WAH SEONG CORPORATION BERHAD
(495846-A)

Annual Report 2016

OUR VISION

A global Oil & Gas and Industrial Services group that develops its businesses into world class standards.

OUR 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.
- Performance, merit and equal opportunity are the cornerstone of our rewards philosophy.
- We are a caring and responsible organisation.
- We hold ourselves and each other to the highest standards of professionalism, accountability, integrity and transparency.
- We are intolerant to waste.
- We work together to create an open, friendly and safe workplace.
- We deliver our commitments to customers.

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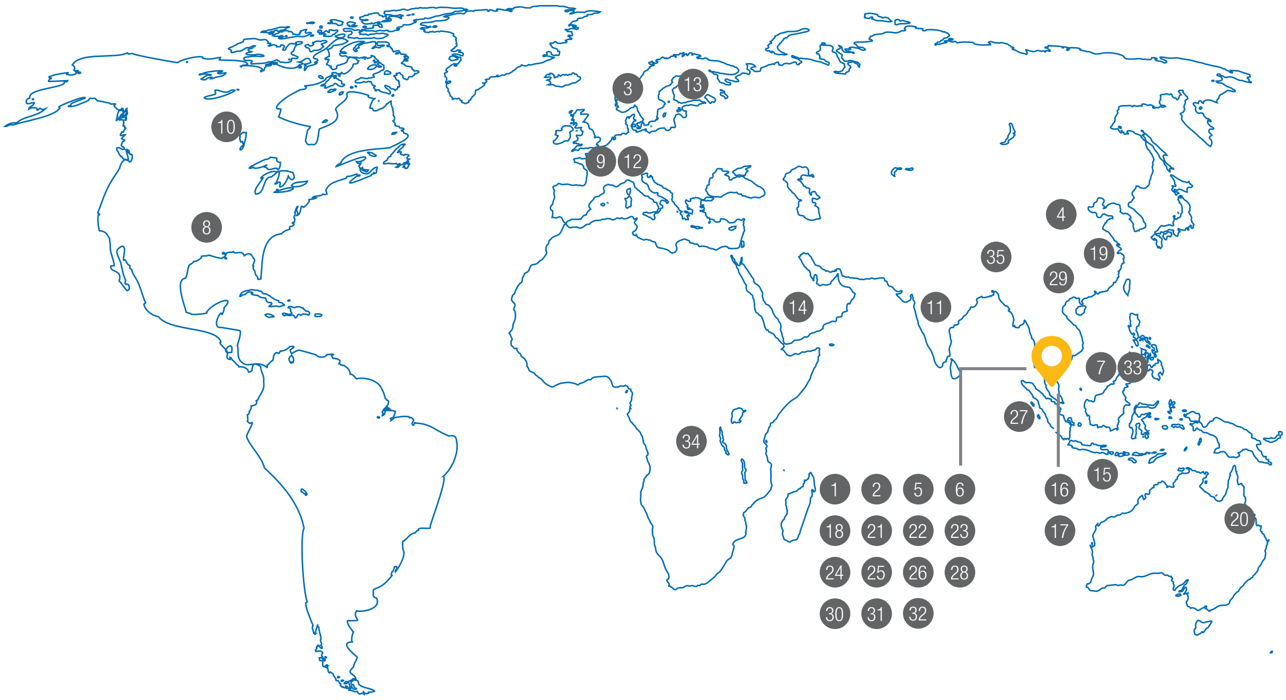

Oil & Gas

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2 Wasco Coatings Services Sdn Bhd
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7 Petro-Pipe (Sabah) Sdn Bhd
8 Bayou Wasco Insulation, LLC
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11 Welspun Wasco Coatings Private Limited
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ENGINEERING

14 Wasco Engineering International Ltd
15 PT. Wasco Engineering Indonesia

OTHERS

16 WS Engineering & Fabrication Pte Ltd (formerly known as Wasco Engineering Services Singapore Pte Ltd)
17 WS Engineering Technologies Pte Ltd (formerly known as Wasco Engineering Technologies Pte Ltd)
18 Wasco Oilfield Services Sdn Bhd
19 Wasco China International Limited
20 Wasco (Australia) Pty Ltd
21 Petra Energy Berhad
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CORPORATE PROFILE

A RISING GLOBAL ENERGY SERVICE PROVIDER

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

GROUP COMPANY SECRETARY

Woo Ying Pun
(MAICSA 7001280)

PRINCIPAL BANKERS

OCBC Bank Group
HSBC Bank Group
RHB Bank Berhad
CIMB Group

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

AUDITORS

PricewaterhouseCoopers (AF 1146)
Chartered Accountants
Level 10, 1 Sentral, Jalan Rakyat
Kuala Lumpur Sentral
50706 Kuala Lumpur, Malaysia

PRINCIPAL ADVISERS

RHB Investment Bank Berhad
CIMB Investment Bank Berhad
AmInvestment Bank Berhad

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

SOLICITORS

Cecil Abraham and Partners
Jayadeep Hari & Jamil
Jeyaratnam & Chong
Lee Hisahmmudin Allen & Gledhill
Rahmat Lim & Partners

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

DATE OF LISTING

9 July 2002

CATEGORY

Industrial Products

STOCK NAME & STOCK CODE NO

WASEONG 5142

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

FINANCIAL HIGHLIGHTS

OPERATING RESULTS		2012	2013	2014	2015	2016
Revenue	RM'000	1,951,552	1,779,383	2,438,620	1,839,524	1,276,588
EBITDA/(LBITDA)	RM'000	148,072	136,974	287,703	121,419	(72,001)
EBIT/(LBIT)	RM'000	93,392	75,594	211,952	52,804	(204,913)
Profit/(Loss) Before tax	RM'000	82,481	64,319	198,480	35,700	(225,864)
Net profit/(loss)	RM'000	60,628	32,293	147,109	(11,868)	(234,554)
Net Profit/(Loss) Attributable to Owners of the Company	RM'000	52,538	32,324	125,565	9,453	(228,302)

KEY BALANCE SHEET DATA						
Total Assets	RM'000	2,170,141	2,499,176	2,901,315	2,999,186	2,605,241
Paid-up Capital	RM'000	387,444	387,444	387,444	387,444	387,444
Capital and Reserves Attributable to Owners of the Company	RM'000	985,079	983,509	1,074,977	1,121,918	775,891

VALUATION						
Per share of RM0.50 each						
Basic Earnings/(Loss)	sen	6.86	4.20	16.26	1.22	(29.54)
Gross Dividend						
- Cash Dividend	sen	5.50	4.00	5.00	3.00	0.50
- Share Dividend	sen	1.50	1.10	0.67	-	-
Net Assets	RM	1.27	1.27	1.39	1.45	1.00

PROFITABILITY RATIOS						
Return on Total Assets	%	4	3	7	2	-8%
Return on Capital Employed	%	7	6	15	3	-21%

GEARING RATIO						
Net Debt to Capital and Reserves Attributable to Owners of the Company	Times	0.38	0.46	0.69	0.80	1.18

CORPORATE CALENDAR

February 2016

10 February

Wasco Engineering Group Limited was announced as GE's New Platinum Level Participant

24 February

Wasco Engineering Australia Pty Ltd obtained Achilles Certificate

29 February

4QFY2015 Results Announcement

March 2016

14 March

Disposal of 100% equity interest in LTT Oil & Gas Nigeria Limited by WSN Investments Limited, an indirect wholly owned subsidiary of WSC

23 March

Pipe coating business unit of WSC was awarded US$74.0mil sub-contract for the provision of insulation coating protection for deep water, offshore insulation project in the Gulf of Mexico

29 March

WASCO delivered E-House project awarded by Eni Ghana Exploration and Production Limited. It was the first topside module of Keppel Shipyards for the integration to 'Yinson Genesis' Offshore Cape Three Points Block project in the Tano Basin 60 km off the coast of Ghana

April 2016

5 April

Completion of Distribution of WSC Single Tier cash dividend of 1.0 sen per share

13 April

Wasco Energy Ltd presence at the Offshore Technology Conference Asia (OTC Asia)

May 2016

3 May

WASCO Engineering Indonesia delivered E-House for Kaombo North FPSO, Wasco Engineering's first project for Schneider and recorded 900,000 man-hours LTI Free

20 May

16th WSC Annual General Meeting

27 May

Incorporation of Syn Tai Hung Borneo Sdn Bhd in Malaysia. It is a joint venture entity between Syn Tai Hung Trading Sdn Bhd, an indirect wholly-one subsidiary of WSC, and Sabaconcrete Sdn Bhd

30 May

1QFY2016 Results Announcement

July 2016

1 July

Spirolite (M) Sdn Bhd, an indirectly wholly owned subsidiary of WSC, signed a new agency agreement with Liansu Group Company Limited ("Lesso") for the appointment as the key agent for the distribution of all Lesso's polypropylene (PPR) pipes and fittings in Malaysia

CORPORATE CALENDAR

9 July

Pipe coating business unit of WSC was awarded EURO600mil (equivalent to RM2.726bil) contract by Nord Stream 2 AG for the provision of pipe coating services for Nord Stream 2 Project

22 July

Pipe coating business unit of WSC was awarded US$18.23mil (equivalent to RM73.87mil) contract by Statoil Petroleum AS Norway for the provision of pipe shipping to a port at west coast of Norway and subsequent offloading

August 2016

4 August

PT Wasco Engineering Indonesia, an indirect subsidiary of WSC was awarded US$41.25mil (equivalent to RM166.70mil) sub-contract by Schneider Electric France SAS for the provision of design and build up of seven (7) Pre-Fabricated Area Sub-Stations for a project in Kazakhstan

12 August

Acquisition by Wasco Coatings Europe B.V. of 100% equity interest in Dobona Oy (now known as Wasco Coatings Finland Oy), a company incorporated in Finland

19 August

Wasco Corrosion Services Sdn Bhd presence at East Asia & Pacific Area Conference (EAPAC) 2016

22 August

Acquisition by Wasco Coatings Europe B.V. of 100% equity interest in PROMOVIA Einundneunzigste Verwaltungsgesellschaft mbH (now known as Wasco Coatings Germany GmbH), a company incorporated in Germany

30 August

2QFY2016 Result Annoucement

September 2016

26 September

Wasco Coatings Finland Oy took delivery of first 295 pipes by rail at the Port of Mussalo

October 2016

5 October

Completion of Distribution of WSC Single Tier cash dividend of 0.5 sen per share

27 October

Wasco Coatings Germany GmbH took delivery of its first 148 pipes by rail at the Port of Mukran

November 2016

29 November

3QFY2016 Results Announcement

CORPORATE RESPONSIBILITY STATEMENT & CALENDAR

WSC deeply embeds Corporate Responsibilty ("CR") and commitment to ethical behaviour in all that we do. We strive to contribute positively to the community and encourage our employees to be part of our CR initiatives.

We believe our ability to grow as a company depends on the way we treat people, how we enrich our communities and how well we serve our stakeholders. Helping the underprivileged in education has been a significant role of Yayasan Wah Seong as we focus on providing scholarships to academically strong but less fortunate students. Since the commencement of Yayasan Wah Seong Scholarship Programme in 2008, we have awarded 82 scholarships to deserving students.

Apart from Yayasan Wah Seong initiatives, the group continues to be invested in Corporate Responsibility program by helping the communities. Below are the summaries of corporate responsibility calendar detailing out various Corporate Responsibility initiatives undertake throughout the year.

Feb 2016

17 Feb

PMT Industries Sdn Bhd visited Handicapped & Disabled Children's Association of Klang, Selangor

PMT Industries Sdn Bhd visited The Klang & Coast Chik Sin Thong Old Folks Home

Mar 2016

4 Mar

Kick Start of Wasco's Keep Calm & Zumba Program

Apr 2016

31 Apr

Students visit from PERDA-TECH to Jutasama Sdn Bhd's fabrication workshop

May 2016

27 May

Renewable Energy Division hosted a movie night for orphanage from Home of Love

July 2016

28 July

Wasco Energy Ltd celebrated Hari Raya Aidilfitri with kids from Pertubuhan Rumah Safiyyah, homes for the abandoned

Oct 2016

24 Oct

Blood Donation drive by the Renewable Energy Division

Nov 2016

16 Nov

Students visit from UITM Shah Alam to Jutasama Sdn Bhd's fabrication workshop

Dec 2016

15 Dec

Wasco donated a computer to Rumah Safiyyah as part of its CSR program. In conjunction with the event, the Communications & IT department of WASCO taught the orphans how to use the internet in a responsible manner

22 Dec

Wasco Energy Ltd celebrated Christmas with Myanmar refugee children from ZO Learning Centre

HEALTH, SAFETY AND ENVIRONMENT

At Wah Seong Corporation Berhad ("WSC" or "the Company"), excellent Health, Safety and Environment (HSE) performance is central to the responsible delivery of our products and services. We develop and operate our facilities with the aim of preventing any incidents that may harm our employees, contractors or nearby communities, or cause damage to our assets or adversely impact the environment. We manage HSE risks across our businesses through clear standards, controls and compliance systems combined with a 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 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. The Company is committed to constantly improving workplace 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.

Our safety goal is to achieve no harm to people, property and the environment across our operations. 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 our 10 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.

Best Safety Team Awards

In 2016, Wasco Coatings Malaysia Sdn Bhd ("WCM") achieved 4,143,628 million safe man-hours with zero Lost Time Injury ("LTI"). Its HSE programs were carefully planned and carried out throughout the period under review in compliance with stringent industry standards and regulatory requirements. Several audit sessions were performed by clients and also internal parties for continuous improvement of WCM's overall HSE practices.

For the year under review, Wasco Engineering Division achieved 9,394,210 man-hours with zero Lost Time Injury ("LTI"). The same goes to Wasco Lindung Sdn Bhd ("WLSB"), where the team managed to achieve 867,619 man-hours with zero Lost Time Injury ("LTI"). Petro-Pipe (Sabah) Sdn Bhd ("PPS") achieved 763,116 safe man-hours with zero Lost Time Injury ("LTI").

Over at Wasco (Australia) Pty Ltd, the company achieved 248, 587 safe man-hours with zero Lost Time Injury ("LTI"), followed by Wasco Coating German Gmbh which recorded zero Lost Time Injury ("LTI") with 18,136 incident free man-hours.

Evraz Wasco Pipe Protection Corporation ("EWPPC") in Canada recorded zero Lost Time Injury ("LTI") with 127,742 incident free man-hours.

HEALTH, SAFETY AND ENVIRONMENT

While in Finland, Wasco Coating Finland Oy regretably recorded 2 driving related Lost Time Injury ("LTI") incidents, with its highest incident free man-hours being 59,324. Measures have been put in place to prevent such recurrences.

Meanwhile, Renewable Energy Group (RE) has an integrated HSE practices for all its 3 major units in Shah Alam, Teluk Panglima Garang, branches in Sabah and Sarawak. In the year under review, RE group has achieved impeccable safety record of 2.36 million man-hours free Lost Time Injury (LTI). We have implemented a continuous safety awareness programmes to ensure full compliance to the WSC group's HSE framework. We have conducted several safety and awareness programs during the year to achieve greater teamwork. RE group has launched a safety campaign with a tagline of "Do it the safe way, Do it the right way, Do it every day".

Having successfully implemented our HSE programs, we hope to further strengthen our efforts in this area by continuing to embed good HSE practices within the Company's business culture and our people. It is our hope that our commitment to safety will minimise the impact on the environment, control risks to our employees and maintain safe work practices. Our dedication will match our commitment so that each and every employee takes personal ownership of their own safety and the safety of others.

Fire Drill

Cylinder handling by Linde Gas

Competent Fork life Drivers

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, the oil and gas, renewable energy and construction industries (collectively referred as the "Group").

The year 2016 was a challenging one for the Company. Adverse pressures in the macroeconomic environment following the steep fall of crude oil price and the resulting lower level of activities in the oil and gas industry have impacted the Company's main business causing the Company's overall weak performance in 2016. Nevertheless, during the year, the Company's subsidiaries announced significant contract wins that significantly lifted their order books from RM 894.0 million to RM 3.65 billion, the highest ever recorded in its history.

The Company also announced several joint venture agreements undertaken by its subsidiaries to solidify its business presence and growth ambitions. During the year, the Company increased its footprint in two new geographical locations, bringing its global business footprint to 17 locations.

Operationally, the year saw all our business segments focusing their efforts on cost control and improving efficiencies through the alignment of processes, integration and efficient resource utilisation to adapt to the changing economic environment.

In order to facilitate better understanding of the factors affecting the Company's performance, the management discussion and analysis will be by business segments as reported in the financial statements.

Management Discussion and Analysis by segments
OIL AND GAS

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

The Oil and Gas segment of the Company ("WASCO") has a vision to develop and manage a world class and profitable integrated energy group. WASCO aims to provide reliable, competitive products, services and solutions to the oil and gas market, whilst creating value for its customers, employees, shareholders and stakeholders in a sustainable manner. With a set of core values underlining the behavior it expects from its

MANAGEMENT DISCUSSION AND ANALYSIS

people, WASCO sets a clear set of strategic initiatives and targets under its four main strategic pillars of Safety, People, Brand and Profit.

In the year 2016, WASCO continued to embark on its rationalisation exercise and efficiency measures to contain the impact of falling crude oil price and poor demand of its products and services. It continues to balance its ambitions to increase its market share and global footprint via strategic partnerships and organic growth.

In July 2016 and on 21st August 2016, WASCO's Pipeline Services division completed commissioning its two new joint venture facilities in India and Canada respectively. With the commissioning, WASCO's pipeline services are now present in 11 geographical locations and more importantly, opened up two new markets for the pipe coating business. This is in line with WASCO's strategy of diversifying its earnings base from a single geographical market.Today, the division has facilities spanning across Asia, United States, North America and Europe. It is uniquely positioned to deliver pipe coating services, pipe manufacturing and offshore corrosion control solutions that meet the demands of the oil and gas industry. The division has established itself to be a leader in pipe coating solutions with the ability of offering a full suite of coatings and corrosion solutions to the industry globally.

On 7th September 2016 WASCO Coatings Europe secured a contract valued at RM 2.85 billion from Nord Stream 2 AG. This project is expected to be executed over the next 3 years commencing 2017 and will contribute positively to the group. The scope of this project will see WASCO Coatings expanding its presence in Europe with two new operations in Kotka, Finland and Mukran, Germany.

In the course of 2016, the division also secured an additional contract from Statoil worth RM 260.7 million for the Johan Sverdrup project which would be executed in its Kuantan facility. Apart from that, Bayou WASCO, WASCO's 49% JV in Gulf of Mexico, secured the Appomatox Project worth USD 74.0 million from Shell. The Nord Stream 2, Johan Sverdrup and Appomatox Projects are expected to have a positive effect on the Company's performance in 2017.

WASCO Engineering Services division today operates from its 12 ha facility in Batam, Indonesia. It also manages its rental and aftermarket sales business out of its facility in Dubai, UAE. The market in which the engineering business division operates is impacted the most from the fall in oil price which saw a significant fall in demand of its products and services. In the year 2016, the division continued to be focused on streamlining its processes and systems and embarked on efficiency initiatives. In view of the current industry climate, the engineering services division restructured its business to focus its engineering and fabrication operations in Batam, Indonesia. During the year, the division impaired 16 units of its rental compressors amounting to RM 41.2 million. The division was also more selective in bidding for jobs, thus increasing the division's chances of securing profitable contracts. Despite the challenging environment, the division secured contracts worth RM 268.0 million, which will be executed in 2017 and 2018. The division remained profitable despite the falling demand of its products and services.

WASCO E&P Services also embarked on a rationalisation exercise and took the bold move to exit from its traditional trading and brine filtration business during the year. This resulted in a decrease in operational cost. Going forward, this will have a positive impact on the division in its future business endeavors.

MANAGEMENT DISCUSSION AND ANALYSIS

Discussion on Key Financial and Operational Indicators for the segment

For the year under review, the oil and gas segment recorded revenue of RM 422.9 million and segment loss of RM 153.5 million, both of which were lower than the previous year's performance. This reflected the poor market sentiment which resulted in a fall demand for its product and services. The segmet recognised an impairment charge of RM 89.5 million during the year.

The oil and gas segment had an order backlog of only RM 483.2 million at the beginning of 2016, but ended the year with a backlog of RM 3.42 billion, contributed mainly by the Nord Stream 2 AG's Nord Stream 2 Pipe Coating and Logistics Contract worth RM 2.85 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. Approximately 35% of the order book will be executed and recognised in 2017.

The oil and gas segment also recorded 14,859,246 million man-hours without Loss Time Injury ("LTI") in 2016. WASCO recorded other positive indicators signifying the effectiveness of the safety culture instituted by the group. Discussions of Health, Safety and Environment is set out in a separate section on page 9.

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

In the year 2016, the oil and gas segment secured a large contract from Nord Stream 2 AG. The execution of this project will see the Pipeline Services Division expanding its operational presence in two new locations in Europe which presents itself with a range of operational risks that may impact the group's results and operations.

To mitigate the known risks, management adopted a proactive approach to prepare a detailed execution plan prior to the commencement of the project. There will also be a continuous focus on safety and quality management at the new locations. Experienced personnel are mobilised to the new locations to ensure that the project runs smoothly. These experienced personnel also provide training for new hires at the two sites.

Discussion on expectations of future results

2016 was an extremely difficult year for the oil and gas industry. Towards year end, with OPEC finally announcing production cuts of 1.2 million barrels per day in 2017, and the number of rig counts slowly growing once again, a sense of cautious optimism may be returning to the industry. Reports indicated that the global and US oil demand continues to show moderate but steady growth and that more US LNG export capacity is expected to come to the market. Most industry outlook reports call for supply and demand equilibrium by early 2017. It is worth noting that significant increases in pipeline infrastructure investments are expected in the North American region which should benefit our US and Canadian investments in the future.

However, there are still many uncertainties which could negate the positives for 2017 including the Iranian production capacity, US production ramp-up and massive inventory build up of crude and refined products that may take time to deplete even when demand exceed supply. A huge factor dragging down the industry is also the lack of confidence of the financial sector towards the industry that will take time to reestablish. This will continue to lead oil and gas companies to defer big capital projects which will impact the services companies.

For WASCO, although the sentiment still remains slightly negative towards the industry, the group enters into 2017 with a healthy backlog of orders to be executed in the corner of the year and beyond. Orders in hand will stretch until the third quarter of 2019. This is expected to have positive impact on the group's financials. The contribution will be mostly derived from the Pipeline Services Division's secured orders from the Johan Sverdrup project, as well as the Nord Stream 2 project.

The group will continue to focus on improving its efficiency and successfully deliver the contracts in hand, hereby strengthening its financial position.

MANAGEMENT DISCUSSION AND ANALYSIS

RENEWABLE ENERGY (RE)

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

The Renewable Energy segment, comprising of Jutasama Sdn Bhd and its subsidiaries, PMT Industries Sdn Bhd and Mackenzie Industries Sdn Bhd, are involved in the manufacturing and supply of equipment and services to the industrial agro–based and power generation industry. With its long standing presence in the industry, each company within the RE group has its own unique position in the market in which it operates.

Jutasama Sdn Bhd is an established large size equipment packager known in the market for its effectiveness and quality. Its recent relocation to its new waterfront yard facility in Teluk Panglima Garang provides it with the differentiation edge against its competitors. Its new facility is equipped with modern equipment and machineries which will further optimise its production efficiencies and capabilities. During the year, the company was successful in securing orders for the Rapid Project from Toyo Japan, Fluor Philippines, Petrofac Malaysia and Technimont Italy.

PMT Industries Sdn Bhd has 70% share of the steam turbine market in the region. It strives at maintaining its leadership position in the market by offering product integration, with strong after sales support. The company has put together a strategy to enhance customer experiences which includes developing IT enabled software application for palm oil mill maintenance. During the year, PMT also opened up a new servicing center in Sandakan to service the growing needs of customers in East Malaysia and Kalimantan, Indonesia. Additionally, during the year the joint venture company PMT Shinko, commissioned its testing facility in Shah Alam, making the joint venture the only fully integrated turbine assembling facility in the ASEAN region. This will further improve the competitiveness of Shinko turbines as this translates to a reduction in cost and delivery lead time for its customers.

