WAH SEONG CORPORATION BERHAD
(495846-A)

ANNUAL REPORT 2017

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

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WORLDWIDE OPERATION

CORPORATE PROFILE

A RISING GLOBAL ENERGY SERVICE PROVIDER

Photo credit:
Nord Stream 2 AG, ©Axel Schmidt

INCORPORATED IN 1999, WAH SEONG CORPORATION BERHAD ("WSC" OR "THE COMPANY") HAS GROWN FROM STRENGTH TO STRENGTH, TRANSFORMING ITSELF FROM A MEDIUM-SIZED MALAYSIAN ENTERPRISE INTO AN INTERNATIONAL OIL AND GAS AND INDUSTRIAL SERVICES CONGLOMERATE. PROPELLED BY THE DYNAMIC PACE OF THE ENERGY SECTOR AND RISING DEMAND, THE COMPANY CONTINUES TO BUILD UPON ITS SUCCESS TO EFFECTIVELY MEET THE NEEDS OF BOTH THE OIL AND GAS AS WELL AS NON-OIL AND GAS SECTORS AS A GLOBALLY INTEGRATED INFRASTRUCTURE GROUP.

Listed on the Main Market of Bursa Malaysia Securities Berhad, WSC has established its footprint in more than 14 countries worldwide – a feat made possible as a result of its vast technical experience and proven track records. As a rising global player, WSC is committed to achieving success in a holistic manner whereby its economic ambitions are balanced out with its societal and environmental obligations.

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
(Appointed on 6 April 2018)

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
Lee Hisahmmudin Allen & Gledhill
Rahmat Lim & Partners

PRINCIPAL BANKERS

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

PRINCIPAL ADVISERS

RHB Investment Bank Berhad
CIMB 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

Industrial Products

STOCK CODE NO

5142

STOCK NAME

WASEONG

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

FINANCIAL HIGHLIGHTS

OPERATING RESULTS		2013	2014	2015	2016	2017
Revenue	RM'000	1,779,383	2,438,620	1,839,524	1,276,588	**2,492,100**
EBITDA/(LBITDA)	RM'000	136,974	287,703	121,419	(72,001)	**298,286**
EBIT/(LBIT)	RM'000	75,594	211,952	52,804	(204,913)	**156,842**
Profit/(Loss) Before tax	RM'000	64,319	198,480	35,700	(225,864)	**122,605**
Net profit/(loss)	RM'000	32,293	147,109	(11,868)	(234,554)	**114,643**
Net Profit/(Loss) Attributable to Owners of the Company	RM'000	32,324	125,565	9,453	(228,302)	**113,021**

KEY BALANCE SHEET DATA						
Total Assets	RM'000	2,499,176	2,901,315	2,999,186	2,605,241	**3,170,377**
Paid-up Capital	RM'000	387,444	387,444	387,444	387,444	**547,690**
Capital and Reserves Attributable to Owners of the Company	RM'000	983,509	1,074,977	1,121,918	775,891	**894,161**

VALUATION						
Per share of RM0.50 each						
Basic Earnings/(Loss)	sen	4.20	16.26	1.22	(29.54)	**14.63**
Gross Dividend						
- Cash Dividend	sen	4.00	5.00	3.00	0.50	**-**
- Share Dividend	sen	1.10	0.67	-	-	**-**
Net Assets	RM	1.27	1.39	1.45	1.00	**1.16**

PROFITABILITY RATIOS						
Return on Total Assets	%	3	7	2	-8%	**5%**
Return on Capital Employed	%	6	15	3	-21%	**9%**

GEARING RATIO						
Net Debt to Capital and Reserves Attributable to Owners of the Company	Times	0.46	0.69	0.80	1.18	**0.76**

CORPORATE CALENDAR

JANUARY

3 January
Joint Venture and Shareholders' Agreement between Syn Tai Hung Trading Sdn. Bhd., an indirect wholly-owned subsidiary of WSC and Lesso Home Service Holdings Limited for the purpose of carrying out the business as integrated sales and service center

17 January
Incorporation of Wasco Coatings Finland (Plant and Equipment) Oy by WSC's indirect wholly-owned subsidiary namely Wasco Coatings Finland Oy

25 January
Pipe Coating business unit of WSC hosted an exclusive lunch presentation with Nord Stream 2 at KL Hilton

26 January
Incorporation of Lesso Home Syn Tai Hung Sdn. Bhd., a joint venture company between Syn Tai Hung Sdn. Bhd., an indirect wholly-owned subsidiary of WSC and Lesso Home Service Holdings Limited

FEBRUARY

15 February
Wasco Coatings Germany GmbH, an indirect wholly-owned subsidiary of WSC acquired 100% equity interest in Mutares Holding-16 AG

28 February
4QFY2016 Results Announcement

MARCH

2 March
Wasco Coatings Finland (Plant and Equipment) Oy, an indirect wholly-owned subsidiary of WSC acquired plant, other assets and coating equipment from Finland Pipecoating Oy

27 March
Wasco Coatings Finland Oy commenced concrete weight coating operations in its coating plant at the Port of HaminaKotka, Mussalo

28 March
PT Wasco Engineering Indonesia, an indirect subsidiary of WSC delivered two identical 1,200 ton of Technical Building (E-House) for Kaombo North and South FPSO Projects (P2) to Schneider Electric (Australia)

APRIL

25 April
PT Wasco Engineering Indonesia, an indirect subsidiary of WSC hosted a delegation from Denmark's DONG Energy as part of the pre-tender qualification exercise to design and build offshore E-House

MAY

19 May
WSC 17th Annual General Meeting

29 May
Pipe Coating business unit of WSC took its first load out of pipes for Johan Sverdrup Export Pipeline Project (JoSEPP) from Port of Kuantan to Leirvik, Norway

30 May
1QFY2017 Results Announcement

JUNE

1 June
WDG Resources Sdn. Bhd., an indirect subsidiary of WSC entered into a Distributor Agreement with Doosan Infracore Co., Ltd.

16 June
Incorporation of Wah Seong Management Services Sdn. Bhd., a wholly-owned subsidiary of WSC

16 June
PT Wasco Engineering Indonesia, an indirect subsidiary of WSC was awarded US$ 11mil (equivalent to RM44.7mil) contract by Schneider Electric France for the provision of design and construction of 3 electrical substations for the Tengizchevroil (TCO) Kazakhstan

JULY

17 July
Wasco Coatings Germany GmbH commenced concrete weight coating in Port of Mukran

17 July
Wasco Coatings Finland Oy took its first transshipment of concrete weight coated pipes from Port of HaminaKotka, Finland to the Port of Koverhar in Hanko

CORPORATE CALENDAR

24 July

Disposal of Land and Buildings by Wasco Resources Sdn. Bhd., Wasco Coatings Services Sdn. Bhd., Wasco Coatings Insulation Sdn. Bhd., Wasco Lindung Sdn. Bhd. and Wasco Coatings Malaysia Sdn. Bhd., the indirect subsidiaries of WSC to RHB Trustees Berhad (as trustee for Axis Real Investment Trust)

AUGUST

1 August

PT Wasco Engineering Indonesia, an indirect subsidiary of WSC was awarded US$ 24.2mil (equivalent to RM103.6mil) contract by Siemens SAS for the provision of design and build up of three (3) Substations including Heating, Ventilation and Air Conditioning for the Tengizchevroil (TCO) Area project in Kazakhstan

28 August

PT Wasco Engineering Indonesia, an indirect subsidiary of WSC made its presence at the 2017 Offshore Wind Farm Substation Conference in Bremen, Germany

28 August

2QFY2017 Results Announcement

SEPTEMBER

13 September

Incorporation of WS Integrasi Sdn. Bhd., a joint venture company between WSC and Tengku Rozitatoria Binti Tengku Rostam

OCTOBER

5 October

Wasco Coatings Germany GmbH took first transshipment of its concrete coated pipes from its coating plant in Mukran, Germany to the Port of Karlshamn in Sweden

30 October

Wasco Engineering International Limited packaged and delivered 4 Waukesha Driven Ariel compressor packages to the Basrah Gas Company, Iraq

NOVEMBER

17 November

Energy Services Division, an indirect subsidiary of WSC completed the installation of a Sensorlink PipeMonit System for the Gumusut Kakap field in Malaysia

29 November

3QFY2017 Results Announcement

DECEMBER

21 December

Wasco Engineering Division, an indirect subsidiary of WSC was awarded US$ 3.15mil (equivalent to RM12.8mil) 'LOI' by PTSC Mechanical & Construction Co., Ltd. (PTSC M&C), a subsidiary of PetroVietnam Technical Services Corporation (PTSC) for the supply and delivery of Gas Compressor package for Sao Vang and Dai Nguyet (SVDN) Development project in the Idemitsu – operated blocks 05-1b and 05-1c in the Nam Con Son Basin, Vietnam

25 January 2017

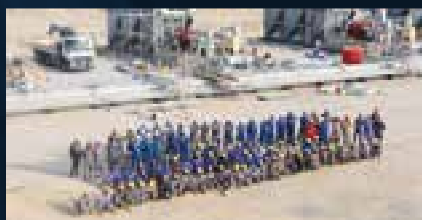
Photo credit:
Nord Stream 2 AG, ©Axel Schmidt

27 March 2017

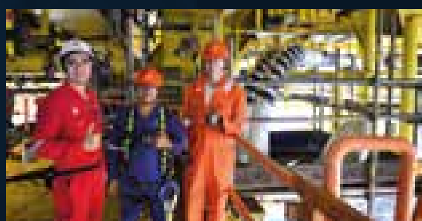
28 March 2017

Photo credit:
Nord Stream 2 AG, ©Axel Schmidt

5 October 2017



30 October 2017



17 November 2017

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 41 TO 57 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.

Photo credit:
Nord Stream 2 AG, ©Axel Schmidt

SUSTAINABILITY STATEMENT

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

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 8 to 17 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 2017 to 31st December 2017 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.

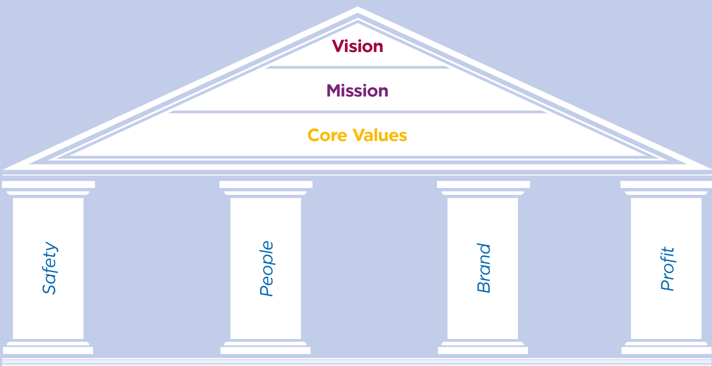
SUSTAINABILITY STATEMENT

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:

SUSTAINABILITY



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

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

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

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

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

SUSTAINABILITY STATEMENT

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.

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

SUSTAINABILITY STATEMENT

SAFETY

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

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

Business Unit	WSEF	WCM	WLSB	PPS	Group Total
Man-hours Worked	1,345,369	1,460,864	171,343	453,774	3,431,350
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)	3	3	0	5	11
Near Miss (NM)	4	15	1	4	24
Statutory Notice/Fine	0	0	0	0	0
Dangerous Occurrence	0	2	0	0	2
Fire/Explosion	0	3	1	1	5
Property Damage (PD)	1	10	1	1	13
Effluent Pollution	0	0	0	0	0
Spill Incident	3	1	0	0	4
HSE Performance					
Man-hours Lost	0	0	0	0	0
Man-days Lost	0	0	0	0	0
Lost Time Incident Frequency (LTI F)	0	0	0	0	0
Total Reportable Occupational Illness Frequency (TROIF)	0	0	0	0	0
Total Reportable Incident (TRIF)	0	0	0	2.2	2.2
Incident Free Man-Hours Worked since last LTI	10,739,579	5,604,492	1,038,963	1,217,028	18,600,062

SUSTAINABILITY STATEMENT

Safety Scorecard as per previous section

Energy Management

WCM & WLSB

Year	2017	2016
All Plant (kw/h)	15,105,290	6,143,696
Total Man-hours	1,478,078	572,577
(kw/h) / Man-hours	10.21	10.73

PPS

Year	2017	2016
All Plant (kw/h)	1,274,600	1,723,400
Total Man-hours	453,774	521,526
(kw/h) / Man-hours	2.81	3.30

WSEF

Year	2017	2016
All Plant (kw/h)	2,839,100	3,263,340
Total Man-hours	1,345,369	1,972,317
(kw/h) / Man-hours	2.11	1.65

Water Management

WCM & WLSB

Year	2017	2016
All Plant (m3)	237,677	176,604
Total Man-hours	1,478,078	572,577
(m3) / Man-hours	0.16	0.31

PPS

Year	2017	2016
All Plant (m3)	17,491	17,610
Total Man-hours	453,774	521,526
(m3) / Man-hours	0.04	0.03

WSEF

Year	2017	2016
All Plant (m3)	10,050	23,338
Total Man-hours	1,345,369	1,972,317
(m3) / Man-hours	0.007	0.01

SUSTAINABILITY STATEMENT

PEOPLE

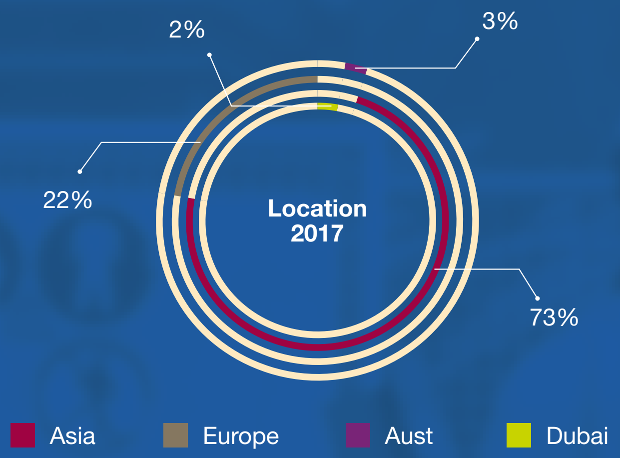
Salaries, wages and other benefits

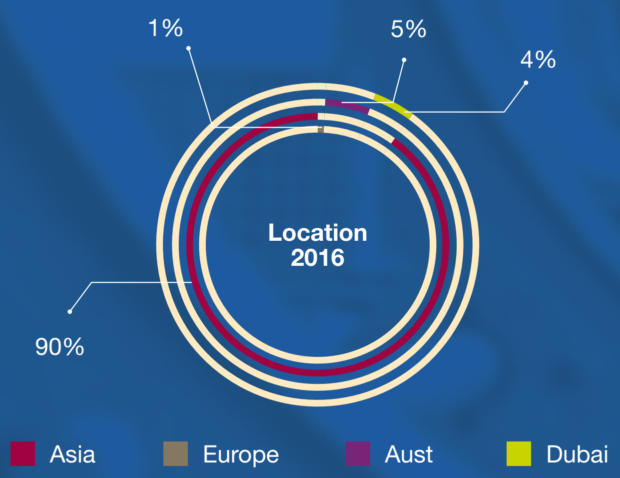
Year	2017 RM'000	2016 RM'000
Salaries, wages and other benefits	280,785	98,515

Headcount

Year	2017	2016
Total Headcount	1,900	905

Talent Distribution by locations





SUSTAINABILITY STATEMENT

BRAND

Certification

Wasco Coatings Malaysia Sdn. Bhd.
- ISO 14001:2004
- OHSAS 18001:2007
- ISO 9001:2008

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

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

Awards

Wasco Coatings Malaysia Sdn. Bhd. ("WCM")

No.	Year	Clients/ Organisers	Awards
1.	2007	Petronas Carigali Sdn Bhd ("PCSB")	PCSB-DFCE HSE Award 2006: • Excellent HSE Performance and Achieving Zero Lost Time Injury on PCSB Projects for The Year 2006 • Excellent HSE Performance and Achieving the Most UCUA in 1,000 man-hours on PCSB Projects for The Year 2006
2.	2007	Carigali - Hess	Epic for Bumi, Bulan And Suriya Gas Field – Safety Achievement Award presented to KHL /PPSC for achieving 2 million man-hours on May 11, 2007 with Zero Lost Time Injury
3.	2007	PCSB	Petronas Group HSE Awards 2006/2007 - Petronas Contractor Category-Major (Merit Award)

SUSTAINABILITY STATEMENT

No.	Year	Clients/ Organisers	Awards
4.	2007	Carigali - Hess	Epic For Bumi, Bulan And Suriya Gas Field – Safety Achievement Award presented To KHL/PPSC for achieving 3 million man-hours on July 23, 2007 with Zero Lost Time Injury
5.	2007	Alinta	DBNGP Stage 5A Expansion Project – Pipe Mill Coating and Load Out Operations Kuantan Malaysia "ZERO HARM-SAFETY FIRST"
6.	2007	PCSB	HSE Award 2007 From PCSB – In Recognition Of PPSC Excellent Performance, PCSB Management proudly presents this award for 'Zero Trcf' in executing PCSB Project
7.	2008/ 2009	PCSB	Petronas Group HSE & Sustainability Awards FY2008/09 – Major Contractor Safety Category (Merit Award)
8.	2009	PCSB	In recognition of your Excellent Performance and Contribution, PCSB Management proudly presents the award as Con Con Committee to PPSC Industries Sdn. Bhd.
9.	2012	Chevron	Gorgon Project plague of appreciation in recognition of safely completing over 3 million man-hours on pipe coating for the Gorgon project
10.	2013	Chevron	The best performing Personal on the Gorgon Project to Michael Yeoh, Asst. HSE Manager
11.	2013	PCSB	PCSB's accomplishment in achieving 1,500,000 man-hours without LTI for PCSB 2013 Offshore Installation Campaign
12.	2013	PCSB	Offshore Installation (DCI) Most Outstanding Unsafe Act (UAUC) reporting in 2013
13.	2014	PetroVietnam	In recognition for excellent performance in Pipeline Coating Application of Dai Hung Gas Gathering Project – Merit Award
14.	2014	PCSB	In appreciation for hosting Q3 2014 Projects & Engineering PCSB HSE Contractors Conference
15.	2015	PCSB	Outstanding Vendor Award Project Development Category
16.	2017	STATOIL	In recognition of completing One Million Safe man-hours without LTI

WS Engineering & Fabrication Pte. Ltd. ("WSEF")

No.	Year	Clients/ Organisers	Awards
1.	2016	Total / Saipem	Achieved 1 million man-hours without LTI in Total E&P Angola Block 32 Kaombo Project
2.	2016	Bumi Armada	1 million man-hours worked without LTI for M70A/B Power Generation Packages Armaden Kraken Project
3.	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
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.	2017	Schneider Electric	Achieved 500,00 LTI free man-hours in TCO Future Growth Project

SUSTAINABILITY STATEMENT

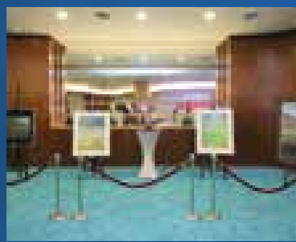
Community Outreach Program

Date	Program
11 February 2017	Kick start of Wasco's Keep Calm & Zumba (year long campaign)
6 May 2017	Wasco Coatings Finland Oy hosted a friendly basketball match with KTP Unified disabled community at Kyminkartano School Kotka, Finland
25 July 2017	Wasco Energy Ltd celebrated Hari Raya Aidilfitri with kids from Pertubuhan Rumah Safiyyah, homes for the abandoned
9 September 2017	Yayasan Wah Seong ("YWS") hosted a lunch to celebrate the 10^{th} Anniversary of Yayasan Wah Seong Scholarship awards program. Past and current scholarship holders, YWS Trustees and management team of Wah Seong Corporation Berhad were invited for the event
23 November 2017	Yayasan Wah Seong hosted a Charity Dinner to raise funds which will be used towards providing scholarships and helping the underprivileged and disadvantaged community


11 February 2017


25 July 2017


9 September 2017


23 November 2017

PROFIT

Results

Wasco's Segmental Results Trend

Year	2017 RM'000	2016 RM'000
Revenue Profit	132,018	(153,469)

Wasco's Cash Flow Position

Year	2017 RM'000	2016 RM'000
Cash Flow Balance	191,641	148,776

MANAGEMENT DISCUSSION AND ANALYSIS

DEAR SHAREHOLDERS,

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 construction industries (collectively referred as the "Group").

2017 was a strong comeback year for the Group. Driven by the strong performance recorded by the oil and gas segment, the Group achieved an impressive turn around in net profit after tax of RM114.6 million on the back of a strong order book of RM3.65 billion at the beginning of the financial year.

During the year the Group also executed its plans to unlock and realise capital appreciation of its assets in order to strengthen its balance sheet. On 24th July 2017, the Company's subsidiaries entered into a Sales and Leaseback Agreement with RHB Trustee Berhad acting on behalf of Axis Reit for its land and building in Kuantan, Pahang and registered a gain of RM99.4 million from the transaction. The Group expects further asset rationalisation exercise going forward to further strengthen its Balance Sheet position as the Group shapes a more agile and profitable future.

