

WCT Holdings Berhad (930464-M)
6th Annual General Meeting held on 1st June 2017

Questions & Answers session at the Annual General Meeting

Q1: With the current economy climate, what is the prospect of WCT Group heading towards the year 2017?

A1: The Chairman informed that the Group's core businesses remain unchanged- Engineering & Construction ("E&C"), Property Development and Property Investment & Management. The Group's E&C Division has a strong order book and will continue to focus on bidding and executing jobs with reasonable margin for the year 2017.

As for the Property Investment & Management, the 3 Malls are performing relatively well and would expect stable earnings from this segment. It would be a tougher year for Property Development. Due to the current market condition, there would be no new launches in year 2017 as the focus now is to sell the existing stocks through a few initiatives such as to re-pricing, re-branding and re-packaging.

The Company has just released its first quarterly results and it was a good start for the Group. Barring any unforeseen circumstances, the Board is positive in delivering satisfactory results in the year 2017.

Q2: Suggested that for the benefit of the shareholders, the Company should have a briefing to shareholders on the performance review of the Group prior the presentation of questions and responses to MSWG.

A2: The Chairman took note on the suggestion.

Q3: Comment was made by a shareholder on the Key Audit Matters ("KAM") that there is no conclusion other than highlighting the issues on Note 48 of the financial statements and requested Messrs Ernst & Young ("EY") to share with the shareholders on the concern of the statement.

A3: Mr. Steven Low from EY responded that under the KAM, the Standard per se does not require the auditors to provide the conclusion on the issues but to state the course of work done.

Q4: Enquired on the share of losses of joint ventures, was it due to fair value adjustment or operational loss?

A4: Mr. Chong Kian Fah, Director of Finance & Accounts, confirmed that joint venture loss was mainly due to fair value adjustment and not operational loss. Operationally, the joint venture company is doing fine.

Q5: Will the Company manage to receive the money if it win the Arbitration case of the Nad Al Sheba Racecourse (“DRC”) Project in Middle East

A5: *The Chairman explained that the Company has already won the case and is now going through the legal processes to enforce the award and collect the money. We still believe the debtor is in good financial position to pay the money once the legal processes are exhausted and is in our favour.*

Q6: Should there be no new launches of property moving forward, what will be the plans of the Group or is there any potential construction job in order to achieve the same revenue as per year 2016?

A6: *The Chairman replied that the Group has re-priced a number of the development projects and the effort has been paid off and about RM200.0 million sales have been achieved. As at 31 March 2017, the Property Division has almost RM500.0 million unbilled sales.*

Moving forward, the Group will closely monitor the market and will launch new projects if the property market picks up.

There will not be a situation where the Group will totally drop off the Property Development and fully rely on Engineering & Construction Division, the Chairman added.

Q7: Enquired on the status of the DRC case, is the Meydan Union Supreme Court the final one or will it go beyond that and when you expect this to take place? Is the award is in our favour, what is the financial position of Meydan, are they able to pay us?

A7: *Mr. Khor Loke Yew, the Director of Legal Affairs/Secretarial, stressed that the Award has already been made and is in our favour. He further added that the Union Supreme Court (“USC”) proceeding is just one of the few procedural steps. If USC rules in our favour then we will continue with our proceedings in the Dubai International Financial Center (DIFC) court and if against, we will go to the Dubai Civil Court. All these are just procedural steps but it will not affect our rights.*

As far as the financial position of Meydan, Mr. Khor informed that based on information available, we believe Meydan to be financially sound as they still have a lot of projects being announced. Besides that, Meydan is also tasked with the responsibility for the development of a large area near the racecourse in Meydan.

Q8: Assuming there is no complication and everything go smoothly, what is the estimated time for the completion of the DRC Arbitration?

A8: *Mr. Khor replied that the estimated time will take roughly another 2 – 3 years.*

Q9: Assuming WCT Group won the case, has it been in the book or will it suddenly make a profit of RM2.0 billion or what are the accounting entry in the book ?

A9: *Mr. Chong informed that there is contingent gain of RM800.0 million but this has not been recorded in the books. As such, once the Company received the money, there will be an extraordinary gain of RM800.0 million.*

Q10: Why there was fair value gain in 2015 and fair value loss in the investment of a joint venture for the development of Paradigm PJ? What is the pick-up rate for the Aerius Residences and Azure Residences in Paradigm, is it encouraging or discouraging?

A10: *The Chairman explained that the Group has adopted the policy to revalue the assets on a yearly basis. As such adjustment will be needed if the value of the assets change from year to year.*

The Chairman added that the Aerius Residences will be launching soon and will observe what will be the market reception for this launching. As for the Azure Residences, the non-bumi units have been sold out and we have submitted applications to the Local Authority to release the bumi units and subsequent to offer to the public.

Q11: Please comment on the speculation about the implementation of REIT by the Company before end of the year?

A11: *The Chairman informed that the Company is having consultations with the Investment Bankers and Securities Commission on the implementation of REIT and will try to get it done as soon as possible.*

Q12: What is the future business scope for the offshore companies stated in page 118 of the Notes to the Financial Statements, does the Group need this kind of structure to present in offshore investment?

A12: *Mr. Chong explained that these WCT offshore companies were set up in the Republic of Mauritius in early year 2000 and mainly for WCT's investment in India.*

The Chairman further explained that the Management is well aware of the current tax issues facing by the offshore companies worldwide. The tax planning for WCT offshore companies has been done in a proper manner based on the advice received from our Tax Consultants. .

Q13: Page 74 of the Notes to the Financial Statements, show there is interest of RM126.0 million paid to the banks/financial institutions, what is ratio of the commercial and syariah loan for WCT Group?

A13: *Mr. Chong replied that with the Sukuk Bond of RM1.5 billion and MTN of RM1.0 billion, there is more than 50% of the loans are Islamic loans.*

Q14: What is the quantum and percentage of order book for MRT and its related project?

A14: *Mr. Ng Chee Kiet responded that the current order book for the Group is RM4.8 billion and the MRT project order book is about RN896.0 million, so is about 20% of total book order.*