Mackenzie Industries Sdn Bhd provides biomass boiler solution. Leveraging on its strength in manufacturing of high quality industrial boiler and bespoke engineering solutions, the company aspires to become an industrial and utility grade boiler supplier in the medium term. In 2016, the company was successful in penetrating the market of high pressure boiler category which is largely used in palm oil refinery and the oleo chemical industry.

Discussion on Key Financial and Operational Indicators for the segment

For the year under review, the renewable energy segment recorded revenue of RM 292.5 million and segment profit of RM 35.6 million, both of which were lower than the previous year's performance. The reduction is a reflection of poor market sentiment which has affected by the fall in demand of its product and services.

As of 31st December 2016, the RE group has a combine order book of RM 165.8 million. Its orders are made up of smaller projects, of which 70% relates to the palm oil industry and 30% from other industries including power generation, petrochemical and the oil and gas 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 slower recovery of the palm oil industry may pose operational risks that impact the replenishing of new orders and margin compression for this segment. To mitigate this risk, management has taken a more proactive role at improving efficiencies, and increases marketing efforts in order to secure new orders.

Discussion on expectations of future results

2016 was another challenging year for the RE segment. Whilst the annual average price of CPO increased to RM 2,600 per tonne compared with the previous annual average of RM 2,100 per tonne, production and export statistics did not improve, recording a 13% and 14% drop which translates to a lower level of activity impacting the business outlook of the segment.

Malaysia relies on market expansion as most of its production is for export. Given the global shortage in oils and fats, and in view of the growing world population, economic growth and demand for bio fuels, the long term fundamentals of the industry are overall positive.

For 2017, industry experts predict that prices will continue to improve and may be above the RM 3,000 per tonne level as the output recovers in the second half of the year, which would positively impact the market outlook for the segment. This is in line also with the increased level of enquiries that the company received for its products and service offerings related to the palm oil and agro-based industry.

MANAGEMENT DISCUSSION AND ANALYSIS

Based on the 2016 outlook report published by Suruhanjaya Tenaga (ST), Malaysia has a target of promoting RE, which contributes 11% of its electricity generation (amounting to 2,080 MW of installed capacity by 2020). As of the second quarter of 2015, Peninsula Malaysia has a total licensed capacity of 358.23 MW, mostly fueled by solar at 52%, followed by biomass 32%, mini hydro 8% and biogas 7%. ST has since issued 32 co-generation licenses which had an overall capacity of 1,065 MW, fueled by natural gas, agricultural waste, industrial heat waste and empty fruit bunch/diesel. These positive indicators for alternative power generation would create additional demands for our products and service offerings for the segment. In 2017 alone, the group will be delivering biomass boiler projects for its Malaysian, Indonesian and Latin American customers with cumulative order backlogs of RM 52 million.

The group enters 2017 with an order backlog of RM 165.8 million, of which 50% is made up of steam turbine and parts sales for the regional market.

The group will remain focused on aggressively marketing its products and services in 2017 and will continue to stay ahead of the curve in its operational efficiencies.

INDUSTRIAL TRADING & SERVICES

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

The Industrial Trading & Services (ITS) segment is engaged in large scale trading of infrastructure & building materials, manufacture of spiral welded steel pipes, and the manufacture of HDPE pipes, tanks and ancillary products. Going forward, the group aims to expand its footprint geographically to diversify its markets to fast growing economies in South East Asia. The group has similarly expanded its network for distribution of infrastructure & building materials to East Malaysia in anticipation of major construction and infrastructure developments in Sabah and Sarawak.

During the year, ITS initiated a push to broaden its product and service range to move away from its traditional dependence on commodity based products. This has resulted in new investments such as WDG Resources Sdn Bhd (WDG), a new business unit involved in the distribution, rental and services of power generation equipment such as diesel engines and material handling equipment such as forklifts, excavators and wheel loaders. WDG was also appointed an authorized distributor of Mitsubishi Heavy Industries (MHI) range of diesel engines.

The segment's strategy of product expansion will also enable ITS to tap on new and broader customer base, such as from the industries & manufacturing, mining and agro-based sectors away from the traditional civil contractors and hardware dealers.

ITS will continue to pursue business growth through strategic partners and agency lines as this is consistent with its core competencies of trading and distribution. In 2016, ITS formed a 49:51 joint venture with China Lesso Group to operate a platform and service center to facilitate the procurement of building materials and architectural products from China. This is in line with Malaysia's move to strengthen economic bilateral ties with China which is expected to invest and participate in mega development and infrastructure projects throughout Malaysia in the forthcoming years.

The business activities of ITS are primarily service based. Hence, its emphasis on the development of talents and human capital. ITS have established a talent pool program that is aligned to its business strategic goals. This program is structured to build human resources infrastructure that can adapt to the rapidly changing market conditions and at the same time, attract and retain talents by creating an excellent working environment and culture.

During the year under review, PPI Industries Sdn Bhd (PPI) embarked on a rationalisation exercise and has opted to down size its spiral welded pipe manufacturing facility in Prai, Penang. PPI will continue to market spiral welded structural and mild steel cement lining pipes in strategic collaboration with OEM partners.

MANAGEMENT DISCUSSION AND ANALYSIS

Discussion on Key Financial and Operational Indicators for the segment

For the year under review, ITS recorded revenue of RM 496.2 million and a segment loss of RM 10.6 million, which included a one off exceptionals items comprising of RM 4.5 million for severance cost and impairment charge of RM 13.1 million from the spiral welded pipe manufacturing business, both of which were lower than previous year's performance. Without the one off exceptionals, the segment would have a profit of RM 7.0 million.

The decrease in revenue is attributable to the challenging trade environment, which is impacted largely by a slowdown in construction activities and subdued economic sentiment in Malaysia. The weakness of the Ringgit throughout 2016 translated to grossly higher cost of raw materials such as hot roll coils and polyethylene resins, thus increasing the cost burden for the division's manufacturing operations. The Ringgit depreciation also resulted in the increase in selling prices of imported goods and equipment, further dampening the trade volume. As at 31st December 2016, ITS has an order book of approximately RM 63.4 million.

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

The prolonged slowdown of the construction sector in Malaysia will continue to impose pressure on the earnings of the division. A shrinking market for the trade in infrastructure and building materials will result in stiffer competition and a tightening of profit margins. The liquidity squeeze in the economy will heighten credit risk and pose challenges to receivables. The weak Ringgit will also mean continuous higher cost of imported raw materials, which translates to higher cost of manufacturing that could impede demand of the division's products. Under such challenging conditions, ITS will continue its focus on prudent cost management and improve operational efficiencies. Reliable systems and procedures are in place to assist the division on the critical assessment of credit risk to minimise delinquent trade receivables.

Discussion of expectations of future results

The mega public development and infrastructure projects that were launched in 2016 across Malaysia will likely improve market sentiment in the construction sector. This will have a positive impact on the performance of ITS. Commercial and residential development projects are still on-going in the Greater Klang Valley and other strategic growth corridors of Malaysia, albeit at a subdued pace. Economically critical infrastructure projects such as the High Speed Rail (HSR), Rapid Transit System (RTS), the East Coast Rail Line (ECRL) and the Pan Borneo Highway will fuel domestic demand for the products and services of ITS.

The division is well positioned to benefit from these development and infrastructure projects. However, much depends on the effective progress of project execution, the timing of the awards of packages, and the success of the division's marketing campaigns.

The division will continue to invest in targeted marketing campaigns and customer centric support services, especially to promote its own brands, such as the Spirolite range of HDPE products and the WEDAGO range of power generation equipment, as well as the products of key principals such as Mitsubishi Heavy Industries (MHI).

BOARD OF DIRECTORS

01
DATO' SERI ROBERT TAN CHUNG MENG
Non-Independent Non-Executive Chairman

02
CHAN CHEU LEONG
Managing Director/
Group Chief Executive Officer

03
GIANCARLO MACCAGNO
Deputy Managing Director

04
HALIM BIN HAJI DIN
Independent Non-Executive Director

05
PROFESSOR TAN SRI LIN SEE YAN
Senior Independent
Non-Executive Director

06
TAN JIAN HONG, AARON
Non-Independent
Non-Executive Director

PROFILE OF THE BOARD OF DIRECTORS

DATO' SERI ROBERT TAN CHUNG MENG

Non-Independent
Non-Executive Chairman
Male
Malaysian
64 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 Chartered Surveyor's firm for a year. He had also developed a housing project in Central London before returning to Malaysia.

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. Through his management and leadership, MVM and TGM are now two of the most popular shopping malls in the Klang Valley, enjoying an almost full occupancy rate for the past years.

Dato' Seri Robert Tan is also the Group Managing Director of IGB Corporation Berhad, Managing Director of IGB REIT Management Sdn Bhd (the manager of IGB Real Estate Investment Trust), an Executive Director of Goldis Berhad, a Director of Tan & Tan Developments Berhad, a property division of IGB Corporation Berhad, 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
66 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, a Council member of the Federation of Malaysian Manufacturers 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
53 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
70 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
77 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, Prime Minister's Economic Council Working Group, 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
33 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 on 29 November 2016. He also sits on the Board of several private limited companies.

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
49 years of age

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

He attained his Bachelor of Economics from Monash 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 11 years.

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

ARAVINDAN A/L K. DEVAPALAN

Male
Malaysian
44 years of age

Mr. Aravindan A/L K. Devapalan is 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 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 Corpoaration 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').

ARIESZA NOOR

Female
Malaysian
39 years of age

Mdm. Ariesza Noor is the Head of Group Strategy for Wasco Energy Group of Companies since 1 November 2013. 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) Accountacy and Finance Degree from Lincoln University, New Zealand and is an Associate member of CPA Australia.

Being a full board scholar of Tenaga Nasional Berhad, she began her career in Tenaga Nasional since year 1999. She has assumed various financial and accounting roles within Tenaga Nasional 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 Noor also sits on the Board of subsidiaries and joint ventures for Wasco Energy Group of Companies.

PROFILE OF THE KEY SENIOR MANAGEMENT

BERNARD YEAP CHEW SOON

Male
Malaysian
62 years of age

Mr. Yeap Chew Soon ('Bernard Yeap') is the Head Finance of Wah Seong Corporation Berhad. He oversees the financial management, accounting and taxation matters of the listed company as well as the Industrial Services Division since 22 May 2002.

He began his career as a Group Internal Auditor in Wah Seong Corporation Berhad since 1994. 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 organizations, including companies such as, Island & Peninsular Berhad and Philips Group of Companies.

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

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

EDGAR LEWIS

Male
American
56 years of age

Mr. Edgar Lewis is the Executive Vice President of the E&P Services Division since 30 March 2015. He was previously the Head of Business Development for the Pipeline Services Division.

He attained his B.A. in International Relations from the University of Southern California. Mr. Lewis has over 30 years of experience in the oil and gas industry, with 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
36 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 Stamford University NUS Executive Program (International Management) in 2012.

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

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

JONATHAN BRUM

Male
British
47 years of age

Mr. Jonathan Brum is the Vice President of Operations Pipeline Services in Wasco Energy since 10 September 2015.

He attained his Bachelor of Science in Geology from University of Portsmouth in 1994.

He began his career in various senior positions as a Country Manager / Regional manager roles in Europe, Qatar, Indonesia, Saudi Arabia, Caspian Region and Continental Europe in Halliburton from 1994 to 2011. He was also the Vice President Business Development in Bredero Shaw from 2011 to 2013 and he was the Founder and President in BRM Technology in 2014.

PROFILE OF THE KEY SENIOR MANAGEMENT

LEE YEE CHONG

Male
Malaysia
48 years of age

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

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

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

RAMANATHAN A/L P.R. SINGARAM

Male
Malaysian
49 years of age

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

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

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

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

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

SHAMUGAM KARUPIAH

Male
Malaysian
47 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.

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 Statement on Corporate Governance.

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 and minuted by the 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(s) may be appointed for that specific meeting. Additional meetings may be held at the request of the Board, the AC, the Management, 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 Company as well as the External Auditors at any time.

The Chief Financial Officer of Oil and Gas Division, Financial Controller of Industrial Services Division, Head, Group Tax, Strategic Finance and Special Projects 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 2016 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

AUDIT COMMITTEE

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 2015 before submission to the Board for consideration and approval.

   The quarterly financial statements for the fourth quarter of 2015 and first, second and third quarters of 2016, 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 29 February 2016, 30 May 2016, 30 August 2016 and 29 November 2016, respectively.

   On 29 February 2016, the AC reviewed the key findings by the External Auditors, Messrs PricewaterhouseCoopers, for the financial year ended 31 December 2015 and subsequently on 8 April 2016, the AC reviewed the audited financial statements for the financial year ended 31 December 2015.

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

3.2 Annual Report and Circulars 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 2015 in particular the Statement on Risk Management and Internal Control, Statement of Directors' Responsibilities and Summary of Significant Recurrent Related Party Transactions on 8 April 2016 and recommended the same to the Board for their approval.

b. On 30 March 2016, the AC reviewed the following Circulars 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 8 April 2016, 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 8 April 2016 reviewed the performance of Messrs. PricewaterhouseCoopers 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.

AUDIT COMMITTEE

3.3 External Auditors (cont'd)

Being satisfied with their performance, technical competency and audit independence, the AC recommended the re-appointment of Messrs. PricewaterhouseCoopers as the External Auditors of the Group for the financial year ended 31 December 2016 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 20 May 2016.

b. The AC had two (2) private meetings with the External Auditors on 29 February 2016 and 30 August 2016, without the presence of the Group Chief Executive Officer, the Executive Director, Senior Management and Internal Auditors.

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

c. On 29 November 2016, the AC reviewed the Audit Plan prepared by the External Auditors for the financial year ended 31 December 2016 outlining the key action items by the Management in respect of significant audit, accounting and internal control matters.

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 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 29 February 2016, 30 May 2016, 30 August 2016 and 29 November 2016, 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 8 April 2016 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 29 February 2016, 30 May 2016, 30 August 2016 and 29 November 2016, 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.

AUDIT COMMITTEE

3.6 Internal Audit

a. On 29 February 2016, 30 May 2016, 30 August 2016 and 29 November 2016, 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. To ensure the competence level of the Group Internal Audit team, the AC carried out an external quality assessment reviewed by the Institute of Internal Auditors Malaysia ("IIAM"). The AC reviewed the external Assessment Report presented by IIAM on 29 February 2016 and was satisfied with the performance, technical competency and audit independence of the Group Internal Audit team.

c. On 29 February 2016, the AC reviewed and approved the revised Internal Audit Charter presented by Group Internal Audit to ensure that the Internal Audit activities, purposes, authorities and the responsibilities defined in the Internal Audit Charter continue to be adequate in accomplishing the objectives.

3.7 Capital Expenditure

On 29 February 2016, 30 May 2016, 30 August 2016 and 29 November 2016, the AC reviewed the capital expenditures on a quarterly basis to monitor and ensure that the spendings were within the budget being approved for 2016.

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 WSC Group.

The Group Internal Audit is independent from the activities or operations of all operating units of WSC Group. Its principal responsibility is to conduct periodic and systematic reviews on 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 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 2016 was RM897,572 (2015: RM1,188,660).

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 2016 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 policy framework and recommend to the Board, the remuneration of the Executive Directors in all its forms, 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.

iii. RC Members

The RC Members are as disclosed above.

Any other person(s) may be invited by the RC and/or the RC Chairman from time to time.

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.

REMUNERATION COMMITTEE

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 Company Secretary(s) shall be the Secretary(s) for the RC. In the event any of the Company Secretary(s) is unable to attend, an assistant or deputy Secretary(s) 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 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. Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual Directors;

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

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 what other details of Executive Directors' remuneration to be reported in addition to the existing legal requirements, and how these details should be presented in the Annual Report;

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 framework for key officers of the Group in order to attract and retain key personnel of requisite quality that increases productivity and profitability in the long run;

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

n. To review the salary increment or adjustment in the event of promotion or redesignation of key officers of the Group, where necessary;

o. To review the annual increment and bonus payment for key officers 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 key officers of the Group, where appropriate; and

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

xi. Variation

The above Terms of Reference may be determined and/or varied by the WSC's 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 2016 are as follows:-

Name Of Director	Directorship	Date of Appointment	No. of Meeting Attended
Dato' Seri Robert Tan Chung Meng (Chairman)	Non-Independent Non-Executive Chairman	22 May 2002	1/1
Halim Bin Haji Din (Member)	Independent Non-Executive Director	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 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 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.

NOMINATION COMMITTEE

iii. NC Members

The NC Members are as disclosed above.

Any other person(s) may be invited by the NC and/or the NC Chairman from time to time.

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 Company Secretary(s) shall be the Secretary(s) for the NC. In the event any of the Company Secretary(s) is unable to attend, an assistant or deputy Secretary(s) 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 discussion and decision of each meeting to the Board.

x. 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;

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;

NOMINATION COMMITTEE

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. To assess the Board's effectiveness and the contribution of each individual Director in the discharge of their duties and responsibilities;

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

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

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

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

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

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

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

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

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

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

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

r. To review the succession plans for key officers of the Group;

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

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

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

xi. 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 Directors in respect of the financial year ended 31 December 2016 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 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 2016 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 Recommendation 3.1 of the MCCG 2012, the NC had conducted an independence assessment of the Independent Directors in respect of the financial year ended 31 December 2016 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 and Practice Notes of the Bursa Malaysia Securities Berhad.

In conjunction with the above assessment, the NC considered and recommended to the Board of Directors the following appointments of Directors at the forthcoming Seventeenth 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 term of more than nine (9) years to continue to act as Independent Non-Executive Directors of the Company in accordance with the Malaysian Code of Corporate Governance 2012 ("MCCG 2012").

6. REVIEW OF THE AUDIT COMMITTEE

Pursuant to Paragraph 15.20 of Chapter 15 of the Main Market Listing Requirements of the 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 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.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of Wah Seong Corporation Berhad ("WSC") recognises the importance of upholding good corporate governance in the discharge of its duties and responsibilities to protect its shareholders' interest and to reflect the status of the Group in the eyes of the public investors. Hence, the Board is pleased to report that the Company and its Group have complied with the relevant principles, recommendations and best practices of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") issued by the Securities Commission as well as the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR").

The Board is pleased to present the report hereunder on the manner in which the principles and best practices of the MCCG 2012 have been applied across the Group.

1. BOARD OF DIRECTORS

1.1 Duties and Responsibilities of the Board

The Board is responsible towards the strategic planning, overseeing the resources and operational conduct, identifying and implementing appropriate systems to manage principal risks, reviewing the adequacy and integrity of its internal control and management information systems, ensuring a management succession plan as well as having a dedicated investor relation and shareholders' communication policy in place.

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

The Board exercises due care and diligence in discharging its duties and responsibilities and in ensuring that high ethical standards are applied in upholding good corporate governance and through the compliance with the relevant rules and regulations, directives and guidelines and the adoption of the best practices of the MCCG 2012 in addition to acting in the best interest of the shareholders, stakeholders and the Group.

The Board has adopted 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 30 August 2016.

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 objectives:

- reviewing and adopting the strategic plans and direction of the Group;
- overseeing and evaluating the conduct of the Group's businesses;
- identifying principal risks and ensuring that appropriate internal control 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; 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.

STATEMENT ON CORPORATE GOVERNANCE

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 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 18 to 19 of this Annual Report. The Board members are equipped with the relevant skills, knowledge and expertise required for the proper running of the Company's affairs. The effectiveness of the individual Directors and the Board as a whole are assessed annually by the Nomination Committee.

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

STATEMENT ON CORPORATE GOVERNANCE

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 fulfill 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 Management and do not participate in any business dealings and are not involved in any other relationship with the Group that may impair their independent judgement and decision-making.

Annual assessment on the independence of the Independent Directors is conducted annually pursuant to Recommendation 3.1 of the MCCG 2012.

Recommendation 3.2 of MCCG 2012 states that the tenure of an Independent Director should not exceed a cumulative term 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 nine (9) years, 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 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

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

The Board acknowledges and takes cognisance of Recommendation 3.5 of MCCG 2012, which recommends that should the Chairman of the Board is not an Independent Director, the Board must comprise a majority of Independent Directors. The Company's Chairman is not an Independent Director and there are two (2) Independent Directors out of six (6) 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 to oversee the conduct of businesses and to properly run the 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.

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 majority of the Board. 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.

STATEMENT ON CORPORATE GOVERNANCE

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 2016, 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

STATEMENT ON CORPORATE GOVERNANCE

1.6 Board Meetings (cont'd)

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

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

1.7 Supply of Information

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

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

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

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

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

1.8 Group Company Secretary

Ms. Irene Woo Ying Pun, the Group Company Secretary of WSC is a Fellow Member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and also a Council Member of MAICSA. She 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 26 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.

STATEMENT ON CORPORATE GOVERNANCE

1.8 Group Company Secretary (cont'd)

She ensures that the Group complies with the Companies Act, 1965, the new Companies Act, 2016, MMLR, Capital Markets & Services Act, 2007 and all relevant acts, rules, regulations, codes and guidelines of the relevant authorities and governmental/regulatory bodies and their relevant updates and amendments from time to time. She assists the Board of Directors in overseeing and advising on the relevant aspects of the regulatory, compliance and corporate governance matters of the Group. She attends all meetings of the Board of Directors and all meetings of the Committees and Sub-Committees of the Board and captures all discussions and deliberations thereat comprehensively and accurately in her minutes. Her prompt and well written minutes and advices given to the members of the Board have so far assisted the Board of Directors in making informed decisions as well as for the Management to promptly act on decisions approved by the Board. The Board of Directors is satisfied with the competent performance and support rendered by the Group Company Secretary in the discharge of their duties and functions as members of the Board.

1.9 Appointments to the Board

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

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

The Directors take cognisance of Recommendation 4.1 of the MCCG 2012 that they are required to notify the Chairman of the Company 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 2012, 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.

STATEMENT ON CORPORATE GOVERNANCE

1.11 Board Committees (cont'd)

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 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 discharge of its functions and duties for the financial year ended 31 December 2016 are set out separately in the Audit Committee Report as laid out on pages 23 to 26 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 thereto 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.

(b) Nomination Committee

The Nomination Committee 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 2016 are set out on pages 30 to 33 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 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.

STATEMENT ON CORPORATE GOVERNANCE

1.11 Board Committees (cont'd)

(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 Terms of Reference including its functions are available on pages 27 to 29 of this Annual Report.