In line with the above, the Company also embarked on a rationalisation and streamlining initiative involving disposal of non-core businesses. On 21st December 2017, the Company announced the divestment of its Plantation business segment WS Agro Industries Pte. Ltd. for a consideration of RM24.5 million (USD6.0 million). The consideration was based on the carrying value of WS Agro's investments in the plantation business.

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

MANAGEMENT DISCUSSION AND ANALYSIS

OIL AND GAS ("WASCO")

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

Execution remains the key focus area for WASCO during the year under review. With an order book of RM3.42 billion at the beginning of the year, a major portion which relates to the Nord Stream 2 Pipeline Coatings and Logistics Contract ("NS2"), WASCO started the year on a strong footing.

During the course of 2017, WASCO's Pipelines Services Division commissioned three new coatings facilities in Europe, making it the largest pipe coating group in Europe. WASCO's pipe coating operations in Kotka, Finland and in Mukran, Germany were commissioned during the year and started coating pipes for NS2 on 27th March 2017 and 13th July 2017 respectively. The NS2 Project entails the coating of 2,400 km of pipes for a pipeline in the Baltic Sea and is the largest infrastructure gas pipeline project in Europe/World at the moment. WASCO's scope also includes the project management of logistics activities which involves managing the four pipe storage and transshipment sites located along the pipeline route. As at 31st December 2017, a total of 518 km of pipes have been concrete coated using both facilities, and a total of 309 km of pipes were transshipped to the pipe storage site in Port of HaminaKotka, Finland and Port of Karlshamn in Sweden. During the year under review, the project has progressed as planned and the coatings and transshipment operations are expected to continue into 2019.

On 12th July 2017, Wasco Coatings Europe BV established a new pipe coating facility in the Mediterranean Sea. Located at Thisvi, Greece within the vicinity of our strategic partners, Corinth Pipeworks, a global manufacturer of steel pipe and hollow section for the energy and construction industry, the Greece operations executed a small pipe coating contract for the Trans Anatolian Pipeline ("TANAP") project. With its maiden track record last year, the Greece operations were successful in securing three new contracts to be executed in year 2018.

In December 2017, Malaysia's pipe coating operations successfully completed the coating of 446 kilometers of pipes for the Johan Sverdrup Pipeline Project for Statoil ASA, the second major pipeline contract after the successful execution of the Polarled Pipe Coating and Logistics Contract in year 2015. The market remains challenging in the region during the year and order book replenishments continue to be low, however the Malaysian pipe coating operations continues to be an important part of the Group's operations as activities are expected to pick up in this region beyond 2019.

In 2017, Bayou-Wasco successfully completed the Appomattox Deepwater Development Project for Shell which contributed positively to the Associate/Joint Venture profit of WASCO. The EVRAZ-WASCO and WELSPUN-WASCO progressed as planned during the year. Both companies are in the process of getting certified and pre-qualified with oil and gas customers in their respective region. EVRAZ-WASCO is expected to have a busy year in 2018 with order backlogs in hand to be executed during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

The effort to streamline WASCO's Engineering Services fabrication business in Batam, Indonesia yielded positive results and resulted in a healthy order backlogs of RM262.9 million to be executed in year 2018. During the year under review, the division successfully delivered Re Gasification Offshore E-House Module for the Bahrain LNG Project for Schneider and this was after the successful delivery of five substations for the Kazakhstan, Tengizchevroil Future Growth ("TCO") Project for Schneider, France. The TCO projects entails the delivery of 21 substations with staggered deliveries beginning from October 2017 to March 2019. The market however continues to be challenging for the gas compression rental business and during the year, the division impaired 15 units of its rental compressors amounting to RM72.0 million.

Discussion on Key Financial and Operational Indicators for the segment

For the year under review, the oil and gas segment recorded revenue of RM1,557.1 million and segment profit of RM132.0 million, which were both higher than the previous year's performance. This was mainly contributed by WASCO's Pipeline Services Division following the execution of order backlogs secured at the end of 2016. The segment recognised a one-off gain on disposal of land and buildings of RM99.4 million, which was offset by RM72.0 million of impairment charge for rental compressors during the year.

The oil and gas segment had an order backlog of RM3.42 billion at the end of 2016, contributed mainly by the NS2 Contract worth RM2.85 billion (making up 83.3% of the segment's order book). The order backlog also included other projects such as Schneider TCO Gathering and Johan Sverdrup. At the end of 2017, the segment had an order backlog of RM2.51 billion.

The oil and gas segment also recorded 18,600,062 man-hours without Loss Time Injury ("LTI") in 2017. 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 11.

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 inspection 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 the WASCO's control. 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 markets and opportunities.

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 result. 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

With global oil price stabilising during the year, the increase demand from factories around the world and OPEC's move to keep the lid on supply and improved fundamentals have brought a sense of cautious optimism back to the industry.

The oil price collapse in June 2014 triggered a wave of cost reduction amongst upstream oil and gas companies. Capital expenditures were slashed between 40% and 50% between 2014 and 2017. As part of this cost rationalisation exercise, major projects which did not meet the profitability criteria were either cancelled or deferred. Demands for efficiency improvements also saw a reduction between 30% and 40% in operational expenditures and as a result, a number of projects could break even at oil prices in the high of USD20 per barrel.

As oil price recover to just over USD60 per barrel towards the end of 2017 and remains somewhat stable at this price levels, more upstream projects are likely to commence. This positive development will impact the demands for supply of services to the oil and gas services companies servicing the upstream sector like ourselves. However, it must be noted that the upstream oil and gas companies will be more diligent about containing its expenditure and will want to hold on to some benefits of the cost reduction exercise that they undertook for the past three years.

The strong order book at the beginning of 2018 will ensure a good flow of work for execution in 2018 and therefore contribute positively to the Group in 2018.

There will be a lag between improving industry landscape and new project for our products and services, but overall the future looks positive for WASCO from year 2019 onwards as the industry continues to stabilise. In the meantime, WASCO will continue to improve on its efficiencies through investments in process and technology innovation and will start focusing on using big data analytics to improve its market and service offerings.

MANAGEMENT DISCUSSION AND ANALYSIS

RENEWABLE ENERGY ("RE")

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

Recovery in the process equipment market for Palm Oil industry in the second half of the year, saw an increase in demand for the products and services for RE segment. During the year, RE recorded a 60% increase in sales of turbines and boilers compared with the previous year.

Its Teluk Panglima Garang fabrication yard also executed a number of projects which included fabrication of HDPE Plant for Italian engineering group, Maire Technimont SpA for the RAPID project, fabrication of reactors for the world's first Biobased chemical manufacturing plant for Sime Darby Plantation Berhad in Nusajaya, Johor and fabrication of columns, reboilers and pressure vessels for Heng Yuan Refining Company in Port Dickson for the Euro 4 Project. This raised the yard utilisation rate by 50% compared with the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS

RE was successful in penetrating new markets in the sale of decanter units under the name of PMT-Saito to customers in Malaysia and Indonesia. This is a positive development for the new product line which is anticipated to be the preferred palm oil sludge water separation device for the new built palm oil mills due to its cost-effectiveness and environmental friendly feature. RE will market this new product line aggressively in the coming years.

With continued focus on increasing market share beyond the traditional market of Malaysia and Indonesia, RE has also expanded its reach to new overseas market and delivered its products and services to Equador, Mexico, Peru, Nigeria and Bangladesh.

Discussion on Key Financial and Operational Indicators for the segment

For the year under review, the RE segment recorded revenue of RM280.3 million and segment profit of RM29.5 million, both of which were lower than the previous year's performance. This was mainly due to lower demand for process equipment for the oil & gas industry and palm oil processing equipment as well as margin compression in this product.

As of 31st December 2017, the RE segment has a combined order book of RM249.7 million which is 50% higher than that as at end 2016. Its orders are made up of smaller projects, of which 81% relates to the palm oil industry and 19% 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

The RE Division's business is highly dependent on the palm oil and agro industry sector. A change in global economic, political and social factors largely remains beyond the RE Division's control. The recent announcement made by the European Union Parliament voting to ban the use of palm oil in biofuel from 2021 to prevent deforestation and in meeting Europe's ambitious climate goals may impact the players in the palm oil industry and indirectly affects some of the customers of RE Division whose exports market is predominantly in Europe. To mitigate this operational risk on replenishment of new orders and margin compression, the management team conducts frequent strategic business review meetings to respond quickly to the changes impacting the business environment. Furthermore the market dynamics will dictate market players to take proactive measures to actively divert supply to meet the demand in other regions, such as China and India where there is higher growth in demographics.

Discussion on expectations of future results

The outlook of the Palm Oil industry continues to remain challenging in year 2018 due to the stiff market competition and dwindling demand of traditional export market with an increasing anti-palm oil campaigns propagated by the West. In 2018, there will also be an increased pressure by the industry players to address its labor shortages and rising operational cost issues and an immediate solution to these issues are potential upgrades of current palm oil mills which will require more modern and energy efficient process equipment. The RE segment is positive that more co-generation system will also be adopted by the industry players in view of the rising tariff of piped natural gas in Peninsula Malaysia. 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 2016, ITS made a conscious decision to diversify from its traditional business dependent on commodity based products to a new line of business involved in the distribution, rental and services of power generation and construction equipment. WDG Resources Sdn. Bhd. ("WDG") is an authorised distributor of Mitsubishi Heavy Industries range of diesel engines. On 1st June 2017, WDG also successfully secured the sole distributorship of Doosan Infracore range of construction equipment such as excavators, wheel loaders and articulated dump trucks. This strategy yielded positive results in which the segment was able to secure a number of major projects to supply generator sets for Southkey Mid Valley Megamall in Johor Bahru, TRX Prudential in Kuala Lumpur and Gardenia Bakery Phase 2 in Selangor. The new distributorship with Doosan also resulted in the Group securing contracts to supply construction equipment to Sime Darby's Bandar University Pagoh Project and the Northern Free Trade Zone in Bukit Kayu Hitam, Kedah.

For its building materials distribution business, the ITS Division secured contracts to supply construction materials for Impression City in Melaka; I-Santorini, Tanjong Tokong in Penang; 20th Century Fox Theme Park in Genting Highlands and Hospital Baru, Bachok in Kelantan.

The Division's HDPE products were also extensively used in Malaysia's various large scale infrastructure projects such as Kwasa Damansara in Sungai Buloh; Syabas Pipe Replacement Project in Selangor; MRT 2 and LRT 3 in Greater Klang Valley.

MANAGEMENT DISCUSSION AND ANALYSIS

Discussion on Key Financial and Operational Indicators for the segment

For the year under review, ITS segment recorded revenue of RM520.4 million and a segment loss of RM0.5 million. Although the Division's revenue was higher than the preceding year, the performance was adversely impacted by the losses from its overseas trading operations which are being wound down.

ITS enters 2018 with an order backlog of RM70.6 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

With the slowing down in the residential sector, focus is directed on the infrastructure segment of the Construction industry which still faces stiff competition and narrowing of profit margins. The recent hike in interest rate by Bank Negara will further strain liquidity and heighten credit risks. To mitigate this, the management is closely monitoring costs and improving operational efficiencies through digitisation initiatives apart from seeking greater product diversification. Internal control systems and procedures which are in place will continue to complement the Division in managing credit risks exposure.

Discussion of expectations of future results

The business outlook of ITS segment remains highly challenging going into 2018 due to tighter liquidity and higher finance costs. However, ITS's segment customer base has expanded to include infrastructure players aside from the traditional players who were involved solely in construction industry. This broadening of customer base through the provision of operational and maintenance services on power generation and construction equipment, and to seek product diversification are expected to contribute positively to the segment in the future.

RM1,557.1
MILLION

Oil and Gas segment recorded revenue of RM1,557.1 million

RM280.3
MILLION

Renewable Energy segment recorded revenue of RM280.3 million

RM520.4
MILLION

Industrial Trading & Services segment recorded revenue of RM520.4 million

PROFILE OF THE BOARD OF DIRECTORS

DATO' SERI ROBERT TAN CHUNG MENG

Non-Independent
Non-Executive Chairman
Male Malaysian 65 years of age

Date of appointment: 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
Male Malaysian 67 years of age

Date of appointment: 22 May 2002

Mr Chan 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 a member of Sustainable Energy Development Authority (SEDA) Malaysia. He also sits on the Board of several other private limited companies.

GIANCARLO MACCAGNO

Deputy Managing Director
Male Italian 54 years of age

Date of appointment: 1 January 2007

Mr Maccagno 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.

PROFILE OF THE BOARD OF DIRECTORS

HALIM BIN HAJI DIN

Independent Non-Executive Director
Male Malaysian 71 years of age

Date of appointment: 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
Male Malaysian 78 years of age

Date of appointment: 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; Professor of Economics (Adjunct), Universiti Utara Malaysia; Pro-Chancellor & Research Professor at Sunway University, 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, Competition Appeal Tribunal; as well as a member of a number of key Steering Committees at Ministry of Higher Education (including the Putrajaya Higher Education Task Force); Member, Asian Shadow Financial Regulatory Committee; Economic Advisor, Associated Chinese Chambers of Commerce and Industry of Malaysia; Governor, Asian Institute of Management, Manila; 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. and Sunway Berhad.

TAN JIAN HONG, AARON

Non-Independent
Non-Executive Director
Male Malaysian 34 years of age

Date of appointment: 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, specializing 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 has been appointed as an Alternate Director to Mr Tony Tan Choon Keat on the Board of IGB Corporation Berhad since 29 November 2016. He also sits on the Board of several private limited companies.

PROFILE OF THE BOARD OF DIRECTORS

TAN SRI SAW CHOO BOON

Independent Non-Executive Director
Male Malaysian 71 years of age

Date of appointment: 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, Digi.Com Berhad, and Ranhill Holdings Berhad. He is also the Co-Chair of the Government's Special Task Force to Facilitate Business (PEMUDAH), and a Board member of Malaysian Investment Development Authority and 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.*
3. *Dato' Seri Robert Tan 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
50 years of age

Mr Alan Lew Kok Cheong 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 University, Australia and is a professionally trained accountant with both the Malaysian Institute of Accountants and CPA Australia. He has also read law holding a LLB (Honours) from the University of London.

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 12 years.

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

ARAVINDAN A/L K. DEVAPALAN

Male
Malaysian
45 years of age

Mr Aravindan A/L K. Devapalan has been the Head of Group Internal Audit for the Internal Audit Department of Wah Seong Corporation Berhad since 13 September 2012. He reports to the Audit Committee and works closely with the Senior Management team to deal with audit issues relating to implementation of internal controls, governance and risk management processes within the Group.

Mr Ara is a Chartered Accountant and accumulated more than 14 years of experience from two prominent Big 4 accounting firms i.e. PricewaterhouseCoopers (“PwC”) and KPMG before making the move to Wah Seong Corporation Berhad. In addition to working in Malaysia, he spent a few years on secondment at PwC Los Angeles where he was involved extensively in undertaking and managing US Sarbanes Oxley group audits.

He is a fellow member of the Chartered Association of Certified Accountants (“ACCA”) and a member of the Malaysian Institute of Accountants (“MIA”).

Mr Ara had since resigned from the position on 28 February 2018.

ARIESZA NOOR

Female
Malaysian
40 years of age

Mdm Ariesza Noor is the Head of Group Strategy for Wasco Energy Group of Companies (“Wasco”) 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 Berhad 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 of subsidiaries and joint ventures for Wasco Energy Group of Companies.

BERNARD YEAP CHEW SOON

Male
Malaysian
63 years of age

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

PROFILE OF THE KEY SENIOR MANAGEMENT

EDGAR LEWIS

Male
American
57 years of age

Mr Edgar Lewis is the Head 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.

GOH ENG HOOI

Male
Malaysian
37 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 of Wasco Corrosion Services, Wasco Coatings Malaysia and Senior Vice President of PMT Group and subsequently as CEO of Syn Tai Hung Group in 2013.

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

HONG CHING KIANG

Male
Malaysian
64 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 trouble shooting 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

LEE YEE CHONG

Male
Malaysian
49 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.

PROFILE OF THE KEY SENIOR MANAGEMENT

RAMANATHAN A/L P.R. SINGARAM

Male
Malaysian
50 years of age

Mr Ramanathan A/L 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.

ERIK NUGTEREN

Male
Dutch
47 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.

SHAMUGAM KARUPIAH

Male
Malaysian
48 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 2010 he was redesignated as Head of Finance. In 2014 he was made Vice President - Operations for Engineering Division and in 2016 was promoted to Executive Vice President of Engineering Division.

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.

Notes:-
Family relationship with Director and/or major shareholders
None of the Key Senior Management has any family relationship with any Directors and/or major shareholders of WSC.
Conflict of interest
None of the Key Senior Management has any conflict of interest with WSC.
Convicted of offences
None of the Key Senior Management has been convicted for any offence within the past five (5) years other than possible traffic offences.

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 four (4) 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 2017 are as follows:

Name Of Director	Directorship	Date of Appointment	No. of Meetings 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

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 2016 before submission to the Board for consideration and approval.

   The quarterly financial statements for the fourth quarter of 2016 and first, second and third quarters of 2017, 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 28 February 2017, 30 May 2017, 28 August 2017 and 29 November 2017 respectively.

AUDIT COMMITTEE

3. SUMMARY OF ACTIVITIES (CONT'D)

3.1 Financial Reporting (cont'd)

On 28 February 2017, the AC reviewed the key findings by the External Auditors, PricewaterhouseCoopers PLT, for the financial year ended 31 December 2016 and subsequently on 7 April 2017, the AC reviewed the audited financial statements for the financial year ended 31 December 2016.

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

At the same meeting held on 28 February 2017, PricewaterhouseCoopers PLT also highlighted the recent financial reporting and regulatory developments in the MFRS 15 Revenue, MFRS 16 Leases, Companies Act, 2016 and Transfer Pricing Disclosure for Singapore entities in the financial year 2018.

3.2 Annual Report and Circular to Shareholders

a. To ensure compliance with the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, the AC reviewed and approved the WSC Annual Report 2016 in particular the Management Discussion and Analysis, Audit Committee Report, Remuneration Committee Report, Nomination Committee Report, Statement on Corporate Governance, Additional Compliance Information, Statement on Risk Management and Internal Control, Statement of Directors' Responsibilities and Summary of Significant Recurrent Related Party Transactions on 7 April 2017 and recommended the same to the Board for their approval.

b. On 7 April 2017, the AC reviewed the following Circular to Shareholders 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.

c. On 7 April 2017, the AC reviewed the Circular to Shareholders in respect of 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 7 April 2017, reviewed the annual assessment for the financial year ended 31 December 2016 and the performance of PricewaterhouseCoopers PLT based on the following areas:

   - Calibre of external auditors;
   - Quality processes/performance;
   - Audit team;
   - Independent and objectivity;
   - Audit scope and planning;
   - Audit fee; 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 2017 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 19 May 2017.

AUDIT COMMITTEE

3.3 External Auditors (cont'd)

b. The AC had two (2) private meetings with the External Auditors on 28 February 2017 and 28 August 2017 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 28 August 2017, the AC reviewed the Audit Plan prepared by the External Auditors for the financial year ended 31 December 2017 outlining the key action items by the Management in respect of the 2017 Audit Plan, summary of significant audit and accounting matters, areas of audit emphasis based on significant risks, summary of internal control recommendations, audit reporting timeline, reliance on Internal Auditors and audit engagement team.

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

e. 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 28 February 2017, 30 May 2017, 28 August 2017 and 29 November 2017 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 7 April 2017 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

On 28 February 2017, 30 May 2017, 28 August 2017 and 29 November 2017 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 28 February 2017, 30 May 2017, 28 August 2017 and 29 November 2017 respectively, the AC reviewed the major findings in the reports prepared by the Group Internal Audit together with the recommendations and the Management's response to the findings.

b. On 30 May 2017, the AC reviewed the approval process for the Group Investments and the revised Finance and Investment Committee Charter presented by the Group Internal Audit to ensure that proper approval processes were in place with the appropriate standard operating procedures and guidelines in respect of the conduct of feasibility studies, due diligence and risk assessments, CAPEX requirements, cash flow forecast, funding requirements and external expert opinion where necessary especially for new investments in accomplishing the objectives.

c. On 29 November 2017, the AC reviewed the Group Internal Audit Plan for year 2018 encompassing the time-table, budgeted man hours and the scope of planned audits of business units to be covered in 2018.

AUDIT COMMITTEE

3.7 Capital Expenditure

On 28 February 2017, 30 May 2017, 28 August 2017 and 29 November 2017 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 2017.

3.8 Others

a. On 7 April 2017, the AC reviewed the Information Technology System and the SAP system of the Oil and Gas Division of the WSC Group.

b. On 30 May 2017, the AC reviewed the Business Continuity Plan.

c. 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.

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

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 2017 was RM774,596 (2016: RM897,572).

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 2017 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

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 advice 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 determines 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.

REMUNERATION COMMITTEE

3. TERMS OF REFERENCE (CONT'D)

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 Group 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;

REMUNERATION COMMITTEE

3. TERMS OF REFERENCE (CONT'D)

x. Functions of the RC (cont'd)

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;

m. To review and determine the appropriate remuneration package for 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 2017 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

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 Chairman from time to time to attend the NC meeting.

NOMINATION COMMITTEE

3. TERMS OF REFERENCE (CONT'D)

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 Group 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 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 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. 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;

c. To assess the independency of the Independent Directors;

NOMINATION COMMITTEE

3. TERMS OF REFERENCE (CONT'D)

xi. Roles and Functions of the NC (cont'd)

d. 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;

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

f. 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;

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

h. 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;

i. 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;

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

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

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

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

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

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

p. 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;

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

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

s. 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.

