 334(3) of the Companies Act, 2016, the instrument appointing a proxy and the power of attorney or other authority, if any, under which is signed or a notarially certified copy of that power or authority shall be deposited at the Company's Registered Office at Suite 19.01, Level 19, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll at the Nineteenth Annual General Meeting. Pursuant to Paragraph 8.29A(1), Chapter 8 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this notice are required to be voted by poll.

Explanatory Notes on Ordinary Business

1. Payment of Directors' Fees and Directors' Meeting Allowances for the financial year ended 31 December 2018

The proposed Ordinary Resolution 2, is to obtain shareholders' approval for the payment of Directors' Fees and Directors' Meeting Allowances in respect of the financial year ended 31 December 2018.

Explanatory Notes on Special Business

1. Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016

The Ordinary Resolution 6, if passed, will give authority to the Directors of the Company to issue and allot shares from the unissued share capital of the Company for such purposes as the Directors of the Company in their absolute discretion consider to be in the interest of the Company without having to convene a general meeting. This authority shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") or the expiration of the period within which the next AGM is required by law to be held, whichever is the earlier; but any approval may be previously revoked or varied by a resolution of the Company in general meeting.

The Company has not issued any new shares pursuant to Sections 75 and 76 of the Companies Act, 2016 under the general mandate which was approved at the Eighteenth AGM of the Company held on 25 May 2018 and which will lapse at the conclusion of the Nineteenth AGM. A renewal of this authority is being sought at the Nineteenth AGM.

The authority to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016 will provide flexibility and expediency to the Company for any possible fund raising involving the issuance or placement of shares to facilitate business expansion or strategic merger and acquisition opportunities involving equity deals or part equity or to fund future investment project(s) or for working capital requirements, which the Directors of the Company consider to be in the best interest of the Company.

As such, any additional cost to be incurred or delay arising from the need to convene a general meeting to approve such issuance of shares could be eliminated.

2. Proposed Renewal of Authority to Buy-Back its Own Shares by the Company

The Ordinary Resolution 7, if passed, will allow the Directors of the Company to exercise the power of the Company to purchase and/or hold not more than ten per centum (10%) of the total number of issued shares of the Company for the time being. This authority will expire at the conclusion of the next Annual General Meeting unless earlier revoked or varied by ordinary resolution passed by shareholders at a general meeting.

Please refer to Part A of the Share Buy-Back Statement dated 16 April 2019, for information pertaining to Ordinary Resolution 7.

3. Proposed Renewal of Shareholders' Mandate for the Existing Recurrent Related Party Transactions and Provision of Financial Assistance

Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions

The Ordinary Resolutions 8 & 9, if passed, will allow the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related parties and the provision of financial assistance in the ordinary course of business which are necessary for the day-to-day operations based on terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Please refer to Part B of the Circular to Shareholders dated 16 April 2019, for information pertaining to Ordinary Resolutions 8 & 9.

4. Retention of Independent Non-Executive Directors of the Company in accordance with the Malaysian Code on Corporate Governance 2017

(i) Halim Bin Haji Din

The Board has assessed the independence of Halim Bin Haji Din, who has served the Company for more than sixteen (16) years, and recommended that he continues to act as an Independent Non-Executive Director of the Company based on the following justification:

(a) He has met the criteria of an Independent Director as defined in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

(b) He has performed his duties diligently and in the best interest of the Company and has provided independent judgement, broader views and balanced assessments to the proposals from the Management with his diverse experience and expertise.

(c) His vast experience in the accounting, finance, corporate recovery and audit enables him to provide the Board with a diverse set of experience, expertise and independent judgement.

(d) He understands the Company's industry well and is able to contribute to the effective oversight of the Company's business activities.

(e) He consistently challenges the Management in an effective and constructive manner.

(f) He maintains his independence where management oversight and monitoring are concerned in the execution of the Company's strategic plans.

(ii) Professor Tan Sri Lin See Yan

The Board has assessed the independence of Professor Tan Sri Lin See Yan, who has served the Company for more than fourteen (14) years, and recommended that he continues to act as an Independent Non-Executive Director of the Company based on the following justification:

(a) He has met the criteria of an Independent Director as defined in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

(b) He has performed his duties diligently and in the best interest of the Company and has provided independent judgement, broader views and balanced assessments to the proposals from the Management with his diverse experience and expertise.

(c) His vast experience in the banking and finance industry coupled with his economics and corporate background enables him to provide the Board with a diverse set of experience, expertise and independent judgement.

(d) He understands the Company's industry well and is able to contribute to the effective oversight of the Company's business activities.

(e) He consistently challenges the Management in an effective and constructive manner.

(f) He maintains his independence where management oversight and monitoring are concerned in the execution of the Company's strategic plans.

5. Special Resolution

Proposed Adoption of New Constitution of the Company

The Proposed Adoption of the new Constitution of the Company is to be in line with the recent amendments to the Companies Act, 2016 and the Main Market Listing Requirement of Bursa Malaysia Securities Berhad and other prevailing statutory or regulatory requirements which have been revised and where relevant, to render consistency throughout.

Please refer to Part C of the Circular to Shareholders dated 16 April 2019, which is enclosed and despatched together with the Annual Report 2018, for information pertaining to the Special Resolution.