1.12 Finance and Investment Committee

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

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

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

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

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

STATEMENT ON CORPORATE GOVERNANCE

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 individual Directors are tabled to the Board at the Board Meetings held every quarter for the Board's notation. Based on the result 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	26 July 2016/ In-House Directors' Training of Wah Seong Corporation Berhad	How to prepare for the New Companies Act
	22 November 2016/ In-House Talk of IGB Corporation Bhd	Budget 2017 - Key Task Proposals
Professor Tan Sri Lin See Yan	14 January 2016/ The Asian Strategy & Leadership Institute (ASLI)	Panelist at Special Commemorative Seminar on Tun Abdul Razak (Prime Minister of Malaysia 1970-1976)
	28 January 2016/ Universiti Malaya & HELP University	Chairing a session at a forum jointly organized by Centre for Poverty & Development Studies, Universiti Malaya & HELP University
	12 March 2016/ Federation of Chinese Association Malaysia & Sin Chew Daily	Professor Tan Sri Lin Yee San as speaker on "Risks Confronting the Global Economy in 2016" at the opening of Wisma Huazong
	24 March 2016/ Jeffrey Cheah Institute	Professor Tan Sri Lin Yee San as moderator on Southeast Asia Forum on "The Northeast Asian Situation"
	28 March 2016/ Khazanah Research Institute	Global Economic Trends and Implications for Low and Middle Income Countries

STATEMENT ON CORPORATE GOVERNANCE

1.13 Directors' Training (cont'd)

Director	Date of Course/ Name of Organiser	Title of Training/Courses Attended
Professor Tan Sri Lin See Yan	23 April 2016/ Jeffrey Cheah Institute	The European Economy: Policies, Prospects and Problems
	27 April 2016/ Wong & Partners & Genting Berhad	Companies Bill
	26 July 2016/ In-House Directors' Training of Wah Seong Corporation Berhad	How to prepare for the New Companies Act
	18 August 2016/ Board of Trustees of REHDA Institute (The Training, Research and Education arm of the Real Estate Housing Developers Association Malaysia)	Professor Tan Sri Lin Yee San as speaker on "Ultra-low interest rates & other key global factors influencing Malaysia's economic outlook 2H 2016: (Impact towards the banking sector, construction and property development sector)"
	9 September 2016/ Silverlake Axis	Speaker at the Banking & Digital Economy Summit held in Vienna, Austria hosted by Silverlake Axis
	29 November 2016/ In-House Directors' Training of Wah Seong Corporation Berhad	Directors' and Officers' Liability Insurance 2016
Halim Bin Haji Din	26 February 2016/ Bursa Malaysia Securities Berhad	Corporate Governance Breakfast Series: Thought Leadership Session for Directors "Improving Board Risk Oversight Effectiveness"
	30 & 31 March 2016/ MSWG – Institutional Investor Council	Governance Week 2016 Stewardship Matters – For Long Term Sustainability
	11 April 2016/ Bursa Malaysia Securities Berhad	Nominating Committee Programme Part 2: Effective Board Evaluations
	26 July 2016/ In-House Directors' Training of Wah Seong Corporation Berhad	How to prepare for the New Companies Act
	15 & 16 November 2016/ MIA	MIA International Accountants Conference 2016
	29 November 2016/ In-House Directors' Training of Wah Seong Corporation Berhad	Directors' and Officers' Liability Insurance 2016

STATEMENT ON CORPORATE GOVERNANCE

1.13 Directors' Training (cont'd)

Director	Date of Course/ Name of Organiser	Title of Training/Courses Attended
Chan Cheu Leong	14 January 2016/ The Asian Strategy & Leadership Institute (ASLI)	Special Commemorative Seminar on Tun Abdul Razak (Prime Minister Of Malaysia 1970-1976)
	21 January 2016/ Bank of Singapore	Year Ahead Market Outlook 2016
	26 January 2016/ Credit Suisse	Access to Expertise – Automatic Exchange of Information Seminar (AEOI)
	12 April 2016/ Maybank Investment Bank	Invest Malaysia 2016 - The Capital Market Conversation
	26 July 2016/ In-House Directors' Training of Wah Seong Corporation Berhad	How to prepare for the New Companies Act
	22 August 2016/ RHB Group	Exclusive Invitation to RHB Equity Opportunity Fund 1
	25 August 2016/ Maybank Investment Bank	Market Outlook 2H 2016
	29 November 2016/ In-House Directors' Training of Wah Seong Corporation Berhad	Directors' and Officers' Liability Insurance 2016
Giancarlo Maccagno	26 January 2016/ Credit Suisse	Access to Expertise – Automatic Exchange of Information Seminar (AEOI)
	29 November 2016/ In-House Directors' Training of Wah Seong Corporation Berhad	Directors' and Officers' Liability Insurance 2016
Tan Jian Hong, Aaron	16 April 2016/ UOB	2016 Economy and Markets Update
	26 July 2016/ In-House Directors' Training of Wah Seong Corporation Berhad	How to prepare for the New Companies Act
	1 November 2016/ KPMG	KPMG in Malaysia Tax Summit 2016
	29 November 2016/ In-House Directors' Training of Wah Seong Corporation Berhad	Directors' and Officers' Liability Insurance 2016
	27 December 2016/ In-House Directors' Training of Yi-Lai Berhad	Risk Management Workshop

STATEMENT ON CORPORATE GOVERNANCE

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.

For purposes of security, instead of presenting the remuneration details of each Director individually, the Board is of the opinion that such information will not add significantly to the understanding and evaluation of the Company's standards of corporate governance and that the same can be disclosed as follows:

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 2016 are as follows:

Company

	Executive Directors (RM'000)	**Non-Executive Directors (RM'000)**	**Total (RM'000)**
Salaries and Other Emoluments	3,104	72	3,176
Bonus	700	-	700
Directors' Fees	80	230	310
	3,884	302	4,186
Benefits-in-kind			
- Leave passage	-	-	-
- Others *	52	11	63
	52	11	63
Total	**3,936**	**313**	**4,249**

Group

	Executive Directors (RM'000)	**Non-Executive Directors (RM'000)**	**Total (RM'000)**
Salaries and Other Emoluments	7,309	72	7,381
Bonus	1,395	-	1,395
Directors' Fees	80	230	310
	8,784	302	9,086
Benefits-in-kind			
- Leave passage	214	-	214
- Others *	247	11	258
	461	11	472
Total	**9,245**	**313**	**9,558**

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

STATEMENT ON CORPORATE GOVERNANCE

The number of Directors whose total remuneration falls within the following bands:

	No. of Executive Directors	No. of Non-Executive Directors	Total
Less than RM50,001	-	1	1
RM50,001 to RM100,000	-	2	2
RM100,001 to RM150,000	-	1	1
RM3,800,001 to RM3,900,000	1	-	1
RM5,300,001 to RM5,400,000	1	-	1
Total	**2**	**4**	**6**

3. SHAREHOLDERS AND INVESTORS

3.1 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.

3.2 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.

STATEMENT ON CORPORATE GOVERNANCE

3.3 Annual General Meeting

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

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

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

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

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

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

4. ACCOUNTABILITY AND AUDIT

4.1 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, 1965 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 54 of this Annual Report.

4.2 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 52 to 53 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

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 potentially risks which affect the Group.

4.3 Principles of Business Conduct and Whistle-Blowing Policy

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

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

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

4.4 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.

4.4 Relationship with Auditors (cont'd)

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

The Board, upon the recommendation of the Audit Committee, concurred on the suitability and independence of the External Auditors and therefore agreed to table the resolution for the re-appointment of the External Auditors to the Shareholders' at the forthcoming 17th 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 23 to 26 of this Annual Report.

4.5 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 52 to 53 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

5. CORPORATE RESPONSIBILITY

Throughout 2016, 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 Corporate Responsibility Statement & Calendar on page 8 of this Annual Report.

6. SUSTAINABILITY

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

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

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

7. 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.

8. COMPLIANCE STATEMENT

The Company has complied throughout the financial year ended 31 December 2016 with the relevant principles and recommendations of the MCCG 2012 other than Recommendation 3.5 of MCCG 2012 where the Board must comprise of a majority of Independent Directors should the Chairman of the Board is not an Independent Director which is explained under item 1.3 above.

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 2016.

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 2016 pursuant to the shareholders' mandate are disclosed in the Summary of Significant Recurrent Related Party Transactions as set out on pages 189 to 193 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 2016.

4. AUDIT AND NON-AUDIT FEES

(a) The amount of audit fees paid and payable to the Company's External Auditors i.e. Messrs. PricewaterhouseCoopers Malaysia ("PwC") for the services rendered to the Company and the Group for the financial year under review are RM88,000 and RM1,160,000 respectively.

(b) The amount of non-audit fees paid and payable to PwC and its affiliates for the services rendered to the Company and the Group for the financial year under review are RM14,000 and RM2,135,000 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	1,160,000
Non-Audit Fees	14,000	2,135,000
Total	**102,000**	**3,295,000**

The non-audit fees incurred by the Group were significant i.e. 65% as compared to the total fees incurred by the Group, which were mainly attributed to the professional fees payable to PwC's affiliates in relation to the incorporation and/or acquisition of new subsidiaries and all relevant and ancillary services pertaining thereto in Finland and Germany.

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 Financial Controller of the 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.

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 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

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, and 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 by 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 WSC 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.

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 Recommended Practice Guide ("RPG") 5 (Revised) issued by the Malaysian Institute of Accountants. RPG 5 (Revised) 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, 1965 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 2016, 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 2016.

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"); fabrication and rental of gas compressors and process equipment; Exploration and Production ("E&P") of products and services; 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 (loss)/profit for the financial year attributable to:		
- Owners of the Company	(228,302)	6,560
- Non-controlling interests	(6,252)	-
Net (loss)/profit for the financial year	(234,554)	6,560

DIVIDENDS

The dividends paid or declared since the end of the previous financial year were as follows:

<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.

<u>In respect of financial year ended 31 December 2015:</u>

(a) On 28 August 2015, the Directors declared a first interim single tier cash dividend of 2.0 sen per share, amounting to net dividend payment of RM15,488,965, paid on 6 October 2015.

(b) On 29 February 2016, the Directors declared a second interim single tier cash dividend of 1.0 sen per share, amounting to RM7,727,910.

The second interim dividend was paid/credited into the entitled shareholders' securities accounts on 5 April 2016.

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2016.

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 purchased 391,900 of its issued share capital from the open market on Bursa Malaysia Securities Berhad ("Bursa Malaysia") for RM339,892. The average price paid for the shares purchased during the financial year was approximately RM0.87 per share.

As at 31 December 2016, the number of treasury shares held by the Company was 2,097,338 shares.

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

DIRECTORS

The Directors in office since the date of the last 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 134 of the Companies Act, 1965, none of the Directors who held office at the end of the financial year held any shares in the Company and its related corporations during the financial year except as follows:

	Number of ordinary shares of RM0.50 each			
	As at 1.1.2016	Acquired	Disposed	As at 31.12.2016
The Company				
Dato' Seri Robert Tan Chung Meng				
- direct interest	**11,601,308**	**-**	**-**	**11,601,308**
- deemed interest[#]	**295,911,267**	**14,600,000**	**-**	**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	**16,137,177**	**400,000**	**-**	**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 6A of the Companies Act, 1965 ("**the Act**").

* Deemed interest held through Midvest Asia Sdn. Bhd. pursuant to Section 6A 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 in Notes 35 and 42 to the financial statements) 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' REPORT

OTHER STATUTORY INFORMATION

(a) Before the statements of profit or loss, statements of other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

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

(i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company 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; or

(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

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to accept re-appointment as auditors.

Signed on behalf of the Board of Directors in accordance with their resolution dated 7 April 2017.

CHAN CHEU LEONG
DIRECTOR

HALIM BIN HAJI DIN
DIRECTOR

Kuala Lumpur

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

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 69 to 187 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 2016 and financial performance of the Group and the Company for the financial year ended 31 December 2016 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The supplementary information set out on page 188 has been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 7 April 2017.

CHAN CHEU LEONG
DIRECTOR

HALIM BIN HAJI DIN
DIRECTOR

Kuala Lumpur

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

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 69 to 187 and supplementary information set out on page 188 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 7 April 2017.

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 2016, 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, 1965 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 2016 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 69 to 187.

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 14 'Goodwill and Other Intangible Assets' and Note 3(a) 'Critical Accounting Estimates and Judgements'	We performed the following audit procedures to evaluate management's methodology and assumptions used in the VIU for each CGU:
As at 31 December 2016, as shown in Note 14 of the financial statements, 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 RM83.1 million and RM72.0 million respectively. Goodwill is required to be assessed annually for impairment.	• Assessed whether the recoverable amounts were prepared by management based on the approved budgets by the directors; • Compared forecasted revenues to current order books; and • Compared revenue growth rate to historical track records and external market trends.
We focused on this area due to the size of the goodwill, which was RM155.1 million as at 31 December 2016, and because the directors' assessment of the 'value in use' ("VIU") of the Group's CGUs involves judgements about the future cash flows of the CGUs and the discount rates applied to future cash flow forecasts.	We engaged PwC valuation experts to evaluate the reasonableness of the discount rates used by management for CGU A and CGU B. This involved the use of computing the discount rates by considering inputs from comparable industries and peer companies.
The recoverable amounts for CGU A and B are sensitive to changes to key assumptions and subject to estimation uncertainty as disclosed in Note 14 to the consolidated financial statements.	We also considered the adequacy of the disclosures made in the consolidated financial statements on key assumptions and the sensitivity analysis for the respective CGU.

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 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 2016 saw decreased demand which affected the utilisation of the Group's property, plant and equipment as at 31 December 2016. Significant judgement is required to ascertain the future utilisation levels which are dependent on market outlook, operating levels and the competitive landscape. In 2016, the Group impaired RM99.1 million of PPE as shown on Note 4 to 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; • Evaluated management's assumptions such as utilisation 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 experts to assess the reasonableness of discount rates used, by considering inputs from comparable industries and peer companies.
Impairment assessment on investments in associates and joint venture Refer to Note 9 'Investment in Associates', Note 10 'Investment in Joint Ventures' and Note 3(c) 'Critical Accounting Estimates and Judgements' As at 31 December 2016, the Group holds investments in associates of Petra Energy Berhad ("PEB") and Atama Resources Inc ("ARI"), and investment in joint venture of Alam-PE ("Alam-PE"). PEB and Alam-PE are primarily operating in the offshore oil and gas market. Management assessed the carrying amount of the above investments for impairment in view of the decreased activities and demand as a result of the low oil prices and losses suffered by ARI. The impairment assessment using VIU calculations based on the discounted cash flow model for each of the investment. This resulted in an impairment of RM56.5 million recognised for ARI. We focused on this area due to the size of the investments and because management's estimate of the VIU required significant judgements over the future cash flows. Furthermore, the recoverable values of PEB and Alam-PE and the fair value of ARI are also sensitive to changes and subject to estimation uncertainty.	We performed these audit procedures to evaluate management's methodologies and assumptions used to derive the VIU for each investment by assessing the key inputs used for estimating cash flow projections which comprised: • 5-year 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 • Obtained the assistance of PwC valuation experts to assess the reasonableness of discount rates used, by re-assessing the cost of equity using comparable companies. We considered the sensitivity of the recoverable amount of PEB, Alam-PE and ARI by varying the key assumptions within reasonably possible ranges.

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
Liquidity and cash flow management Refer to Notes 29 'Loans and Borrowings' and Note 47 'Financial Risk Management Objectives and Policies' As at 31 December 2016, the Group recorded a net current liability position of RM478.6 million, which is due to current loans and bank borrowings which totalled RM1,231.5 million. Current loans and bank borrowing included an amount of RM391.1 million which was reclassified from non-current to current liabilities as at balance sheet date as a result of a technical breach of debt covenants. Management's actions to address this matter with their banks are disclosed in Note 29 to the consolidated financial statements. As the Group is currently in a net current liability position, we focused on the actions and measures taken by the Group to meet their obligations in the next 12 months.	We evaluated the Group's funding and liquidity position as at 31 December 2016 and the ability of the Group to repay its current obligations over the next 12 months by performing the following: • Obtained the Group's budgets and forecast, and assessed the cash flow inflows and outflows for the next 12 months by considering the back-testing results on prior year's budgeted cash flows against actual results; • Obtained external confirmation from bankers of Group's cash, current deposits, loans and borrowings; • Discussed with management and directors on the Group's current financing lines and funding plans and checked the availability of trade lines and financing to the above external confirmations and agreements for the loans and borrowings; • Assessed the Group's obligations for the next 12 months and ascertained that these have been classified correctly as current or non-current; • Obtained and read the agreements for loans and borrowings to understand the terms and conditions. Where debt covenants were identified, we re-performed management's calculations to verify compliance with the contracts; • Assessed the adequacy of disclosure on the breach in the consolidated financial statements; and • Sighted indulgence letters from the banks obtained subsequent to the balance sheet date, which granted the Group exemption from the financial covenants for 31 December 2016 and assessed the disclosure made in the consolidated financial statements

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF WAH SEONG CORPORATION BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises of Corporate Information, Management Discussion & 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 Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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.

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.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 8 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in page 188 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

TIANG WOON MENG
(No. 2927/05/18(J))
Chartered Accountant

Kuala Lumpur
7 April 2017

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	4	**781,659**	802,311	**6,337**	6,729
Prepaid lease payments	5	**120,922**	95,354	**-**	-
Investment properties	7	**11,197**	12,919	**19,462**	19,687
Investment in subsidiaries	8	**-**	-	**673,200**	673,200
Investment in associates	9	**215,183**	329,896	**-**	-
Investment in joint ventures	10	**154,518**	186,326	**-**	-
Finance lease receivables	11	**-**	9,335	**-**	-
Available-for-sale financial assets	12	**10**	10	**-**	-
Goodwill and other intangible assets	14	**155,281**	150,449	**-**	-
Deferred tax assets	15	**24,525**	15,361	**2,175**	1,029
		1,463,295	1,601,961	**701,174**	700,645
CURRENT ASSETS					
Inventories	16	**208,398**	247,396	**-**	-
Amounts due from customers on contracts	17	**43,981**	90,395	**-**	-
Trade and other receivables	18	**462,785**	629,885	**1,908**	1,727
Amounts owing by subsidiaries	19(a)	**-**	-	**255,762**	319,045
Amounts owing by associates	20(a)	**13,176**	4,009	**-**	-
Amounts owing by joint ventures	21(a)	**71,932**	55,166	**12**	-
Finance lease receivables	11	**9,725**	17,151	**-**	-
Tax recoverable		**16,112**	21,629	**-**	-
Derivative financial assets	13	**581**	496	**-**	-
Time deposits	22	**151,763**	160,888	**50,840**	41,006
Cash and bank balances	23	**163,493**	159,919	**5,568**	5,591
		1,141,946	1,386,934	**314,090**	367,369
Assets classified as held for sale	24	**-**	10,291	**-**	-
TOTAL ASSETS		**2,605,241**	2,999,186	**1,015,264**	1,068,014

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	25	**387,444**	387,444	**387,444**	387,444
Share premium	26	**160,246**	160,246	**160,246**	160,246
Treasury shares	27	**(2,331)**	(1,991)	**(2,331)**	(1,991)
Exchange translation reserves	28	**(11,469)**	94,324	**-**	-
Available-for-sale reserve	28	**6**	6	**-**	-
Retained profits		**241,995**	481,889	**223,520**	228,552
		775,891	1,121,918	**768,879**	774,251
Non-controlling interests		**91,913**	103,502	**-**	-
TOTAL EQUITY		**867,804**	1,225,420	**768,879**	774,251
NON-CURRENT AND DEFERRED LIABILITIES					
Loans and borrowings	29	**-**	315,937	**-**	-
Deferred tax liabilities	15	**19,399**	22,734	**-**	-
Trade and other payables	30	**97,501**	5,597	**-**	-
		116,900	344,268	**-**	-
CURRENT LIABILITIES					
Amounts due to customers on contracts	17	**22,563**	16,766	**-**	-
Trade and other payables	30	**329,545**	463,144	**12,303**	13,639
Provision for warranties	31	**9,470**	13,318	**-**	-
Amounts owing to a subsidiary	19(b)	**-**	-	**372**	-
Amounts owing to associates	20(b)	**181**	6	**-**	-
Amounts owing to joint ventures	21(b)	**2,977**	6,479	**-**	-
Derivative financial liabilities	13	**-**	937	**-**	-
Loans and borrowings	29	**1,231,501**	906,488	**233,402**	280,053
Dividend payable		**13,808**	10,118	**-**	-
Current tax liabilities		**10,492**	12,242	**308**	71
		1,620,537	1,429,498	**246,385**	293,763
TOTAL LIABILITIES		**1,737,437**	1,773,766	**246,385**	293,763
TOTAL EQUITY AND LIABILITIES		**2,605,241**	2,999,186	**1,015,264**	1,068,014

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Gross revenue	32	**1,276,588**	1,839,524	**31,292**	76,181
Cost of sales	33	**(1,118,370)**	(1,576,816)	**-**	-
Gross profit		**158,218**	262,708	**31,292**	76,181
Other operating income		**103,838**	141,460	**27,448**	33,397
Selling and distribution expenses		**(31,492)**	(41,821)	**-**	-
Administrative and general expenses		**(381,473)**	(324,590)	**(47,945)**	(102,991)
Other gains - net	34	**995**	4,029	**-**	-
(Loss)/Profit from operations	35	**(149,914)**	41,786	**10,795**	6,587
Finance costs	36	**(29,907)**	(25,084)	**(3,575)**	(3,445)
Share of results of associates		**(53,855)**	11,489	**-**	-
Share of results of joint ventures		**7,812**	7,509	**-**	-
(Loss)/Profit before tax		**(225,864)**	35,700	**7,220**	3,142
Tax expense	37	**(8,690)**	(47,568)	**(660)**	(850)
Net (loss)/profit for the financial year		**(234,554)**	(11,868)	**6,560**	2,292
Net (loss)/profit for the financial year attributable to:					
Owners of the Company		**(228,302)**	9,453	**6,560**	2,292
Non-controlling interests		**(6,252)**	(21,321)	**-**	-
Net (loss)/profit for the financial year		**(234,554)**	(11,868)	**6,560**	2,292
(Loss)/Earnings per share computed based on the net profit for the financial year attributable to the owners of the Company:					
- basic and diluted (sen)	38	**(29.54)**	1.22		

STATEMENTS OF
OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Net (loss)/profit for the financial year		**(234,554)**	(11,868)	**6,560**	2,292
Other comprehensive (expenses)/income:					
Items that may be subsequently reclassified to profit or loss:					
Available-for-sale financial assets	28				
- Fair value losses		**-**	(1)	**-**	-
Foreign currency translation differences for foreign operations		**(106,333)**	83,520	**-**	-
Other comprehensive (expense)/income for the financial year, net of tax		**(106,333)**	83,519	**-**	-
Total comprehensive (expense)/income for the financial year		**(340,887)**	71,651	**6,560**	2,292
Total comprehensive (expense)/income for the financial year attributable to:					
Owners of the Company		**(334,095)**	84,293	**6,560**	2,292
Non-controlling interests		**(6,792)**	(12,642)	**-**	-
Total comprehensive (expense)/income for the financial year		**(340,887)**	71,651	**6,560**	2,292

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		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)	27	-	-	(340)	-	-	-	(340)	-	(340)
Cash dividends paid to owners of the Company	39	-	-	-	-	-	(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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		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 2015		387,444	160,246	(6,285)	19,483	7	514,082	1,074,977	193,306	1,268,283
Net profit/(loss) for the financial year		-	-	-	-	-	9,453	9,453	(21,321)	(11,868)
Other comprehensive income/ (expense) for the financial year		-	-	-	74,841	(1)	-	74,840	8,679	83,519
Total comprehensive income/ (expense) for the financial year		-	-	-	74,841	(1)	9,453	84,293	(12,642)	71,651
Transactions with owners:										
Shares repurchased (including transaction costs)	27	-	-	(2,836)	-	-	-	(2,836)	-	(2,836)
Cash dividends paid to owners of the Company	39	-	-	-	-	-	(34,753)	(34,753)	-	(34,753)
Share dividends distributed to owners of the Company	27	-	-	7,130	-	-	(7,130)	-	-	-
Dividends paid/payable to non-controlling interests		-	-	-	-	-	-	-	(10,655)	(10,655)
Total contributions by and distributions to owners		-	-	4,294	-	-	(41,883)	(37,589)	(10,655)	(48,244)
Acquisition of shares in an existing subsidiary from non-controlling interest		-	-	-	-	-	-	-	(657)	(657)
Issuance of new shares to non-controlling interests of an existing subsidiary		-	-	-	-	-	237	237	811	1,048
Disposal of subsidiaries		-	-	-	-	-	-	-	(69,663)	(69,663)
Incorporation of a new subsidiary		-	-	-	-	-	-	-	227	227
Subscription of right issues by non-controlling interests of an existing subsidiary		-	-	-	-	-	-	-	3,199	3,199
Liquidation of a subsidiary		-	-	-	-	-	-	-	(424)	(424)
Total changes in ownership interest in subsidiaries that did not result in a loss of control		-	-	-	-	-	237	237	(66,507)	(66,270)
Total transactions with owners		-	-	4,294	-	-	(41,646)	(37,352)	(77,162)	(114,514)
At 31 December 2015		387,444	160,246	(1,991)	94,324	6	481,889	1,121,918	103,502	1,225,420

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Retained profits RM'000	Total equity RM'000
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)	27	**-**	**-**	**(340)**	**-**	**(340)**
Cash dividends paid to owners of the Company	39	**-**	**-**	**-**	**(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**
At 1 January 2015		387,444	160,246	(6,285)	268,143	809,548
Total comprehensive income for the financial year		-	-	-	2,292	2,292
Transactions with owners:						
Shares repurchased (including transaction costs)	27	-	-	(2,836)	-	(2,836)
Share dividends distributed to owners of the Company	27	-	-	7,130	(7,130)	-
Cash dividends paid to owners of the Company	39	-	-	-	(34,753)	(34,753)
Total contributions by and distributions to owners		-	-	4,294	(41,883)	(37,589)
At 31 December 2015		387,444	160,246	(1,991)	228,552	774,251