NOMINATION COMMITTEE

4. 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 2017 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 2017 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.

5. 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 2017 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 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 Eighteenth 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.

6. APPOINTMENT OF A NEW INDEPENDENT NON-EXECUTIVE DIRECTOR

The NC had reviewed the profile, expertise, knowledge and experience of Tan Sri Saw Choo Boon and unanimously concurred that Tan Sri Saw fits the criteria for the position as an Independent Non-Executive Director of the Company. In addition, Tan Sri Saw, also complies with the criteria of an Independent Director as defined under Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Tan Sri Saw who was appointed on 6 April 2018 shall retire pursuant to Article 117 of the Company's Constitution pertaining to the appointment of an additional Director and shall be eligible for re-election at the Eighteenth Annual General Meeting of the Company.

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.

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 it's 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 26 February 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

1.1 Duties and Responsibilities of the Board (cont'd)

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.

The Board continues to observe high standard of ethical conducts based on the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.

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 six (6) members, which includes two (2) Executive Directors, two (2) Non-Independent Non-Executive Directors (including the Non-Executive Chairman) and two (2) Independent Non-Executive Directors.

The composition of the Board reveals their varied background as outlined on pages 24 to 26 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.

During the preparation of this Corporate Governance Overview Statement, Tan Sri Saw Choo Boon was appointed on the Board on 6 April 2018 as an Independent Non-Executive Director of the Company.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 Eighteenth 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.

Despite not having a formal policy on gender diversity, ethnicity and age, the Board believes in recognising and retaining high performance and talented staff force and the recruitment of the best talents in the work place regardless of gender, ethnicity and age with the objective of maximising the performance, efficiencies and effectiveness of the work place.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 2017, 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

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 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 27 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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. two (2) 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 2017 are set out separately in the Audit Committee Report as laid out on pages 30 to 33 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

1.11 Board Committees (cont'd)

(b) Nomination Committee

The Nomination Committee ("NC") has been established comprising exclusively of three (3) 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 2017 are set out on pages 37 to 40 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 mainly 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 34 to 36 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 Managing Director/ Group 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

1.12 Finance Committee (cont'd)

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.

Director	Date of Course/ Name of Organiser	Title of Training/Courses Attended
Dato' Seri Robert Tan Chung Meng	30 November 2017/ IGB Corporation Berhad	Directors' Continuing Professional Development - Malaysian Code on Corporate Governance 2017
Professor Tan Sri Lin See Yan	6 & 7 March 2017/ Competition Appeal Tribunal	Malaysia Competition Conference 2017: "Competition Law: Breaking Norms, Managing Change"
	18 March 2017/ The Sunway Group	Sunway Leaders Conference
	18 & 19 March 2017/ Harvard Club of Singapore	Harvard Alumni Association Conference
	28 March 2017/ Jeffrey Cheah Institute on Southeast Asia	International Academic Advisory Council Meeting
	29 & 30 March 2017/ Jeffrey Cheah Institute on Southeast Asia	Asian Economic Panel Meeting
	27 April 2017/ IGB International School	Speak to senior students at the IGB International School

CORPORATE GOVERNANCE OVERVIEW STATEMENT

1.13 Directors' Training (cont'd)

Director	Date of Course/ Name of Organiser	Title of Training/Courses Attended
Professor Tan Sri Lin See Yan	30 June 2017/ HSBC Singapore	Guest Speaker at HSBC Private Banking Mid-Year Investment Outlook
	4 & 5 July 2017/ University of Korea	Asian Shadow Financial Regulatory Committee Meeting
	25 July 2017/ Lembaga Hasil Dalam Negeri Malaysia and Chartered Tax Institute of Malaysia	Speaker at the National Tax Conference
	1 August 2017/ Jeffrey Cheah Institute	Speaker at the Jeffrey Cheah Institute - Malaysian Economic Association Malaysia Series
	12 August 2017/ London School of Economic Students' Union Malaysia Club	Speaker at the 2017 Economic and Leadership Forum
	25 August 2017/ Jeffrey Cheah Institute	1st Session - Malaysian Economic Association Economic Seminar Series on "Revisiting the New Economic Model (NEM) – Lags and Prospects."
	7 September 2017/ Jeffrey Cheah Institute	3rd Session – Malaysian Economic Association Economic Seminar Series on "Revisiting the New Economic Model (NEM) – Lags and Prospects."
	20 September 2017/ Columbia Center, USA	Global Pact for the Environment and the UN Sustainable Development Solutions Network (SDSN)
	21 & 22 September 2017/ Columbia Center, USA	SDSN Leadership Council Meeting
	27 & 28 September 2017/ Harvard Business School	Harvard President's Global Advisory Council Meeting
	2 & 3 October 2017/ Khazanah National Berhad	Khazanah Megatrends Conference
	10 October 2017/ Securities Commission	30% Club Business Leaders Roundtable Meeting
	2 – 5 November 2017/ Silverlake, Spain	The Digital Collaboration and Transformation Conference (DCTx) 2017

CORPORATE GOVERNANCE OVERVIEW STATEMENT

1.13 Directors' Training (cont'd)

Director	Date of Course/ Name of Organiser	Title of Training/Courses Attended
Professor Tan Sri Lin See Yan	21 & 22 November 2017/ Jointly organized by: (i) School of Clinical Medicine, University of Cambridge (ii) Nuffield Department of Medicine, Oxford University (iii) Sunway Medical Centre, Sunway University (iv) Jeffrey Cheah School of Medicine and Health Sciences, Monash University Malaysia	2nd Cambridge – Oxford – Sunway Biomedical Symposium – Stem Cells: From Biology to Therapy
Halim Bin Haji Din	18 May 2017/ Bank Negara Malaysia	Bank Negara Malaysia Compliance Conference 2017
	12 July 2017/ BNP Paribas	Mid-Year Outlook 2017, Kuala Lumpur
	13 July 2017/ Bank Negara Malaysia & Perbadanan Insurans Deposit Malaysia ("PIDM")	Bank Negara Malaysia & PIDM Industry Seminar on Recovery and Resolution Planning in Malaysia
	7 & 8 November 2017/ Malaysian Institute of Accountants ("MIA")	MIA Conference 2017
Chan Cheu Leong	9 January 2017/ AllianceDBS Research	1H 2017 Market Outlook
	18 January 2017/ Bank of Singapore	Market Outlook Luncheon
	24 March 2017/ Bank Negara Malaysia	Bank Negara Malaysia's 2016 Annual Report/Financial Stability and Payment Systems Report Briefing
	25 April 2017/ Indonesia Embassy, Kuala Lumpur	2nd Indonesia Investment Forum
	13 July 2017/ Bursa Malaysia Berhad	Fraud Risk Management Workshop
	2 August 2017/ RHB Asset Management	Market Insights Forum 2017
	3 August 2017/ Credit Suisse	Global Market Outlook 2017
	11 September 2017/ Asian Strategy & Leadership Institute	National Clean Energy Forum 2017

CORPORATE GOVERNANCE OVERVIEW STATEMENT

1.13 Directors' Training (cont'd)

Director	Date of Course/ Name of Organiser	Title of Training/Courses Attended
Chan Cheu Leong	1 November 2017/ The Economist	Sustainability Summit Asia 2017
	24 November 2017/ Wah Seong Corporation Berhad	In-House Talk on Sustainability Reporting – "What and How to Disclose"
	30 November 2017/ IGB Corporation Berhad	Directors' Continuing Professional Development - Malaysian Code on Corporate Governance 2017
Giancarlo Maccagno	1 May 2017/ Offshore Technology Conference	Offshore Technology Conference 2017
	24 November 2017/ Wah Seong Corporation Berhad	In-House Talk on Sustainability Reporting – "What and How to Disclose"
	30 November 2017/ IGB Corporation Berhad	Directors' Continuing Professional Development - Malaysian Code on Corporate Governance 2017
Tan Jian Hong, Aaron	22 June 2017/ UOB Malaysia Global Markets	Global Markets Outlook 2017
	4 August 2017/ Credit Suisse	Market Outlook Seminar
	30 November 2017/ IGB Corporation Berhad	Directors' Continuing Professional Development - Malaysian Code on Corporate Governance 2017

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 2017 are as follows:

CORPORATE GOVERNANCE OVERVIEW STATEMENT

2. DIRECTORS' REMUNERATION (CONT'D)

Company

	Directors' Fees (RM'000)	Salaries and Other Emoluments (RM'000)	Bonus (RM'000)	Benefits-in-kind	
				Leave Passage	Others*
Dato' Seri Robert Tan Chung Meng	80	12	-	-	11
Halim Bin Haji Din	70	24	-	-	-
Professor Tan Sri Lin See Yan	60	24	-	-	-
Tan Jian Hong, Aaron	40	18	-	-	-
Chan Cheu Leong	40	2,037	420	94	51
Giancarlo Maccagno	40	8	-	-	-
	330	**2,123**	**420**	**94**	**62**

Group

	Directors' Fees (RM'000)	Salaries and Other Emoluments (RM'000)	Incentive** (RM'000)	Bonus (RM'000)	Benefits-in-kind	
					Leave Passage	Others*
Dato' Seri Robert Tan Chung Meng	80	12	-	-	-	11
Halim Bin Haji Din	70	24	-	-	-	-
Professor Tan Sri Lin See Yan	60	24	-	-	-	-
Tan Jian Hong, Aaron	40	18	-	-	-	-
Chan Cheu Leong	40	2,037	-	420	94	51
Giancarlo Maccagno	40	3,583	1,299	-	239	202
	330	**5,698**	**1,299**	**420**	**333**	**264**

* Others under benefits-in-kind include motor vehicles, club subscription, etc.
** Please refer to Note 28 of the Financial Statements

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
RM550,001 to RM600,000	1
RM750,001 to RM800,000	1
RM800,001 to RM850,000	1
RM1,000,001 to RM1,050,000	1
RM1,650,001 to RM1,700,000	1
Total	**5**

CORPORATE GOVERNANCE OVERVIEW STATEMENT

3. TOP FIVE KEY SENIOR MANAGEMENT'S REMUNERATION (CONT'D)

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

4.3 Annual General Meeting (cont'd)

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 8 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 62 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 59 to 61 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

5.3 Principles of Business Conduct and Whistle-Blowing Policy (cont'd)

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

5.4 Relationship with Auditors(cont'd)

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 18th 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 30 to 33 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 59 to 61 of this Annual Report.

6. CORPORATE RESPONSIBILITY

Throughout 2017, 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 on pages 8 to 17 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

7. SUSTAINABILITY (CONT'D)

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 8 to 17 of this Annual Report.

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 2017.

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 2017 pursuant to the shareholders' mandate are disclosed in the Summary of Significant Recurrent Related Party Transactions as set out on pages 191 to 192 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 2017.

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 RM1,077,000 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 RM3,379,000 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	1,077,000
Non-Audit Fees*	14,000	3,379,000
Total	**102,000**	**4,456,000**

* Included in fees for non-audit services are fees payable to PwC for the Company and the Group of RM14,000 and RM577,000 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;
- Reviewing risk reports of the Business Division/Units;
- 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 business development team is responsible for assessing and evaluating the feasibility and risk impact the prospective investments would have on the Group. For ongoing business operation, the Management is required to identify and document all possible risks that can affect their achievement, taking into consider the effectiveness of controls that are capable of mitigating such risk.

During the quarterly meeting, the significant risk of business units were presented to the RMC for their deliberation.

INTERNAL AUDIT FUNCTION

The Internal Audit Function reports directly to the Audit Committee ("AC"). 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.

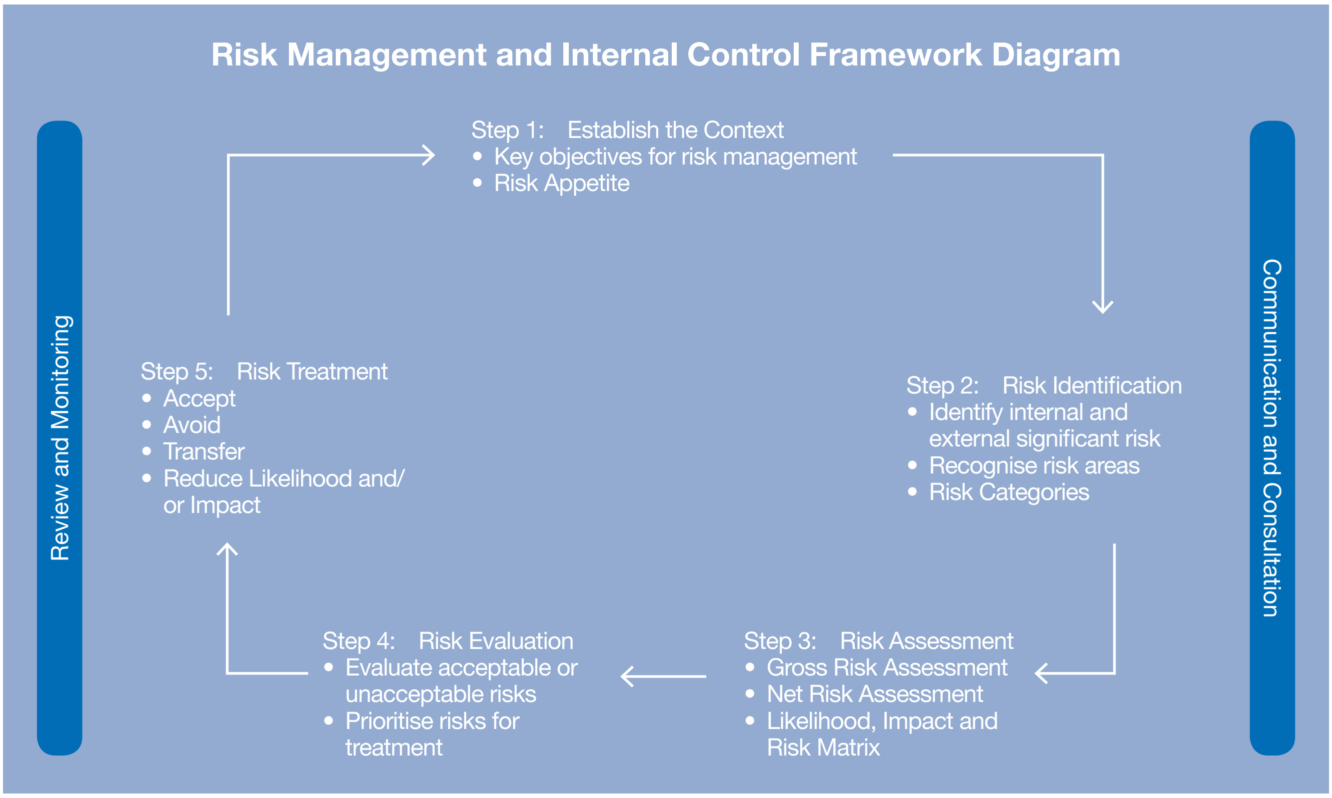
Periodic site visits to operating units are undertaken by the members of the Executive Committee and/or the members of the Board whenever deemed appropriate.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT AND INTERNAL CONTROL 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 Guide ("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 Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Companies Act, 2016 in Malaysia 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 2017, 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 2017.

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 for the financial year attributable to:		
- Owners of the Company	113,021	20,916
- Non-controlling interests	1,622	-
Net profit for the financial year	114,643	20,916

DIVIDENDS

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

<u>In respect of financial year ended 31 December 2016:</u>

On 30 August 2016, the Directors declared a first interim single tier cash dividend of 0.5 sen per share, amounting to a net dividend payment of RM3,863,955, paid on 5 October 2016.

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

DIRECTORS' REPORT

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 has not purchased any of its issued share capital from the open market on Bursa Malaysia Securities Berhad ("Bursa Malaysia").

As at 31 December 2017, the number of treasury shares held by the Company was 2,097,338 shares.

Details of the treasury shares are set out in Note 26 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

DIRECTORS' REPORT

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 1.1.2017	Acquired	Disposed	As at 31.12.2017
The Company				
Dato' Seri Robert Tan Chung Meng				
- direct interest	**11,601,308**	-	-	**11,601,308**
- deemed interest#	**310,511,267**	-	-	**310,511,267**
Chan Cheu Leong				
- direct interest	**19,990,651**	-	-	**19,990,651**
- deemed interest*	**40,632,627**	-	-	**40,632,627**
Giancarlo Maccagno				
- direct interest	**16,537,177**	-	-	**16,537,177**

By virtue of his interests of more than 15% 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. ("**WSE**"), Wah Seong (Malaya) Trading Co. Sdn. Bhd. ("**WST**") and Tan Kim Yeow Sendirian Berhad ("**TKYSB**") 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.

DIRECTORS' REPORT

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 RM96,900.

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.

DIRECTORS' REPORT

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 33 to the financial statements.

AUDITORS

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

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146) was registered on 2 January 2018 and with effect from that date, PricewaterhouseCoopers (AF 1146), a conventional partnership was converted to a limited liability partnership.

This report was approved by the Board of Directors on 6 April 2018. 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 75 to 190 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 2017 and financial performance of the Group and the Company for the financial year ended 31 December 2017 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 6 April 2018.

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 75 to 190 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

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 6 April 2018.

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 2017, 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 2017 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 75 to 190.

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 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.

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF WAH SEONG CORPORATION BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
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 2017, the Group's goodwill is allocated to CGU A, representing Specialised Pipe Coating and Corrosion Protection Services and CGU B, representing EPC, fabrication and rental of gas compressors and process equipment which totalled RM77.2 million and RM66.0 million respectively. Goodwill is required to be assessed annually for impairment.	We performed the following audit procedures to evaluate management's methodology and assumptions used in the VIU for each CGU: • Compared forecast revenues to approved budgets and current order books; • Compared revenue growth rate to historical track records and external market trends; and • Compared future sales and costs to approved budgets and historical performance.
We focused on this area due to the size of the goodwill, which was RM143.2 million as at 31 December 2017, and because the directors' assessment of the 'value in use' ("VIU") of the Group's CGUs involves estimates about the future cash flows and the discount rates applied to future cash flow forecasts. In addition, the recoverable amounts are sensitive to changes and subject to estimation uncertainty. The key assumptions of the VIU calculation and details of the management's impairment test are disclosed in the consolidated financial statements.	We engaged PwC valuation specialists to evaluate the appropriateness of the methodology and the discount rates used by management for CGU A and CGU B. This involved consideration of inputs from comparable industries and peer companies. We also considered the adequacy of the disclosures made in the financial statements on key assumptions and the sensitivity analysis for the respective CGU. We considered the sensitivity of the recoverable amount of CGU A and CGU B by varying the key assumptions within reasonably possible ranges.
Impairment assessment for property, plant and equipment ("PPE") in the Oil and Gas Industry	
Refer to Note 4 'Property, Plant and Equipment' and Note 3(c) 'Critical Accounting Estimates and Judgements'. The market conditions for the oil and gas sector in 2017 saw slow recovery which affected the utilisation of the Group's property, plant and equipment. Significant judgement is required to ascertain the future utilisation levels which are dependent on market outlook, operating levels and the competitive landscape. In 2017, the Group impaired RM72.8 million of PPE as shown in the consolidated financial statements. In estimating the impairment, management considered cost of repair, scrap value and the specialised nature of the assets.	We performed the following audit procedures: • Reviewed the Group's process for identifying trigger events for potential impairment on selected assets; • Evaluated management's assumptions such as utilisation and plans to understand the basis for the cash flow projections arising from the use of the assets which had impairment indicators; • Corroborated management's assumptions to historical usage pattern, past customer demands, market outlook and the impact of technology obsolescence for PPE; and • Obtained the assistance of PwC valuation specialists to assess the appropriateness of discount rates used in the cash flow projections, by considering inputs from comparable industries and peer companies.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Impairment assessment on investments in associates and joint venture	
Refer to Note 8 'Investment in Associates', Note 9 'Investment in Joint Ventures' and Note 3(c) 'Critical Accounting Estimates and Judgements'. As at 31 December 2017, 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 above 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 RM208.7 million and because management's estimate of the VIU required significant estimates over the future cash flows.	We performed the following audit procedures to evaluate management's methodology and assumptions used in the VIU for each investments: • Revenue growth rate by reference to the secured contracts, historical performance and future market outlook; • Current year profit margin by comparing to historical profit margins; • Terminal value growth rates to reference external macroeconomic sources of data and industry specific trends; and • We involved PwC valuation specialists to assist us in evaluating the appropriateness of 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 considered the sensitivity of the recoverable amount of PEB and Alam-PE by varying the key assumptions within reasonably possible ranges. The results of the sensitivity analysis are disclosed in the consolidated financial statements.