STATEMENT ACCOMPANYING
NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

1. Details of Individual who is standing for election as Director.

No individual is seeking for election as a Director of the Company at the Nineteenth Annual General Meeting of the Company.

2. There is a renewal of the general mandate for the issuance of securities to be sought in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, at the Nineteenth Annual General Meeting of the Company.

No proceeds was raised from the previous mandate as the Company has not issued any new shares pursuant to Sections 75 and 76 of the Companies Act, 2016 under the general mandate which was approved at the Eighteenth Annual General Meeting of the Company held on 25 May 2018.

The purpose for the general mandate being sought to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016 is to provide flexibility and expediency to the Company for any possible fund raising involving the issuance or placement of shares to facilitate business expansion or strategic merger and acquisition opportunities involving equity deals or part equity or to fund future investment project(s) or for working capital requirements, which the Directors of the Company consider to be in the best interest of the Company.

As such, any additional cost to be incurred or delay arising from the need to convene a general meeting to approve such issuance of shares could be eliminated.

3. Date, time and place of the Nineteenth Annual General Meeting

Date : Wednesday, 15 May 2019
Time : 11.00 a.m.
Place : Perdana IV, Level 3, Cititel Hotel, 66 Jalan Penang, 10000 Penang, Malaysia

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PROXY FORM

WAH SEONG CORPORATION BERHAD
(495846-A)
(INCORPORATED IN MALAYSIA)

Number of Ordinary Shares held

I/We ____
(Full name in block letters)

NRIC or Company No. ______________________________ CDS Account No. ____________________

of ____
(Full address)

being a *member/members of WAH SEONG CORPORATION BERHAD (Company No. 495846-A) hereby appoint ____________________

______________________________ NRIC No. ____________________
(Full name in block letters)

of ____
(Full address)

or failing *him/her, ______________________________ NRIC No. ____________________
(Full name in block letters)

of ____
(Full address)

or failing *him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf, at the Nineteenth Annual General Meeting ("AGM") of the Company to be held at Perdana IV, Level 3, Cititel Hotel, 66 Jalan Penang, 10000 Penang, Malaysia on Wednesday, 15 May 2019 at 11.00 a.m. and at any adjournment thereof in the manner indicated below.

		FOR	AGAINST
Ordinary Resolution 1	To receive and adopt the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2018 and the Reports of the Directors and Auditors thereon.		
Ordinary Resolution 2	To approve the Directors' Fees of RM510,000 and Directors' Meeting Allowances of RM98,000 payable for the financial year ended 31 December 2018.		
Ordinary Resolution 3	To re-elect Professor Tan Sri Lin See Yan as Director who retires pursuant to Article 110 of the Company's Constitution.		
Ordinary Resolution 4	To re-elect Giancarlo Maccagno as Director who retires pursuant to Article 110 of the Company's Constitution.		
Ordinary Resolution 5	To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 6	To authorise the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016.		
Ordinary Resolution 7	Proposed Renewal of Authority to Buy-Back its Own Shares by the Company.		
Ordinary Resolution 8	Proposed Renewal of Shareholders' Mandate for the Existing Recurrent Related Party Transactions and Provision of Financial Assistance.		
Ordinary Resolution 9	Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions.		
Ordinary Resolution 10	To retain Halim Bin Haji Din as an Independent Non-Executive Director.		
Ordinary Resolution 11	To retain Professor Tan Sri Lin See Yan as an Independent Non-Executive Director.		
Special Resolution 1	Proposed Adoption of New Constitution of the Company.		

(Please indicate with an "x" in the space provided above as to how you wish to cast your vote. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.)

* *Strike out whichever not applicable*

____
Signature of Member

____
Company Seal to be affixed here if Member is a Corporation

Signed this: ________ day of ____________________ 2019

Contact No.: ______________________________

Notes:
1. A proxy may but need not be a Member of the Company. If a Member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
2. Where a Member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
3. Where a Member of the Company is an authorised nominee as defined under SICDA, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. If the appointer is a corporation, the proxy form must be executed under the common seal or under the hand of its officer or attorney duly authorised in writing.
5. In accordance with Section 334(3) of the Companies Act, 2016, the instrument appointing a proxy and the power of attorney or other authority, if any, under which is signed or a notarially certified copy of that power or authority shall be deposited at the Company's Registered Office at Suite 19.01, Level 19, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll at the Nineteenth AGM. Pursuant to Paragraph 8.29A(1), Chapter 8 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this notice are required to be voted by poll.
6. For the purpose of determining a member who shall be entitled to attend this Nineteenth AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., in accordance with Article 81(2) of the Company's Constitution and Section 34(1) of SICDA, to issue a Record of Depositors as at 9 May 2019 ("General Meeting Record of Depositors"). Only a Depositor whose name appears on the General Meeting Record of Depositors shall be regarded as a member entitled to attend, speak and vote at the Nineteenth AGM or appoint proxies to attend, speak and vote on his/her behalf.

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AFFIX
STAMP

THE COMPANY SECRETARY
WAH SEONG CORPORATION BERHAD
(COMPANY NO.: 495846-A)

Registered Office:
Suite 19.01, Level 19, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur, Wilayah Persekutuan
Malaysia

1st fold here

WAH SEONG CORPORATION BERHAD (495846-A)

Suite 19.01, Level 19
The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur, Malaysia

Tel: +603-2685 6800
Fax: +603-2685 6999

website: www.wahseong.com