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before tax		**(225,864)**	35,700	**7,220**	3,142
Adjustments for:					
Property, plant and equipment:					
- Depreciation charge		**84,919**	86,999	**418**	429
- Written off		**608**	484	**2**	-
- Net gain on disposal		**(1,748)**	(9,427)	**-**	-
Prepaid lease payments:					
- Amortisation charge		**1,578**	3,138	**-**	-
- Gain on disposal		**-**	(1,507)	**-**	-
Depreciation of investment properties		**372**	382	**225**	225
Amortisation of other intangible assets		**-**	24	**-**	-
(Gain)/Loss on disposal of subsidiaries		**(8,532)**	140	**-**	-
Inventories:					
- Allowance for obsolescence		**5,815**	5,284	**-**	-
- Write back of allowance for obsolescence		**(91)**	(3,256)	**-**	-
- Written off		**1,451**	141	**-**	-
Impairment loss on investment in:					
- subsidiary		**-**	-	**-**	7,138
- an associate		**56,487**	-	**-**	-
Impairment loss on:					
- amount owing by subsidiaries		**-**	-	**7,856**	35,805
- amount owing by an associate		**885**	-	**885**	-
- amount owing by a joint venture		**-**	19	**-**	-
- property, plant and equipment		**99,111**	30,308	**-**	-
- investment properties		**16**	-	**-**	-
Share of results of associates		**53,855**	(11,489)	**-**	-
Share of results of joint ventures		**(7,812)**	(7,509)	**-**	-
Gain on disposal of:					
- non-current asset held for sale		**(10,541)**	-	**-**	-
- an associate		**-**	(2,205)	**-**	-
- available-for-sale financial asset		**-**	(1,943)	**-**	-

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)					
Net impairment on trade and other receivables		**8,297**	6,650	**-**	-
Provision for warranties		**2,621**	2,081	**-**	-
Provision for warranties written back		**(6,633)**	-	**-**	-
Net unrealised (gain)/loss on foreign exchange		**(37,902)**	56,703	**(26,270)**	40,536
Dividend income		**-**	-	**(17,404)**	(60,745)
Interest income from loans and receivables		**(8,956)**	(7,982)	**(7,953)**	(7,195)
Interest expense		**29,907**	25,084	**3,575**	3,445
Fair value gain on derivative financial instruments	34	**(995)**	(4,029)	**-**	-
		36,848	203,790	**(31,446)**	22,780
Changes in working capital:					
Inventories		**16,463**	(46,814)	**-**	-
Receivables		**216,129**	152,622	**(194)**	40,944
Payables		**(100,170)**	(79,028)	**(1,336)**	3,378
Cash generated from/(used in) operations		**169,270**	230,570	**(32,976)**	67,102
Interest received		**8,956**	7,982	**7,953**	7,195
Interest paid		**(29,907)**	(25,084)	**(3,575)**	(3,445)
Tax paid		**(16,901)**	(40,857)	**(1,569)**	(359)
Net cash generated from/(used in) operating activities		**131,418**	172,611	**(30,167)**	70,493

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		**(139,796)**	(110,533)	**(28)**	(116)
Purchase of other intangible assets		**(40)**	(72)	**-**	-
Purchase of investment properties		**(51)**	(2,204)	**-**	-
Purchase of prepaid lease payments		**(27,146)**	(665)	**-**	-
Addition of biological assets		**-**	(1,083)	**-**	-
Subscription of shares in an associate		**-**	(23,293)	**-**	-
Subscription of shares in subsidiaries		**-**	-	**-**	(1,050)
Subscription of shares in a subsidiary by non-controlling interest		**300**	227	**-**	-
Subscription of interest in joint ventures		**-**	(9,745)	**-**	-
Additional investment in a joint venture		**(735)**	(245)	**-**	-
Additional investment in an associate		**(52,676)**	-	**-**	-
Proceeds from disposal of property, plant and equipment		**8,403**	20,942	**-**	-
Proceeds from disposal of:					
- available-for-sale financial asset		**-**	2,993	**-**	-
- an associate		**-**	6,883	**-**	-
- prepaid lease payments		**-**	2,001	**-**	-
- non-current asset held for sale		**20,832**	4,488	**-**	-
Short term deposit placement		**(86,868)**	-	**(29,840)**	-
Net cash inflow/(outflow) from disposal of subsidiaries		**989**	(2,774)	**-**	-
Dividends received from:					
- subsidiaries		**-**	-	**17,404**	19,758
- joint ventures		**-**	325	**-**	-
- an associate		**3,462**	6,107	**-**	-
Net advances from/(to) subsidiaries		**-**	-	**62,193**	(51,442)
Net advances (to)/from joint ventures		**(20,268)**	-	**-**	23
Net advances to associates		**(8,986)**	-	**-**	-
Net cash (used in)/generated from investing activities		**(302,580)**	(106,648)	**49,729**	(32,827)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Purchase of treasury shares	27	**(340)**	(2,836)	**(340)**	(2,836)
Drawdown from term loans		**102,113**	202,641	**-**	-
Repayments of term loans		**(78,181)**	(131,117)	**-**	-
Drawdown of fixed rate notes		**30,640**	-	**-**	-
Repayments of fixed rate notes		**(38,903)**	-	**-**	-
Drawdown from other bank borrowings		**1,298,527**	1,331,390	**967,398**	749,369
Repayments of other bank borrowings		**(1,317,327)**	(1,384,904)	**(995,282)**	(763,932)
Payments made to non-controlling interests to acquire additional shares in a subsidiary		**-**	(206)	**-**	-
Proceeds received from non-controlling interests on issuance of shares by subsidiaries		**400**	4,247	**-**	-
Dividends paid to owners of the Company	39	**(11,592)**	(34,753)	**(11,592)**	(34,753)
Dividends paid to non-controlling interests		**(1,807)**	(537)	**-**	-
Acquisition of additional shares in a subsidiary		**-**	(657)	**-**	-
Advances from customer		**92,510**	-	**-**	-
Net cash generated from/(used in) financing activities		**76,040**	(16,732)	**(39,816)**	(52,152)
NET CHANGES IN CASH AND CASH EQUIVALENTS		**(95,122)**	49,231	**(20,254)**	(14,486)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**320,807**	245,092	**46,597**	60,182
EFFECTS OF EXCHANGE RATE CHANGES		**2,703**	26,484	**225**	901
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		**228,388**	320,807	**26,568**	46,597
Represented by:					
TIME DEPOSITS	22	**151,763**	160,888	**50,840**	41,006
CASH AND BANK BALANCES	23	**163,493**	159,919	**5,568**	5,591
		315,256	320,807	**56,408**	46,597
LESS:					
TIME DEPOSITS WITH MATURITY MORE THAN 3 MONTHS	22	**(57,028)**	-	**-**	-
SHORT TERM INVESTMENTS	22	**(29,840)**	-	**(29,840)**	-
CASH AND CASH EQUIVALENTS		**228,388**	320,807	**26,568**	46,597

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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"); fabrication and rental of gas compressors and process equipment; Exploration and Production ("E&P") of products and services; 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 7 April 2017.

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, 1965 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 2016

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 2016:

- Amendments to MFRS 11 'Joint arrangements' – Accounting for acquisition of interests in joint operations
- Amendments to MFRS 101 'Presentation of financial statements' – Disclosure initiative
- Amendments to MFRS 127 'Equity method in separate financial statements'
- Amendments to MFRS 10, 12 & 128 'Investment entities – Applying the consolidation exception'
- Annual Improvements to MFRSs 2012 – 2014 Cycle

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 Company but not yet effective

- Amendments to MFRS 107 'Statement of Cash Flows – Disclosure Initiative' (effective from 1 January 2017) introduce an additional disclosure on changes in liabilities arising from financing activities.

- Amendments to MFRS 112 'Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses' (effective from 1 January 2017) clarify the requirements for recognising deferred tax assets on unrealised losses arising from deductible temporary difference on asset carried at fair value.

  In addition, in evaluating whether an entity will have sufficient taxable profits in future periods against which deductible temporary differences can be utilised, the amendments require an entity to compare the deductible temporary differences with future taxable profits that excludes tax deductions resulting from the reversal of those temporary differences.

  The amendments shall be applied retrospectively.

- 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.

  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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures (continued)

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

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

  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.

- 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 meet, 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures (continued)

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

- 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.

The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group and the Company is assessing the impact of MFRS 15.

- 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.

The Group and 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
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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 2.15 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 2.12(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 are 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Associates (continued)

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 2.15 on impairment of non-financial assets.

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

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

2.6 Joint arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties where the strategic financial and operating decisions relating to the entities 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 2.15 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 impairment loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment

(a) Measurement basis

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

The cost of property, plant and equipment initially recognised includes purchase price 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 2.25 on borrowing costs. Items such as spare parts are recognised when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

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

At each reporting date, the Group and the Company assess whether there is any indication of impairment. Where an indication of impairment exists, the carrying value of the asset is assessed and written down immediately to its recoverable amount. See accounting policy 2.15 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 and store extension	2 – 50 years

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment (continued)

(b) Depreciation (continued)

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

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

2.8 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.

<u>Accounting as lessee</u>

(a) Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks 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. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the lease principal outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. 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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Leases (continued)

Accounting as lessor

(a) Finance leases

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

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

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

(b) Operating leases

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

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

2.9 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 2.15 on impairment of non-financial assets.

Leasehold land is amortised over the remaining period of the respective leases ranging from 61 to 99 years (2015: 23 to 95 years).

2.10 Biological assets

Biological assets comprise of expenditure incurred on land clearing, planting, fertilising and other associated cost incurred for the upkeep of the crops to maturity. Biological assets are measured at fair value less cost to sell, except on initial recognition for which market determined prices or values are not available and for which alternative estimates of fair value are determined to be clearly unreliable. In such case, the biological assets are stated at cost less accumulated depreciation and accumulated impairment loss if any. See accounting policy 2.15 on impairment of non-financial assets.

At each reporting date, the Group considers the nature of plantation activities being growing and managing oil palm plantations for the sale of oil palm. The biological assets have been stated at cost less accumulated depreciation and accumulated impairment if any, as there has been little biological transformation since the initial cost was incurred. There is currently no active market of the biological asset nor reliable alternative estimates of fair value available. The palm oil trees are considered to be matured by 36 months after the initial field planting.

NOTES TO THE FINANCIAL STATEMENTS
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2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Biological assets (continued)

Improvement costs for cultivating oil palm plantations and oil palm related activities and its ancillary development are capitalised at cost less accumulated amortisation and any accumulated impairment losses.

2.11 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 2.15 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 Note 2.7 up to the date of change in use.

(b) Depreciation

Freehold land is not depreciated. Freehold 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 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 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 2.15 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 2.15 on impairment of non-financial assets. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

(a) Goodwill

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

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

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

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

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

(b) Intellectual property

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

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2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Intangible assets (continued)

(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.

2.13 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.

2.14 Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and exclude fixed deposits pledged to secure banking facilities.

2.15 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 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 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.

2.17 Share capital

(a) Issue of shares

Ordinary shares are recorded at nominal value and proceeds received in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Costs incurred that are directly attributable to the issuance of the shares are accounted for as a deduction from share premium, if any, otherwise it is charged to profit or loss. 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.

(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.

2.18 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Foreign currencies (continued)

(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
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2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 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 de-recognition

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 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.

(c) Initial measurement

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Financial assets (continued)

(d) Subsequent measurement

(i) Financial assets at fair value through profit or loss

Subsequent to initial recognition, financial asset at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss within ‘other gains/(losses) - net’. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss.

(ii) Loans and receivables

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) Available-for-sale financial assets

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of available-for-sale financial asset are recognised in other comprehensive income. When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised within other comprehensive income are included in profit or loss.

Interest on available-for-sale financial assets calculated using the effective interest method is recognised in profit or loss as other income. Dividends on available-for-sale financial assets are recognised in profit or loss when the Group’s right to receive payment is established.

Investment in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

(e) 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Financial assets (continued)

(e) Impairment of financial assets (continued)

(i) Financial assets carried at amortised cost (continued)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Financial liabilities

(a) Classification

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Liabilities in this category are classified within current liabilities if they are either held for trading or are expected to be settled within 12 months after the reporting date. Otherwise, they are classified as non-current.

(ii) Other financial liabilities

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 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.

2.22 Derivative financial instruments

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Gains or losses on derivatives that are not designated as a hedging instrument are recognised in profit or loss within 'other gains/(losses) - net'. The Group currently does not hedge any of its derivative financial instruments.

2.23 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.

2.24 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Revenue recognition (continued)

(a) Construction contracts (continued)

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is only included in contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

At the reporting date, the cumulative costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as 'amount due from customers on contracts' within current assets. Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as 'amount due to customers on contracts' within current liabilities.

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

(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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Revenue recognition (continued)

(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.

2.25 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.

2.26 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 not recognised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Income taxes (continued)

(b) Deferred tax (continued)

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.

2.27 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.28 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.

2.29 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.

2.30 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.

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 2.12(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, weighted average cost of capital and tax rates. 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 14.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(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 9 and Note 10. 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 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	7	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 2016

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 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 thefinancial 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	7	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

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 and store extension RM'000	Capital work in progress RM'000	Total RM'000
2015										
Cost										
At 1 January		87,074	144,750	118,786	889,375	74,266	19,236	20,609	48,392	1,402,488
Additions		9,765	3,730	712	20,682	1,424	1,855	282	72,083	110,533
Disposals		-	(30)	-	(17,459)	(176)	(1,173)	-	-	(18,838)
Write-offs		-	-	-	(3,154)	(227)	(792)	(44)	-	(4,217)
Reclassification		-	1,723	-	4,844	54	-	235	(6,856)	-
Disposal of subsidiaries		-	-	(18,833)	(46,273)	(619)	(4,267)	(53)	(145)	(70,190)
Effect of exchange rate changes		148	7,376	21,748	126,882	9,549	1,667	3,833	12,150	183,353
At 31 December		96,987	157,549	122,413	974,897	84,271	16,526	24,862	125,624	1,603,129
Accumulated depreciation and impairment loss										
At 1 January		5,356	49,090	27,554	462,916	51,593	12,143	8,585	11,562	628,799
Depreciation charge for the financial year		787	4,435	10,384	58,050	9,137	2,035	2,171	-	86,999
Impairment charge for the financial year		-	-	-	30,308	-	-	-	-	30,308
Disposals		-	-	-	(6,323)	(23)	(977)	-	-	(7,323)
Write-offs		-	-	-	(2,798)	(210)	(695)	(30)	-	(3,733)
Disposal of subsidiaries		-	-	(3,776)	(17,432)	(402)	(1,702)	(17)	-	(23,329)
Effect of exchange rate changes		-	5,360	5,291	68,536	7,400	894	1,616	-	89,097
At 31 December		6,143	58,885	39,453	593,257	67,495	11,698	12,325	11,562	800,818
Carrying amount at 31 December		90,844	98,664	82,960	381,640	16,776	4,828	12,537	114,062	802,311

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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
2015					
Cost					
At 1 January	6,200	689	873	1,108	8,870
Additions	-	93	23	-	116
At 31 December	6,200	782	896	1,108	8,986
Accumulated depreciation					
At 1 January	149	597	513	569	1,828
Depreciation charge for the financial year	69	85	53	222	429
At 31 December	218	682	566	791	2,257
Carrying amount at 31 December	5,982	100	330	317	6,729

Impairment of specialised building, plant and equipment

For the financial year ended 31 December 2016, 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 RM99,111,000 (2015: RM30,308,000) 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 19%.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5 PREPAID LEASE PAYMENTS

Group	Note	Unexpired period less than 50 years RM'000	Unexpired period 50 years and above RM'000	Total RM'000
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

5 PREPAID LEASE PAYMENTS (CONTINUED)

Group	Note	Unexpired period less than 50 years RM'000	Unexpired period 50 years and above RM'000	Total RM'000
2015				
Cost				
At 1 January		18,282	190,721	209,003
Additions		-	665	665
Disposal		(550)	-	(550)
Disposal of subsidiaries	40(b)(i)	-	(108,453)	(108,453)
Transfer to assets classified as held for sale	24	-	(11,089)	(11,089)
Effect of exchange rate changes		-	19,381	19,381
At 31 December		17,732	91,225	108,957
Accumulated amortisation				
At 1 January		5,342	10,797	16,139
Amortisation for the financial year		418	2,720	3,138
Disposal		(56)	-	(56)
Disposal of subsidiaries	40(b)(i)	-	(5,595)	(5,595)
Transfer to assets classified as held for sale	24	-	(848)	(848)
Effect of exchange rate changes		-	825	825
At 31 December		5,704	7,899	13,603
Carrying amount at 31 December		12,028	83,326	95,354

The title deeds to certain leasehold land of the Group stated at a total carrying amount of approximately RM19,775,000 (2015: RM30,190,000) have yet to be issued by the relevant authorities.

In the preceding financial year, there was a change in control, whereby a wholly-owned subsidiary, Atama Resources Inc ("ARI"), became an associate. Subsequently, the carrying amount of the prepaid lease payments pertaining to ARI was included as part of investment in associates. Refer to Note 40(b)(i).

NOTES TO THE FINANCIAL STATEMENTS
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6 BIOLOGICAL ASSETS

	Note	Group 2016 RM'000	Group 2015 RM'000
At 1 January		-	18,745
Additions		-	1,083
Disposal of subsidiaries	40(b)(i)	-	(20,977)
Effect of exchange rate changes		-	1,149
At 31 December		-	-

In the preceding financial year, there was a change in control, whereby a wholly-owned subsidiary, Atama Resources Inc ("ARI"), became an associate. Subsequently, the carrying amount of the biological assets pertaining to ARI was included as part of investment in associates. Refer to Note 40(b)(i).

7 INVESTMENT PROPERTIES

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Cost					
At 1 January		**16,301**	14,097	**20,400**	20,400
Additions		**51**	2,204	**-**	-
Transfer to property, plant and equipment	4	**(700)**	-	**-**	-
Disposal		**(1,125)**	-	**-**	-
At 31 December		**14,527**	16,301	**20,400**	20,400
Accumulated depreciation and impairment loss					
At 1 January		**3,382**	3,000	**713**	488
Depreciation charge for the financial year		**372**	382	**225**	225
Impairment charge for the financial year		**16**	-	**-**	-
Transfer to property, plant and equipment	4	**(13)**	-	**-**	-
Disposal		**(427)**	-	**-**	-
At 31 December		**3,330**	3,382	**938**	713
Carrying amount		**11,197**	12,919	**19,462**	19,687
Fair value		**49,322**	44,578	**40,113**	28,974

7 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				
2016				
Land	**-**	**-**	**12,166**	**12,166**
Buildings	**-**	**-**	**37,156**	**37,156**
	-	**-**	**49,322**	**49,322**
2015				
Land	-	-	6,724	6,724
Buildings	-	-	37,854	37,854
	-	-	44,578	44,578

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Company				
2016				
Buildings	**-**	**-**	**40,113**	**40,113**
2015				
Buildings	-	-	28,974	28,974

On 27 June 2011, certain properties were valued by Jordan Lee & Jaafar, an independent firm of professional valuer, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the comparison method of valuation. 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 since the last valuation.

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.

NOTES TO THE FINANCIAL STATEMENTS
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8 INVESTMENT IN SUBSIDIARIES

	Company	
	2016 RM'000	2015 RM'000
Unquoted shares, at cost	**774,471**	774,471
Accumulated impairment losses	**(133,664)**	(133,664)
	640,807	640,807
Advances to subsidiaries, deemed as net investment	**32,393**	32,393
	673,200	673,200

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 2016 %	Group's effective interest 2015 %	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 2016

8 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

	Group's effective interest			
	2016 %	**2015 %**	**Country of incorporation**	**Principal activities**
Wasco Coatings Germany GmbH	**100**$^{+}$	-	Germany	Provision of pipe coating and related services to the oil & gas industry
# Wasco Coatings Finland Oy	**100**$^{\infty\infty}$	-	Finland	Provision of pipe coating and related services to the oil & gas industry
# 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
PPSC (Malaysia) Sdn Bhd	**-**§	-§	Malaysia	Dormant (Dissolved)
# Wasco Coatings HK Limited	**100**	100	Hong Kong, SAR	Investment holding, construction of coating plants, marketing and provision of pipe coating and related services to the oil and gas industry
~ Wasco Energy De Mexico S.A.DE C.V.	**100**$^{\&\&}$	-	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
~ Kanssen (Yadong) International Pipe Coating Services Limited	**-**$^{€}$	100	British Virgin Islands	Provision of pipe coating services and investment holding
~ Yadong Anti-Corrosion (Int) Company Limited	**-**$^{€}$	100	British Virgin Islands	Investment holding
* 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**$^{\pi}$	49$^{\pi}$	Malaysia	Agent and representative for the supply of equipment and the provision of related services to the oil drilling and production industry

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

8 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

		Group's effective interest			
		2016	**2015**	**Country of**	
		%	**%**	**incorporation**	**Principal activities**
	Wasco Corrosion Services Sdn. Bhd.	**63**	63	Malaysia	Supply and installation of sacrificial anodes, provision of cathodic protection services and equipment, corrosion protection services, passive fire protection services, special paint coating services and provision of technical training services
	Wasco Lindung Sdn. Bhd.	**48**$^{\pi}$	48$^{\pi}$	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	**-**[@]	-[@]	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 compressors and designing, engineering and fabrication of oil and gas processing and compression systems and equipment
*	PT. Gas Services Indonesia	**100**	100	Indonesia	Consulting services, rental, repair and maintenance of natural gas industry equipment
#	WS Engineering & Fabrication Pte. Ltd. (formerly known as Wasco Engineering Services Singapore Pte. Ltd.)	**100**	100	Singapore	Design, engineering and fabrication of oil and gas processing and compression systems and equipment
*	Wasco Engineering Australia Pty. Ltd.	**100**	100	Australia	Dormant
#	WS Engineering Equipment Pte. Ltd. (formerly known as Wasco 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

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

Details of subsidiaries are as follows (continued):

	Group's effective interest 2016 %	Group's effective interest 2015 %	Country of incorporation	Principal activities
# WS Engineering Technologies Pte. Ltd. (formerly known as Wasco 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	**100**	100	British Virgin Islands	Dormant
Gas Services International (M) Sdn. Bhd.	**-∂**	-∂	Malaysia	Dormant (In Members' Voluntary Winding Up)
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	**- ΩΩ**	100	Nigeria	Provision of engineering consultancy, product and related services to the oil and gas industry
* 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
Jutasama International Limited	**-&**	100	Hong Kong, SAR	Dormant (Deregistered)
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

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8 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

	Group's effective interest 2016 %	Group's effective interest 2015 %	Country of incorporation	Principal activities
~ 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
# PMT Industries (HK) Limited	**100**	100	Hong Kong, SAR	Dormant
PMT Industries (Labuan) Ltd.	**100**	100	Federal Territory of Labuan, Malaysia	Supply of equipment for power, palm oil and other agricultural industries
PMT-Phoenix Industries Sdn. Bhd.	**100**	100##	Malaysia	Dormant
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
Wah Seong Industrial Holdings Sdn. Bhd.	**100**	100	Malaysia	Investment and property holding and provision of management services
Syn Tai Hung Corporation Sdn. Bhd.	**-¥¥**	-¥¥	Malaysia	Dormant (In Member's Voluntary Winding Up)
Wah Seong Ventures Sdn. Bhd.	**-++**	-++	Malaysia	Dormant (In Member's Voluntary Winding Up)
E-Green Technology Sdn. Bhd.	**-ππ**	-ππ	Malaysia	Dormant (In Member's Voluntary Winding Up)
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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8 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

	Group's effective interest		Country of incorporation	Principal activities
	2016	**2015**		
	%	**%**		
~ 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 of machinery and spare parts and provision of technical and engineering services
WDG Resources Sdn. Bhd.	**60[ß]**	75[∂∂]	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[ßß]	The Republic of the Union of Myanmar	Manufacturing and marketing of polyethylene pipes, fittings and tanks for related fluid conveyance products
Syn Tai Hung Borneo Sdn. Bhd.	**70[∞]**	-	Malaysia	Trading of building materials, industrial equipment and machinery
* Wah Seong International Pte Limited	**100**	100	Hong Kong, SAR	Investment holding
WSC Capital Sdn. Bhd.	**100**	100	Malaysia	Provide treasury services to related companies.
* WSIPL Australia Pty. Ltd.	**100**	100	Australia	Dormant
Maple Sunpark 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[øø]	Malaysia	Investment and property holding
Peakvest Sdn. Bhd.	**100**	100	Malaysia	Letting of properties
# WS Agro Industries Pte. Ltd.	**100**	100	Singapore	Investment holding
WSC Capital (Labuan) Limited	**100[∂]**	100	Federal Territory of Labuan, Malaysia	Dormant (In Member's Voluntary Winding Up)

* Audited by a firm other than member firms of PricewaterhouseCoopers International Limited and PricewaterhouseCoopers Malaysia.

\# Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers Malaysia.

~ Companies not required by their local laws to appoint statutory auditors.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

8 INVESTMENT IN SUBSIDIARIES (CONTINUED)

∂ 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.

€ On 1 November 2016, Kanssen (Yadong) International Pipe Coating Services Limited and Yadong Anti-Corrosion (Int) Company Limited, both are dormant indirect subsidiaries of the Company, struck off from the Register of Companies by the Registrar of Corporate Affairs, British Virgin Islands, pursuant to Section 213(1)(c) of the BVI Business Companies Act, 2004.

+ 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.

∞∞ 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.

§ On 4 July 2016, PPSC (Malaysia) Sdn Bhd ("PPSCM"), a wholly-owned subsidiary of PPSC Industrial Holding Sdn Bhd, a company incorporated in Malaysia, which in turn is an indirect wholly-owned subsidiary of WSC, had held its final meeting for the Member's Voluntary Winding Up. PPSCM 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.

∞ 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.

& On 1 April 2016, Jutasama International Limited, an indirectly wholly-owned subsidiary of the Company, has been deregistered pursuant to Section 751 of the Companies Ordinance (Cap 622.) in Hong Kong.

ΩΩ 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.

&& 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.

8 INVESTMENT IN SUBSIDIARIES (CONTINUED)

ß 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.

++ 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.

ππ 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.

∂∂ On 18 December 2015, an indirect wholly-owned subsidiary of the Company, Spirolite (M) Sdn. Bhd., entered into a Share Sale Agreement for disposal of 800,000 shares of RM1.00 each in the issued and paid-up share capital of WDG Resources Sdn. Bhd. ("WDG"), for a cash consideration of RM800,000. Subsequently, an indirect wholly-owned subsidiary of the Company, Syn Tai Hung Sdn. Bhd. acquired 600,000 shares of RM1.00 each representing 75% of the equity interest in WDG, for a cash consideration of RM600,000. Upon completion of the disposal, WDG ceased to be a wholly-owned subsidiary of the Company but remained as an indirect subsidiary of the Company.

^^ On 14 December 2015, an indirect wholly-owned subsidiary, Wasco Coatings Europe B.V. had incorporated a 70% owned subsidiary known as Wasco-PAP Services Ghana Limited ("WPSGL") in the Republic of Ghana. WPSGL has an issued amount of stated capital of Ghanaian Cedi 988,000 divided into issue shares of 988,000 of no par value.

¥¥ 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.

øø On 14 August 2015, the Company had diluted its indirect 71% equity interest held to 65% via its indirect 79% owned subsidiary namely Triple Cash Sdn. Bhd. ("TCSB"), in the paid-up capital of Sunrise Green Sdn. Bhd. ("SGSB"), an indirect subsidiary of the Company following the Renounceable Rights Issue Exercise undertaken by SGSB of 100,000 ordinary shares of RM1.00 each issued and allotted on a proportionate basis to its existing shareholders which TCSB had renounced in totality.

ßß On 9 June 2015, an indirect wholly-owned subsidiary, Spirolite (M) Sendirian Berhad had incorporated a wholly-owned subsidiary by the name of Spirolite (Myanmar) Company Limited ("Spirolite Myanmar") in The Republic of the Union of Myanmar. Spirolite Myanmar has an initial issue paid-up share capital of USD150,000 divided into USD1.00 each representing 100% of the initial issued and paid-up share capital of Spirolite Myanmar.

¥ On 21 April 2015, Syn Tai Hung (Cambodia) Co. Ltd ("STH Cambodia") had been incorporated in Cambodia. STH Cambodia has an initial issue and paid-up share capital of USD300,000 divided into 300,000 shares of USD1.00 each. STH Cambodia became an indirect 80% owned subsidiary of the Company, held through its indirect wholly-owned subsidiaries, namely STH Sri Bulatan Sdn. Bhd. and Stellar Marketing Sdn. Bhd., with equity interests of 70% and 10%, respectively.

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

On 17 February 2015, PMT Industries Sdn. Bhd., an indirect wholly-owned subsidiary of the Company acquired the remaining 17% equity interest in PMT-Phoenix Industries Sdn. Bhd. ("PMTPI"). Upon completion of the acquisition, PMTPI became an indirect wholly-owned subsidiary of the Company.

∂ On 30 September 2014, Gas Services International (M) Sdn. Bhd. ("GSIM"), an indirect 70% owned subsidiary of the Company had at its Extraordinary General Meeting inter-alia, approved the special resolution to wind up GSIM by way of Members' Voluntary Winding Up. As a result, the Group no longer controls the subsidiary and as such it was not consolidated.

@ 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.

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.

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.

On 14 February 2017, Wasco Coatings Germany GmbH ("WC Germany"), an indirect wholly-owned subsidiary of the Company, had entered into a Share Purchase Agreement with mutares AG for the acquisition of 100% equity interest in mutares Holding-16 AG ("MH-16") for a total consideration of EUR19,500,000. MH-16 is the sole shareholder of Eupec PipelineServices GmbH ("EUPEC Germany"). Upon completion of the acquisition of MH-16, both MH-16 and EUPEC Germany became indirect wholly-owned subsidiaries of the Company.

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.

<u>Non-controlling interests in subsidiaries</u>

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
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)**

8 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
2016 (continued)			
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	-	-

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8 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
2015					
NCI percentage of ownership interest and voting interest	40%	30%	40%		
Carrying amount of NCI	12,524	92,835	(1,826)	(31)	103,502
Net profit/(loss) allocated to NCI	1,977	(7,290)	(6,480)	(9,528)	(21,321)
Summarised financial information before intra-group elimination					
As at 31 December					
Non-current assets	4,026	53,968	82,379		
Current assets	67,892	435,861	131,598		
Current liabilities	(40,606)	(180,378)	(218,542)		
Net assets/(liabilities)	31,312	309,451	(4,565)		
Financial year ended 31 December					
Revenue	95,677	166,470	122,725		
Net profit/(loss)	4,942	(24,300)	(16,201)		
Cash flows (used in)/ generated from operating activities	(5,093)	144,961	28,340		
Cash flows (used in)/ generated from investing activities	(819)	(45,490)	2,248		
Cash flows (used in)/ generated from financing activities	(792)	(97,287)	52,253		
Net change in cash and cash equivalents	(6,704)	2,184	82,841		
Dividends paid/payable to NCI	(1,469)	(10,118)	-		

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9 INVESTMENT IN ASSOCIATES

	Group	
	2016 RM'000	**2015 RM'000**
Quoted shares in Malaysia	**130,114**	179,741
Unquoted shares	**189,043**	127,002
Share of post-acquisition results and reserves	**(47,487)**	23,153
	271,670	329,896
Less: Accumulated impairment loss	**(56,487)**	-
	215,183	329,896
Share of net assets of associates	**215,183**	329,896
Quoted shares in Malaysia at fair value	**82,223**	109,053

Quoted shares - Petra Energy Berhad

As at 31 December 2016 and 31 December 2015, 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 2016, was approximately RM82,222,500. This fair value is approximately 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 average 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 average revenue growth rate takes into consideration the secured contracts as at 31 December 2016 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.

	2016	**2015**
Average revenue growth rate for 5 years	**4.6%**	10.4%
Discount rate	**12.4%**	13.4%
Growth rate for terminal value	**2.0%**	3.0%

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.

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9 INVESTMENT IN ASSOCIATES (CONTINUED)

Sensitivity

The recoverable amount of the investment in quoted shares is estimated to exceed the carrying amount at 31 December 2016.

The recoverable amount of the investment in quoted shares would equal its carrying amount if the key assumptions were to change as follows:

	2016	
	From	**To**
Average revenue growth rate for 5 years	**4.6%**	**3.9%**
Discount rate	**12.4%**	**12.9%**
Growth rate for terminal value	**2.0%**	**1.4%**

Unquoted shares - Atama Resources Inc.

During the financial year, the Group reviewed the recoverable amount of its investment in unquoted shares of its associate which had suffered losses during the financial year 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.

The value-in-use calculation is primarily impacted by the discount rate. The discount rate reflects the current market assessment of the risks specific to the industry and country and is based on the cost of equity. The discount rate used to determine the value-in-use for the current financial year was 25.27%. Based on the impairment assessment, the Group recognised an impairment loss of RM56,487,000.

Sensitivity

If the discount rate applied to the cash flow projections had been 1% higher than management's estimates, the Group would have to recognise an additional impairment totalling RM1,082,000 on investment in unquoted shares of its associate.

Impairment of investment in associates

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

	Group	
	2016 RM'000	**2015 RM'000**
At 1 January	**-**	-
Impairment loss recognised	**56,487**	-
At 31 December	**56,487**	-

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9 INVESTMENT IN ASSOCIATES (CONTINUED)

Details of associates are as follows:

	Country of incorporation	Group's effective interest 2016 %	Group's effective interest 2015 %	Principal activities
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
Wah Seong Boustead Company Limited	Myanmar	**50**	50	Property development, trading and provision of auxiliary services
Hicom Petro-Pipes Sdn. Bhd.	Malaysia	**-[&]**	-[&]	Dormant
TOT Inspection Sdn. Bhd.	Malaysia	**-[^]**	-[^]	Dormant (In Members' Voluntary Winding Up)
Atama Resources Inc.	Republic of Mauritius	**49**	49[¥]	Investment holding

¥ On 30 November 2015, the Company had diluted its indirect 51% equity interest held to 48.96% in Atama Resources Inc. ("ARI") via its wholly-owned subsidiary namely WS Agro Industries Pte Ltd ("WS Agro") following the renouncement by WS Agro of the Renounceable Right Issues of 750,000 of USD1.00 each together with detachable warrants of 750,000 of USD1.00 each to existing shareholders undertaken by ARI.

As a result, ARI ceased to be an indirect subsidiary of the Company and became an associate of the Company as disclosed in Note 40(b)(i). There is no material impact on the financial position and results of the Group.

Accordingly, ARI and its subsidiaries namely, Atama Plantation SARL, Signet Plus Sdn. Bhd., Agro Commodities Inc. and Atama Forest SARL also became associates of the Company.

\# On 11 August 2015, Wasco Coatings Limited ("WCL"), an indirect wholly-owned of the Company together with Evraz Inc. NA Canada ("Evraz") had incorporated a company in Canada by the name of Evraz Wasco Pipe Protection Corporation ("EWPPC"). EWPPC has an initial authorised capital stock of an unlimited number of common shares. The issued and paid-up share capital is Canadian Dollar($)100, comprising 100 common shares of $1.00 each which were held in the proportions of 49% and 51% by WCL and Evraz, respectively.

& On 9 March 2015, Petro-Pipe Industries (M) Sdn. Bhd., an indirect wholly-owned subsidiary of the Company had completed the disposal of 7,350,000 ordinary shares of RM1.00 each in the issued and paid-up share capital of Hicom Petro-Pipes Sdn. Bhd. ("HPP"), representing 49% equity interest in HPP for a total cash consideration of RM6,883,163. As a result of the disposal, HPP ceased to be an indirect associate of the Company.

^ On 10 December 2014, TOT Inspection Sdn. Bhd. ("TOTI"), an indirect associate company of the Company had at its Extraordinary General Meeting, inter-alia, approved the special resolution to wind up TOTI by way of Members' Voluntary Winding Up.

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9 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:

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 received	3,462	-	-	-	3,462

9 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 (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
2015					
Summarised financial information					
As at 31 December					
Non-current assets	698,865	217,455	44,647		
Current assets	639,806	3,805	7,836		
Non-current liabilities	(173,576)	(21)	(25)		
Current liabilities	(412,554)	(13,915)	(83)		
Net assets	752,541	207,324	52,375		
Financial year ended 31 December					
Revenue	652,934	-	-		
Net profit/(loss)	45,050	(1,360)	-		
Other comprehensive income	10,801	1,828	-		
Total comprehensive income	55,851	468	-		
Reconciliation of net assets to carrying amount					
As at 31 December					
Group's share of net assets	202,433	101,506	25,663	227	329,829
Goodwill	-	-	-	67	67
Carrying amount in statement of financial position	202,433	101,506	25,663	294	329,896
Group's share of results					
Financial year ended 31 December					
Group's share of profit/(loss)	12,118	(666)	-	37	11,489
Dividend received	6,107	-	-	-	6,107

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10 INVESTMENT IN JOINT VENTURES

	Group	
	2016 RM'000	2015 RM'000
Unquoted shares	**166,443**	201,083
Share of post-acquisition results and reserves	**(2,151)**	(5,171)
	164,292	195,912
Less: Accumulated impairment loss	**(9,774)**	(9,586)
	154,518	186,326
Share of net assets of joint ventures	**154,518**	186,326

During the financial year, the Group reviewed the recoverable amount of its investment in a joint venture. The recoverable amount was determined using value-in-use calculations. The calculations are 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 average 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 average revenue growth rate takes into consideration the secured contracts as at 31 December 2016 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 for the value-in-use calcuations.

	2016	2015
Average revenue growth rate for 5 years	**3.3%**	0%
Discount rate	**11.1%**	12.1%
Growth rate for terminal value	**2.0%**	2.0%

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.

NOTES TO THE FINANCIAL STATEMENTS
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10 INVESTMENT IN JOINT VENTURES (CONTINUED)

Sensitivity

The recoverable amount of the investment in a joint venture is estimated to exceed the carrying amount at 31 December 2016.

The recoverable amount of the investment in a joint venture would equal its carrying amount if the key assumptions were to change as follows:

	2016	
	From	**To**
Average revenue growth rate for 5 years	**3.3%**	**2.4%**
Discount rate	**11.1%**	**11.4%**
Growth rate for terminal value	**2.0%**	**1.6%**

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	
	2016 RM'000	**2015 RM'000**
At 1 January	**9,586**	7,797
Effect of exchange rate changes	**188**	1,789
At 31 December	**9,774**	9,586

Details of joint ventures are as follows:

		Group's effective interest		
	Country of incorporation	**2016 %**	**2015 %**	**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	**-***	-*	Dormant (In Members' Voluntary Winding Up)

NOTES TO THE FINANCIAL STATEMENTS
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10 INVESTMENT IN JOINT VENTURES (CONTINUED)

Details of joint ventures are as follows (continued):

	Country of incorporation	Group's effective interest 2016 %	Group's effective interest 2015 %	Principal activities
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
Wasco Engineering & Technology (Nantong) Co., Ltd.	People's Republic of China	**36**	36	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

* On 28 December 2015, Pesanan Dinamik Sdn. Bhd. ("PDSB"), an indirect joint-venture of the Company had its Extraordinary General Meeting inter-alia, approved the special resolution to wind up PDSB by way of Members' Voluntary Winding Up.

^ On 30 September 2015, Wasco Coatings Limited ("WCL"), an indirect wholly-owned subsidiary of the Company together with Welspun Corp Ltd. ("Welspun") had incorporated a joint venture company in India by the name of Welspun Wasco Coatings Private Limited ("WWCPL"). WWCPL has an authorised share capital of Indian Rupee Three Hundred Million (INR300,000,000) divided into 30,000,000 shares of Indian Rupee Ten (INR10) each which were held in the proportions of 49% and 51% by WCL and Welspun, respectively.

On 26 January 2017, Lesso Home Syn Tai Hung Sdn Bhd ("LHSTH") was incorporated in Malaysia following the execution of a Joint Venture and Shareholders' Agreement dated 3 January 2017 entered into between Syn Tai Hung Trading Sdn Bhd ("STHT"), an indirect wholly-owned subsidiary of the Company, and Lesso Home Service Holdings Limited, with the equity interest of 49% and 51% respectively. LHSTH has an initial issued and paid-up capital of RM100 divided into 100 ordinary shares of RM1.00 each. As a result, LHSTH became the Company's indirect joint venture company held through STHT.

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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10 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:

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
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

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10 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 (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/(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 received	-	-	-	-	-	-

10 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 (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**
2015				
Summarised financial information				
As at 31 December				
Non-current assets	287,429	89,966	62,731	12,421
Current assets	28,755	46,243	8,678	315
Cash and cash equivalents	24,385	1,090	17,615	8,911
Non-current liabilities	(34,141)	(103,960)	(7,657)	-
Current liabilities	(17,904)	(26,566)	(19,129)	(2,478)
Financial year ended 31 December				
Net profit/(loss)	20,232	(2,491)	(882)	-
Other comprehensive (expense)/income	(1,868)	340	5,934	-
Total comprehensive income/(expense)	18,364	(2,151)	5,052	-
Included in the total comprehensive income/(expense) are:				
Revenue	60,022	75,483	20,940	-
Interest income	-	-	5	-
Depreciation and amortisation	(12,431)	(5,202)	(6,612)	-
Interest expense	(3,136)	(2,454)	(280)	-
Tax expense	(2)	-	32	-

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10 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 (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
2015 (continued)						
Reconciliation of net assets to carrying amount						
As at 31 December						
Group's share of net assets	141,376	3,318	15,386	9,393	16,041	185,514
Goodwill	12,397	-	-	-	1,319	13,716
Less: Elimination of unrealised profits	-	(620)	-	-	-	(620)
Reclassification to other payables	-	(2,698)	-	-	-	(2,698)
Less: Accumulated impairment loss	-	-	-	-	(9,586)	(9,586)
Carrying amount in statement of financial position	153,773	-	15,386	9,393	7,774	186,326
Group's share of results						
Financial year ended 31 December						
Group's share of profit/(loss)	9,914	(1,221)	(441)	-	(743)	7,509
Group's share of other comprehensive (expense)/income	(915)	167	2,967	-	(886)	1,333
Group's share of total comprehensive income/(expense)	8,999	(1,054)	2,526	-	(1,629)	8,842
Dividend received	-	-	-	-	325	325

11 FINANCE LEASE RECEIVABLES

	Group	
	2016 RM'000	**2015 RM'000**
Minimum lease receivables:		
Not later than 1 year	**9,772**	17,496
Later than 1 year and not later than 2 years	**-**	9,381
	9,772	26,877
Less: Future finance income	**(47)**	(391)
Present value of finance lease assets	**9,725**	26,486
Present value of finance lease receivables:		
Not later than 1 year	**9,725**	17,151
Later than 1 year and not later than 2 years	**-**	9,335
	9,725	26,486

The effective interest rate of the Group's finance lease receivables ranges from 1.77% to 1.88% (2015: 1.77% to 1.88%). Included in minimum lease receivables are the estimated unguaranteed residual values of the leased assets of RM3,501,000 (2015: RM3,360,000).

12 AVAILABLE-FOR-SALE FINANCIAL ASSETS

Group	**Quoted shares in Malaysia RM'000**
2016	
At fair value	**10**
Market value of quoted investments	**10**
2015	
At fair value	10
Market value of quoted investments	10

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13 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

Group	Contract/ notional amount	Assets RM'000	Liabilities RM'000
2016			
Current			
Non-hedging derivatives			
Financial assets at fair value through profit or loss			
- Forward currency contracts	**USD1,724,000**	**581**	**-**
2015			
Current			
Non-hedging derivatives			
Financial liabilities at fair value through profit or loss			
- Forward currency contracts	USD29,410,173	496	(937)

The Company did not hold any derivative financial instruments as at 31 December 2016 (2015: Nil).

Non-hedging derivatives

The Group uses forward currency contracts and interest rate cap derivatives to manage some of the transaction exposures and limit its exposure to adverse fluctuation in foreign currency and interest rates respectively. These contracts are not designated as cash flow or fair value hedges.

Forward currency contracts

The Group enters into foreign currency forward contracts to protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled. Forward currency contracts are mainly used to hedge certain trade receivables and trade payables denominated in United States Dollar and Singapore Dollar for which firm commitments existed at the reporting date, extending to February 2017 (2015: September 2016).

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

During the financial year, the Group recognised a gain of RM995,000 (2015: gain of RM4,029,000) 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 48.

14 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
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**
2015						
Cost						
At 1 January		129,010	51	112	3,657	132,830
Additions		-	72	-	-	72
Disposal of a subsidiary	40(b)(ii)	(551)	-	-	-	(551)
Effect of exchange rate changes		21,848	19	-	809	22,676
At 31 December		150,307	142	112	4,466	155,027
Accumulated amortisation and impairment loss						
At 1 January		-	-	88	3,657	3,745
Amortisation for the financial year		-	-	24	-	24
Effect of exchange rate changes		-	-	-	809	809
At 31 December		-	-	112	4,466	4,578
Carrying amount at 31 December		150,307	142	-	-	150,449

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

14 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	
	2016 RM'000	**2015 RM'000**
Cash-generating units		
Specialised Pipe Coating and Corrosion Protection Services (CGU A)	**83,048**	80,666
EPC, Fabrication and Rental of Gas Compressors and Process Equipment (CGU B)	**72,041**	69,641
	155,089	150,307

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 (2015: 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.

	2016		2015	
	Growth rate	**Pre-tax discount rate**	**Growth rate**	**Pre-tax discount rate**
CGU A	**3.7%**	**19.0%**	1.4%	18.6%
CGU B	**4.5%**	**16.5%**	4.3%	13.0%

The key assumptions used in calculating the value-in-use are described below:

(i) Growth rate

The revenue growth rate used for the cash flows in respect of year 2 to 5 ranged from 3.7% and 4.5% (2015: ranged from 1.4% and 4.3%). Cash flows beyond this 5-year period to determine the ternimal values used a zero growth rate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

14 GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)

Impairment testing of goodwill (continued)

(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.

Sensitivity

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

	2016	
	From	**To**
CGU A		
Average revenue growth rate for 5 years	**3.7%**	**0.8%**
Pre-tax discount rate	**19.0%**	**23.2%**
Growth rate for terminal value	**0%**	**(5.1%)**
CGU B		
Average revenue growth rate for 5 years	**4.5%**	**2.2%**
Pre-tax discount rate	**16.5%**	**21.2%**
Growth rate for terminal value	**0%**	**(5.5%)**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

15 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deferred tax assets	**24,525**	15,361	**2,175**	1,029
Deferred tax liabilities	**(19,399)**	(22,734)	**-**	-
	5,126	(7,373)	**2,175**	1,029
At 1 January	**(7,373)**	9,266	**1,029**	1,029
Credited/(Charged) to profit or loss (Note 37):				
- Unused tax losses	**3,814**	(1,075)	**-**	-
- Property, plant and equipment	**5,869**	(12,598)	**8**	-
- Provisions and accruals	**9,051**	(5,485)	**1,138**	-
- Incentives	**(1,982)**	(78)	**-**	-
- Unrealised foreign exchange	**(3,348)**	2,835	**-**	-
- Others	**233**	1,233	**-**	-
	13,637	(15,168)	**1,146**	-
Disposal of subsidiaries	**-**	21	**-**	-
Effect of exchange rate changes	**(1,138)**	(1,492)	**-**	-
At 31 December	**5,126**	(7,373)	**2,175**	1,029

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

15 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Subject to income tax				
Deferred tax assets (before offsetting)				
- Unused tax losses	**7,505**	3,691	**-**	-
- Property, plant and equipment	**1,855**	322	**-**	-
- Provisions and accruals	**21,367**	12,316	**2,224**	1,029
- Incentives	**-**	1,982	**-**	-
- Unrealised foreign exchange losses	**118**	4,026	**-**	-
- Others	**119**	373	**-**	-
	30,964	22,710	**2,224**	1,029
Offsetting	**(6,439)**	(7,349)	**(49)**	-
Deferred tax assets (after offsetting)	**24,525**	15,361	**2,175**	1,029
Deferred tax liabilities (before offsetting)				
- Property, plant and equipment	**(23,156)**	(27,492)	**(49)**	-
- Unrealised foreign exchange gains	**(1,804)**	(2,364)	**-**	-
- Others	**(878)**	(227)	**-**	-
	(25,838)	(30,083)	**(49)**	-
Offsetting	**6,439**	7,349	**49**	-
Deferred tax liabilities (after offsetting)	**(19,399)**	(22,734)	**-**	-

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	
	2016 RM'000	**2015 RM'000**
Deductible temporary differences on:		
- Unused tax losses	**358,026**	253,997
- Unabsorbed capital allowances	**75,725**	68,151
- Others	**27,038**	28,298
	460,789	350,446
Deferred tax assets not recognised	**106,137**	81,397

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

16 INVENTORIES

	Group	
	2016 RM'000	**2015 RM'000**
Raw materials	**112,614**	154,369
Work-in-progress	**42,276**	38,093
Manufactured and trading goods	**37,433**	39,866
Consumables	**13,725**	13,456
Goods in transit	**2,350**	1,612
	208,398	247,396

17 AMOUNTS DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	Group	
	2016 RM'000	**2015 RM'000**
Aggregate costs incurred to date	**878,075**	1,316,085
Attributable profits recognised to date less recognised losses	**169,995**	198,459
	1,048,070	1,514,544
Less: Progress billings on contracts	**(1,026,652)**	(1,440,915)
	21,418	73,629
Represented by:		
Amounts due from customers on contracts	**43,981**	90,395
Amounts due to customers on contracts	**(22,563)**	(16,766)
	21,418	73,629
Retention sums on contracts (included within trade receivables)	**2,152**	7,278

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

18 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Gross trade receivables	**316,117**	473,513	**-**	-
Less: Allowance for impairment loss	**(19,748)**	(15,528)	**-**	-
	296,369	457,985	**-**	-
Other receivables, deposits and prepayments	**182,157**	187,467	**1,923**	1,742
Less: Allowance for impairment loss	**(15,741)**	(15,567)	**(15)**	(15)
	166,416	171,900	**1,908**	1,727
Total net receivables	**462,785**	629,885	**1,908**	1,727

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	
	2016 RM'000	**2015 RM'000**
Oil & gas	**86,575**	199,989
Renewable energy	**67,315**	93,102
Industrial trading & services	**142,479**	154,921
Others	**-**	9,973
Total	**296,369**	457,985

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 2016

18 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
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**
2015			
Not past due	133,828	-	133,828
1 to 30 days overdue	154,047	-	154,047
31 to 60 days overdue	52,076	-	52,076
61 to 90 days overdue	45,270	-	45,270
91 to 180 days overdue	47,085	(855)	46,230
181 to 365 days overdue	14,006	-	14,006
More than 365 days overdue	27,201	(14,673)	12,528
Total	473,513	(15,528)	457,985

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.

