



NEWS RELEASE

WCT Wins Arbitration: Nad Al Sheba Dubai Racecourse Project

Selangor, 9 July 2015 – WCT Holdings Berhad announced yesterday that its subsidiary, WCT Berhad has received a favourable Final Award ruling in an arbitration case against Meydan Group LLC (formerly known as Meydan LLC) ("Meydan") in relation to the cancellation of the construction and completion of the main building works, external works and infrastructure works contract of the Nad Al Sheba Racecourse, Dubai, U.A.E. ("Contract").

BACKGROUND

On 18th September 2007, WCT Berhad announced the award of the contract from Meydan to the 50:50 joint venture ("JV") between WCT Berhad (Dubai branch) ("WCT") and Arabtec Construction LLC ("Arabtec") for a contract sum of approximately AED4.6 billion (approximately RM4.6 billion) with an original contractual Date for Completion of 7th October 2009.

CANCELLATION NOTICE

On 25 December 2008, the JV was served a cancellation notice by Meydan. Meydan attributed the cancellation to "non-adherence to the agreed time schedule for construction" which was strongly disputed by the JV. Subsequent to the cancellation, Meydan called upon the JV's Performance Bond and Advance Payment Bond, which calls were also strongly disputed by the JV. Accordingly, the JV initiated arbitral proceedings at the Dubai International Arbitration Centre ("DIAC") on 11 January 2009 for breach of contract by Meydan and to enforce the JV's rights and remedies, including recovering all amounts due under the Contract as well as damages. The JV's claims against Meydan initially were for AED1.69 billion and was eventually revised to approximately AED2.8 billion.

On 27 February 2013, Arabtec and Meydan withdrew all pending legal cases as between themselves. However, WCT elected to continue to pursue the arbitration proceedings in respect of WCT's rights in the share of the JV's claims namely approximately AED1.4 billion.

OUTCOME

Following an evidentiary hearing in April this year, the Arbitral Tribunal has issued and delivered its Final Award in which it found and has ruled in favour of WCT, amongst others, that Meydan's cancellation and purported termination of the Contract was unlawful, invalid and of no effect and Meydan was therefore not entitled to call on the JV's Performance Bond. Accordingly, the Arbitral Tribunal awarded to and in favour of WCT and ordered Meydan to pay to WCT, a total of AED1,152,651,192.68 being the aggregate of the following:-

- (a) WCTB's claims (in respect of amounts owing for work done, repayment of Performance Bond, loss of profit, damages, interests etc.) : AED1,117,801,755.30;
- (b) Arbitration Costs : AED8,197,138.00; and
- (c) Legal Costs : AED26,652,299.38.

The said Award is in favour of WCT only and does not include Arabtec who, as stated above, had withdrawn from the proceedings earlier.

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