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

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF WAH SEONG CORPORATION BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

(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.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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
03253/01/2019 (J)
Chartered Accountant

Kuala Lumpur
6 April 2018

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	4	**965,096**	781,659	**4,040**	6,337
Prepaid lease payments	5	**90,584**	120,922	**-**	-
Investment properties	6	**9,340**	11,197	**21,287**	19,462
Investment in subsidiaries	7	**-**	-	**722,201**	673,200
Investment in associates	8	**185,223**	215,183	**-**	-
Investment in joint ventures	9	**146,446**	154,518	**-**	-
Available-for-sale financial assets	11	**10**	10	**-**	-
Goodwill and other intangible assets	13	**143,390**	155,281	**-**	-
Deferred tax assets	14	**41,724**	24,525	**2,062**	2,175
		1,581,813	1,463,295	**749,590**	701,174
CURRENT ASSETS					
Inventories	15	**290,159**	208,398	**-**	-
Amounts due from customers on contracts	16	**52,467**	43,981	**-**	-
Trade and other receivables	17	**843,136**	462,785	**14,418**	1,908
Amounts owing by subsidiaries	18(a)	**-**	-	**149,871**	255,762
Amounts owing by associates	19(a)	**12,722**	13,176	**13**	-
Amounts owing by joint ventures	20(a)	**55,417**	71,932	**23**	12
Finance lease receivables	10	**-**	9,725	**-**	-
Tax recoverable		**15,418**	16,112	**-**	-
Derivative financial assets	12	**94**	581	**-**	-
Time deposits	21	**111,396**	151,763	**20,972**	50,840
Cash and bank balances	22	**189,612**	163,493	**2,221**	5,568
		1,570,421	1,141,946	**187,518**	314,090
Assets classified as held for sale	23	**18,143**	-	**-**	-
TOTAL ASSETS		**3,170,377**	2,605,241	**937,108**	1,015,264

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	24	**547,690**	387,444	**547,690**	387,444
Share premium	25	**-**	160,246	**-**	160,246
Treasury shares	26	**(2,331)**	(2,331)	**(2,331)**	(2,331)
Exchange translation reserves		**(6,220)**	(11,469)	**-**	-
Available-for-sale reserve		**6**	6	**-**	-
Retained profits		**355,016**	241,995	**244,436**	223,520
		894,161	775,891	**789,795**	768,879
Non-controlling interests		**96,211**	91,913	**-**	-
TOTAL EQUITY		**990,372**	867,804	**789,795**	768,879
NON-CURRENT AND DEFERRED LIABILITIES					
Loans and borrowings	27	**201,669**	-	**-**	-
Deferred tax liabilities	14	**13,128**	19,399	**-**	-
Trade and other payables	28	**491,929**	97,501	**-**	-
		706,726	116,900	**-**	-
CURRENT LIABILITIES					
Amounts due to customers on contracts	16	**31,759**	22,563	**-**	-
Trade and other payables	28	**618,000**	329,545	**11,603**	12,303
Provision for warranties	29	**6,929**	9,470	**-**	-
Amounts owing to a subsidiary	18(b)	**-**	-	**1,291**	372
Amounts owing to associates	19(b)	**175**	181	**-**	-
Amounts owing to joint ventures	20(b)	**3,314**	2,977	**-**	-
Loans and borrowings	27	**774,854**	1,231,501	**134,167**	233,402
Dividend payable		**13,685**	13,808	**-**	-
Current tax liabilities		**24,563**	10,492	**252**	308
		1,473,279	1,620,537	**147,313**	246,385
TOTAL LIABILITIES		**2,180,005**	1,737,437	**147,313**	246,385
TOTAL EQUITY AND LIABILITIES		**3,170,377**	2,605,241	**937,108**	1,015,264

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Gross revenue	30	**2,492,100**	1,276,588	**25,394**	31,292
Cost of sales	31	**(2,182,428)**	(1,118,370)	**-**	-
Gross profit		**309,672**	158,218	**25,394**	31,292
Other operating income		**169,021**	103,838	**18,456**	27,448
Selling and distribution expenses		**(28,012)**	(31,492)	**-**	-
Administrative and general expenses		**(290,706)**	(381,473)	**(13,406)**	(47,945)
Other (losses)/gains - net	32	**(487)**	995	**-**	-
Profit/(Loss) from operations	33	**159,488**	(149,914)	**30,444**	10,795
Finance costs	34	**(41,897)**	(29,907)	**(7,427)**	(3,575)
Share of results of associates		**(4,863)**	(53,855)	**-**	-
Share of results of joint ventures		**9,877**	7,812	**-**	-
Profit/(Loss) before tax		**122,605**	(225,864)	**23,017**	7,220
Tax expense	35	**(7,962)**	(8,690)	**(2,101)**	(660)
Net profit/(loss) for the financial year		**114,643**	(234,554)	**20,916**	6,560
Net profit/(loss) for the financial year attributable to:					
Owners of the Company		**113,021**	(228,302)	**20,916**	6,560
Non-controlling interests		**1,622**	(6,252)	**-**	-
Net profit/(loss) for the financial year		**114,643**	(234,554)	**20,916**	6,560
Earnings/(Loss) per share computed based on the net profit/(loss) for the financial year attributable to the owners of the Company:					
- basic and diluted (sen)	36	**14.63**	(29.54)		

STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Net profit/(loss) for the financial year		**114,643**	(234,554)	**20,916**	6,560
Other comprehensive expenses:					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation differences for foreign operations		**472**	(106,333)	**-**	-
Share of other comprehensive loss of an associate, net of tax		**(2,117)**	-	**-**	-
Other comprehensive expense for the financial year, net of tax		**(1,645)**	(106,333)	**-**	-
Total comprehensive income/(expense) for the financial year		**112,998**	(340,887)	**20,916**	6,560
Total comprehensive income/(expense) for the financial year attributable to:					
Owners of the Company		**110,161**	(334,095)	**20,916**	6,560
Non-controlling interests		**2,837**	(6,792)	**-**	-
Total comprehensive income/(expense) for the financial year		**112,998**	(340,887)	**20,916**	6,560

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Attributable to owners of the Company								
	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Exchange translations 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	24, 25	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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Attributable to owners of the Company								
	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Exchange translations 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 2016		387,444	160,246	(1,991)	94,324	6	481,889	1,121,918	103,502	1,225,420
Net loss for the financial year		-	-	-	-	-	(228,302)	(228,302)	(6,252)	(234,554)
Other comprehensive expense for the financial year		-	-	-	(105,793)	-	-	(105,793)	(540)	(106,333)
Total comprehensive expense for the financial year		-	-	-	(105,793)	-	(228,302)	(334,095)	(6,792)	(340,887)
Transactions with owners:										
Shares repurchased (including transaction costs)	26	-	-	(340)	-	-	-	(340)	-	(340)
Cash dividends paid to owners of the Company	37	-	-	-	-	-	(11,592)	(11,592)	-	(11,592)
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	(5,497)	(5,497)
Total contributions by and distributions to owners		-	-	(340)	-	-	(11,592)	(11,932)	(5,497)	(17,429)
Incorporation of a new subsidiary		-	-	-	-	-	-	-	300	300
Subscription of right issues by non-controlling interests of an existing subsidiary		-	-	-	-	-	-	-	400	400
Total changes in ownership interest in subsidiaries that did not result in a loss of control		-	-	-	-	-	-	-	700	700
Total transactions with owners		-	-	(340)	-	-	(11,592)	(11,932)	(4,797)	(16,729)
At 31 December 2016		387,444	160,246	(2,331)	(11,469)	6	241,995	775,891	91,913	867,804

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Retained profits RM'000	Total equity RM'000
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	24, 25	**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**
At 1 January 2016		387,444	160,246	(1,991)	228,552	774,251
Total comprehensive income for the financial year		-	-	-	6,560	6,560
Transactions with owners:						
Shares repurchased (including transaction costs)	26	-	-	(340)	-	(340)
Cash dividends paid to owners of the Company	37	-	-	-	(11,592)	(11,592)
Total contributions by and distributions to owners		-	-	(340)	(11,592)	(11,932)
At 31 December 2016		387,444	160,246	(2,331)	223,520	768,879

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		**122,605**	(225,864)	**23,017**	7,220
Adjustments for:					
Property, plant and equipment:					
- Depreciation charge		**144,713**	84,919	**237**	418
- Written off		**239**	608	**-**	2
- Net gain on disposal		**(36,006)**	(1,748)	**(98)**	-
Prepaid lease payments:					
- Amortisation charge		**1,509**	1,578	**-**	-
- Gain on disposal		**(64,071)**	-	**-**	-
Depreciation of investment properties		**236**	372	**236**	225
Loss/(Gain) on disposal of a subsidiary		**8,363**	(8,532)	**(12,235)**	-
Inventories:					
- Allowance for obsolescence		**6,207**	5,815	**-**	-
- Write back of allowance for obsolescence		**(840)**	(91)	**-**	-
- Written off		**30**	1,451	**-**	-
Impairment loss on investment in an associate		**271**	56,487	**-**	-
Impairment loss on:					
- amount owing by subsidiaries		**-**	-	**-**	7,856
- amount owing by an associate		**-**	885	**-**	885
- property, plant and equipment		**72,842**	99,111	**-**	-
- investment properties		**-**	16	**-**	-
Share of results of associates		**4,863**	53,855	**-**	-
Share of results of joint ventures		**(9,877)**	(7,812)	**-**	-
Gain on disposal of non-current asset held for sale		**-**	(10,541)	**-**	-

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)					
Net impairment on trade and other receivables		**767**	8,297	**-**	-
Provision for warranties		**3,668**	2,621	**-**	-
Provision for warranties written back		**(5,747)**	(6,633)	**-**	-
Net unrealised loss/(gain) on foreign exchange		**4,356**	(37,902)	**(4,276)**	(26,270)
Dividend income		**-**	-	**(10,863)**	(17,404)
Interest income from loans and receivables		**(7,660)**	(8,956)	**(11,319)**	(7,953)
Interest expense		**41,897**	29,907	**7,427**	3,575
Fair value loss/(gain) on derivative financial instruments	32	**487**	(995)	**-**	-
		288,852	36,848	**(7,874)**	(31,446)
Changes in working capital:					
Inventories		**(49,553)**	16,463	**-**	-
Receivables		**(70,160)**	216,129	**(50,065)**	(194)
Payables		**221,818**	(100,170)	**(68)**	(1,336)
Cash generated from/(used in) operations		**390,957**	169,270	**(58,007)**	(32,976)
Interest received		**7,660**	8,956	**11,319**	7,953
Interest paid		**(41,897)**	(29,907)	**(7,427)**	(3,575)
Tax paid		**(19,199)**	(16,901)	**(1,757)**	(1,569)
Net cash generated from/(used in) operating activities		**337,521**	131,418	**(55,872)**	(30,167)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		**(477,999)**	(139,796)	**(27)**	(28)
Purchase of other intangible assets		**(25)**	(40)	**-**	-
Purchase of investment properties		**(30)**	(51)	**-**	-
Purchase of prepaid lease payments		**-**	(27,146)	**-**	-
Subscription of shares in a subsidiary by non-controlling interest		**-**	300	**-**	-
Additional investment in a joint venture		**-**	(735)	**-**	-
Additional investment in an associate		**(9,433)**	(52,676)	**-**	-
Proceeds from disposal of property, plant and equipment		**8,074**	8,403	**124**	-
Proceeds from disposal of:					
- prepaid lease payments		**5,790**	-	**-**	-
- non-current asset held for sale		**-**	20,832	**-**	-
Net proceeds from/(placements on) deposits and short term investment		**12,970**	(86,868)	**10,978**	(29,840)
Net cash (outflow)/inflow from disposal of a subsidiary		**(5)**	989	**-**	-
Dividends received from:					
- subsidiaries		**-**	-	**10,863**	17,404
- a joint venture		**3,450**	-	**-**	-
- an associate		**4,228**	3,462	**-**	-
Net advances from subsidiaries		**-**	-	**85,543**	62,193
Net repayment from/(advances to) joint ventures		**16,852**	(20,268)	**-**	-
Net repayment from/(advances to) associates		**448**	(8,986)	**-**	-
Net cash (used in)/generated from investing activities		**(435,680)**	(302,580)	**107,481**	49,729

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Purchase of treasury shares	26	-	(340)	-	(340)
Drawdown from term loans		3,406	102,113	-	-
Repayments of term loans		(117,422)	(78,181)	-	-
Drawdown of fixed rate notes		-	30,640	-	-
Repayments of fixed rate notes		-	(38,903)	-	-
Drawdown from other bank borrowings		1,515,173	1,298,527	1,037,998	967,398
Repayments of other bank borrowings		(1,568,759)	(1,317,327)	(1,111,659)	(995,282)
Proceeds received from non-controlling interests on issuance of shares by subsidiaries		400	400	-	-
Dividends paid to owners of the Company	37	-	(11,592)	-	(11,592)
Dividends paid to non-controlling interests		-	(1,807)	-	-
Advances from customer		265,886	92,510	-	-
Net cash generated from/(used in) financing activities		98,684	76,040	(73,661)	(39,816)
NET CHANGES IN CASH AND CASH EQUIVALENTS		525	(95,122)	(22,052)	(20,254)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		228,388	320,807	26,568	46,597
EFFECTS OF EXCHANGE RATE CHANGES		(1,803)	2,703	(185)	225
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		227,110	228,388	4,331	26,568
Represented by:					
TIME DEPOSITS	21	111,396	151,763	20,972	50,840
CASH AND BANK BALANCES	22	189,612	163,493	2,221	5,568
		301,008	315,256	23,193	56,408
LESS:					
TIME DEPOSITS WITH MATURITY MORE THAN 3 MONTHS	21	(55,036)	(57,028)	-	-
SHORT TERM INVESTMENTS	21	(18,862)	(29,840)	(18,862)	(29,840)
CASH AND CASH EQUIVALENTS		227,110	228,388	4,331	26,568

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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 6 April 2018.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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 2017:

- Amendments to MFRS 107 'Statement of Cash Flows – Disclosure Initiative'
- Amendments to MFRS 112 'Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses'

The adoption of the amendments to MFRS 107 has required additional disclosure of changes in liabilities arising from financing activities. Other than that, the adoption of these amendments did not have any impact on the current financial year or any prior financial year and is not likely to affect future financial years.

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

- Amendments to MFRS 140 'Classification on 'Change in Use' – Assets transferred to, or from, Investment Properties' (effective from 1 January 2018) clarify that to transfer to, or from investment properties there must be a change in use. A change in use would involve an assessment of whether a property meets, or has ceased to meet, the definition of investment property. The change must be supported by evidence that the change in use has occurred and a change in management's intention in isolation is not sufficient to support a transfer of property.

  The amendments also clarify the same principle applies to assets under construction.

- IC Interpretation 22 'Foreign Currency Transactions and Advance Consideration' (effective from 1 January 2018) applies when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. MFRS 121 requires an entity to use the exchange rate at the 'date of the transaction' to record foreign currency transactions.

  IC Interpretation 22 provides guidance how to determine 'the date of transaction' when a single payment/receipt is made, as well as for situations where multiple payments/receipts are made.

  The date of transaction is the date when the payment or receipt of advance consideration gives rise to the non-monetary asset or non-monetary liability when the entity is no longer exposed to foreign exchange risk.

  If there are multiple payments or receipts in advance, the entity should determine the date of the transaction for each payment or receipt.

  An entity has the option to apply IC Interpretation 22 retrospectively or prospectively.

- MFRS 9 'Financial Instruments' (effective from 1 January 2018) will replace MFRS 139 'Financial Instruments: Recognition and Measurement'

  MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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 the Company but not yet effective (continued)

- MFRS 9 'Financial Instruments' (effective from 1 January 2018) will replace MFRS 139 'Financial Instruments: Recognition and Measurement' (continued)

  For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

  MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

- MFRS 15 'Revenue from contracts with customers' (effective from 1 January 2018) replaces MFRS 118 'Revenue' and MFRS 111 'Construction contracts' and related interpretations. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

  Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

  A new five-step process is applied before revenue can be recognised:
  - Identify contracts with customers;
  - Identify the separate performance obligations;
  - Determine the transaction price of the contract;
  - Allocate the transaction price to each of the separate performance obligations; and
  - Recognise the revenue as each performance obligation is satisfied.

  Key provisions of the new standard are as follows:
  - Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
  - If the consideration varies (such as for incentives, rebates, performance fees, royalties, success of an outcome etc), minimum amounts of revenue must be recognised if they are not at significant risk of reversal.
  - The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
  - There are new specific rules on licenses, warranties, non-refundable upfront fees, and consignment arrangements, to name a few.
  - As with any new standard, there are also increased disclosures.

  The Group and the Company will apply these standards and amendments from financial year beginning on 1 January 2018. It is not expected to result in any material impact on the financial position and results of the Group and the Company upon adoption of these standards and amendments apart from disclosures.

  MFRS 15 requires separate presentation of contract assets and contract liabilities in the statement of financial position. This will result in some reclassifications as of 1 January 2018 in relation to engineering contracts and contract liabilities in relation to amount due from and due to customers contract which are currently in statement of financial position, if any.

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 the Company but not yet effective (continued)

- MFRS 15 'Revenue from contracts with customers' (effective from 1 January 2018) replaces MFRS 118 'Revenue' and MFRS 111 'Construction contracts' and related interpretations (continued)

  The Group intends to adopt the standard using the modified approach which means the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and the comparatives will not be restated, if any.

- 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 the income statement.

  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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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).

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.

Where necessary, adjustments have been made to the financial statements of joint ventures to ensure consistency of accounting policies with those of the Group.

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 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.

2.7 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 and any expenditure that is directly attributable to the acquisition of the assets, net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the government. When the amount of GST incurred is not recoverable from the government, the GST is recognised as part of the cost of acquisition of the property, plant and equipment.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment (continued)

(a) Measurement basis (continued)

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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 63 to 98 years (2016: 61 to 99 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Investment properties (continued)

(b) Depreciation

Freehold land is not depreciated. Freehold and leasehold buildings are depreciated over their estimated useful lives of 50 years.

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.

2.11 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Intangible assets (continued)

(a) Goodwill (continued)

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.

2.12 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Financial assets

(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.

(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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Financial assets (continued)

(c) Subsequent measurement (continued)

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Financial assets (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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Financial liabilities (continued)

(a) Classification (continued)

(ii) Other financial liabilities

The Group and the Company's other financial liabilities include trade payables, other payables, intercompany payables, 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.

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Revenue recognition (continued)

(a) Construction contracts (continued)

Progress billings not yet paid by customers and retentions by customers are included within ‘trade and other receivables’.

(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.

(c) Service income

Service income is recognised on an accrual basis when services have been rendered.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

(e) Rental income

Rental income is recognised on a time proportion basis over the lease term.

(f) Finance income on lease receivables

Finance income on lease receivables is recognised according to the effective interest rate method so as to provide constant periodic rate of return on the net investment.

(g) Interest income

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective interest rate applicable.

(h) Management fee

Management fee is recognised on an accrual basis when service is rendered.

(i) Hire of machinery and equipment

Income from hire of machinery and equipment is recognised on a time proportion basis over the term of hire.

(j) Commission income

Commission income is recognised on an accrual basis when service is rendered.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2.27 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 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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. 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.

(b) Construction contracts

The Group recognises contract revenue based on the stage of completion method. The stage of completion is measured by reference to the contract costs incurred-to-date to the estimated total contract costs for the contract. When it is probable that the estimated total contract costs will exceed the total contract revenue, the expected loss is recognised as an expense immediately.

Judgement is required in the estimation of stage of completion, the extent of the contract costs incurred, as well as the recoverability of the construction contracts. The Group evaluates the estimates made using past experience.

(c) 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. Details of the key assumptions relating to impairment on property, plant and equipment are provided in Note 4.

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
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		(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

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										
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		(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)

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
2016										
Cost										
At 1 January		96,987	157,549	122,413	974,897	84,271	16,526	24,862	125,624	1,603,129
Additions		10,956	-	-	19,807	1,738	633	665	105,997	139,796
Disposals		(82)	(249)	-	(14,091)	(330)	(335)	-	-	(15,087)
Write-offs		(132)	(13)	-	(2,789)	(1,539)	-	(153)	(11,562)	(16,188)
Reclassification		10,360	46,485	-	65,209	10,803	-	(94)	(132,763)	-
Transfer from investment properties	6	700	-	-	-	-	-	-	-	700
Transfer from inventories		-	-	-	12,043	-	-	-	-	12,043
Disposal of a subsidiary		-	-	-	-	(3,910)	(844)	-	-	(4,754)
Effect of exchange rate changes		33	4,956	4,575	34,745	2,493	114	845	150	47,911
At 31 December		118,822	208,728	126,988	1,089,821	93,526	16,094	26,125	87,446	1,767,550

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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
2016										
Accumulated depreciation and impairment loss										
At 1 January		6,143	58,885	39,453	593,257	67,495	11,698	12,325	11,562	800,818
Depreciation charge for the financial year		1,493	5,849	9,300	54,338	9,784	1,752	2,403	-	84,919
Impairment charge for the financial year		-	-	48,208	50,685	186	20	12	-	99,111
Disposals		(58)	(21)	-	(8,045)	(318)	(274)	-	-	(8,716)
Write-offs		-	(2)	-	(2,399)	(1,464)	-	(153)	(11,562)	(15,580)
Reclassifications		(285)	285	-	77	(77)	-	-	-	-
Transfer from investment properties	6	13	-	-	-	-	-	-	-	13
Disposal of a subsidiary		-	-	-	-	(3,642)	(844)	-	-	(4,486)
Effect of exchange rate changes		-	1,372	5,989	20,237	1,537	116	561	-	29,812
At 31 December		7,306	66,368	102,950	708,150	73,501	12,468	15,148	-	985,891
Carrying amount at 31 December		111,516	142,360	24,038	381,671	20,025	3,626	10,977	87,446	781,659

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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
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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	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
2016					
Cost					
At 1 January	6,200	782	896	1,108	8,986
Additions	-	24	4	-	28
Write-offs	-	(100)	(4)	-	(104)
At 31 December	6,200	706	896	1,108	8,910
Accumulated depreciation					
At 1 January	218	682	566	791	2,257
Depreciation charge for the financial year	68	66	62	222	418
Write-offs	-	(99)	(3)	-	(102)
At 31 December	286	649	625	1,013	2,573
Carrying amount at 31 December	5,914	57	271	95	6,337

Impairment of specialised building, 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 (2016: RM99,111,000) was made on certain specialised building, plant and equipment that were idle and were also not forecasted to generate sufficient future economic benefits. The discount rate used for the value in use calculations was 20.5% (2016: 19%).