18 TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	Group	
	2016 RM'000	2015 RM'000
At 1 January	**15,528**	30,644
Impairment loss recognised	**9,567**	4,017
Impairment loss reversed	**(1,320)**	(2,101)
Impairment loss written off	**(3,323)**	(17,821)
Disposal of a subsidiary	**(904)**	-
Effect of exchange rate changes	**200**	789
At 31 December	**19,748**	15,528

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 Company's allowance for impairment loss of other receivables during the financial year are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At 1 January	**15,567**	10,414	**15**	15
Impairment loss recognised	**50**	4,734	**-**	-
Effect of exchange rate changes	**124**	419	**-**	-
At 31 December	**15,741**	15,567	**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, was:

	Group	
	2016 RM'000	2015 RM'000
Gross trade receivables		
- United States Dollar	**42,788**	57,978
- China Renminbi	**6,683**	-
- Indonesian Rupiah	**5,421**	-
- Singapore Dollar	**4,244**	6,160
- Japanese Yen	**3,812**	516
- Euro Dollar	**784**	1,932
- Norwegian Kroner	**-**	27
	63,732	66,613

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

18 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	
	2016 RM'000	**2015 RM'000**
Other receivables, deposits and prepayments		
- United States Dollar	**38,320**	65,516
- Euro Dollar	**22,750**	390
- Japanese Yen	**20,109**	-
- China Renminbi	**3,764**	-
- Indonesian Rupiah	**2,071**	1,602
- Singapore Dollar	**1,155**	3,278
- United Arab Emirates Dirham	**499**	498
- Ringgit Malaysia	**-**	384
- Others	**416**	-
	89,084	71,668

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

19 AMOUNTS OWING BY/(TO) SUBSIDIARIES

(a) Amounts owing by subsidiaries

	Company	
	2016 RM'000	**2015 RM'000**
Interest bearing loans (unsecured)	**296,246**	303,219
Interest free advances (unsecured)	**3,177**	6,476
Dividends receivable	**-**	45,155
	299,423	354,850
Less: Allowance for impairment loss	**(43,661)**	(35,805)
	255,762	319,045

The effective interest rate of interest bearing loans as at 31 December 2016 ranges between 1.50% to 6.25% (2015: 1.25% to 6.25%) per annum. The loans and advances are recoverable on demand.

19 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	
	2016 RM'000	**2015 RM'000**
At 1 January	**35,805**	-
Impairment loss recognised	**8,485**	35,805
Impairment loss reversed	**(629)**	-
At 31 December	**43,661**	35,805

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, was:

	Company	
	2016 RM'000	**2015 RM'000**
- United States Dollar	**210,969**	267,253

(b) Amounts owing to a subsidiary

	Company	
	2016 RM'000	**2015 RM'000**
Non-trade account	**372**	-

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

20 AMOUNTS OWING BY/(TO) ASSOCIATES

(a) Amounts owing by associates

	Group	
	2016 RM'000	2015 RM'000
Trade accounts	**5,709**	142
Advances	**8,908**	4,401
Less: Allowance for impairment loss	**(1,441)**	(534)
	13,176	4,009

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

	Group	
	2016 RM'000	2015 RM'000
At 1 January	**534**	534
Impairment loss recognised	**885**	-
Effect of exchange rate changes	**22**	-
At 31 December	**1,441**	534

The Group has no significant exposure to foreign currency risk for the amounts owing by associates except for an amount of RM2,020,000 (2015: RM1,892,000) 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.

(b) Amounts owing to associates

Advances owing to associates are unsecured, interest free and are recoverable on demand and denominated in United States Dollar.

21 AMOUNTS OWING BY/(TO) JOINT VENTURES

(a) Amounts owing by joint ventures

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade accounts	**6,081**	294	**-**	-
Interest bearing loan	**59,921**	41,571	**-**	-
Advances	**6,384**	13,755	**12**	-
	72,386	55,620	**12**	-
Less: Allowance for impairment loss	**(454)**	(454)	**-**	-
	71,932	55,166	**12**	-

The Group's effective interest rate of interest bearing loans as at 31 December 2016 is between 3.26% and 3.75% (2015: 3.26%) 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	
	2016 RM'000	2015 RM'000
At 1 January	**454**	592
Impairment loss recognised	**-**	19
Impairment loss written off	**-**	(240)
Effect of exchange rate changes	**-**	83
At 31 December	**454**	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, was:

	Group	
	2016 RM'000	2015 RM'000
- United States Dollar	**44,677**	45,273
- Euro Dollar	**6,081**	3,543
- China Renminbi	**1,117**	6,615
	51,875	55,431

These advances made to joint ventures are unsecured, interest free and are recoverable on demand.

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21 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 2016 and 31 December 2015, the Company has no exposure to foreign currency risk for the amounts owing by a joint venture.

(b) Amounts owing to joint ventures

The Group's amounts owing to joint ventures relates to an advance denominated in Japanese Yen (2015: Ringgit Malaysia), unsecured, interest free and repayable on demand.

22 TIME DEPOSITS

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Time deposits placed with:				
- licensed banks in Malaysia	**63,344**	50,355	**21,000**	16,755
- licensed financial institution in Malaysia	**-**	53,201	**-**	24,251
- licensed overseas banks	**1,551**	57,332	**-**	-
	64,895	160,888	**21,000**	41,006
Time deposits with maturity more than 3 months	**57,028**	-	**-**	-
Short term investments	**29,840**	-	**29,840**	-
	151,763	160,888	**50,840**	41,006

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	
	2016 RM'000	**2015 RM'000**
- China Renminbi	**1,551**	57,332

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

	Group		Company	
	2016 %	**2015 %**	**2016 %**	**2015 %**
Time deposits	**0.45 – 3.70**	0.27 - 4.20	**0.45 – 3.70**	0.27 - 3.30

23 CASH AND BANK BALANCES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash and bank balances	**163,493**	159,919	**5,568**	5,591

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, was:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
- United States Dollar	**39,463**	39,128	**3,907**	4,096
- Singapore Dollar	**16,554**	8,527	**216**	374
- Japanese Yen	**5,127**	1,316	**1**	1
- Indonesian Rupiah	**4,268**	847	**-**	-
- Ringgit Malaysia	**1,259**	5,213	**-**	-
- Norwegian Kroner	**931**	25	**-**	-
- Euro Dollar	**742**	3,413	**19**	19
- China Renminbi	**355**	27	**-**	-
- British Pound	**303**	999	**14**	14
- Australian Dollar	**43**	42	**21**	21
- Others	**129**	125	**-**	-
	67,174	59,662	**4,178**	4,525

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

24 ASSETS CLASSIFIED AS HELD FOR SALE

(a) On 30 June 2015, the Company's 60% owned subsidiary, Petro-Pipe (Sabah) Sdn. Bhd. ("PPS") entered into a sale and purchase agreement for a disposal of a portion of land measuring an area of 15 acres, for a consideration of RM21,562,000.

On 2 August 2016, PPS completed the disposal of the said land by fulfilling condition precedent as stipulated in the sales and purchase agreement. Accordingly, the carrying amount of the said land was deregconised as asset held for sale, resulting in a gain on disposal of RM10,261,000 being recognised in the statement of profit or loss.

(b) On 1 May 2014, the Company's wholly-owned subsidiary, Wasco Engineering Equipment Pte. Ltd. ("WEE") entered into a finance lease agreement on compressor units as a manufacturer lessor. The lease would commenced upon completion of commissioning of the compressors and the compressors would be derecognised with the resulting gain or loss to be charged to the statement of profit or loss.

On 5 May 2015, WEE completed the commissioning of the compressors and the lease has commenced. Accordingly, the compressors were derecognised as assets held for sale, resulting in a gain on disposal of RM5,690,000 recognised in the statement of profit or loss.

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24 ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

(c) On 26 January 2011 and 31 January 2011, the Company's wholly-owned subsidiary, Yadong-Anti Corrosion (Int) Co. Ltd. ("YAC") commenced the disposal of its shares and assets held in Arabian Yadong Coatings Co. Ltd. ("AYC"), a joint venture company, pursuant to two (2) separate Sale and Purchase Agreements dated 26 January 2011:

(i) to dispose the machinery and equipment for the external coating of steel pipes, including auxiliary equipment, industrial utilities, attachments, tooling, spare parts and as available, all designs and drawings, plans, manufacturing data, technical publications and other documents related thereto to APC, for a total consideration of USD900,000. The disposal for these machinery and equipment was completed in the financial year ended 31 December 2011; and

(ii) to dispose YAC's 60,000 shares of Saudi Riyals 50.00 each (representing entire 50% equity interest) in AYC to Arabian Pipes Co., ("APC"), for a total consideration of USD2,552,000. The shares were transferred on 25 February 2015 after the necessary relevant approvals were obtained.

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

	Group	
	2016 RM'000	2015 RM'000
Prepaid lease payments	-	10,291

25 SHARE CAPITAL

	Group and Company			
	2016		2015	
	Number of shares '000	Nominal value RM'000	Number of shares '000	Nominal value RM'000
Authorised:				
Ordinary shares of RM0.50 each at 1 January/31 December	**2,000,000**	**1,000,000**	2,000,000	1,000,000
Issued and fully paid:				
Ordinary shares of RM0.50 each at 1 January/31 December	**774,887**	**387,444**	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.

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26 SHARE PREMIUM

	Group and Company	
	2016 RM'000	**2015 RM'000**
At 1 January/31 December	**160,246**	160,246

27 TREASURY SHARES

	Group and Company			
	2016		**2015**	
	Number of shares '000	**Amount RM'000**	**Number of shares '000**	**Amount RM'000**
At 1 January	**1,705**	1,991	**3,590**	6,285
Shares repurchased	**392**	340	**2,392**	2,836
Share dividends distributed to owners of the Company	**-**	-	**(4,277)**	(7,130)
At 31 December	**2,097**	2,331	**1,705**	1,991

The shareholders of the Company had approved an ordinary resolution at the Sixteenth Annual General Meeting held on 20 May 2016 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 purchased 391,900 (2015: 2,392,400) ordinary shares of its issued share capital from the open market on Bursa Malaysia for RM339,892 (2015: RM2,835,708). The prices paid for the shares purchased ranged from RM0.80 to RM0.95 (2015: RM0.90 to RM1.38) per share. The average price paid for the shares purchased during the financial year was approximately RM0.87 (2015: RM1.19) per share. The purchase transactions were financed by internally generated funds. Pursuant to the provisions of Section 67A of the Companies Act, 1965 (the "Act"), the Company may either retain the purchased shares as treasury shares or cancel the purchased shares or a combination of both. The purchased shares held as treasury shares may either be distributed as share dividends, resold on Bursa Malaysia in accordance with the relevant rules of Bursa Malaysia, subsequently cancelled or any combination of the three. As treasury shares, the rights attached as to voting, dividends and participation in other distribution and otherwise 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.

On 3 April 2015, 4,276,929 treasury shares were distributed to the shareholders on the basis of one (1) treasury share for every one hundred and eighty (180) existing Wah Seong Corporation Berhad ordinary shares of RM0.50 held at the entitlement date of 16 March 2015 as special single tier share dividend, being part of second interim dividend in respect of the financial year 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

28 OTHER RESERVES

Group	Exchange translation reserves RM'000	Available-for-sale reserve RM'000
2016		
At 1 January	**94,324**	6
Foreign currency translation differences for foreign operations	**(105,793)**	-
At 31 December	**(11,469)**	6
2015		
At 1 January	19,483	7
Fair value loss	-	(1)
Foreign currency translation differences for foreign operations	74,841	-
At 31 December	94,324	6

29 LOANS AND BORROWINGS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current				
Unsecured:				
Term loan	**366,580**	84,691	**-**	-
Revolving credits	**724,947**	653,805	**233,402**	280,053
Trade financing	**106,836**	128,193	**-**	-
Fixed rate notes	**33,138**	39,799	**-**	-
	1,231,501	906,488	**233,402**	280,053
Non-current				
Unsecured:				
Term loan	**-**	243,186	**-**	-
Revolving credits	**-**	72,751	**-**	-
	-	315,937	**-**	-
	1,231,501	1,222,425	**233,402**	280,053

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

29 LOANS AND BORROWINGS (CONTINUED)

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

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Within 1 year	**1,231,501**	906,488	**233,402**	280,053
More than 1 year and less than 2 years	**-**	209,583	**-**	-
More than 2 years and less than 5 years	**-**	106,354	**-**	-
	1,231,501	1,222,425	**233,402**	280,053

As at 31 December 2016 and 31 December 2015, there were no secured loans and borrowings held by the Group.

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 to be classified as current liabilities as at the balance sheet date. The banks have subsequently after the balance sheet date granted the Group indulgence from complying with these financial covenants. These loans and borrowings will be reclassified back to non-current liabilities in the next financial period. The facilities remain available from the banks.

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, was:

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
United States Dollar	**252,772**	349,441	**233,402**	280,053

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

	Group		Company	
	2016 %	**2015 %**	**2016 %**	**2015 %**
Revolving credits	**1.12 - 5.50**	0.62 - 5.50	**1.12 – 2.09**	0.86 - 1.20
Trade financing	**1.75 - 4.50**	1.30 - 4.65	**-**	-
Term loans	**2.12 - 4.75**	2.05 - 3.38	**-**	-
Fixed rate notes	**2.40 - 3.44**	2.40	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
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29 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 carrying amount	Fixed interest rate (Fair value risk)			Floating interest rate (Cash flow risk)		
2016	**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	**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**	-	-
2015							
Group							
Unsecured							
Term loan	327,877	-	-	-	92,166	144,322	108,035
Revolving credits	726,556	-	-	-	653,805	72,751	-
Trade financing	128,193	-	-	-	128,193	-	-
Fixed rate notes	39,799	39,799	-	-	-	-	-
	1,222,425	39,799	-	-	874,164	217,073	108,035
Company							
Unsecured							
Revolving credits	280,053	-	-	-	280,053	-	-

30 TRADE AND OTHER PAYABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current				
Trade payables	**118,059**	234,433	**-**	-
Deferred revenue	**3,703**	-	**-**	-
Other payables and accruals	**207,783**	228,711	**12,303**	13,639
	329,545	463,144	**12,303**	13,639
Non-current				
Advances from customer	**92,510**	-	**-**	-
Other liabilities	**4,991**	5,597	**-**	-
	97,501	5,597	**-**	-

Included within other payables is an accrual of RM3,251,000 (2015: RM5,805,000) 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 end 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, was:

	Group	
	2016 RM'000	2015 RM'000
- Euro Dollar	**10,483**	232
- United States Dollar	**8,523**	31,977
- Japanese Yen	**3,463**	1,575
- Singapore Dollar	**3,171**	24,119
- Indonesian Rupiah	**3,158**	13,378
- United Arab Emirates Dirham	**671**	1,956
- Australian Dollar	**133**	241
- China Renminbi	**101**	-
- British Pound	**100**	706
- Norwegian Kroner	**1**	519
- Ringgit Malaysia	**-**	104
	29,804	74,807

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30 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, was:

	Group	
	2016 RM'000	**2015 RM'000**
- United States Dollar	**86,979**	84,552
- Ringgit Malaysia	**11,187**	2,167
- Japanese Yen	**9,656**	2,898
- China Renminbi	**1,020**	-
- Indonesian Rupiah	**1,205**	5,135
- Euro Dollar	**1,172**	343
- United Arab Emirates Dirham	**904**	365
- Singapore Dollar	**735**	554
- Australian Dollar	**208**	300
- Norwegian Kroner	**10**	481
- Others	**196**	-
	113,272	96,795

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

31 PROVISION FOR WARRANTIES

	Group	
	2016 RM'000	**2015 RM'000**
At 1 January	**13,318**	11,561
Additions	**2,621**	2,081
Utilisation	**-**	(2,030)
Reversal	**(6,633)**	-
Disposal of subsidiaries	**-**	(68)
Effect of exchange rate changes	**164**	1,774
At 31 December	**9,470**	13,318

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. Provision for warranties 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.

32 GROSS REVENUE

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Sale of goods	**779,585**	880,315	**-**	-
Provision of services	**101,619**	352,556	**-**	-
Engineering services	**3,631**	10,829	**-**	-
Contract revenue	**357,161**	521,859	**-**	-
Rental income	**33,561**	72,568	**-**	-
Commission income	**1,031**	1,397	**-**	-
Dividend income	**-**	-	**17,404**	60,745
Interest income	**-**	-	**7,953**	8,344
Management fees	**-**	-	**5,935**	7,092
	1,276,588	1,839,524	**31,292**	76,181

33 COST OF SALES

	Group	
	2016 RM'000	**2015 RM'000**
Contract costs	**287,227**	443,086
Cost of goods sold	**707,141**	782,124
Cost of provision of services	**100,276**	294,517
Cost of engineering services	**1,113**	5,597
Direct operating costs relating to rental income	**22,613**	51,492
	1,118,370	1,576,816

34 OTHER GAINS - NET

	Group	
	2016 RM'000	**2015 RM'000**
Fair value gains arising from fair value changes of derivative financial instruments:		
- Forward currency contracts	**995**	4,029

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35 (LOSS)/PROFIT FROM OPERATIONS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
(Loss)/Profit from operations is stated after charging:				
Impairment loss on financial assets:				
- trade receivables	**9,567**	4,017	**-**	-
- other receivables	**50**	4,734	**-**	-
Allowance for obsolete inventories	**5,815**	5,284	**-**	-
Staff costs (Note 42)	**157,717**	295,953	**8,119**	15,830
Directors' fees	**310**	330	**310**	330
Amortisation of other intangible assets	**-**	24	**-**	-
Amortisation of prepaid lease payments	**1,578**	3,138	**-**	-
Auditors' remuneration:				
Fees for statutory audits				
- PricewaterhouseCoopers Malaysia	**1,160**	1,305	**88**	88
- member firms of PricewaterhouseCoopers International Limited	**647**	1,055	**-**	-
- others	**223**	303	**-**	-
Fees for non-audit services*				
- PricewaterhouseCoopers Malaysia	**455**	465	**14**	74
Depreciation of property, plant and equipment	**84,919**	86,999	**418**	429
Depreciation of investment properties	**372**	382	**225**	225
Impairment loss on property, plant and equipment	**99,111**	30,308	**-**	-
Impairment loss on investment in a subsidiary	**-**	-	**-**	7,138
Impairment loss on investment in an associate	**56,487**	-	**-**	-
Inventories written off	**1,451**	141	**-**	-
Loss on foreign currency exchange:				
- realised	**39,840**	5,939	**25,365**	-
- unrealised	**12,059**	72,180	**-**	40,536
Operating lease rental	**4,606**	9,107	**-**	-
Property, plant and equipment written off	**608**	484	**2**	-
Loss on disposal of property, plant and equipment	**109**	77	**-**	-
Rental of equipment	**13,029**	28,205	**-**	-
Rental of premises	**17,477**	25,309	**112**	158
Loss on disposal of subsidiaries	**-**	140	**-**	-

35 (LOSS)/PROFIT FROM OPERATIONS (CONTINUED)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
(Loss)/Profit from operations is stated after charging (continued):				
Impairment loss on amount owing by subsidiaries	-	-	**7,856**	35,805
Impairment loss on amount owing by an associate	**885**	-	**885**	-
Impairment loss on amount owing by a joint venture	-	19	-	-
Provision for warranties	**2,621**	2,081	-	-
Provision for restructuring expenses	**4,487**	-	-	-
and crediting:				
Reversal of impairment loss on trade and other receivables	**1,320**	2,101	-	-
Gain on disposal of property, plant and equipment	**1,857**	9,504	-	-
Gain on disposal of non-current asset held for sale	**10,541**	-	-	-
Gain on disposal of prepaid lease payments	-	1,507	-	-
Gain on foreign exchange:				
- realised	**6,131**	93,105	-	32,280
- unrealised	**49,961**	15,477	**26,270**	-
Bad debts recovered	**98**	1,246	-	-
Interest income from loans and receivables	**8,956**	7,982	**7,953**	7,195
Write back of allowance for obsolescence of inventories	**91**	3,256	-	-
Rental income	**2,153**	1,164	**1,175**	1,116
Gain on disposal of:				
- a subsidiary	**8,532**	-	-	-
- an associate	-	2,205	-	-
- available-for-sale financial asset	-	1,943	-	-

* Included in fees for non-audit services are fees payable to PricewaterhouseCoopers Malaysia and its local affiliates for the Group and the Company of RM455,000 (2015: RM465,000) and RM14,000 (2015: RM74,000) respectively.

