



Publication of summary of key matters discussed at the 46th 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>Oil & Gas Division</u> What caused the losses in the Oil & Gas Division in 2016 and 2017 despite the strong order book?</p> <p>The Company’s announcement made on 28 November 2014 stated that the division had in excess of RM900 million order book over the next 5 years.</p>	<p>The losses in the Oil & Gas Division in 2016 and 2017 were the result of the prolonged downturn of the Oil & Gas industry stretching from beginning of 2015 through to the end of 2017. The strong order book secured in 2014 were translated into revenue and profits in 2015 as Petronas and its PSCs were still completing their major projects that had commenced prior to the downturn.</p> <p>However, with the Oil & Gas industry remaining sluggish in 2016, Petronas and other oil majors slashed their CAPEX and OPEX significantly. This had caused projects to be delayed or deferred, thus resulting work orders not being issued or delayed. This reduction of projects resulted in our order book not being translated into revenue and profitability. The challenges we faced in 2016 and 2017 were similar to our peers in the Oil & Gas industry such as Alam Maritim Resources Bhd, Bumi Armada Bhd and Icon Offshore Bhd, all of which had incurred significant losses in 2016 despite having strong order book prior to the downturn.</p>
2.	<p><u>Oil & Gas Division</u> The investment in Oil & Gas Division was done in end 2014 where the oil price has dropped to around USD60 per barrel. Why did the Group proceed with the investment seeing that the Oil & Gas industry was facing a downturn?</p>	<p>At the point when the investment in Oil & Gas Division was completed, the Group’s view was that the downturn of oil prices at end 2014 was temporary as seen many times before with this industry, similar to the situation at the end of 2008.</p> <p>The decision to proceed was driven by the clarity of revenue streams and profitability of the target investment and its ability to withstand the temporary downturn.</p> <p>As evidently shown, the investment yielded the expected results in 2015. However, the unexpected continuing and prolonged drop in oil prices throughout 2017 proved to be too challenging for the Group. Similarly, our peers in the Oil & Gas industry suffered the same fate as explained above.</p>

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3.	<p><u>Oil & Gas Division</u> Why did the Company's subsidiary, Alanya Marine Ventures Sdn Bhd ("AMV"), an investment holding company for Nautical Returns Sdn Bhd ("NRSB"), enter into chartering vessels business? This had resulted in AMV carrying a huge amount of payables on charter owings to vessel owners and huge amount of receivables on charter hire owing by NRSB.</p>	<p>The decision for AMV to charter the vessels was based on eventually building-up its own asset base and subsequently have a fleet of vessels, particularly the Accommodation Workboats ("AWBs"), to charter to NRSB and other licensed operators in the Oil & Gas industry. AMV's position as a 100% subsidiary of WTK also provided an advantage for the development of partnerships with vessel owners.</p> <p>At that point of time, it was part of the Group's strategic plan to focus on this niche area of the offshore support vessels industry, which is the chartering and operating of accommodation workboats.</p>
4.	<p><u>Plans moving forward</u> With the losses incurred arising from the Oil & Gas Division, what plans are put in place for the Group to recover financially and will the Group consider any diversification efforts in the near future?</p>	<p>The Group remains financially strong, with a strong balance sheet as of Q1 2018, represented by RM380 million in cash and more than RM1 billion in net assets.</p> <p>As the Oil & Gas Division was a diversification effort, the Group's core business remains strong and other segments within the Group continues to grow as planned.</p> <p>The Group shall remain steadfast in our pursuit to improve shareholder's value and will give due consideration to diversification opportunities as it arises.</p>
5.	<p><u>Remuneration of Managing Director</u> How does the remuneration for Managing Director linked to corporate performance and his individual performance when the Group's results have been deteriorating for the past 3 years and was there any comparison done with other companies listed in Bursa Malaysia or the Government-Linked companies?</p>	<p>The remuneration for the Managing Director, Dato' Sri Patrick Wong Haw Yeong is also linked to his performance especially his leadership and the Group's performance in timber and plantation divisions. For the past years, these divisions have continued to grow and the Group's palm oil mill had in 2017 commenced its operations. Hence, the remuneration of the Managing Director reflected his performance and also, the Group's performance in these divisions.</p>

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6.	<p><u>Fees paid to Managing Director by subsidiaries</u> The Managing Director who was already been paid salary by the Company, received fees of RM39,600 during the financial year ended 2017, for sitting on the boards of subsidiaries.</p> <p>Normally, an executive director of holding company, who sit on the board of subsidiaries will renounce to holding company, the fees paid by subsidiaries. This is because the executive director who has been paid salary, represented the holding company and not representing himself to sit on the board of a subsidiary.</p>	<p>The Remuneration Committee is aware and has taken note about the remuneration of Dato' Sri Patrick Wong. Going forward, we will be restructuring Dato' Sri Patrick Wong's remuneration so that it is reflected on Group basis.</p>
7.	<p><u>Independence of existing Independent Non-Executive Director</u> Given that Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd) has been an Independent Director for so many years, does he still maintain his independence?</p>	<p>Despite being a long-serving Independent Director, the Board finds that Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd) has remained independent and objective in deliberations and decision-making of the Board and Board Committees. Furthermore, he has been updating himself by attending seminars (including topic on corporate governance), whereby he understands well the notion of independence and has continue to act independently.</p>