Assets pledged as security

The net book value of property, plant and equipment amounting to RM435,621,000 (2016: Nil) are pledged as security for the advances from customer (Note 28).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

5 PREPAID LEASE PAYMENTS

	Unexpired period less than 50 years RM'000	Unexpired period 50 years and above RM'000	Total RM'000
Group			
2017			
Cost			
At 1 January	**-**	**136,103**	**136,103**
Disposals	**-**	**(33,481)**	**(33,481)**
At 31 December	**-**	**102,622**	**102,622**
Accumulated amortisation			
At 1 January	**-**	**15,181**	**15,181**
Amortisation for the financial year	**-**	**1,509**	**1,509**
Disposals	**-**	**(4,652)**	**(4,652)**
At 31 December	**-**	**12,038**	**12,038**
Carrying amount at 31 December	**-**	**90,584**	**90,584**
2016			
Cost			
At 1 January	17,732	91,225	108,957
Additions	-	27,146	27,146
Reclassification	(17,732)	17,732	-
At 31 December	-	136,103	136,103
Accumulated amortisation			
At 1 January	5,704	7,899	13,603
Amortisation for the financial year	-	1,578	1,578
Reclassification	(5,704)	5,704	-
At 31 December	-	15,181	15,181
Carrying amount at 31 December	-	120,922	120,922

The title deeds to certain leasehold land of the Group stated at a total carrying amount of approximately RM29,432,000 (2016: RM39,520,000) have yet to be issued by the relevant authorities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

6 INVESTMENT PROPERTIES

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Cost					
At 1 January		**14,527**	16,301	**20,400**	20,400
Additions		**30**	51	**-**	**-**
Transfer (to)/from property, plant and equipment	4	**(2,997)**	(700)	**2,175**	-
Disposal		**-**	(1,125)	**-**	-
At 31 December		**11,560**	14,527	**22,575**	20,400
Accumulated depreciation and impairment loss					
At 1 January		**3,330**	3,382	**938**	713
Depreciation charge for the financial year		**236**	372	**236**	225
Impairment charge for the financial year		**-**	16	**-**	-
Transfer (to)/from property, plant and equipment	4	**(1,346)**	(13)	**114**	-
Disposal		**-**	(427)	**-**	-
At 31 December		**2,220**	3,330	**1,288**	938
Carrying amount		**9,340**	11,197	**21,287**	19,462
Fair value		**45,853**	49,322	**41,977**	40,113

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

6 INVESTMENT PROPERTIES (CONTINUED)

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				
2017				
Land	-	-	12,166	12,166
Buildings	-	-	33,687	33,687
	-	-	45,853	45,853
2016				
Land	-	-	12,166	12,166
Buildings	-	-	37,156	37,156
	-	-	49,322	49,322
Company				
2017				
Buildings	-	-	41,977	41,977
2016				
Buildings	-	-	40,113	40,113

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.

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.

7 INVESTMENT IN SUBSIDIARIES

	Company	
	2017 RM'000	2016 RM'000
Unquoted shares, at cost	817,334	774,471
Accumulated impairment losses	(127,526)	(133,664)
	689,808	640,807
Advances to subsidiaries, deemed as net investment	32,393	32,393
	722,201	673,200

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

7 INVESTMENT IN SUBSIDIARIES (CONTINUED)

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			
		2017 %	2016 %	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 holding
~	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
~	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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

7 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

		Group's effective interest			
		2017 %	2016 %	Country of incorporation	Principal activities
#	Wasco Coatings Germany GmbH	**100**	100[i]	Germany	Provision of pipe coating and related services to the oil & gas industry
#	Wasco Coatings Germany (Plant and Equipment) GmbH (formerly known as Eupec Pipeline Services GmbH)	**100[m]**	-	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[i]	Finland	Provision of pipe coating and related services to the oil & gas industry
#	Wasco Coatings Finland (Plant and Equipment) Oy	**100[l]**	-	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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

7 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

		Group's effective interest 2017 %	Group's effective interest 2016 %	Country of incorporation	Principal activities
~	Wasco Energy De Mexico S.A.DE C.V.	**100**	100[f]	Mexico	Provision of pipe coating services to the oil and gas industry
~	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, agent and representative for the supply of equipment and the provision of related services to the oil drilling and production industry
	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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

7 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

		Group's effective interest			
		2017 %	2016 %	Country of incorporation	Principal activities
	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
*	PT Wasco Engineering International (formerly known as PT. Gas Services Indonesia)	**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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

7 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

		Group's effective interest			
		2017 %	**2016 %**	**Country of incorporation**	**Principal activities**
~	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
~	Excel Tradition Limited	**-**[q]	100	British Virgin Islands	Dormant (Struck off)
	Gas Services International (M) Sdn. Bhd.	**-**[o]	-	Malaysia	Dormant (Dissolved)
	Wasco Engineering & Technology Inc.	**65**	65	British Virgin Islands	Investment holding and provision of engineering works and services
*	Wasco E&P Services Limited	**100**	100	Hong Kong, SAR	Investment holding
*	WSN Investments Limited	**100**	100	Hong Kong, SAR	Investment holding
*	LTT Oil & Gas Nigeria Limited	**-**	-[g]	Nigeria	Provision of engineering consultancy, product and related services to the oil and gas industry

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

7 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

		Group's effective interest			
		2017 %	2016 %	Country of incorporation	Principal activities
*	Wasco China International Limited	**100**	100	Hong Kong, SAR	Investment holding, trading of goods and provision of marketing and other services related to the oil and gas industry
*	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
	PMT Energy Sdn. Bhd.	**100**	100	Malaysia	Project management for biomass power plant
~	PMTI 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

7 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

	Group's effective interest			
	2017 %	**2016 %**	**Country of incorporation**	**Principal activities**
PMT Industries (HK) Limited	**-[n]**	100	Hong Kong, SAR	Dormant (Deregistered)
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.	**-[r]**	100	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
Petro-Pipe Industrial Corporation Sdn. Bhd.	**100**	100	Malaysia	Investment holding
Petro-Pipe Industries (M) Sdn. Bhd.	**100**	100	Malaysia	Manufacturing and sales of welded steel pipes and related products
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
STH Sri Bulatan Sdn. Bhd.	**100**	100	Malaysia	Dormant
Stellar Marketing Sdn. Bhd.	**100**	100	Malaysia	Dormant

NOTES TO THE FINANCIAL STATEMENTS
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7 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

	Group's effective interest 2017 %	Group's effective interest 2016 %	Country of incorporation	Principal activities
~ Syn Tai Hung (Cambodia) Co. Ltd	**80**	80	Kingdom of Cambodia	Trading, distribution and warehousing of building materials and other strategic business
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[e]	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**	100	Malaysia	Dormant
* Spirolite (Myanmar) Company Limited	**100**	100	The Republic of the Union of Myanmar	Manufacturing and marketing of polyethylene pipes, fittings and tanks
Syn Tai Hung Borneo Sdn. Bhd.	**70**	70[h]	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)

NOTES TO THE FINANCIAL STATEMENTS
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7 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

	Group's effective interest 2017 %	Group's effective interest 2016 %	Country of incorporation	Principal activities
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[p]**	-	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**	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	**-[k]**	100[k]	Federal Territory of Labuan, Malaysia	Dormant (In Member's Voluntary Winding Up)
# WS Agro Industries Pte. Ltd.	**-[s]**	100	Singapore	Investment holding

* *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.*

NOTES TO THE FINANCIAL STATEMENTS
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7 INVESTMENT IN SUBSIDIARIES (CONTINUED)

s *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.*

r *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.*

q *On 1 November 2017, Excel Tradition Limited, an indirect wholly-owned subsidiary of the Company, had been struck-off from the Register of the British Virgin Islands Financial Services Commission. As a result, the Group no longer controls the subsidiary and as such it was not consolidated.*

p *On 16 June 2017, a wholly-owned subsidiary of the Company, Wah Seong Management Services Sdn Bhd ("WSMS") was incorporated in Malaysia pursuant to the Companies Act, 2016 with an initial issued and paid-up share capital of RM1,000 comprising 1,000 ordinary shares with were fully subscribed and paid up by the Company.*

o *On 27 April 2017, Gas Services International (M) Sdn. Bhd. ("GSIM"), an indirect 70% owned subsidiary of the Company, had held its final meeting for the Member's Voluntary Winding Up. GSIM was 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 Companies Commission of Malaysia and Official Receiver. As a result, the Group no longer controls the subsidiary and as such it was not consolidated.*

n *On 7 April 2017, PMT Industries (HK) Limited, an indirectly wholly-owned subsidiary of the Company, was deregistered pursuant to Section 751 of the Companies Ordinance (Cap 622.) in Hong Kong.*

m *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") (formely 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.

l *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.*

k *On 27 December 2016, WSC Capital (Labuan) Limited ("WSCCL"), an indirect 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.*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

7 INVESTMENT IN SUBSIDIARIES (CONTINUED)

[j] *On 22 August 2016, Wasco Coatings Europe B.V., an indirectly wholly-owned subsidiary of the Company, had acquired the entire issued and paid up share capital of 25,000 shares of EUR2.50 each, representing 100% equity interest in Wasco Coatings Germany GbmH ("WCG") (formerly known as PROMOVIA Einundneunzigste Verwaltungsgesellschaft mbH), for a total consideration of EUR25,000 (equivalent to approximately RM125,000). Upon completion of the acquisition, WCG became an indirect wholly-owned subsidiary of the Company.*

[i] *On 12 August 2016, Wasco Coatings Europe B.V., an indirectly wholly-owned subsidiary of the Company, had acquired the entire issued and paid up share capital of 1,000 shares of EUR2.50 each, representing 100% equity interest in Wasco Coatings Finland Oy ("WCF Oy") (formerly known as Dobona Oy), for a total consideration of EUR2,500 (equivalent to approximately RM11,000).Upon completion of the acquisition, WCF Oy became an indirect wholly-owned subsidiary of the Company.*

[h] *On 27 May 2016, Syn Tai Hung Borneo Sdn Bhd ("STH Borneo") was incorporated in Malaysia. STH Borneo has an initial issued and paid-up share capital of RM100 divided into 100 ordinary shares of RM1.00 each. STH Borneo became an indirect 70% owned subsidiary of the Company, held through Syn Tai Hung Trading Sdn Bhd, an indirect wholly-owned subsidiary, and Sabaconcrete Sdn Bhd, with equity interest of 70% and 30% respectively.*

[g] *On 14 March 2016, WSN Investments Limited, an indirect wholly-owned subsidiary of the Company, has disposed of 2,500,000 ordinary shares of Naira$1.00 each in the issued and paid-up share capital of LTT Oil & Gas Nigeria ("LTT"), representing 100% equity interest in LTT, for a total cash consideration of USD900,000 (equivalent to approximately RM3,703,000). As a result of the disposal, LTT ceased to be an indirect wholly-owned subsidiary of the Company.*

[f] *On 26 February 2016, the Company's indirect wholly-owned subsidiaries namely Wasco Coatings Limited ("WCL") and Wasco Coatings HK Limited ("WCHKL") had incorporated a wholly-owned subsidiary in Mexico, Wasco Energy De Mexico S.A. DE C.V. ("WEDM"), with an initial fixed capital of Fifty Thousand Mexico Pesos ($50,000) divided into 50,000 common and registered shares of One Mexico Peso ($1.00) each held through WCL and WCHKL, with equity interest of 99.99% and 0.01% respectively.*

[e] *On 18 January 2016, the Company diluted its indirect 75% equity interest held from 75% to 60% via its indirect wholly-owned subsidiary namely, Syn Tai Hung Trading Sdn. Bhd. ("STHT") in the paid-up capital of WDG Resources Sdn. Bhd. ("WDG") following the Renounceable Rights Issue Exercise undertaken by WDG of 200,000 ordinary shares of RM1.00 each issued and allotted proportionately to its existing shareholders which STHT had renounced in totality.*

[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, 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.*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

7 INVESTMENT IN SUBSIDIARIES (CONTINUED)

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.

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
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	-	-	-		

NOTES TO THE FINANCIAL STATEMENTS
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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
2016					
NCI percentage of ownership interest and voting interest	40%	30%	40%		
Carrying amount of NCI	11,154	87,212	(156)	(6,297)	91,913
Net (loss)/profit allocated to NCI	(570)	(5,674)	1,780	(1,788)	(6,252)

	Mackenzie Industries Sdn. Bhd. RM'000	Wasco Coatings Malaysia Sdn. Bhd. RM'000	Petro-Pipe (Sabah) Sdn. Bhd. RM'000
Summarised financial information before intra-group elimination			
As at 31 December			
Non-current assets	4,585	60,458	80,020
Current assets	51,428	369,214	51,286
Current liabilities	(28,128)	(138,964)	(131,695)
Net assets/(liabilities)	27,885	290,708	(389)
Financial year ended 31 December			
Revenue	59,202	85,115	89,014
Net (loss)/profit	(1,425)	(18,914)	4,450
Cash flows generated from/(used in) operating activities	10,140	(3,636)	44,591
Cash flows (used in)/generated from investing activities	(549)	31,344	14,355
Cash flows used in financing activities	(14,817)	(37,790)	(73,519)
Net change in cash and cash equivalents	(5,226)	(10,082)	(14,573)
Dividends paid/payable to NCI	800	-	-

NOTES TO THE FINANCIAL STATEMENTS
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8 INVESTMENT IN ASSOCIATES

	Group	
	2017 RM'000	**2016 RM'000**
Quoted shares in Malaysia	**130,114**	130,114
Unquoted shares	**84,093**	189,043
Share of post-acquisition results and reserves	**(28,984)**	(47,487)
	185,223	271,670
Less: Accumulated impairment loss	**-**	(56,487)
	185,223	215,183
Share of net assets of associates	**185,223**	215,183
Quoted shares in Malaysia at fair value	**71,404**	82,223

Quoted shares – Petra Energy Berhad

As at 31 December 2017 and 31 December 2016, 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 2017, was approximately RM71,404,000 (2016: RM82,222,500). This fair value is approximately RM22,920,000 (2016: RM27,516,000) 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 2017 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.

	2017	**2016**
Revenue growth rate for 5 years	**<0%* – 3.0%**	4.6%
Discount rate	**12.9%**	12.4%
Growth rate for terminal value	**2.0%**	2.0%

* Negative growth is due to end of ongoing project.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

8 INVESTMENT IN ASSOCIATES (CONTINUED)

Quoted shares – Petra Energy Berhad (continued)

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:

	2017		2016	
	From	**To**	**From**	**To**
Revenue growth rate for 5 years	**1.5%**	**(2.1%)**	4.6%	3.9%
Discount rate	**12.9%**	**18.1%**	12.4%	12.9%
Growth rate for terminal value	**2.0%**	**(4.8%)**	2.0%	1.4%

Unquoted shares – Atama Resources Inc.

During the 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.

In the prior year, the Group reviewed the recoverable amount of ARI which had suffered losses and did not achieve the targets as set out in its business plan. Subsequently, management revised the business plan. The recoverable amount was then determined using value-in-use calculations based on the discounted cash flows expected to be generated from the forecasted period. As a result, the Group recognised an impairment loss of RM56,487,000 in the previous financial year.

Impairment of investment in associates

The movements for allowance for impairment loss on investment in associates during the financial year are as follows:

	Group	
	2017 RM'000	**2016 RM'000**
At 1 January	**56,487**	-
Impairment loss recognised	**271**	56,487
Disposal of an associate	**(56,758)**	-
At 31 December	**-**	56,487

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

8 INVESTMENT IN ASSOCIATES (CONTINUED)

Details of associates are as follows:

	Country of incorporation	Group's effective interest 2017 %	Group's effective interest 2016 %	Principal activities
WS Integrasi Sdn. Bhd.	Malaysia	**49**[c]	-	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) industries 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	**49**[a]	-	Sales and distribution for building materials, architectural products and home furnishing goods
Wah Seong Boustead Company Limited	Myanmar	**50**	50	Property development, trading and provision of auxiliary services
TOT Inspection Sdn. Bhd.	Malaysia	**-**[b]	-[b]	Dormant (Dissolved)
Atama Resources Inc.	Republic of Mauritius	**-**[d]	49	Investment holding

[d] *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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

8 INVESTMENT IN ASSOCIATES (CONTINUED)

[c] *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.*

[b] *On 2 May 2017, TOT Inspection Sdn. Bhd. ("TOTI"), an indirect associate company of the Company had held its final meeting for the Member's Voluntary Winding Up. TOTI was 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 Companies Commission of Malaysia and Official Receiver.*

[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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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	Atama Resources Inc. 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)	(5,043)	9,087	43	(4,863)
Dividend receivable/received	4,228	-	-	-	4,228

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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	Atama Resources Inc. RM'000	Evraz Wasco Pipe Protection Corporation RM'000	Other individually immaterial associates RM'000	Total RM'000
2016					
Summarised financial information					
As at 31 December					
Non-current assets	445,893	184,110	164,593		
Current assets	375,770	8,414	27,425		
Non-current liabilities	(91,515)	(8)	-		
Current liabilities	(321,280)	(16,405)	(38,695)		
Net assets	408,868	176,111	153,323		
Financial year ended 31 December					
Revenue	333,241	-	12,160		
Net loss	(128,550)	(27,152)	(12,282)		
Other comprehensive income/(expense)	1,703	(1,015)	-		
Total comprehensive expense	(126,847)	(28,167)	(12,282)		
Reconciliation of net assets to carrying amount					
As at 31 December					
Group's share of net assets	109,985	86,224	75,128	265	271,602
Goodwill	-	-	-	68	68
Less: Accumulated impairment loss	-	(56,487)	-	-	(56,487)
Carrying amount in statement of financial position	109,985	29,737	75,128	333	215,183
Group's share of results					
Financial year ended 31 December					
Group's share of (loss)/profit	(34,580)	(13,294)	(6,018)	37	(53,855)
Dividend receivable/received	3,462	-	-	-	3,462

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

9 INVESTMENT IN JOINT VENTURES

	Group	
	2017 RM'000	**2016 RM'000**
Unquoted shares	**159,367**	166,443
Share of post-acquisition results and reserves	**(4,141)**	(2,151)
	155,226	164,292
Less: Accumulated impairment loss	**(8,780)**	(9,774)
	146,446	154,518
Share of net assets of joint ventures	**146,446**	154,518

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 2017 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.