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36 FINANCE COSTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Interest expense on:				
- loans and borrowings	**29,907**	25,084	**3,575**	2,670
- others	**-**	-	**-**	775
	29,907	25,084	**3,575**	3,445

37 TAX EXPENSE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current tax:				
- Malaysian income tax	**19,076**	23,021	**1,806**	850
- Foreign taxation	**3,251**	9,379	**-**	-
	22,327	32,400	**1,806**	850
Deferred taxation (Note 15)	**(13,637)**	15,168	**(1,146)**	-
	8,690	47,568	**660**	850
Current tax:				
- Current financial year	**20,245**	27,699	**1,500**	1,010
- Under/(Over) accrual in prior financial years	**2,082**	4,701	**306**	(160)
	22,327	32,400	**1,806**	850
Deferred taxation (Note 15)				
- Origination and reversal of temporary differences	**(13,637)**	15,168	**(1,146)**	-
Tax expense recognised in profit or loss	**8,690**	47,568	**660**	850

37 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
(Loss)/Profit before tax	**(225,864)**	35,700	**7,220**	3,142
Calculated at the Malaysian tax rate of 24% (2015: 25%) on profit before tax	**(54,207)**	8,925	**1,733**	785
Expenses not deductible for tax purposes	**33,602**	32,607	**8,283**	29,469
Income not subject to tax	**(23,323)**	(25,158)	**(8,516)**	(29,244)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**(369)**	(864)	**-**	-
Current financial year deferred tax assets not recognised	**32,142**	14,172	**-**	-
Utilisation of tax incentives	**(1,548)**	(498)	**-**	-
Effect of different tax rates in other countries	**12,716**	2,601	**-**	-
Effects of changes in tax rates	**-**	15,847	**-**	-
Under/(Over) provision in prior financial years	**2,082**	4,701	**306**	(160)
Share of associates and joint ventures results	**8,313**	(4,750)	**-**	-
Others	**(718)**	(15)	**(1,146)**	-
Tax expense recognised in profit or loss	**8,690**	47,568	**660**	850

38 (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The basic earnings per share for the financial year has been calculated by dividing the Group's loss attributable to owners of the Company for the financial year of RM228,302,000 (2015: profit of RM9,453,000) 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	
	2016 000	2015 000
Issued ordinary shares at 1 January	**774,887**	774,887
Effect of shares repurchased	**(2,076)**	(1,437)
Weighted average number of ordinary shares in issue	**772,811**	773,450
Basic (loss)/earnings per ordinary share (sen)	**(29.54)**	1.22

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

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39 DIVIDENDS

	Group and Company	
	2016 RM'000	2015 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:		
1st interim single tier cash dividend of 2.0 sen per share paid on 6 October 2015	**-**	15,489
2nd interim single tier cash dividend of 1.0 sen per share paid on 5 April 2016	**7,728**	-
In respect of the financial year ended 31 December 2014:		
2nd interim single tier cash dividend of 2.5 sen per share and share dividend of 0.67 sen per share(*), both paid on 3 April 2015	**-**	26,394
	11,592	41,883

(*) The share dividend distributed from the treasury shares of the Company was made on the basis of one (1) share for every one hundred and eighty (180) existing ordinary shares of RM0.50 each held at the entitlement date on 16 March 2015, based on the Company's share price of RM1.21 each as at 31 December 2014.

40 DISPOSAL OF SUBSIDIARIES

(a) Disposal of subsidiaries during the 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$1.00 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.

(b) Disposal of subsidiaries in the preceding financial year

(i) On 30 November 2015, WS Agro Industries Pte Ltd. ("WS Agro"), a wholly-owned subsidiary of the Company, has diluted it's 51% equity interest held to 48.96% in the paid-up capital of Atama Resources Inc. ("ARI") following the renouncement of the Renounceable Rights Issue undertaken by ARI of 750,000 Ordinary Shares of USD1.00 each ("Right Shares") which comes together with 750,000 Detachable Warrants of USD1.00 each ("Detachable Warrants") issued and allotted on a proportionate basis to its existing shareholders ("Renounceable Rights Issue Exercise").

The Rights Shares and Detachable Warrants renounced by WS Agro had been taken up by Tandilion International Limited, Silvermark Resources Inc and Giant Dragon Group Limited.

As a result of the renouncement of the Renounceable Rights Issue Exercise, ARI ceased to be a subsidiary of WS Agro and an indirect subsidiary of the Company.

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40 DISPOSAL OF SUBSIDIARIES (CONTINUED)

(b) Disposal of subsidiaries in the preceding financial year (continued)

(i) Details of the disposal and the net cash flow on disposal are as follows:

	At the date of disposal RM'000
Property, plant and equipment	46,220
Biological assets	20,977
Prepaid lease payments	102,858
Inventories	1,228
Trade and other receivables	1,159
Cash and bank balances	870
Trade and other payables	(11,307)
Amount due to holding company	(2,461)
Current tax liabilities	(9)
Deferred tax liabilities	(21)
Net assets	159,514
Less: Non-controlling interests	(69,345)
Group share of net assets disposed	90,169
Forex loss transfer to profit or loss	9,797
Gain on disposal of subsidiaries	264
Net disposal proceeds from disposal of subsidiaries	100,230
Less: Cash and bank balances of subsidiaries disposed	(870)
Less: Acquisition of associates	(100,230)
Net cash outflow on disposal	(870)

Following the loss of control, ARI Group has been accounted for as an investment in associate.

(ii) On 28 August 2015, an indirect wholly-owned subsidiary of the Company, Wasco China International Limited entered into a Share Sale Agreement for disposal of 2,000 shares of USD1.00 each in the issued and paid-up share of capital of Ashburn International, Inc. ("Ashburn"), representing 100% equity interest in Ashburn, for a cash consideration of USD1,230,000 (equivalent to approximately RM5,159,000).

As a result of the disposal, Ashburn ceased to be an indirect subsidiary of the Company.

(iii) On 3 September 2014, an indirect wholly-owned subsidiary of the Company, PMT Industries Sdn. Bhd. entered into a Conditional Sale and Purchase Agreement ("CSPA") for disposal of 60,000 ordinary shares of USD1.00 each in PT. PMT Phoenix Industries ("PT. PMT Phoenix"), representing a 60% equity interest in the issued and paid-up share capital of PT. PMT Phoenix for a cash consideration of RM100,000.

On 13 May 2015, the disposal was completed in accordance with the terms and conditions of the CSPA following the approval from the Indonesia Investment Coordinating Board received on 19 May 2015. As a result of the disposal, PT. PMT Phoenix ceased to be an indirect subsidiary of the Company.

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41 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	
	2016 **RM'000**	**2015** **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**	1,070
Significant transactions with a joint venture		
Lease rental of equipment	**4,826**	-

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41 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

	Company 2016 RM'000	Company 2015 RM'000
Significant transactions with subsidiaries		
Dividend income:		
- Jutasama Sdn. Bhd.	**16,525**	17,725
- Petro-Pipe Industrial Corporation Sdn. Bhd.	**879**	730
- Wasco Energy Ltd.	**-**	42,291
Interest income:		
- WSC Capital Sdn. Bhd.	**3,877**	1,174
- Peakvest Sdn. Bhd.	**950**	714
- Petro-Pipe Industries (M) Sdn. Bhd.	**821**	559
- Wasco Energy Limited	**384**	-
- Sunrise Green Sdn. Bhd.	**254**	284
- Triple Cash Sdn. Bhd.	**217**	177
- Jutasama Sdn. Bhd.	**77**	303
- Maple Sunpark Sdn. Bhd.	**-**	2,544
- WSC Capital (Labuan) Limited	**-**	1,190
- Mackenzie Industries Sdn. Bhd.	**-**	162
- Wasco Coatings Limited	**-**	61
Management fees receivables:		
- PPI Industries Sdn. Bhd.	**1,242**	1,296
- Wasco Management Services Sdn. Bhd.	**1,161**	1,824
- Syn Tai Hung Trading Sdn. Bhd.	**1,131**	1,338
- PMT Industries Sdn. Bhd.	**1,056**	1,278
- Jutasama Sdn. Bhd.	**716**	1,026
- Mackenzie Industries Sdn. Bhd.	**177**	330
- Peakvest Sdn. Bhd.	**151**	-
- Maple Sunpark Sdn. Bhd.	**151**	-
- Sunrise Green Sdn. Bhd.	**151**	-
Net (repayment from)/advances to subsidiaries:		
- WSC Capital Sdn. Bhd.	**(13,174)**	248,970
- Petro-Pipe Industries (M) Sdn. Bhd.	**(4,173)**	-
- Wah Seong Industrial Holdings Sdn. Bhd.	**5**	(12,515)
- WSC Capital (Labuan) Limited	**-**	(101,723)
- Maple Sunpark Sdn. Bhd.	**-**	(90,377)
- Mackenzie Industries Sdn. Bhd.	**-**	(32,247)
- Jutasama Sdn. Bhd.	**-**	(26,574)
- Wasco Coatings Limited	**-**	(15,917)
- Wasco Management Services Sdn. Bhd.	**-**	(932)

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

41 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

	Company	
	2016 RM'000	2015 RM'000
Net repayment to subsidiaries:		
- Mackenzie Industries Sdn. Bhd.	-	21,895
- WSC Capital Sdn. Bhd.	-	1,528
- Jutasama Sdn. Bhd.	-	27,000
- Peakvest Sdn. Bhd.	-	2,256
- Sunrise Green Sdn. Bhd.	-	1,341

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

	Company	
	2016 RM'000	2015 RM'000
Amounts due from/(to) subsidiaries		
WSC Capital Sdn. Bhd.	**211,722**	222,376
Peakvest Sdn. Bhd.	**20,238**	19,778
Petro-Pipe Industries (M) Sdn. Bhd.	**13,184**	17,733
Triple Cash Sdn. Bhd.	**4,356**	4,176
Sunrise Green Sdn. Bhd.	**4,620**	4,141
Jutasama Sdn. Bhd.	**942**	1,826
PMT Industries Sdn. Bhd.	**286**	286
Mackenzie Industries Sdn. Bhd.	**246**	281
Syn Tai Hung Trading Sdn. Bhd.	**94**	384
Wah Seong Industrial Holdings Sdn. Bhd.	**62**	44
Wasco Management Services Sdn. Bhd.	**(372)**	1,269
Wasco Energy Ltd.	-	45,179
PPI Industries Sdn. Bhd.	-	957

Compensation of key management personnel are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Key management personnel:				
- short-term employee benefits (including monetary value of benefits-in-kind)	**12,348**	17,188	**3,897**	5,718
- post-employment benefits	**771**	1,035	**432**	614

42 STAFF COSTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Salaries, wages and bonus	**146,554**	282,246	**7,274**	14,256
Defined contribution plan	**11,163**	13,707	**845**	1,574
	157,717	295,953	**8,119**	15,830

Included within staff costs are remuneration of Executive Directors of the Group and the Company, as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Salaries, wages and bonus	**8,053**	8,819	**3,398**	3,280
Defined contribution plan	**651**	704	**406**	391
	8,704	9,523	**3,804**	3,671

The estimated monetary value of benefits-in-kind received and receivable by Directors of the Group and the Company are RM461,000 (2015: RM495,000) and RM52,000 (2015: RM92,000) respectively.

43 COMMITMENTS

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group	
	2016 RM'000	2015 RM'000
Commitment to acquire property, plant and equipment not provided for in the financial statements:		
Approved and contracted	**18,585**	22,731
Approved but not contracted	**88,325**	129,358

NOTES TO THE FINANCIAL STATEMENTS
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43 COMMITMENTS (CONTINUED)

(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 2 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	
	2016 RM'000	2015 RM'000
Payable not later than one year	**1,837**	1,680
Payable later than one year but not later than five years	**1,940**	715

(c) Operating lease commitments - The Group as lessor

The Group leases out equipment to non-related parties under non-cancellable operating leases.

Total future minimum lease receivables under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	Group	
	2016 RM'000	2015 RM'000
Not later than one year	**-**	6,825
More than one year but not later than five years	**-**	3,787

44 MATERIAL LITIGATION

On 17 December 2008, Socotherm S.p.A. ("Socotherm") commenced a Request for Arbitration against the Company and its indirect wholly-owned subsidiary, Wasco Coatings Limited ("WCL").

At the relevant time, Socotherm and WCL were shareholders of PPSC Industrial Holdings Sdn. Bhd. ("PPSCIH"), an investment holding company where Socotherm held 32.52% and WCL held 67.48% in the total paid-up capital of PPSCIH. PPSCIH in turn held 78.00% of the paid-up capital of Wasco Coatings Malaysia Sdn. Bhd. ("WCM"), a company principally involved in the coating of pipes for the oil and gas industry. In October 2009, WCL acquired Socotherm's 32.52% interest in PPSCIH and currently, PPSCIH holds 70% of the paid-up capital of WCM.

Socotherm alleged that the transfer of 25,508,858 shares in PPSCIH ("PPSCIH Shares") from the Company to WCL, as part of an internal restructuring, is in breach of the Joint Venture Agreement dated 16 December 1991 ("JVA") and Supplemental Agreement dated 14 July 1997 ("SA") (collectively known as the "said Agreements") and that the Company and WCL have breached certain territorial limit provisions under the said Agreements. Socotherm is seeking for an order for damages to be assessed by the Arbitral Tribunal for the breach of the territorial limits provisions and the transfer of shares.

On 24 February 2009, WCM commenced a Request for Arbitration against Socotherm, which is consolidated as a counter-claim in the above-mentioned arbitration. WCM alleged that the Respondent has also breached certain territorial limit provisions under the said Agreements arising from its activities in the extended territories as defined in the SA which directly competes with WCM's activities in those territories, in particular Vietnam, India, Australia, Indonesia and China.

44 MATERIAL LITIGATION (CONTINUED)

The Company had on 6 May 2015, received the signed Final Award dated 29 April 2015 as below issued by the Arbitral Tribunal in the International Court of Arbitration of the International Chamber of Commerce ("ICC") in Paris:

(i) An order that the Respondents shall jointly and severally pay USD11,198,419.28 (equivalent to approximately RM40,308,710.20)(1) to Socotherm for their breaches of Clause 6 of the SA;

(ii) An order that WCM shall pay USD1,820,222.11 (equivalent to approximately RM6,551,889.48)(1) (being the sum of USD1,703,142.55 (equivalent to approximately RM6,130,461.61)(1) and USD117,079.56 (equivalent to approximately RM421,427.88)(1)) to Socotherm for its breaches of Clauses 7 and 8 of the SA;

(iii) An order that Socotherm shall pay WCM USD2,371,900.66 (equivalent to approximately RM8,537,656.43)(1) and EUR599,168.00 (equivalent to approximately RM2,403,862.02)(2) for its breaches of Clause 6 read with Clauses 6A and 7 of the SA;

(iv) An order that simple interest at the rate of 3.25% per annum is payable on the sums stated in (i) and (ii) above from 1 December 2008 until the date of the Final Award;

(v) An order that simple interest at the rate of 3.25% per annum is payable on the sums stated in (iii) above from 19 February 2009;

(vi) An order that the Respondents shall pay Socotherm its costs and expenses in the sum of SGD1,735,887.49 (equivalent to approximately RM4,682,730.09)(3); and

(vii) An order that the Respondents and the Claimant shall bear USD300,950.00 (equivalent to approximately RM1,083,269.53)(1) and USD162,050.00 (equivalent to approximately RM583,298.98)(1) of the fees and expenses of the Tribunal and the ICC administrative expenses respectively.

Whilst provision has been made for the Final Award, the Company on 24 July 2015 made an application to the High Court of the Republic of Singapore to set aside parts of the Final Award ("Setting Aside Application").

On 9 October 2015, the Company received an order issued by the High Court of Malaya at Kuala Lumpur allowing Socotherm to enforce the Final Award dated 29 April 2015 against the Respondents ("Enforcement Order"). On 23 October 2015, the Company filed an application to stay the Enforcement Order pending the full and final disposal of the Setting Aside Application before the High Court of the Republic of Singapore ("Stay Application") which was granted.

On 29 November 2016, the Company received a written oral judgement from the High Court of the Republic of Singapore that the Company's application to set aside parts of the Final Award issued by the Arbitral Tribunal in the International Court of Arbitration of the International Chamber of Commerce in Paris ("Setting Aside Application") was dismissed.

On 10 January 2017, the Company announced its decision not to pursue further appeal on the dismissal of the Setting Aside Application by the High Court of the Republic of Singapore. The Company has settled the claims as required pursuant to the Final Award issued by the Arbitral Tribunal in the International Court of Arbitration of the International Chamber of Commerce in Paris ("Final Award").

Notes:

(1) Based on exchange rate of US$1.00: RM3.5995 on 6 May 2015 as set out in the Oanda website, subject to rounding.
(2) Based on exchange rate of EURO1.00: RM4.0120 on 6 May 2015 as set out in the Oanda website, subject to rounding.
(3) Based on exchange rate of S$1.00: RM2.6976 on 6 May 2015 as set out in the Oanda website, subject to rounding.

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45 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.

(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.

45 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

45 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

45 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 2015						
Revenue	883,205	368,679	534,402	-	60,476	1,846,762
Less: Inter segment revenue	(1,990)	-	(90)	-	(5,158)	(7,238)
External revenue	881,215	368,679	534,312	-	55,318	1,839,524
Segment profits/(losses)	38,896	55,719	2,452	(17,004)	(28,777)	51,286
Share of results of associates	12,118	-	37	(666)	-	11,489
Share of results of joint ventures	8,775	(221)	-	-	(1,045)	7,509
	59,789	55,498	2,489	(17,670)	(29,822)	70,284
Unallocated expenses relating to financing activities						(14,991)
Unallocated corporate expenses						(19,593)
Profit before tax						35,700
TOTAL ASSETS						
As at 31 December 2015						
Segment assets	1,529,800	363,134	339,174	1,900	115,071	2,349,079
Investment in associates	228,097	-	293	101,506	-	329,896
Investment in joint ventures	170,495	445	-	-	15,386	186,326
	1,928,392	363,579	339,467	103,406	130,457	2,865,301
Assets of disposal groups held for sale						10,291
Unallocated corporate assets						
- Deferred tax assets						15,361
- Tax recoverable						21,629
- Cash and cash equivalents						58,460
- Others						28,144
Total assets						2,999,186

NOTES TO THE FINANCIAL STATEMENTS
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45 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 2015						
Depreciation of:						
- Property, plant and equipment	69,649	4,182	4,096	5,862	3,210	86,999
- Investment properties	-	-	-	-	382	382
Amortisation of:						
- Prepaid lease payments	885	7	546	1,700	-	3,138
- Other intangible assets	-	24	-	-	-	24
Additions of:						
- Property, plant and equipment	69,361	24,696	6,872	148	9,456	110,533
- Biological assets	-	-	-	1,083	-	1,083
- Investment properties	-	-	660	-	1,544	2,204
- Prepaid lease payments	665	-	-	-	-	665
Impairment loss on trade receivables	1,694	101	2,222	-	-	4,017
Impairment loss on property, plant and equipment	30,308	-	-	-	-	30,308
Interest income	(4,167)	(1,321)	(923)	(5)	(1,566)	(7,982)
Interest expense	3,268	635	3,366	-	2,824	10,093

45 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*	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Attributed to the country of domicile:				
Malaysia	**744,306**	849,178	**765,421**	796,325
Attributed to foreign countries:				
South East Asia excluding Malaysia	**210,662**	382,947	**196,656**	204,220
Europe	**86,458**	274,257	**168,245**	187,718
India	**696**	23,051	**8,112**	9,393
China	**15,568**	38,663	**10,108**	85,193
Australia	**91,655**	45,368	**9,825**	9,380
Canada	**5,428**	-	**126,965**	36,486
Middle East	**33,288**	82,605	**111,568**	132,897
East Asia	**33,292**	91,916	**-**	-
Africa	**8,412**	11,695	**29,739**	101,594
Latin America	**10,489**	10,654	**-**	-
Others	**36,334**	29,190	**12,121**	23,384
	1,276,588	1,839,524	**1,438,760**	1,586,590

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

NOTES TO THE FINANCIAL STATEMENTS
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46 FINANCIAL INSTRUMENTS BY CATEGORY

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Financial assets				
Financial assets measured at fair value through profit or loss:				
- Derivatives financial assets	**581**	496	**-**	-
- Short term investments	**29,840**	-	**29,840**	-
Available-for-sale financial assets	**10**	10	**-**	-
Loans and receivables at amortised cost:				
- Finance lease receivables	**9,725**	26,486	**-**	-
- Trade and other receivables (excluding prepayments)	**437,680**	568,649	**1,833**	1,678
- Amounts due from customers on contracts	**43,981**	90,395	**-**	-
- Amounts owing by subsidiaries	**-**	-	**255,762**	319,045
- Amounts owing by associates	**13,176**	4,009	**-**	-
- Amounts owing by joint ventures	**71,932**	55,166	**12**	-
- Time deposits	**121,923**	160,888	**21,000**	41,006
- Cash and bank balances	**163,493**	159,919	**5,568**	5,591
	861,910	1,065,512	**284,175**	367,320
Total	**892,341**	1,066,018	**314,015**	367,320
Financial liabilities				
Financial liabilities measured at fair value through profit or loss:				
- Derivatives financial liabilities	**-**	937	**-**	-
Other financial liabilities at amortised cost:				
- Trade and other payables	**329,545**	463,144	**12,302**	13,639
- Amounts owing to subsidiaries	**-**	-	**372**	-
- Amounts owing to joint ventures	**2,977**	6,479	**-**	-
- Amounts owing to associates	**181**	6	**-**	-
- Dividend payable	**13,808**	10,118	**-**	-
- Loans and borrowings	**1,231,501**	1,222,425	**233,402**	280,053
	1,578,012	1,702,172	**246,076**	293,692
Total	**1,578,012**	1,703,109	**246,076**	293,692

47 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and 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 counter party 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 counter-parties.

(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 2016 and 31 December 2015, 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 2016 and 31 December 2015, there was no indication that the loans and advances extended to the subsidiaries are not recoverable.

NOTES TO THE FINANCIAL STATEMENTS
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47 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 RM167,522,000 (2015: RM137,379,000) representing banking facilities utilised by the subsidiaries as at the end of the financial year.

As at 31 December 2016, there was no indication that any subsidiary would default on repayment.

Financial guarantees have not been recognised since the fair value on initial recognition was not material as the probability of the subsidiaries defaulting on its banking facilities is remote.

(e) Time deposits and cash and bank balances

Time deposits and cash and bank balances are placed with approved financial institutions and reputable banks. The likelihood of non-performance by these financial institutions is remote based on their high credit ratings.

Market risk

Market risk refers to the risk that changes in market prices, such as foreign exchange rates, interest rates and prices will affect the Group's and the Company's financial position and cash flows.

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales and purchases that are denominated in a currency other than the functional currencies of the Group entities. The foreign currency in relation to these transactions is mainly denominated in United States Dollar.

The Group maintains a natural hedge, whenever possible, by maintaining receivables and payables in matching foreign currencies. Foreign exchange exposures in transactional currencies other than the functional currencies of the operating entities are kept to an acceptable level.

47 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (continued)

(a) Foreign currency risk (continued)

The Group also uses forward currency contracts to minimise exposure on currency fluctuations for which receipts or payments are anticipated more than one month after the Group has entered into a firm commitment for a sale or purchase. The forward currency contracts entered are in the same currency as the hedged item. It is the Group's policy to negotiate the terms of the forward currency contracts to match the terms of the hedged item to maximise its effectiveness.

At the reporting date, the Group is mainly exposed to fluctuation in the United States Dollar exchange rate against the respective functional currencies of the Group entities. The Group considers a 5% strengthening or weakening of the United States Dollar as a possible change.

A 5% strengthening or weakening of the United States Dollar would result in profit or loss after tax and equity being approximately RM9,151,000 (2015: RM12,904,000) 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 RM926,000 (2015: RM435,000) 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 19, 21, 22 and 29.

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 Company's profit or loss after tax and equity would have been approximately RM6,158,000 and RM1,167,000 (2015: RM5,913,000 and RM1,400,000) 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.

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47 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 2016, 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
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**
2015					
Non-derivative financial liabilities					
Trade and other payables	463,144	-	-	463,144	463,144
Amounts owing to joint ventures	6,479	-	-	6,479	6,479
Loans and borrowings	913,964	217,073	108,035	1,239,072	1,222,425
Dividend payable	10,118	-	-	10,118	10,118
	1,393,705	217,073	108,035	1,718,813	1,702,166

47 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
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**
2015					
Non-derivative financial liabilities					
Financial guarantees*	137,379	-	-	137,379	-
Other payables and accruals	13,639	-	-	13,639	13,639
Loans and borrowings	280,053	-	-	280,053	280,053
	431,071	-	-	431,071	293,692

* 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 will not result in any additional liability to the Group.

48 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 2016.

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 and interest rate cap are 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. In respect of the liability component of ICULS, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

48 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 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).

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
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**
2015				
Financial assets/(liabilities)				
Available-for-sale financial assets	10	-	-	10
Derivative financial assets	-	496	-	496
Derivative financial liabilities	-	(937)	-	(937)
Short term investments	-	-	-	-
	10	(441)	-	(431)

48 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

Company	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2016				
Financial assets				
Short term investments	**-**	**29,840**	**-**	**29,840**
2015				
Financial assets				
Short term investments	-	-	-	-

49 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. Notwithstanding the technical breaches which were a result of the current financial year's impairment losses as described in Note 29, the Group strives to monitor and maintains an optimal gearing ratio. 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 1.18 times (2015: 0.8 times).

SUPPLEMENTARY INFORMATION DISCLOSED

PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

The following analysis of realised and unrealised retained profits is prepared pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Securities Berhad Listing Requirements and in accordance with the Guidance on Special Matter No. 1 - Determination of Realised and Unrealised Profits or Losses as issued by the Malaysian Institute of Accountants. This disclosure is based on the format prescribed by Bursa Malaysia Securities Berhad.

