

Publication of summary of key matters discussed at the 45th Annual General Meeting of W T K Holdings Berhad (“WTK” or “the Company”)

No.	Key matters raised by members and/or proxies	Responses from Directors and/or Management
1.	<p><u>Trade and Other Receivables</u></p> <p>Reasons the Group write off the allowance for impairment loss on trade receivables of RM1.9 million and the allowance for impairment loss on other receivables of RM1.8 million and whether the impaired trade receivables of RM1.66 million and impaired other receivables of RM2.17 million are collectable.</p>	<p>Assessment on the recoverability of trade receivables and other receivables had been duly carried out and these receivables were impaired accordingly. Management found that the chances of recovery of trade receivables of RM1.9 million and other receivables of RM1.8 million are slim and as such, Management decided to write off these amounts.</p> <p>Management is diligently following-up to recover the impaired receivables.</p>
2.	<p><u>Deviation of 10% or more between the profit or loss after tax and minority interest stated in the Company’s announced unaudited financial results for the quarter ended 31 December 2016 and the Company’s audited financial statements for the financial year ended 31 December 2016 (“Deviation”)</u></p> <p>Background as to why the Company made announcement pertaining to the Deviation on 18 May 2017 instead of making the said announcement on timely basis in end of March 2017 as the Company’s audited financial statements for the financial year ended 31 December 2016 were available in end of March 2017.</p>	<p>The Deviation was not announced on timely basis in end of March 2017 because at that time, the Company’s Finance Department had misread the relevant provision in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad relating to the Deviation. The Company has no intention to delay the announcement pertaining to the Deviation.</p> <p>Although the amount of the Deviation of RM161,000 is small, there is no excuse for such mistake made by the Finance Department of the Company. This has never happened before in WTK. The Audit Committee has undertaken an internal review and put in place an effective process to ensure that this mistake will not happen again.</p>
3.	<p><u>Ageing analysis of trade receivables</u></p> <p>Ageing analysis on trade receivables of RM34.55 million which were more than 121 days past due but not impaired.</p>	<p>This is an amount owing with regards to the charter of vessels in the Oil and Gas Division, whereby the end user is PETRONAS. Year 2016 was a challenging year for oil and gas industry where payment is slow and this is an industry wide problem. WTK Group is monitoring closely on collection and in touch with end user to ensure that the amount is collectable as promised.</p>

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4.	<p><u>Investment Properties</u></p> <p>a) Details of investment properties of RM16.76 million.</p> <p>b) Rationale for the above investment properties.</p>	<p>a) This investment properties refers to land and building taken over by WTK Group from a subsidiary which WTK Group had disposed of during the financial year 2016.</p> <p>b) Due to the land and building’s strategic location, the Management is of the view that there is a good future value in the land and building. So, the Board made this cautious decision to dispose the subsidiary but retained the land and building due to its good future value.</p>
5.	<p><u>Board Composition</u></p> <p>Steps taken to meet the new practice note 4.1 of the Malaysian Code on Corporate Governance recently released by the Securities Commission on 26 April 2017 (i.e., at least half of the Board comprises independent directors) since the current Board only has 3 independent directors out of 8 Board members.</p>	<p>The Board is aware of this new practice and efforts are put in place to meet this new practice.</p>
6.	<p><u>Nomination Committee Composition</u></p> <p>The Nomination Committee (“NC”) comprise 3 members of which 2 members whose tenure as independent directors are more than 9 years and one of them is the Chairman of NC.</p> <p>With such a composition of NC which departs from best practices, what steps has the Board taken to limit such departure?</p>	<p>Whilst the Board and the NC have assessed and determined that all its Independent Directors are independent, the retention of the 2 members of NC (whose tenure as independent directors are more than 9 years), are also subject to shareholders’ approval at annual general meeting.</p>

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7.	<p><u>Contracts or business opportunities in timber business for WTK Group and the related parties</u></p> <p>Given that WTK Group and the related parties are in similar business (i.e., timber business), how did WTK Group and the related parties handle contracts or business opportunities?</p>	<p>The nature of timber business is such that it is large enough for WTK Group and other group of companies (i.e, the related parties).</p>
8.	<p><u>Board Independence</u></p> <p>The member questioned on why the Board holds the view that there is balance of power and authority on the Board between non-independent and independent directors. The member also further noted that the Managing Director is the son of the Chairman.</p>	<p>Given the current composition of the Board which reflects sufficient independent element (although the Chairman is not an independent director and the Board does not comprise a majority of independent directors), the Board holds the view that there is balance of power and authority on the Board between non-independent and independent directors.</p> <p>It is common where Managing Director is the son of Chairman as many public listed companies are from family based business.</p>

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9.	<p><u>Investment in Oil & Gas Industry</u></p> <p>WTK Group has incurred a loss of RM21.0 million in year 2016, being the second year of its investment in Oil & Gas industry.</p> <p>Hence, the member questioned on the rationale of the said investment, whether due diligence was conducted and the development of the secured order book in excess of RM900 million over the next five years for the associate company, as mentioned in the Company's announcement made on 28 November 2014 in respect of its investment in Oil & Gas industry.</p>	<p>The investment in Oil & Gas industry will allow WTK Group to diversify into different types of natural resources business, in particular the provision of Accommodation Workboats ("AWBs") to support offshores oil & gas activities. Along with the engaged advisers and consultants, proper due diligence was conducted before the decision was made by the Board, on the said investment.</p> <p>The secured order book in excess of RM900 million is upon acquisition of the said investment based on the campaigns that were planned out for 5 years. In year 2015, a gradual downturn in the industry become evident. This led to PETRONAS restructuring its assets and delaying major campaigns that among others, affected the deployment of our AWBs.</p>

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