	2017	**2016**
Revenue growth rate for 5 years	**<0%* – 7.5%**	3.3%
Discount rate	**13.0%**	11.1%
Growth rate for terminal value	**2.5%**	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 a joint venture. As such, 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:

	2017		**2016**	
	From	**To**	**From**	**To**
Revenue growth rate for 5 years	**7.5%**	**6.2%**	**3.3%**	**2.4%**
Discount rate	**13.0%**	**13.5%**	**11.1%**	**11.4%**
Growth rate for terminal value	**2.5%**	**1.8%**	**2.0%**	**1.6%**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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	
	2017 RM'000	2016 RM'000
At 1 January	**9,774**	9,586
Effect of exchange rate changes	**(994)**	188
At 31 December	**8,780**	9,774

Details of joint ventures are as follows:

	Country of incorporation	Group's effective interest 2017 %	Group's effective interest 2016 %	Principal activities
Boustead Wah Seong Sdn. Bhd.	Malaysia	**50**	50	Investment holding
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
Pesanan Dinamik Sdn. Bhd.	Malaysia	**-[b]**	-[b]	Dormant (Dissolved)
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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

9 INVESTMENT IN JOINT VENTURES (CONTINUED)

Details of joint ventures are as follows (continued):

	Country of incorporation	Group's effective interest 2017 %	Group's effective interest 2016 %	Principal activities
Wasco Engineering & Technology (Nantong) Co., Ltd.	People's Republic of China	-[a]	36[a]	Dormant (Dissolved)
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

[b] *On 11 December 2017, Pesanan Dinamik Sdn. Bhd. ("PDSB"), an indirect joint-venture of the Company, had held its final meeting for the Member's Voluntary Winding Up. PDSB would 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 Companies Commission of Malaysia and Official Receiver.*

[a] *On 20 January 2017, Wasco Engineering & Technology (Nantong) Co., Ltd completed its Members' Voluntary Winding Up via approval granted by the Industry and Commerce of Nantong, the People's Republic of China.*

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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
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)		
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)	-	(7,397)	(2,620)		
Interest expense	-	(2,637)	-	(3,320)		
Tax expense	(102)	-	(1,673)	(1,406)		

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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 (continued)						
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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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
2016						
Summarised financial information						
As at 31 December						
Non-current assets	203,089	86,193	57,645	44,726		
Current assets	25,589	94,788	12,767	1,937		
Cash and cash equivalents	5,105	1,396	27,563	20,539		
Non-current liabilities	-	(95,008)	(6,877)	(33,015)		
Current liabilities	(10,978)	(79,779)	(19,803)	(17,621)		
Financial year ended 31 December						
Net profit/(loss)	5,805	502	5,772	(2,365)		
Other comprehensive (expense)/income	(27)	(25)	3,221	(796)		
Total comprehensive income/(expense)	5,778	477	8,993	(3,161)		
Included in the total comprehensive income/(expense) are:						
Revenue	30,806	135,817	28,943	-		
Interest income	-	-	7	-		
Depreciation and amortisation	(12,477)	(4)	(7,120)	(96)		
Interest expense	(1,042)	(2,669)	-	(1,339)		
Tax expense	-	-	(2,197)	1,314		

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
2016 (continued)						
Reconciliation of net assets to carrying amount						
As at 31 December						
Group's share of net assets	109,174	3,719	17,507	8,117	16,857	155,374
Goodwill	12,060	-	-	-	577	12,637
Less: Elimination of unrealised profits	-	(3,504)	-	-	-	(3,504)
Reclassification to other payables	-	(215)	-	-	-	(215)
Less: Accumulated impairment loss	-	-	-	-	(9,774)	(9,774)
Carrying amount in statement of financial position	121,234	-	17,507	8,117	7,660	154,518
Group's share of results						
Financial year ended 31 December						
Group's share of profit or loss	2,844	246	1,877	(1,159)	4,004	7,812
Group's share of other comprehensive (expense)/ income	(13)	(12)	250	(390)	(427)	(592)
Group's share of total comprehensive income/ (expense)	2,831	234	2,127	(1,549)	3,577	7,220
Dividend receivable/ received	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

10 FINANCE LEASE RECEIVABLES

	Group	
	2017 RM'000	**2016 RM'000**
Minimum lease receivables:		
Not later than 1 year	-	9,772
Later than 1 year and not later than 2 years	-	-
	-	9,772
Less: Future finance income	-	(47)
Present value of finance lease assets	-	9,725
Present value of finance lease receivables:		
Not later than 1 year	-	9,725
Later than 1 year and not later than 2 years	-	-
	-	9,725

The effective interest rate of the Group's finance lease receivables is nil (2016: ranges from 1.77% to 1.88%). Included in minimum lease receivables are the estimated unguaranteed residual values of the leased assets of nil (2016: RM3,501,000).

11 AVAILABLE-FOR-SALE FINANCIAL ASSETS

Group	**Quoted shares in Malaysia RM'000**
2017	
At fair value	**10**
Market value of quoted investments	**10**
2016	
At fair value	10
Market value of quoted investments	10

NOTES TO THE FINANCIAL STATEMENTS
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12 DERIVATIVE FINANCIAL ASSETS

Group	Contract/ notional amount	Assets RM'000	Liabilities RM'000
2017			
Current			
Non-hedging derivatives			
Financial assets at fair value through profit or loss			
- Forward currency contracts	**SGD1,200,000**	**94**	**-**
2016			
Current			
Non-hedging derivatives			
Financial assets at fair value through profit or loss			
- Forward currency contracts	USD1,724,000	581	-

The Company did not hold any derivative financial instruments as at 31 December 2017 (2016: 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 Singapore Dollar for which firm commitments existed at the reporting date, extending to April 2018 (2016: February 2017).

Gains or losses arising from fair value changes of its financial assets and financial liabilities

During the financial year, the Group recognised a loss of RM487,000 (2016: gain of RM995,000) respectively 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

13 GOODWILL AND OTHER INTANGIBLE ASSETS

Group	Note	Goodwill RM'000	Trademark RM'000	Technical know-how RM'000	Intellectual property RM'000	Total RM'000
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**
2016						
Cost						
At 1 January		150,307	142	112	4,466	155,027
Additions		-	40	-	-	40
Effect of exchange rate changes		4,782	10	-	(75)	4,717
At 31 December		155,089	192	112	4,391	159,784
Accumulated amortisation and impairment loss						
At 1 January		-	-	112	4,466	4,578
Effect of exchange rate changes		-	-	-	(75)	(75)
At 31 December		-	-	112	4,391	4,503
Carrying amount at 31 December		155,089	192	-	-	155,281

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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	
	2017 RM'000	**2016 RM'000**
Cash-generating units		
Specialised Pipe Coating and Corrosion Protection Services (CGU A)	**77,157**	83,048
EPC, Fabrication and Rental of Gas Compressors and Process Equipment (CGU B)	**66,035**	72,041
	143,192	155,089

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 (2016: 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.

	2017		2016	
	Revenue growth rate	**Pre-tax discount rate**	**Revenue growth rate**	**Pre-tax discount rate**
CGU A	**<0%* – 5.0%**	**19.4%**	3.7%	19.0%
CGU B	**4.8%**	**20.5%**	4.5%	16.5%

* 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 rate of 2.0% for CGU A and 1.5% for CGU B (2016: zero growth rate for both CGU A and 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 of the Group with a premium representing the business risk of the respective CGUs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

13 GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)

Sensitivity

The recoverable amount of CGU A and CGU B is estimated to exceed the carrying amount at 31 December 2017 and 31 December 2016. The recoverable amount of CGU A would equal its carrying amount if the key assumptions were to change as disclosed below.

	2017		2016	
	From	**To**	**From**	**To**
CGU A				
Revenue growth rate for 5 years	**5.0%**	**(7.0%)**	3.7%	0.8%
Pre-tax discount rate	**19.4%**	**21.5%**	19.0%	23.2%
Growth rate for terminal value	**2.0%**	**(1.7%)**	0%	(5.1%)

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	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Deferred tax assets	**41,724**	24,525	**2,062**	2,175
Deferred tax liabilities	**(13,128)**	(19,399)	**-**	-
	28,596	5,126	**2,062**	2,175
At 1 January	**5,126**	(7,373)	**2,175**	1,029
Credited/(Charged to) to profit or loss (Note 35):				
- Unused tax losses	**14,087**	3,814	**-**	-
- Property, plant and equipment	**23,343**	5,869	**17**	8
- Provisions and accruals	**(14,486)**	9,051	**(130)**	1,138
- Incentives	**-**	(1,982)	**-**	-
- Unrealised foreign exchange	**1,320**	(3,348)	**-**	-
- Others	**669**	233	**-**	-
	24,933	13,637	**(113)**	1,146
Effect of exchange rate changes	**(1,463)**	(1,138)	**-**	-
At 31 December	**28,596**	5,126	**2,062**	2,175

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

14 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Subject to income tax				
Deferred tax assets (before offsetting)				
- Unused tax losses	**21,416**	7,505	**-**	-
- Property, plant and equipment	**16,078**	1,855	**-**	-
- Provisions and accruals	**6,072**	21,367	**2,094**	2,224
- Unrealised foreign exchange losses	**116**	118	**-**	-
- Others	**1,121**	119	**-**	-
	44,803	30,964	**2,094**	2,224
Offsetting	**(3,079)**	(6,439)	**(32)**	(49)
Deferred tax assets (after offsetting)	**41,724**	24,525	**2,062**	2,175
Deferred tax liabilities (before offsetting)				
- Property, plant and equipment	**(10,918)**	(23,156)	**(32)**	(49)
- Unrealised foreign exchange gains	**(377)**	(1,804)	**-**	-
- Others	**(4,912)**	(878)	**-**	-
	(16,207)	(25,838)	**(32)**	(49)
Offsetting	**3,079**	6,439	**32**	49
Deferred tax liabilities (after offsetting)	**(13,128)**	(19,399)	**-**	-

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	
	2017 RM'000	2016 RM'000
Deductible temporary differences on:		
- Unused tax losses	**300,897**	358,026
- Unabsorbed capital allowances	**67,496**	75,725
- Provisions and accruals	**13,400**	-
- Others	**19,682**	27,038
	401,475	460,789
Deferred tax assets not recognised	**93,625**	106,137

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

15 INVENTORIES

	Group	
	2017 RM'000	2016 RM'000
Raw materials	**126,597**	112,614
Work-in-progress	**70,747**	42,276
Manufactured and trading goods	**56,404**	37,433
Consumables	**14,774**	13,725
Goods in transit	**21,637**	2,350
	290,159	208,398

16 AMOUNTS DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	Group	
	2017 RM'000	2016 RM'000
Aggregate costs incurred to date	**302,658**	878,075
Attributable profits recognised to date less recognised losses	**86,125**	169,995
	388,783	1,048,070
Less: Progress billings on contracts	**(368,075)**	(1,026,652)
	20,708	21,418
Represented by:		
Amounts due from customers on contracts	**52,467**	43,981
Amounts due to customers on contracts	**(31,759)**	(22,563)
	20,708	21,418
Retention sums on contracts (included within trade receivables)	**2,872**	2,152

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

17 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Gross trade receivables	**399,815**	316,117	**-**	-
Less: Allowance for impairment loss	**(18,433)**	(19,748)	**-**	-
	381,382	296,369	**-**	-
Other receivables, deposits and prepayments	**477,944**	182,157	**14,433**	1,923
Less: Allowance for impairment loss	**(16,190)**	(15,741)	**(15)**	(15)
	461,754	166,416	**14,418**	1,908
Total net receivables	**843,136**	462,785	**14,418**	1,908

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	
	2017 RM'000	2016 RM'000
Oil & Gas	**149,904**	86,575
Renewable Energy	**53,696**	67,315
Industrial Trading & Services	**177,782**	142,479
Total	**381,382**	296,369

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

17 TRADE AND OTHER RECEIVABLES (CONTINUED)

Ageing analysis of trade receivables

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**
2016			
Not past due	138,298	-	138,298
1 to 30 days overdue	81,312	-	81,312
31 to 60 days overdue	28,145	-	28,145
61 to 90 days overdue	20,234	-	20,234
91 to 180 days overdue	15,738	-	15,738
181 to 365 days overdue	12,621	(5,331)	7,290
More than 365 days overdue	19,769	(14,417)	5,352
Total	316,117	(19,748)	296,369

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

17 TRADE AND OTHER RECEIVABLES (CONTINUED)

The movements in the allowance for impairment loss of trade receivables during the financial year are as follows:

	Group	
	2017 RM'000	2016 RM'000
At 1 January	**19,748**	15,528
Impairment loss recognised	**1,423**	9,567
Impairment loss reversed	**(1,247)**	(1,320)
Impairment loss written off	**(718)**	(3,323)
Disposal of a subsidiary	**-**	(904)
Effect of exchange rate changes	**(773)**	200
At 31 December	**18,433**	19,748

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.

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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 January	**15,741**	15,567	**15**	15
Impairment loss recognised	**626**	50	**-**	-
Impairment loss reversed	**(35)**	-	**-**	-
Effect of exchange rate changes	**(142)**	124	**-**	-
At 31 December	**16,190**	15,741	**15**	15

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	
	2017 RM'000	2016 RM'000
Gross trade receivables		
- United States Dollar	**56,589**	42,788
- Indian Rupee	**1,322**	-
- Euro Dollar	**1,155**	784
- Singapore Dollar	**1,023**	4,244
- Indonesian Rupiah	**889**	5,421
- Japanese Yen	**835**	3,812
- China Renminbi	**-**	6,683
	61,813	63,732

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

17 TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group's other receivables, deposits and prepayments 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	
	2017 RM'000	2016 RM'000
Other receivables, deposits and prepayments		
- United States Dollar	**6,605**	38,320
- Japanese Yen	**6,106**	20,109
- Euro Dollar	**1,538**	22,750
- Singapore Dollar	**928**	1,155
- Indonesian Rupiah	**336**	2,071
- Ringgit Malaysia	**502**	-
- Norwegian Kroner	**442**	-
- China Renminbi	**-**	3,764
- United Arab Emirates Dirham	**-**	499
	16,457	88,668

Other receivables, deposits and prepayments of the Company are denominated in Ringgit Malaysia.

18 AMOUNTS OWING BY/(TO) SUBSIDIARIES

(a) Amounts owing by subsidiaries

	Company	
	2017 RM'000	**2016 RM'000**
Interest bearing loans (unsecured)	**183,191**	296,246
Interest free advances (unsecured)	**9,786**	3,177
	192,977	299,423
Less: Allowance for impairment loss	**(43,106)**	(43,661)
	149,871	255,762

The effective interest rate of interest bearing loans as at 31 December 2017 ranges between 2.00% to 6.25% (2016: 1.50% to 6.25%) per annum. The loans and advances are recoverable on demand.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

18 AMOUNTS OWING BY/(TO) SUBSIDIARIES (CONTINUED)

(a) Amounts owing by subsidiaries (continued)

The movements in the allowance for impairment loss of amounts owing by subsidiaries during the financial year are as follows:

	Company	
	2017 RM'000	2016 RM'000
At 1 January	**43,661**	35,805
Impairment loss recognised	**-**	8,485
Impairment loss reversed	**(555)**	(629)
At 31 December	**43,106**	43,661

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	
	2017 RM'000	2016 RM'000
- United States Dollar	**89,348**	210,969

(b) Amounts owing to a subsidiary

	Company	
	2017 RM'000	2016 RM'000
Non-trade account	**1,291**	372

The Company's amounts owing to a subsidiary are denominated in Ringgit Malaysia, unsecured, interest free and repayable on demand.

19 AMOUNTS OWING BY/(TO) ASSOCIATES

(a) Amounts owing by associates

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade accounts	**6,601**	5,709	**-**	-
Advances	**6,121**	8,908	**13**	-
	12,722	14,617	**13**	-
Less: Allowance for impairment loss	**-**	(1,441)	**-**	-
	12,722	13,176	**13**	-

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19 AMOUNTS OWING BY/(TO) ASSOCIATES (CONTINUED)

(a) Amounts owing by associates (continued)

The movements in the allowance for impairment loss of amounts owing by associates during the financial year are as follows:

	Group 2017 RM'000	Group 2016 RM'000
At 1 January		
Impairment loss recognised	**1,441**	534
Written off	**-**	885
Disposal of an associate	**(534)**	-
Effect of exchange rate changes	**(885)**	-
At 31 December	**(22)**	22
	-	1,441

The Group has no significant exposure to foreign currency risk for the amounts owing by associates except for an amount of RM44,000 (2016: RM2,020,000) 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 amount owing by associates is non-trade in nature, unsecured, interest free and recoverable on demand. As at 31 December 2017 and 31 December 2016, the Company has no exposure to foreign currency risk for the amounts owing by associates.

(b) Amounts owing to associates

	Group 2017 RM'000	Group 2016 RM'000
Trade account	**165**	-
Non-trade account	**10**	181
	175	181

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 2017 RM'000	Group 2016 RM'000
- Canadian Dollar	**165**	-
- United States Dollar	**10**	181
	175	181

Trade and non-trade accounts are unsecured, interest free and repayable on demand.

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20 AMOUNTS OWING BY/(TO) JOINT VENTURES

(a) Amounts owing by joint ventures

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade accounts	**1,678**	6,081	**-**	-
Interest bearing loan	**51,872**	59,921	**-**	-
Advances	**2,292**	6,384	**23**	12
	55,842	72,386	**23**	12
Less: Allowance for impairment loss	**(425)**	(454)	**-**	-
	55,417	71,932	**23**	12

The Group's effective interest rate of interest bearing loans as at 31 December 2017 is between 3.26% and 3.75% (2016: 3.26% and 3.75%) per annum. The loans and advances are repayable 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	
	2017 RM'000	2016 RM'000
At 1 January	**454**	454
Effect of exchange rate changes	**(29)**	-
At 31 December	**425**	454

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	
	2017 RM'000	2016 RM'000
- United States Dollar	**33,380**	44,677
- Euro Dollar	**-**	6,081
- China Renminbi	**1,080**	1,117
	34,460	51,875

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

20 AMOUNTS OWING BY/(TO) JOINT VENTURES (CONTINUED)

(a) Amounts owing by joint ventures (continued)

The Company's amount owing by a joint venture is non-trade in nature, unsecured, interest free and recoverable on demand. As at 31 December 2017 and 31 December 2016, the Company has no exposure to foreign currency risk for the amounts owing by a joint venture.

(b) Amounts owing to joint ventures

	Group	
	2017 RM'000	**2016 RM'000**
Advance	**3,198**	2,977
Non-trade account	**116**	-
	3,314	2,977

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	
	2017 RM'000	**2016 RM'000**
- Japanese Yen	**3,198**	2,977
- United States Dollar	**20**	-
- China Renminbi	**96**	-
	3,314	2,977

Advance and non-trade accounts are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

21 TIME DEPOSITS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Time deposits placed with:				
- licensed banks in Malaysia	**35,998**	63,344	**2,110**	21,000
- licensed overseas banks	**1,500**	1,551	**-**	-
	37,498	64,895	**2,110**	21,000
Time deposits with maturity more than 3 months	**55,036**	57,028	**-**	-
Short term investments	**18,862**	29,840	**18,862**	29,840
	111,396	151,763	**20,972**	50,840

Short term investments are liquid investments held for investment purposes.

The Group's time deposits 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, was:

	Group	
	2017 RM'000	2016 RM'000
- China Renminbi	**-**	1,551

The effective interest rates of time deposits of the Group and the Company are as follow:

	Group		Company	
	2017 %	2016 %	2017 %	2016 %
Time deposits	**2.60 – 3.31**	0.45 – 3.70	**2.60 – 2.65**	0.45 – 3.70

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

22 CASH AND BANK BALANCES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash and bank balances	**189,612**	163,493	**2,221**	5,568

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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
- United States Dollar	**34,544**	39,463	**740**	3,907
- Singapore Dollar	**5,054**	16,554	**174**	216
- Euro Dollar	**4,302**	742	**19**	19
- Japanese Yen	**1,711**	5,127	**-**	1
- Ringgit Malaysia	**1,602**	1,259	**-**	-
- Indonesian Rupiah	**1,518**	4,268	**-**	-
- China Renminbi	**343**	355	**-**	-
- Norwegian Kroner	**148**	931	**-**	-
- Australian Dollar	**22**	43	**22**	21
- British Pound	**2**	303	**-**	14
	49,246	69,045	**955**	4,178

Cash and bank balances are deposits held at call with banks and earn no interest.

23 ASSETS CLASSIFIED AS HELD FOR SALE

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 RM49,351,000). The consideration includes additional refurbishment and modification cost on the existing compressor units.

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 compressors have been classified as assets held for sale.

Details of the assets classified as held for sale are as follows:

	Group	
	2017 RM'000	2016 RM'000
Property, plant and equipments	**18,143**	-

24 SHARE CAPITAL

	Group and Company			
	2017		2016	
	Number of shares '000	Carrying value RM'000	Number of shares '000	Carrying value RM'000
Authorised:				
Ordinary shares of RM0.50 each at 1 January/31 December	-	-	2,000,000	1,000,000
Issued and fully paid:				
At 1 January - Ordinary shares of RM0.50 each	774,887	387,444	774,887	387,444
Transition to no-par value regime on 31 January 2017 (Note 25)	-	160,246	-	-
At 31 December - Ordinary shares with no-par value (2016: par value of RM0.50 each)	774,887	547,690	774,887	387,444

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.

25 SHARE PREMIUM

	Group and Company	
	2017 RM'000	2016 RM'000
At 1 January	160,246	160,246
Transition to no-par value regime on 31 January 2017 (Note 24)	(160,246)	-
At 31 December	-	160,246

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26 TREASURY SHARES

	Group and Company			
	2017		2016	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
At 1 January	**2,097**	2,331	**1,705**	1,991
Shares repurchased	**-**	-	**392**	340
At 31 December	**2,097**	2,331	**2,097**	2,331

The shareholders of the Company had approved an ordinary resolution at the Seventeenth Annual General Meeting held on 19 May 2017 for the Company to purchase its own shares of up to a maximum of 10% of the issued and paid-up capital 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.

During the financial year, the Company had not purchased any of its issued share capital from the open market on Bursa Malaysia. 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.

27 LOANS AND BORROWINGS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current				
Unsecured:				
Revolving credits	**515,194**	724,947	**134,167**	233,402
Term loan	**111,426**	366,580	**-**	-
Trade financing	**118,217**	106,836	**-**	-
Fixed rate notes	**30,017**	33,138	**-**	-
	774,854	1,231,501	**134,167**	233,402
Non-current				
Unsecured:				
Term loan	**113,169**	-	**-**	-
Revolving credits	**88,500**	-	**-**	-
	201,669	-	**-**	-
	976,523	1,231,501	**134,167**	233,402

The remaining maturities of the loans and borrowings are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Within 1 year	**774,854**	1,231,501	**134,167**	233,402
More than 1 year and less than 2 years	**171,399**	-	**-**	-
More than 2 years and less than 5 years	**30,270**	-	**-**	-
	976,523	1,231,501	**134,167**	233,402

As at 31 December 2017 and 31 December 2016, there were no secured loans and borrowings held by the Group.

As at 31 December 2016, due to impairment losses incurred during the financial year, certain financial covenants pertaining to loans and borrowings were technically breached. This resulted in the non-current portion of loans and borrowings amounting to RM391,188,000 being classified as current liabilities as at the balance sheet date. The banks had subsequently after the balance sheet date granted the Group indulgence from complying with these financial covenants. Accordingly, these loans and borrowings have been reclassified back to non-current liabilities during the current financial year. The facilities remained available from the banks.