The retained earnings as at the reporting date are analysed as follows:

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Total retained profits (excluding retained profits from associates and joint ventures)				
- Realised gains	**105,420**	535,134	**195,076**	268,059
- Unrealised (losses)/gains	**(25,228)**	(103,358)	**28,444**	(39,507)
Total share of retained profits from associates				
- Realised (losses)/gains	**(33,689)**	24,716	**-**	-
- Unrealised gains	**7,101**	2,551	**-**	-
Total share of retained profits from joint ventures				
- Realised gains	**8,075**	640	**-**	-
- Unrealised gains	**830**	453		-
At 31 December	**62,509**	460,136	**223,520**	228,552
Less: Consolidation adjustments	**179,486**	21,753	**-**	-
	241,995	481,889	**223,520**	228,552

SUMMARY OF SIGNIFICANT RECURRENT RELATED PARTY TRANSACTIONS

A. Transactions of A Revenue or Trading in Nature

<table>
<tr><th>Interested Related Party</th><th>Provider of Products/Services</th><th>Recipient of Products/Services</th><th>Actual Value Transacted for the Financial Year Ended 31 December 2016</th><th>Nature of Transaction</th></tr>
<tr><td rowspan="2">Dato' Seri Robert Tan Chung Meng; Pauline Tan Suat Ming; Tony Tan Choon Keat; Tan Chin Nam Sdn Bhd; Tan Kim Yeow Sendirian Berhad; Wah Seong (Malaya) Trading Co. Sdn Bhd</td><td>IGB Corporation Berhad Group of Companies</td><td>Wasco Management Services Sdn Bhd</td><td>RM1,031,456</td><td>Rental of premise and related facilities</td></tr>
<tr><td colspan="4">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 38.29% respectively. His total direct and indirect shareholdings in IGB Corporation Berhad are 0.07% and 73.44% respectively.

Pauline Tan Suat Ming was a Director of IGB Corporation Berhad. She is also a common indirect Major Shareholder of Wah Seong Corporation Berhad and IGB Corporation Berhad. Her total direct and indirect shareholdings in Wah Seong Corporation Berhad are 0.28% and 38.29% respectively. Her indirect shareholding in IGB Corporation Berhad is 73.44%.

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 38.29% and 73.44% 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 0.12% and 33.22% respectively. Tan Kim Yeow Sendirian Berhad's total direct and indirect shareholdings in Wah Seong Corporation Berhad are 5.07% 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 0.33% respectively.

Tan Chin Nam Sdn Bhd's total direct and indirect shareholdings in IGB Corporation Berhad are 0.08% and 73.44% respectively. Tan Kim Yeow Sendirian Berhad's indirect shareholdings in IGB Corporation Berhad is 73.44%. Wah Seong (Malaya) Trading Co. Sdn Bhd's total direct and indirect shareholdings in IGB Corporation Berhad are 0.01% and 73.43% respectively.</td></tr>
<tr><td rowspan="2">Dato' Mohamed Nizam Bin Abdul Razak; Mohd Azlan Bin Mohammed</td><td>Wasco Corrosion Services Sdn Bhd and its subsidiaries</td><td>Wasco Coatings Malaysia Sdn Bhd and its subsidiaries</td><td>RM1,013,358</td><td>Sale/Purchase of sacrificial anodes and sub-contracting of anodes installation works and other related works</td></tr>
<tr><td colspan="4">Dato' Mohamed Nizam Bin Abdul Razak is a common Director of Wasco Corrosion Services Sdn Bhd, Wasco Coatings Malaysia Sdn Bhd and Wasco Lindung Sdn Bhd and a Major Shareholder by virtue of him holding 19.81% shares in Wasco Oilfield Services Sdn Bhd, the immediate holding company of Wasco Corrosion Services Sdn Bhd.

Mohd Azlan Bin Mohammed is a common Director of Wasco Corrosion Services Sdn Bhd, Wasco Coatings Malaysia Sdn Bhd and Wasco Lindung Sdn Bhd and a Major Shareholder by virtue of him holding 31.68% shares in Wasco Oilfield Services Sdn Bhd (the immediate holding company of Wasco Corrosion Services Sdn Bhd) and 22.61% shares in Wasco Lindung Sdn Bhd (the indirect subsidiary of Wasco Oilfield Services Sdn Bhd), respectively.</td></tr>
</table>

SUMMARY OF SIGNIFICANT RECURRENT RELATED PARTY TRANSACTIONS

A. Transactions of A Revenue or Trading in Nature (Cont'd)

Interested Related Party	Provider of Products/Services	Recipient of Products/Services	Actual Value Transacted for the Financial Year Ended 31 December 2016	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	Syn Tai Hung Trading Sdn Bhd and its subsidiaries	IGB Corporation Berhad Group of Companies	RM74,392	Sale/Purchase of building materials
	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 38.29% respectively. His total direct and indirect shareholdings in IGB Corporation Berhad are 0.07% and 73.44% respectively. Pauline Tan Suat Ming was a Director of IGB Corporation Berhad. She is also a common indirect Major Shareholder of Wah Seong Corporation Berhad and IGB Corporation Berhad. Her total direct and indirect shareholdings in Wah Seong Corporation Berhad are 0.28% and 38.29% respectively. Her indirect shareholding in IGB Corporation Berhad is 73.44%. 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 38.29% and 73.44% 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 0.12% and 33.22% respectively. Tan Kim Yeow Sendirian Berhad's total direct and indirect shareholdings in Wah Seong Corporation Berhad are 5.07% 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 0.33% respectively. Tan Chin Nam Sdn Bhd's total direct and indirect shareholdings in IGB Corporation Berhad are 0.08% and 73.44% respectively. Tan Kim Yeow Sendirian Berhad's indirect shareholdings in IGB Corporation Berhad is 73.44%. Wah Seong (Malaya) Trading Co. Sdn Bhd's total direct and indirect shareholdings in IGB Corporation Berhad are 0.01% and 73.43% respectively.			

SUMMARY OF SIGNIFICANT RECURRENT RELATED PARTY TRANSACTIONS

A. Transactions of A Revenue or Trading in Nature (Cont'd)

Interested Related Party	Provider of Products/Services	Recipient of Products/Services	Actual Value Transacted for the Financial Year Ended 31 December 2016	Nature of Transaction
Chan Cheu Leong; Chan Wei Keat	Petro-Pipe Engineering Services Sdn Bhd	WDG Resources Sdn Bhd	RM2,179,000	Trading in generator sets, construction equipment and machineries, related equipment and component parts and provision of support services
	Chan Wei Keat is a Director of WDG Resources Sdn Bhd and also an indirect Substantial Shareholder of WDG Resources Sdn Bhd. He holds 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 Petro-Pipe Engineering Services Sdn Bhd and WDG Resources Sdn Bhd. PMT Industries Sdn Bhd is an indirect wholly-owned subsidiary of Wah Seong Corporation Berhad. 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.			
Chan Cheu Leong; Chan Wei Keat	WDG Resources Sdn Bhd	PMT Industries Sdn Bhd	RM36,960	Trading in generator sets, construction equipment and machineries, related equipment and component parts and provision of support services
	Chan Wei Keat is a Director of WDG Resources Sdn Bhd and also an indirect Substantial Shareholder of WDG Resources Sdn Bhd. He holds 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 Petro-Pipe Engineering Services Sdn Bhd and WDG Resources Sdn Bhd. PMT Industries Sdn Bhd is an indirect wholly-owned subsidiary of Wah Seong Corporation Berhad. 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.			

SUMMARY OF SIGNIFICANT RECURRENT RELATED PARTY TRANSACTIONS

B. Group Financial and/or Treasury Management

Interested Related Party	Lender	Borrower	Actual Value Transacted for the Financial Year Ended 31 December 2016	Nature of Transaction
Dato' Mohamed Nizam Bin Abdul Razak; Mohd Azlan Bin Mohammed	Wasco Coatings Malaysia Sdn Bhd	Wasco Oilfield Services Sdn Bhd and its subsidiaries	RM3,984,316	Interest bearing advances for purpose of working capital requirement
	Dato' Mohamed Nizam Bin Abdul Razak is a common Director of Wasco Coatings Malaysia Sdn Bhd, Wasco Oilfield Services Sdn Bhd, Wasco Corrosion Services Sdn Bhd and Wasco Lindung Sdn Bhd and a Major Shareholder by virtue of him holding 19.81% shares in Wasco Oilfield Services Sdn Bhd, the immediate holding company of Wasco Corrosion Services Sdn Bhd. Mohd Azlan Bin Mohammed is a common Director of Wasco Oil Technologies Sdn Bhd, Wasco Coatings Malaysia Sdn Bhd, Wasco Oilfield Services Sdn Bhd, Wasco Corrosion Services Sdn Bhd and Wasco Lindung Sdn Bhd and a Major Shareholder by virtue of him holding 31.68% shares in Wasco Oilfield Services Sdn Bhd (the immediate holding company of Wasco Corrosion Services Sdn Bhd) and 22.61% shares in Wasco Lindung Sdn Bhd (the indirect subsidiary of Wasco Oilfield Services Sdn Bhd), respectively.			
Dato' Mohamed Nizam Bin Abdul Razak; Mohd Azlan Bin Mohammed	Wasco Corrosion Services Sdn Bhd	Wasco Lindung Sdn Bhd	RM2,700,000	Interest bearing advances for purpose of working capital requirement
	Dato' Mohamed Nizam Bin Abdul Razak is a common Director of Wasco Coatings Malaysia Sdn Bhd, Wasco Oilfield Services Sdn Bhd, Wasco Corrosion Services Sdn Bhd and Wasco Lindung Sdn Bhd and a Major Shareholder by virtue of him holding 19.81% shares in Wasco Oilfield Services Sdn Bhd, the immediate holding company of Wasco Corrosion Services Sdn Bhd. Mohd Azlan Bin Mohammed is a common Director of Wasco Oil Technologies Sdn Bhd, Wasco Coatings Malaysia Sdn Bhd, Wasco Oilfield Services Sdn Bhd, Wasco Corrosion Services Sdn Bhd and Wasco Lindung Sdn Bhd and a Major Shareholder by virtue of him holding 31.68% shares in Wasco Oilfield Services Sdn Bhd (the immediate holding company of Wasco Corrosion Services Sdn Bhd) and 22.61% shares in Wasco Lindung Sdn Bhd (the indirect subsidiary of Wasco Oilfield Services Sdn Bhd), respectively.			

SUMMARY OF SIGNIFICANT RECURRENT RELATED PARTY TRANSACTIONS

B. Group Financial and/or Treasury Management (Cont'd)

<table>
<tr><th>Interested Related Party</th><th>Lender</th><th>Borrower</th><th>Actual Value Transacted for the Financial Year Ended 31 December 2016</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>RM882,305</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 holds 50% shareholding in Epilog Tegap Sdn Bhd which in turn holds 40% shareholding in WDG Resources Sdn Bhd. He holds 51,491 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 27 April 2016 which was approved at the Annual General Meeting of Wah Seong Corporation Berhad held on 20 May 2016.

TOP 10
LIST OF PROPERTIES
AS AT 31 DECEMBER 2016

Title/Location	Description/ existing use	Approximate age of the building	Approximate land/ built-up area	Tenure	Audited NBV as at 31.12.2016 RM
Geran No. 32543, 32544, 32546 and 32547 Lot No. 1929, 1930, 1944 and 1945	Industrial land with office and factory building	9 - 10 years	18 acres (Land) 40,425 sq m (Building)	Freehold	66,624,653
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	7 years	22 acres (Land) 232,956 sq ft (Building)	Leasehold 99 years expiring on 31 December 2098	60,119,262
No. 5 Pandan Road Singapore 609299	Office Buildings	21 years	13,723 sq m	Leasehold 28 years expiring on 30 December 2037	53,654,517
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	45,329,658
HS(D) Nos. 40386, 40387 and 39789 PT No. 18, 19 and 1554 respectively Mukim 1 Seberang Perai Tengah Pulau Pinang	Industrial land with office and factory building	14 - 31 years	97,896 sq m (Land) 24,009 sq m (Building)	Leasehold Lot P.T Nos. 18 & 19 and 1554 expiring on 15 march 2115	44,465,311
Lot. A to D and Pasdec Land Lot AA Kawasan MIEL Tanjong Gelang Kuantan, Pahang Darul Makmur	Industrial land	N/A	127 acres	Leasehold Lot A to D expiring on 8 November 2109 Leasehold title Pasdec Land Lot AA yet to be issued	29,014,851

TOP 10 LIST OF PROPERTIES
AS AT 31 DECEMBER 2016

Title/Location	Description/ existing use	Approximate age of the building	Approximate land/ built-up area	Tenure	Audited NBV as at 31.12.2016 RM
Sub Lot 2, Kawasan Perindustrian MIEL Gebeng, KM25 Jalan Kuantan-Kemaman P.O. Box 140 25720 Kuantan Pahang Darul Makmur	Industrial building	12 - 23 years	55,565 sq m	Leasehold 99 years (leasehold title yet to be issued)	24,363,217
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	19,744,712
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	20 - 34 years	16,828 sq m	Leasehold 99 years expiring on 29 September 2086	15,473,884
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	27 years	3,190 sq m	Leasehold 99 years expiring on 14 October 2076	10,633,473

ANALYSIS OF SHAREHOLDINGS

Ordinary Shares

Share Capital as at 31 March 2017

Authorised Capital	: RM1,000,000,000.00
Issued and Fully Paid-up Capital	: RM387,444,147.00
Class of Equity Securities	: Ordinary Shares
Stock Name	: WASEONG
Voting Rights	: On a poll - one (1) vote per ordinary share held
Total Shareholders	: 11,383

Distribution of Shareholders as at 31 March 2017

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	2,131	18.7209	68,444	0.0088
100 - 1,000	1,954	17.1659	698,861	0.0901
1,001 - 10,000	4,912	43.1521	19,774,442	2.5519
10,001 - 100,000	2,127	18.6858	55,506,947	7.1632
100,001 to less than 5% of issued share capital	256	2.2490	350,438,902	45.2244
5% and above of issued share capital	3	0.0264	348,400,698	44.9614
Total	**11,383**	**100.0000**	**774,888,294**	**100.0000**

List of Substantial Shareholders as at 31 March 2017

	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	40,478,136	5.2379	-	-
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	894,206	0.1157	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	40,478,136[e]	5.2379

ANALYSIS OF SHAREHOLDINGS

Directors' Shareholdings as at 31 March 2017

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	40,632,627[f]	5.2579
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 31 March 2017

No.	Name	No. of Shares	%[a]
1.	Wah Seong (Malaya) Trading Co. Sdn Bhd	250,221,662	32.3790
2.	Midvest Asia Sdn Bhd	40,478,136	5.2379
3.	Tan Kim Yeow Sendirian Berhad	39,154,662	5.0667
4.	Amanahraya Trustees Berhad Amanah Saham Bumiputera	37,853,129	4.8982
5.	Lembaga Tabung Angkatan Tentera	34,684,989	4.4883
6.	Lembaga Tabung Haji	31,523,161	4.0791
7.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	30,948,081	4.0047
8.	HSBC Nominees (Asing) Sdn Bhd Giancarlo Maccagno	16,387,177	2.1205
9.	Karya Insaf (M) Sdn Bhd	16,050,423	2.0769
10.	Tan Kim Yeow Sendirian Berhad	14,600,000	1.8893
11.	HSBC Nominees (Asing) Sdn Bhd Exempt An For Credit Suisse (SG BR-TST-ASING)	13,251,927	1.7148

ANALYSIS OF SHAREHOLDINGS

Thirty (30) Largest Shareholders as at 31 March 2017 (Cont'd)

No.	Name	No. of Shares	%[(a)]
12.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chan Cheu Leong	12,066,666	1.5614
13.	Robert Tan Chung Meng	10,965,308	1.4189
14.	Micasa Investments (S) Pte Ltd	6,374,840	0.8249
15.	Chan Cheu Leong	5,005,589	0.6477
16.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	4,796,083	0.6206
17.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (PHEIM)	4,537,900	0.5872
18.	Wah Seong (Malaya) Trading Co. Sdn Bhd	3,946,238	0.5106
19.	DB (Malaysia) Nominee (Asing) Sdn Bhd BNYM SA/NV for Ramam World Recovery Fund	3,600,000	0.4658
20.	Citigroup Nominees (Asing) Sdn Bhd CEP for PHEIM SICAV-SIF	3,563,700	0.4611
21.	Ranjit Singh A/L Mahindar Singh	3,500,423	0.4530
22.	Dushyanthi Perera	3,500,000	0.4529
23.	CIMSEC Nominees (Tempatan) Sdn Bhd Exempt AN for CIMB Securities (Singapore) Pte Ltd (Retail Clients)	3,300,761	0.4271
24.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	3,058,943	0.3958
25.	Amanahraya Trustees Berhad Amanah Saham Nasional	3,039,200	0.3933
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.	Goldhill Gardens Sdn Bhd	2,727,300	0.3529
28.	CIMB Group Nominees (Asing) Sdn Bhd Exempt AN for DBS Bank Ltd (SFS)	2,722,000	0.3522
29.	Wah Seong Enterprises Sdn Bhd	2,588,705	0.3350
30.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	2,532,540	0.3277
		609,996,210	**78.9342**

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

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventeenth 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, 19 May 2017 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 2016 and the Reports of the Directors and Auditors thereon. **Ordinary Resolution 1**

2. To approve the Directors' Fees of RM330,000.00 and Directors' Meeting Allowances of RM90,000.00 payable for the financial year ended 31 December 2016. **Ordinary Resolution 2**

3. To re-elect the following Directors who retire pursuant to Article 110 of the Company's Constitution:
   (i) Dato' Seri Robert Tan Chung Meng **Ordinary Resolution 3**
   (ii) Halim Bin Haji Din **Ordinary Resolution 4**

4. To re-appoint Professor Tan Sri Lin See Yan as a Director of the Company. **Ordinary Resolution 5**

5. To re-appoint Messrs. PricewaterhouseCoopers as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**

As Special Business

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

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

   "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 SEVENTEENTH ANNUAL GENERAL MEETING

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

"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 2016 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."

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

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

"THAT, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries ("WSC Group") to enter into 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 26 April 2017 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:

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(1) and (2) of the Companies Act, 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution."

9. **Ordinary Resolution**
Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions and Provision of New 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 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 26 April 2017 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:-

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

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(1) and (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**
Retention of Independent Non-Executive Directors

(i) "THAT subject to the passing of Ordinary Resolution 4 above, 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 fourteen (14) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012." **Ordinary Resolution 11**

(ii) "THAT subject to the passing of Ordinary Resolution 5 above, approval be and is hereby given to Professor Tan Sri Lin See Yan who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012." **Ordinary Resolution 12**

11. To transact any other business that may be transacted at an Annual General Meeting of which due notice shall have been given in accordance with the Companies Act, 2016 and the Company's Constitution.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this Seventeenth 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 15 May 2017 ("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 Seventeenth 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: 26 April 2017

NOTICE OF SEVENTEENTH 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 Seventeenth 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. Re-appointment of Professor Tan Sri Lin See Yan as a Director of the Company

Professor Tan Sri Lin See Yan was re-appointed as a Director of the Company at the Sixteenth Annual General Meeting of the Company pursuant to Section 129(6) of the Companies Act, 1965 and accordingly he holds office until the conclusion of the Seventeenth Annual General Meeting of the Company.

The Board recommends that Professor Tan Sri Lin See Yan who has given his consent for re-appointment, be re-appointed to continue in office 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 7, if passed, will give authority to the Directors of the Company to issue and allot shares from the unissued share capital of the Company for such purposes as the Directors of the Company in their absolute discretion consider to be in the interest of the Company without having to convene a general meeting. This authority shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") or the expiration of the period within which the next AGM is required by law to be held, whichever is the earlier; but any approval may be previously revoked or varied by a resolution of the Company in general meeting.

The Company has not issued any new shares pursuant to Sections 75 and 76 of the Companies Act, 2016 under the general mandate which was approved at the Sixteenth AGM of the Company held on 20 May 2016 and which will lapse at the conclusion of the Seventeenth AGM. A renewal of this authority is being sought at the Seventeenth AGM.

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

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 8, 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 Circular to Shareholders dated 26 April 2017, which is enclosed and despatched together with the Annual Report 2016, for information pertaining to Ordinary Resolution 8.

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 9 & 10, 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 26 April 2017, which is enclosed and despatched together with the Annual Report 2016, for information pertaining to Ordinary Resolutions 9 & 10.

4. Retention of Independent Non-Executive Directors of the Company in accordance with the Malaysian Code on Corporate Governance 2012

(i) Halim Bin Haji Din

Halim Bin Haji Din was appointed as an Independent Non-Executive Director of the Company on 22 May 2002, and has, therefore served the Company for more than fourteenth (14) years. He met the criteria of an Independent Director as defined in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. He has performed his duty diligently and in the best interest of the Company and has provided independent judgement and broader views and balanced assessments to the proposals from the Management with his diverse experience and expertise. The Board, therefore recommends that he should be retained as an Independent Non-Executive Director.

(ii) Professor Tan Sri Lin See Yan

Professor Tan Sri Lin See Yan was appointed as an Independent Non-Executive Director of the Company on 20 July 2004, and has, therefore served the Company for more than twelve (12) years. He met the criteria of an Independent Director as defined in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. He has performed his duty diligently and in the best interest of the Company and has provided independent judgement and broader views and balanced assessments to the proposals from the Management with his diverse experience and expertise. The Board, therefore recommends that he should be retained as an Independent Non-Executive Director.

STATEMENT ACCOMPANYING NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

1. Re-election and Re-appointment of Directors

Directors who are standing for re-election pursuant to Article 110 of the Company's Constitution

(i) Dato' Seri Robert Tan Chung Meng
(ii) Halim Bin Haji Din

Director who is standing for re-appointment as a Director of the Company

(i) Professor Tan Sri Lin See Yan

Details of attendance of Directors who are standing for re-election and re-appointment are as set out below:

Director	Directorship	Total Meetings Attended
Dato' Seri Robert Tan Chung Meng	Non-Independent Non-Executive Chairman	4/4
Halim Bin Haji Din	Independent Non-Executive Director	4/4
Professor Tan Sri Lin See Yan	Independent Non-Executive Director	4/4

Profile of the above Directors are set out in the section of Profile of Directors of the Annual Report from pages 18 to 19, while details of shareholdings of the above Directors in the Company and its related Companies are set out on pages 196 to 198 of the Annual Report.

2. Date, time and place of the Seventeenth Annual General Meeting

Date : Friday, 19 May 2017
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 Seventeenth 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, 19 May 2017 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 2016 and the Reports of the Directors and Auditors thereon.		
Ordinary Resolution 2	To approve the Directors' Fees of RM330,000.00 and Directors' Meeting Allowances of RM90,000.00 payable for the financial year ended 31 December 2016.		
Ordinary Resolution 3	To re-elect Dato' Seri Robert Tan Chung Meng as Director who retires pursuant to Article 110 of the Company's Constitution.		
Ordinary Resolution 4	To re-elect Halim Bin Haji Din as Director who retires pursuant to Article 110 of the Company's Constitution.		
Ordinary Resolution 5	To re-appoint Professor Tan Sri Lin See Yan as a Director of the Company.		
Ordinary Resolution 6	To re-appoint Messrs. PricewaterhouseCoopers as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 7	To authorise the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016.		
Ordinary Resolution 8	Proposed Renewal of Authority to Buy-Back its Own Shares by the Company.		
Ordinary Resolution 9	Proposed Renewal of Shareholders' Mandate for the Existing Recurrent Related Party Transactions and Provision of Financial Assistance.		
Ordinary Resolution 10	Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions and Provision of New Financial Assistance.		
Ordinary Resolution 11	To retain Halim Bin Haji Din as an Independent Non-Executive Director.		
Ordinary Resolution 12	To retain Professor Tan Sri Lin See Yan as an Independent Non-Executive Director.		

(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 __________________ 2017

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 Seventeenth 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 Seventeenth 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 15 May 2017 ("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 Seventeenth 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

1st fold here

WAH SEONG CORPORATION BERHAD
(495846-A)

Suite 19.01, Level 19, The Gardens North Tower, Mid Valley City
Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia

Tel : (603) 2685 6800 Fax : (603) 2685 6999 Website : www.wahseong.com