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27 LOANS AND BORROWINGS (CONTINUED)

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	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
- United States Dollar	**178,646**	252,772	**134,167**	233,402
- Euro Dollar	**10,714**	-	**-**	-

The effective interest rates of loans and borrowings of the Group are as follows:

	Group		Company	
	2017 %	**2016 %**	**2017 %**	**2016 %**
Revolving credits	**1.38 – 6.28**	1.12 – 5.50	**1.57 – 6.28**	1.12 – 2.09
Trade financing	**2.40 – 8.51**	1.75 – 4.50	**-**	-
Term loans	**2.68 – 5.32**	2.12 – 4.75	**-**	-
Fixed rate notes	**3.44**	2.40 – 3.44	**-**	-

27 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:

	Total carry amount	Fixed interest rate (Fair value risk)			Floating interest rate (Cash flow risk)		
2017	**RM'000**	**<1 year RM'000**	**1 – 2 years RM'000**	**2 – 3 years RM'000**	**<1 year RM'000**	**1 – 2 years RM'000**	**2 – 3 years RM'000**
Group							
Unsecured							
Term loan	**224,595**	**-**	**-**	**-**	**111,426**	**82,899**	**30,270**
Revolving credits	**603,694**	**-**	**-**	**-**	**515,194**	**88,500**	**-**
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**	**-**	**-**
2016							
Group							
Unsecured							
Term loan	366,580	-	-	-	366,580	-	-
Revolving credits	724,947	-	-	-	724,947	-	-
Trade financing	106,836	-	-	-	106,836	-	-
Fixed rate notes	33,138	33,138	-	-	-	-	-
	1,231,501	33,138	-	-	1,198,363	-	-
Company							
Unsecured							
Revolving credits	233,402	-	-	-	233,402	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

28 TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current				
Trade payables	**248,090**	118,059	**-**	-
Deferred revenue	**6,423**	3,703	**-**	-
Advances from customer	**85,166**	-	**-**	-
Other payables and accruals	**278,321**	207,783	**11,603**	12,303
	618,000	329,545	**11,603**	12,303
Non-current				
Advances from customer	**486,236**	92,510	**-**	-
Other liabilities	**5,693**	4,991	**-**	-
	491,929	97,501	**-**	-

Included within other payables is an accrual of nil (2016: RM3,251,000) in respect of management performance incentive plan following achievement of targets set for the financial year 2014. This is a five year plan that commenced in financial year 2012 and ended in financial year 2016. The plan has independent targets for each of the five years. No incentive payments were payable for financial years 2012, 2013, 2015 and 2016 as the targets for those years were not met.

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	
	2017 RM'000	2016 RM'000
- United States Dollar	**27,863**	8,523
- Singapore Dollar	**5,917**	3,171
- Indonesian Rupiah	**5,564**	3,158
- British Pound	**2,406**	100
- Euro Dollar	**2,123**	10,483
- Japanese Yen	**1,756**	3,463
- United Arab Emirates Dirham	**1,528**	671
- Australian Dollar	**121**	133
- China Renminbi	**-**	101
	47,278	29,803

28 TRADE AND OTHER PAYABLES (CONTINUED)

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	
	2017 RM'000	2016 RM'000
- Euro Dollar	**10,748**	1,172
- United States Dollar	**5,914**	86,979
- Japanese Yen	**3,776**	9,656
- Singapore Dollar	**2,400**	735
- Ringgit Malaysia	**1,635**	11,187
- United Arab Emirates Dirham	**1,138**	904
- Indonesian Rupiah	**538**	1,205
- China Renminbi	**137**	1,020
- Australian Dollar	**-**	208
- Norwegian Kroner	**-**	10
	26,286	113,076

Other payables and accruals balances of the Company are denominated in Ringgit Malaysia.

29 PROVISION FOR WARRANTIES

	Group	
	2017 RM'000	2016 RM'000
At 1 January	**9,470**	13,318
Additions	**4,476**	2,621
Utilisation	**(808)**	-
Reversal	**(5,747)**	(6,633)
Effect of exchange rate changes	**(462)**	164
At 31 December	**6,929**	9,470

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.

NOTES TO THE FINANCIAL STATEMENTS

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30 GROSS REVENUE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Contract revenue	**1,415,872**	357,161	**-**	-
Sale of goods	**772,225**	779,585	**-**	-
Provision of services	**257,969**	101,619	**-**	-
Engineering services	**3,372**	3,631	**-**	-
Rental income	**39,979**	33,561	**-**	-
Commission income	**2,683**	1,031	**-**	-
Dividend income	**-**	-	**10,863**	17,404
Interest income	**-**	-	**11,319**	7,953
Management fees	**-**	-	**3,212**	5,935
	2,492,100	1,276,588	**25,394**	31,292

31 COST OF SALES

	Group	
	2017 RM'000	2016 RM'000
Contract costs	**1,190,655**	287,227
Cost of goods sold	**705,935**	707,141
Cost of provision of services	**251,632**	100,276
Cost of engineering services	**1,374**	1,113
Direct operating costs relating to rental income	**32,832**	22,613
	2,182,428	1,118,370

32 OTHER (LOSSES)/GAINS - NET

	Group	
	2017 RM'000	2016 RM'000
Fair value (losses)/gains arising from fair value changes of derivative financial instruments:		
- Forward currency contracts	**(487)**	995

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

33 PROFIT/(LOSS) FROM OPERATIONS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit/(Loss) from operations is stated after charging:				
Staff costs (Note 41)	**334,866**	157,717	**4,371**	8,119
Auditors' remuneration:				
Fees for statutory audits				
- PricewaterhouseCoopers PLT	**1,077**	1,160	**88**	88
- member firms of PricewaterhouseCoopers International Limited	**1,497**	647	**-**	-
- others	**590**	223	**-**	-
Fees for non-audit services*				
- PricewaterhouseCoopers PLT	**577**	455	**14**	14
- member firms of PricewaterhouseCoopers International Limited	**2,802**	1,680	**-**	-
Depreciation of property, plant and equipment	**144,713**	84,919	**237**	418
Impairment loss on property, plant and equipment	**72,842**	99,111	**-**	-
Impairment loss on investment in an associate	**271**	56,487	**-**	-
Loss on foreign currency exchange:				
- realised	**13,313**	39,840	**5,545**	25,365
- unrealised	**29,104**	12,059	**-**	-
Impairment loss on amount owing by subsidiaries	**-**	-	**-**	7,856
Loss on disposal on a subsidiary	**8,363**	-	**-**	-
and crediting:				
Gain on disposal of property, plant and equipment	**36,662**	1,857	**98**	-
Gain on disposal of non-current asset held for sale	**-**	10,541	**-**	-
Gain on disposal of prepaid lease payments	**64,071**	-	**-**	-
Gain on disposal of a subsidiary	**-**	8,532	**12,235**	-
Gain on foreign exchange:				
- realised	**14,342**	6,131	**-**	-
- unrealised	**24,748**	49,961	**4,276**	26,270

* Included in fees for non-audit services are fees payable to PricewaterhouseCoopers PLT and its local affiliates for the Group and the Company of RM577,000 (2016: RM455,000) and RM14,000 (2016: RM14,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS
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34 FINANCE COSTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest expense on:				
- loans and borrowings	**41,897**	29,907	**7,427**	3,575

35 TAX EXPENSE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current tax:				
- Malaysian income tax	**10,173**	19,076	**1,988**	1,806
- Foreign taxation	**22,722**	3,251	**-**	-
	32,895	22,327	**1,988**	1,806
Deferred taxation (Note 14)	**(24,933)**	(13,637)	**113**	(1,146)
	7,962	8,690	**2,101**	660
Current tax:				
- Current financial year	**36,959**	20,245	**1,800**	1,500
- (Over)/Under accrual in prior financial years	**(4,064)**	2,082	**188**	306
	32,895	22,327	**1,988**	1,806
Deferred taxation (Note 14)				
- Origination and reversal of temporary differences	**(24,933)**	(13,637)	**113**	(1,146)
Tax expense recognised in profit or loss	**7,962**	8,690	**2,101**	660

NOTES TO THE FINANCIAL STATEMENTS
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35 TAX EXPENSE (CONTINUED)

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit/(Loss) before tax	122,605	(225,864)	23,017	7,220
Calculated at the Malaysian tax rate of 24% (2016: 24%) on profit/(loss) before tax	29,425	(54,207)	5,524	1,733
Expenses not deductible for tax purposes	28,779	33,602	3,199	8,283
Income not subject to tax	(38,328)	(23,323)	(6,810)	(8,516)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(3,508)	(369)	-	-
Current financial year deferred tax assets not recognised	10,363	32,142	-	-
Utilisation of tax incentives	(1,971)	(1,548)	-	-
Effect of different tax rates in other countries	1,060	12,716	-	-
Effect of changes in tax rates	(12,539)	-	-	-
(Over)/Under provision in prior financial years	(4,064)	2,082	188	306
Share of associates and joint ventures results	(1,093)	8,313	-	-
Others	(162)	(718)	-	(1,146)
Tax expense recognised in profit or loss	7,962	8,690	2,101	660

36 EARNINGS/(LOSS) 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 RM113,021,000 (2016: loss of RM228,302,000) 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	
	2017 '000	2016 '000
Issued ordinary shares at 1 January	774,887	774,887
Effect of shares repurchased	(2,096)	(2,076)
Weighted average number of ordinary shares in issue	772,791	772,811
Basic earnings/(loss) per ordinary share (sen)	14.63	(29.54)

As there are no potential ordinary shares issued by the Company, thus there is no dilution in earnings/(loss) per share.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

37 DIVIDENDS

	Group and Company	
	2017 RM'000	2016 RM'000
In respect of the financial year ended 31 December 2016:		
1st interim single tier cash dividend of 0.5 sen per share paid on 5 October 2016	-	3,864
In respect of the financial year ended 31 December 2015:		
2nd interim single tier cash dividend of 1.0 sen per share paid on 5 April 2016	-	7,728
	-	11,592

38 DISPOSAL OF SUBSIDIARIES

(a) Disposal of subsidiary during the 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)

(b) Disposal of subsidiary in the preceding financial year

On 14 March 2016, WSN Investments Limited, an indirect wholly-owned subsidiary of the Company, disposed 2,500,000 ordinary shares of Naira$1 each in the issued and paid-up share capital of LTT Oil & Gas Nigeria ("LTT"), representing 100% equity interest in LTT to Pan African International Limited for a total cash consideration of USD900,000 (equivalent to approximately RM3,703,000). As a result of the disposal, LTT ceased to be an indirect subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

39 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	Term loans RM'000	Fixed rate notes RM'000	Other bank borrowings RM'000	Total liability from financing activities RM'000
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				
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

Comparative information for the previous financial year is not required to be disclosed in accordance with amendments to MFRS 107 "Statement of Cash Flows – Disclosure Initiative".

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	
	2017 RM'000	2016 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	11,490	4,826

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

40 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

	Company	
	2017 RM'000	**2016 RM'000**
Significant transactions with subsidiaries		
Dividend income:		
- Jutasama Sdn. Bhd.	**9,875**	16,525
- Petro-Pipe Industrial Corporation Sdn. Bhd.	**988**	879
Interest income:		
- WSC Capital Sdn. Bhd.	**8,337**	3,877
- Peakvest Sdn. Bhd.	**952**	950
- Petro-Pipe Industries (M) Sdn. Bhd.	**363**	821
- Sunrise Green Sdn. Bhd.	**264**	254
- Triple Cash Sdn. Bhd.	**217**	217
- Wasco Energy Limited	**-**	384
- Jutasama Sdn. Bhd.	**-**	77
Management fees receivables:		
- Syn Tai Hung Trading Sdn. Bhd.	**1,340**	1,131
- PMT Industries Sdn. Bhd.	**662**	1,056
- Jutasama Sdn. Bhd.	**499**	716
- Wasco Management Services Sdn. Bhd.	**442**	1,161
- Mackenzie Industries Sdn. Bhd.	**136**	177
- Peakvest Sdn. Bhd.	**44**	151
- Maple Sunpark Sdn. Bhd.	**44**	151
- Sunrise Green Sdn. Bhd.	**44**	151
- PPI Industries Sdn. Bhd.	**-**	1,242
Net (repayment from)/advances to subsidiaries:		
- WSC Capital Sdn. Bhd.	**(76,593)**	(13,174)
- Petro-Pipe Industries (M) Sdn. Bhd.	**(12,469)**	(4,173)
- Wah Seong Industrial Holdings Sdn. Bhd.	**(43)**	5
- Wah Seong Management Services Sdn. Bhd.	**2,080**	-

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40 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

Significant outstanding balances with related parties at the financial year end are as follows:

	Company	
	2017 RM'000	2016 RM'000
Amounts due from/(to) subsidiaries		
- WSC Capital Sdn. Bhd.	**115,501**	211,722
- Peakvest Sdn. Bhd.	**21,119**	20,238
- Triple Cash Sdn. Bhd.	**4,574**	4,356
- Sunrise Green Sdn. Bhd.	**4,951**	4,620
- Wah Seong Management Services Sdn. Bhd.	**2,100**	-
- Petro-Pipe Industries (M) Sdn. Bhd.	**566**	13,184
- Jutasama Sdn. Bhd.	**530**	942
- Mackenzie Industries Sdn. Bhd.	**387**	246
- Syn Tai Hung Trading Sdn. Bhd.	**76**	94
- PMT Industries Sdn. Bhd.	**24**	286
- Wah Seong Industrial Holdings Sdn. Bhd.	**17**	62
- Wasco Management Services Sdn. Bhd.	**(1,291)**	(372)

Compensation of key management personnel are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Key management personnel:				
- short-term employee benefits (including monetary value of benefits-in-kind)	**13,394**	**12,348**	**4,072**	3,897
- post-employment benefits	**834**	**771**	**467**	432

41 STAFF COSTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Salaries, wages and bonus	**315,881**	146,554	**3,930**	7,274
Defined contribution plan	**18,985**	11,163	**441**	845
	334,866	157,717	**4,371**	8,119

Included within staff costs are remuneration of Executive Directors of the Group and the Company (Note 42).

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42 DIRECTORS' REMUNERATIONS

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Executive Directors				
Salaries, wages and bonus	**6,817**	8,035	**2,027**	3,380
Defined contribution plan	**504**	651	**420**	406
Directors' fees	**80**	80	**80**	80
Directors' allowances	**18**	18	**18**	18
	7,419	8,784	**2,545**	3,884
Non-Executive Directors				
Directors' fees	**250**	230	**250**	230
Directors' allowances	**78**	72	**78**	72
	328	302	**328**	302
	7,747	9,086	**2,873**	4,186

The estimated monetary value of benefits-in-kind received and receivable by Directors of the Group and the Company are RM597,000 (2016: RM472,000) and RM156,000 (2016: RM63,000) respectively.

43 COMMITMENTS

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group	
	2017 RM'000	**2016 RM'000**
Commitment to acquire property, plant and equipment not provided for in the financial statements:		
Approved and contracted	**797**	18,585
Approved but not contracted	**2,837**	88,325

(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	
	2017 RM'000	**2016 RM'000**
Payable not later than one year	**10,080**	1,837
Payable later than one year but not later than five years	**18,049**	1,940

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 during the 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.

44 SEGMENTAL ANALYSIS (CONTINUED)

	Oil & Gas RM'000	Renewable Energy RM'000	Industrial Trading & Services RM'000	Plantation 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)	(8,698)	4,391	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)	(13,741)	6,165	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

44 SEGMENTAL ANALYSIS (CONTINUED)

	Oil & Gas RM'000	Renewable Energy RM'000	Industrial Trading & Services RM'000	Plantation RM'000	Others RM'000	Total RM'000
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

44 SEGMENTAL ANALYSIS (CONTINUED)

	Oil & Gas RM'000	Renewable Energy RM'000	Industrial Trading & Services RM'000	Plantation RM'000	Others RM'000	Total RM'000
RESULTS						
Financial year ended 31 December 2016						
Revenue	425,383	292,539	496,173	-	65,278	1,279,373
Less: Inter segment revenue	(2,431)	-	-	-	(354)	(2,785)
External revenue	422,952	292,539	496,173	-	64,924	1,276,588
Segment (losses)/profits	(118,782)	35,542	(10,680)	(56,580)	(7,331)	(157,831)
Share of results of associates	(40,597)	-	36	(13,294)	-	(53,855)
Share of results of joint ventures	5,910	30	-	-	1,872	7,812
	(153,469)	35,572	(10,644)	(69,874)	(5,459)	(203,874)
Unallocated expenses relating to financing activities						(19,258)
Unallocated corporate expenses						(2,732)
Loss before tax						(225,864)
TOTAL ASSETS						
As at 31 December 2016						
Segment assets	1,429,782	323,115	270,059	2,049	71,630	2,096,635
Investment in associates	185,115	-	329	29,739	-	215,183
Investment in joint ventures	135,801	1,210	-	-	17,507	154,518
	1,750,698	324,325	270,388	31,788	89,137	2,466,336
Unallocated corporate assets						
- Deferred tax assets						24,525
- Tax recoverable						16,112
- Cash and cash equivalents						70,539
- Others						27,729
Total assets						2,605,241

44 SEGMENTAL ANALYSIS (CONTINUED)

	Oil & Gas RM'000	Renewable Energy RM'000	Industrial Trading & Services RM'000	Plantation RM'000	Others RM'000	Total RM'000
OTHER INFORMATION						
Financial year ended 31 December 2016						
Depreciation of:						
- Property, plant and equipment	73,534	4,538	5,057	-	1,790	84,919
- Investment properties	-	-	29	-	343	372
Amortisation of:						
- Prepaid lease payments	827	-	751	-	-	1,578
Additions of:						
- Property, plant and equipment	118,543	19,717	1,303	-	233	139,796
- Investment properties	-	-	40	-	11	51
- Prepaid lease payments	-	-	27,146	-	-	27,146
Impairment loss on trade receivables	7,934	442	1,191	-	-	9,567
Impairment loss on property, plant and equipment	89,492	-	9,619	-	-	99,111
Impairment loss on investment in an associate	-	-	-	56,487	-	56,487
Impairment loss on inventories	-	5,815	-	-	-	5,815
Interest income	(4,247)	(561)	(2,172)	-	(1,976)	(8,956)
Interest expense	7,637	16	2,613	-	383	10,649

NOTES TO THE FINANCIAL STATEMENTS
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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*	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Attributed to the country of domicile:				
Malaysia	896,636	744,306	593,779	765,421
Attributed to foreign countries:				
South East Asia excluding Malaysia	119,409	210,662	132,506	196,656
Europe	1,144,397	86,458	627,015	168,245
India	8,584	696	4,691	8,112
China	18,245	15,568	9,029	10,108
Australia	154,556	91,655	9,621	9,825
Canada	13,420	5,428	132,538	126,965
Middle East	61,309	33,288	25,851	111,568
East Asia	12,209	33,292	-	-
Africa	19,477	8,412	-	29,739
Latin America	14,132	10,489	-	-
Others	29,726	36,334	5,049	12,121
	2,492,100	1,276,588	1,540,079	1,438,760

* Non-current assets other than available-for-sale financial assets, financial instruments and deferred tax assets.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

45 FINANCIAL INSTRUMENTS BY CATEGORY

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Financial assets				
Financial assets measured at fair value through profit or loss:				
- Derivatives financial assets	**94**	581	**-**	-
- Short term investments	**18,862**	29,840	**18,862**	29,840
Available-for-sale financial assets	**10**	10	**-**	-
Loans and receivables at amortised cost:				
- Finance lease receivables	**-**	9,725	**-**	-
- Trade and other receivables (excluding prepayments)	**738,841**	437,680	**14,261**	1,833
- Amounts due from customers on contracts	**52,467**	43,981	**-**	-
- Amounts owing by subsidiaries	**-**	-	**149,871**	255,762
- Amounts owing by associates	**12,722**	13,176	**13**	-
- Amounts owing by joint ventures	**55,417**	71,932	**23**	12
- Time deposits	**92,534**	121,923	**2,110**	21,000
- Cash and bank balances	**189,612**	163,493	**2,221**	5,568
	1,141,593	861,910	**168,499**	284,175
Total	**1,160,559**	892,341	**187,361**	314,015
Financial liabilities				
Other financial liabilities at amortised cost:				
- Trade and other payables	**533,042**	329,545	**11,603**	12,302
- Amounts owing to subsidiaries	**-**	-	**1,291**	372
- Amounts owing to joint ventures	**3,314**	2,977	**-**	-
- Amounts owing to associates	**175**	181	**-**	-
- Dividend payable	**13,685**	13,808	**-**	-
- Loans and borrowings	**976,523**	1,231,501	**134,167**	233,402
	1,526,739	1,578,012	**147,061**	246,076
Total	**1,526,739**	1,578,012	**147,061**	246,076

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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.

(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 2017 and 31 December 2016, 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 2017 and 31 December 2016, there was no indication that the loans and advances extended to the subsidiaries are not recoverable.

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 RM311,479,000 (2016: RM167,522,000) representing banking facilities utilised by the subsidiaries as at the end of the financial year.

As at 31 December 2017, 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 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.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

46 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (continued)

(a) Foreign currency risk (continued)

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 RM4,064,000 (2016: RM9,151,000) 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 RM1,594,000 (2016: RM926,000) 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.

(b) 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 18, 20, 21 and 27.

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 RM4,733,000 and RM671,000 (2016: RM6,158,000 and RM1,167,000) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

46 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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 2017, 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.

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	Total contractual undiscounted cash flows RM'000	Total carrying amount RM'000
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**
2016					
Non-derivative financial liabilities					
Trade and other payables	329,545	-	-	329,545	329,545
Amounts owing to joint ventures	2,977	-	-	2,977	2,977
Loans and borrowings	1,272,567	-	-	1,272,567	1,231,501
Dividend payable	13,808	-	-	13,808	13,808
	1,618,897	-	-	1,618,897	1,577,831

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

46 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

Company	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	Total contractual undiscounted cash flows RM'000	Total carrying amount RM'000
2017					
Non-derivative financial liabilities					
Financial guarantees*	**311,479**	**-**	**-**	**311,479**	**-**
Other payables and accruals	**11,603**	**-**	**-**	**11,603**	**11,603**
Loans and borrowings	**139,431**	**-**	**-**	**139,431**	**134,167**
	462,513	**-**	**-**	**462,513**	**145,770**
2016					
Non-derivative financial liabilities					
Financial guarantees*	167,522	-	-	167,522	-
Other payables and accruals	12,302	-	-	12,302	12,302
Loans and borrowings	233,402	-	-	233,402	233,402
	413,226	-	-	413,226	245,704

* 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 2017.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

47 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

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 2017 and 31 December 2016, 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).

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
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**
2016				
Financial assets				
Available-for-sale financial assets	10	-	-	10
Derivative financial assets	-	581	-	581
Short term investments	-	29,840	-	29,840
	10	30,421	-	30,431
Company				
2017				
Financial assets				
Short term investments	**-**	**18,862**	**-**	**18,862**
2016				
Financial assets				
Short term investments	-	29,840	-	29,840

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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 0.75 times (2016: 1.18 times).

SUMMARY OF SIGNIFICANT RECURRENT RELATED PARTY TRANSACTIONS

A. Transactions of A Revenue or Trading in Nature

Interested Related Party	Provider of Products/Services	Recipient of Products/Services	Actual Value Transacted for the Financial Year Ended 31 December 2017	Nature of Transaction
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.	IGB Corporation Berhad Group of Companies	Wasco Management Services Sdn. Bhd.	RM1,119,699	Rental of premise and related facilities
	Dato' Seri Robert Tan Chung Meng is a Director of Wah Seong Corporation Berhad Group and IGB Corporation Berhad Group and also a common indirect Major Shareholder of Wah Seong Corporation Berhad and IGB Corporation Berhad. His total direct and indirect shareholdings in Wah Seong Corporation Berhad are 1.50% and 40.18% respectively. His total direct and indirect shareholdings in IGB Corporation Berhad were 0.07% and 73.41% respectively. Pauline Tan Suat Ming is a common indirect Major Shareholder of Wah Seong Corporation Berhad and IGB Corporation Berhad. Her indirect shareholdings in Wah Seong Corporation Berhad and IGB Corporation Berhad are 40.46% and 73.41% respectively. Tony Tan Choon Keat is a Director of IGB Corporation Berhad and a common indirect Major Shareholder of Wah Seong Corporation Berhad and IGB Corporation Berhad. His indirect shareholdings in Wah Seong Corporation Berhad and IGB Corporation Berhad are 40.18% and 73.41% respectively. 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 Corporation Berhad. Tan Chin Nam Sdn. Bhd.'s total direct and indirect shareholdings in Wah Seong Corporation Berhad are 0.08% and 33.22% respectively. Tan Kim Yeow Sendirian Berhad's total direct and indirect shareholdings in Wah Seong Corporation Berhad are 6.96% and 33.22% respectively. Wah Seong (Malaya) Trading Co. Sdn. Bhd.'s total direct and indirect shareholdings in Wah Seong Corporation Berhad are 32.89% and 0.34% respectively. Tan Chin Nam Sdn. Bhd.'s total direct and indirect shareholdings in IGB Corporation Berhad were 0.08% and 73.41% respectively. Tan Kim Yeow Sendirian Berhad's indirect shareholdings in IGB Corporation Berhad was 73.41%. Wah Seong (Malaya) Trading Co. Sdn. Bhd.'s total direct and indirect shareholdings in IGB Corporation Berhad were 0.01% and 73.40% respectively.			
Wong Choon Seng; Rewi Hamid Bugo	Syn Tai Hung Borneo Sdn. Bhd.	Sabaconcrete Sdn. Bhd.	RM3,545,735	Sale/Purchase of cements
	Wong Choon Seng is a common Director of Syn Tai Hung Borneo and Sabaconcrete Sdn. Bhd. He is also a Major Shareholder of Sabaconcrete Sdn. Bhd. by virtue of his direct 9% shareholding in Sabaconcrete Sdn. Bhd. Rewi Hamid Bugo is a common Director of Syn Tai Hung Borneo Sdn. Bhd. and Sabaconcrete Sdn. Bhd. He is also a Major Shareholder of Sabaconcrete Sdn. Bhd. by virtue of his indirect shareholding of 52% through Sego Holdings Sdn. Bhd. Syn Tai Hung Borneo Sdn. Bhd. is an indirect 70%-owned subsidiary of Wah Seong Corporation Berhad.			

SUMMARY OF SIGNIFICANT RECURRENT RELATED PARTY TRANSACTIONS

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 2017</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>RM49,587,758</td><td>Utilisation of banking facilities obtained by Syn Tai Hung Trading Sdn. Bhd. 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 also an indirect Substantial Shareholder of WDG Resources Sdn. Bhd. He held 50% shareholding in Epilog Tegap Sdn. Bhd. which in turn holds 40% shareholding in WDG Resources Sdn. Bhd. He 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 the Managing Director/Group Chief Executive Officer and a Substantial Shareholder of 5.24% shareholding in Wah Seong Corporation Berhad via Midvest Asia Sdn. Bhd. His direct shareholding in Wah Seong Corporation Berhad is 2.59%. Chan Cheu Leong is the father of Chan Wei Keat.</td></tr>
</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 26 April 2017 which was approved at the Annual General Meeting of Wah Seong Corporation Berhad held on 19 May 2017.

TOP 10 LIST OF PROPERTIES

AS AT 31 DECEMBER 2017

Title/Location	Description/ existing use	Approximate age of the building	Approximate land/ built-up area	Tenure	Audited NBV as at 31.12.2017 RM'000
Geran No. 32543, 32544, 32546 and 32547 Lot No. 1929, 1930, 1944 and 1945	Industrial land with office and factory building	10 - 11 years	18 acres (Land) 40,425 sq m (Building)	Freehold	64,594
Geran No. 32545, Lot No. 1943 Daerah & Mukim of Klang Negeri Selangor Darul Ehsan	Industrial land	N/A	4 acres (Land)		
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	8 years	22 acres (Land) 232,956 sq ft (Building)	Leasehold 99 years expiring on 31 December 2098	58,774
No. 5 Pandan Road Singapore 609299	Office Buildings	2 years	13,723 sq m	Leasehold 28 years expiring on 30 December 2037	48,133
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 Negeri Selangor Darul Ehsan	Agricultural land	N/A	24 acres	Freehold	46,706
Rompintie 182, 48310 Kotka, Finland	Industrial Building	8 years	27,150 sq m	Leasehold 50 years expiring 31 May 2058	43,300
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	15 - 32 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	43,233

TOP 10 LIST OF PROPERTIES

AS AT 31 DECEMBER 2017

Title/Location	Description/ existing use	Approximate age of the building	Approximate land/ built-up area	Tenure	Audited NBV as at 31.12.2017 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	19,498
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 Negeri Selangor Darul Ehsan	Factory building	21 - 35 years	16,828 sq m	Leasehold 99 years expiring on 29 September 2086	13,526
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	28 years	3,190 sq m	Leasehold 99 years expiring on 14 October 2076	10,547
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	9,978

ANALYSIS OF SHAREHOLDINGS

Ordinary Shares

Share Capital as at 30 March 2018
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 : 10,257

Distribution of Shareholders as at 30 March 2018

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	2,368	23.0867	75,049	0.0096
100 - 1,000	1,933	18.8457	701,540	0.0905
1,001 - 10,000	4,207	41.0159	15,827,465	2.0425
10,001 - 100,000	1,482	14.4487	38,624,074	4.9844
100,001 to less than 5% of issued share capital	264	2.5739	371,184,468	47.9016
5% and above of issued share capital	3	0.0292	348,475,698	44.9710
Total	**10,257**	**100.0000**	**774,888,294**	**100.0000**

List of Substantial Shareholders as at 30 March 2018

	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	32.8896	2,588,705[(b)]	0.3350
2. Midvest Asia Sdn. Bhd.	40,553,136	5.2476	-	-
3. Tan Kim Yeow Sendirian Berhad	53,754,662	6.9559	256,756,605[(c)]	33.2246
4. Pauline Tan Suat Ming	-	-	312,667,348[(g)]	40.4595
5. Tan Chin Nam Sdn. Bhd.	600,206	0.0777	256,756,605[(c)]	33.2246
6. Tony Tan Choon Keat	-	-	310,511,267[(d)]	40.1805
7. Dato' Seri Robert Tan Chung Meng	11,601,308	1.5012	310,511,267[(d)]	40.1805
8. Chan Cheu Leong	19,990,651	2.5868	40,553,136[(e)]	5.2476

ANALYSIS OF SHAREHOLDINGS

Directors' Shareholdings as at 30 March 2018

Name of Directors		No. of Ordinary Shares			
		Direct Interest	%[a]	Deemed Interest	%[a]
1.	Dato' Seri Robert Tan Chung Meng	11,601,308	1.5012	310,511,267[d]	40.1805
2.	Chan Cheu Leong	19,990,651	2.5868	40,707,627[f]	5.2676
3.	Halim Bin Haji Din	-	-	-	-
4.	Giancarlo Maccagno	16,537,177	2.1399	-	-
5.	Professor Tan Sri Lin See Yan	-	-	-	-
6.	Tan Jian Hong, Aaron	-	-	-	-

Notes:

(a) Based on 772,790,956 (Issued and paid-up share capital of 774,888,294 less Treasury Shares of 2,097,338).
*(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"**) pursuant to Section 8 of the Act.*
(f) Deemed interest held through MASB pursuant to Section 8 of the Act and include interests of his spouse and children.
(g) Deemed interest held through WSE, WST, TKYSB and Pauline Tan Suat Ming Holdings Sdn. Bhd. 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 30 March 2018

No.	Name	No. of Shares	%[a]
1.	Wah Seong (Malaya) Trading Co. Sdn. Bhd.	250,221,662	32.3790
2.	Midvest Asia Sdn. Bhd.	40,553,136	5.2476
3.	Tan Kim Yeow Sendirian Berhad	39,154,662	5.0667
4.	Amanahraya Trustees Berhad Amanah Saham Bumiputera	37,000,000	4.7878
5.	Lembaga Tabung Angkatan Tentera	34,684,989	4.4883
6.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	22,398,643	2.8984
7.	HSBC Nominees (Asing) Sdn. Bhd. Giancarlo Maccagno	16,387,177	2.1205
8.	Karya Insaf (M) Sdn. Bhd.	16,050,423	2.0769
9.	Lembaga Tabung Haji	15,733,700	2.0360
10.	Tan Kim Yeow Sendirian Berhad	14,600,000	1.8893
11.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	13,682,500	1.7705

ANALYSIS OF SHAREHOLDINGS

Thirty (30) Largest Shareholders as at 30 March 2018 (Cont'd)

No.	Name	No. of Shares	%[(a)]
12.	HSBC Nominees (Asing) Sdn. Bhd. Exempt AN for Credit Suisse (SG BR-TST-ASING)	13,211,927	1.7096
13.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chan Cheu Leong	12,066,666	1.5614
14.	Robert Tan Chung Meng	10,965,308	1.4189
15.	Amanahraya Trustees Berhad Amanah Saham Nasional	7,784,500	1.0073
16.	Micasa Investments (S) Pte Ltd	6,374,840	0.8249
17.	Amanahraya Trustees Berhad Amanah Saham Gemilang for Amanah Saham Persaraan	6,260,000	0.8101
18.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (AM INV)	5,894,700	0.7628
19.	Amanahraya Trustees Berhad Amanah Saham Gemilang for Amanah Saham Pendidikan	5,765,700	0.7461
20.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (PHEIM)	5,171,000	0.6691
21.	Chan Cheu Leong	5,005,589	0.6477
22.	Amanahraya Trustees Berhad Amanah Saham Nasional 2	4,300,000	0.5564
23.	Wah Seong (Malaya) Trading Co. Sdn. Bhd.	3,946,238	0.5106
24.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY for Dimensional Emerging Markets Value Fund	3,782,783	0.4895
25.	CIMSEC Nominees (Tempatan) Sdn. Bhd. Exempt AN for CIMB Securities (Singapore) Pte Ltd (Retail Clients)	3,320,761	0.4297
26.	HSBC Nominees (Asing) Sdn. Bhd. Exempt AN for The Hongkong And Shanghai Banking Corporation Limited (HBAP-SGDIV-ACCL)	3,016,667	0.3904
27.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	2,789,040	0.3609
28.	Citigroup Nominees (Asing) Sdn. Bhd. CEP for PHEIM SICAV-SIF	2,788,000	0.3608
29.	Goldhill Gardens Sdn. Bhd.	2,727,300	0.3529
30.	Ranjit Singh A/L Mahindar Singh	2,717,623	0.3517
		608,355,534	78.7218

Note:

[(a)] *Based on 772,790,956 ordinary shares (Issued and paid-up share capital of 774,888,294 ordinary shares less Treasury Shares of 2,097,338).*

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighteenth 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 Friday, 25 May 2018 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 2017 and the Reports of the Directors and Auditors thereon. **Ordinary Resolution 1**

2. To approve the Directors' Fees of RM330,000 and Directors' Meeting Allowances of RM96,000 payable for the financial year ended 31 December 2017. **Ordinary Resolution 2**

3. To approve the proposed Directors' Fees of up to RM700,000 and Directors' Meeting Allowances of up to RM160,000 payable for the financial year ending 31 December 2018. **Ordinary Resolution 3**

4. To re-elect the following Directors who retire pursuant to Article 110 of the Company's Constitution:

   (i) Chan Cheu Leong **Ordinary Resolution 4**
   (ii) Tan Jian Hong, Aaron **Ordinary Resolution 5**

5. To re-elect Tan Sri Saw Choo Boon, as a Director of the Company who retires pursuant to Article 117 of the Company's Constitution. **Ordinary Resolution 6**

6. 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 7**

As Special Business

To consider, and if thought fit, to pass the following Ordinary/Special Resolutions, with or without modifications thereto:

7. **Ordinary Resolution**
   Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016 **Ordinary Resolution 8**

   "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 from the unissued 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 issued share capital 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 any approval may be revoked or varied at any time by a resolution of the Company in general meeting."

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

8. **Ordinary Resolution**
Proposed Renewal of Authority to Buy-Back its Own Shares by the Company **Ordinary Resolution 9**

"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 make purchase(s) of ordinary shares in the Company's issued and paid-up share capital 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 ordinary shares which may be purchased and/or held by the Company shall be ten per centum (10%) of the issued and paid-up ordinary share capital of the Company for the time being ("WSC Shares");

(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 2017 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."

9. **Ordinary Resolution**
Proposed Renewal of Shareholders' Mandate for the Existing Recurrent Related Party Transactions and Provision of Financial Assistance **Ordinary Resolution 10**

"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 25 April 2018 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 forced until:

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

9. **Ordinary Resolution (cont'd)**

   (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."

10. **Ordinary Resolution**
    Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions and Provision of New Financial Assistance **Ordinary Resolution 11**

   "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 and the provision of new financial assistance as specified in Section 2.5 of Part B of the Circular to Shareholders dated 25 April 2018 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."

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

11. **Ordinary Resolution**
    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 fifteenth (15) 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 12**

    (ii) "THAT 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 thirteenth (13) 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 13**

12. **Special Resolution**
    Proposed Amendments to the Company's Constitution **Special Resolution 1**

    "THAT the proposed amendments to the Company's Constitution, the contents as set out in Part C of the Company's Circular to the Shareholders dated 25 April 2018 be and are hereby approved ("Proposed Amendments").

    AND THAT the Directors of the Company be and are hereby authorised to give effect to the Proposed Amendments 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 Amendments."

13. 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 Eighteenth 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 21 May 2018 ("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 Eighteenth 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: 25 April 2018

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

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 Eighteenth 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 2017

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 2017.

2. Payment of Directors' Fees and Directors' Meeting Allowances for the financial year ending 31 December 2018

The proposed Ordinary Resolution 3, is to obtain shareholders' approval for the payment of Directors' Fees and Directors' Meeting Allowances in respect of the current financial year, estimated and calculated based on the proposed increase in the number of Independent Non-Executive Directors and the number of scheduled Board and Committee meetings to be held during the financial year ending 31 December 2018.

3. Re-election of Tan Sri Saw Choo Boon as a Director of the Company

Tan Sri Saw Choo Boon, the newly appointed Director of the Company is retiring pursuant to Article 117 of the Company's Constitution (i.e. casual vacancy/appointment of additional Director) and is eligible for re-election as a Director of the Company.

Explanatory Notes on Special Business

1. Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016

The Ordinary Resolution 8, 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.

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

Explanatory Notes on Special Business (cont'd)

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 Seventeenth AGM of the Company held on 19 May 2017 and which will lapse at the conclusion of the Eighteenth AGM. A renewal of this authority is being sought at the Eighteenth 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 9, if passed, will allow the Directors of the Company to exercise the power of the Company to purchase not more than ten per centum (10%) of the issued and paid-up share capital 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 25 April 2018, which is enclosed and despatched together with the Annual Report 2017, for information pertaining to Ordinary Resolution 9.

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 and Provision of New Financial Assistance

The Ordinary Resolutions 10 & 11, 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 25 April 2018, which is enclosed and despatched together with the Annual Report 2017, for information pertaining to Ordinary Resolutions 10 & 11.

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 fifteenth (15) 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.

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

Explanatory Notes on Special Business (cont'd)

(d) He understands the Company's industry well and is able to contribute to the effective over-sight 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 over-sight 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 thirteenth (13) 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 over-sight 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 over-sight and monitoring are concerned in the execution of the Company's strategic plans.

5. Special Resolution
Proposed Amendments to the Company's Constitution

The Proposed Amendments is made to the Constitution of the Company to be in line with the recent amendments to the Companies Act, 2016 and the Main Market Listing Requirement of Bursa Malaysia Securities Berhad.

Please refer to Part C of the Circular to Shareholders dated 25 April 2018, which is enclosed and despatched together with the Annual Report 2017, for information pertaining to the Special Resolution.

STATEMENT ACCOMPANYING NOTICE OF EIGHTEENTH 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 Eighteenth 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 Eighteenth 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 Seventeenth Annual General Meeting of the Company held on 19 May 2017.

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 Eighteenth Annual General Meeting

Date	:	Friday, 25 May 2018
Time	:	11.00 a.m.
Place	:	Perdana IV, Level 3, Cititel Hotel, 66 Jalan Penang, 10000 Penang, Malaysia.

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WAH SEONG CORPORATION BERHAD
(COMPANY NO. : 495846-A)
(INCORPORATED IN MALAYSIA)

Number of Ordinary Shares held

PROXY FORM

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 Eighteenth Annual General Meeting ("AGM") of the Company to be held at Perdana IV, Level 3, Cititel Hotel, 66 Jalan Penang, 10000 Penang, Malaysia on Friday, 25 May 2018 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 2017 and the Reports of the Directors and Auditors thereon.		
Ordinary Resolution 2	To approve the Directors' Fees of RM330,000 and Directors' Meeting Allowances of RM96,000 payable for the financial year ended 31 December 2017.		
Ordinary Resolution 3	To approve the Directors' Fees of up to RM700,000 and Directors' Meeting Allowances of up to RM160,000 payable for the financial year ending 31 December 2018.		
Ordinary Resolution 4	To re-elect Chan Cheu Leong as Director who retires pursuant to Article 110 of the Company's Constitution.		
Ordinary Resolution 5	To re-elect Tan Jian Hong, Aaron as Director who retires pursuant to Article 110 of the Company's Constitution.		
Ordinary Resolution 6	To re-elect Tan Sri Saw Choo Boon as Director who retires pursuant to Article 117 of the Company's Constitution.		
Ordinary Resolution 7	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 8	To authorise the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016.		
Ordinary Resolution 9	Proposed Renewal of Authority to Buy-Back its Own Shares by the Company.		
Ordinary Resolution 10	Proposed Renewal of Shareholders' Mandate for the Existing Recurrent Related Party Transactions and Provision of Financial Assistance.		
Ordinary Resolution 11	Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions and Provision of New Financial Assistance.		
Ordinary Resolution 12	To retain Halim Bin Haji Din as an Independent Non-Executive Director.		
Ordinary Resolution 13	To retain Professor Tan Sri Lin See Yan as an Independent Non-Executive Director.		
Special Resolution 1	Proposed Amendments to the Company's Constitution.		

(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 _________________ 2018

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 Eighteenth 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 Eighteenth 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 21 May 2018 ("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 Eighteenth AGM or appoint proxies to attend, speak and vote on his/her behalf.

Fold this flap for sealing

Then fold here

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

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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