

W T K HOLDINGS BERHAD
[Registration No. 197001000863 (10141-M)]
(Incorporated in Malaysia)

MINUTES OF THE EXTRAORDINARY GENERAL MEETING (“EGM” OR “THE MEETING”) OF W T K HOLDINGS BERHAD (“THE COMPANY”) HELD ON A FULLY VIRTUAL BASIS THROUGH AN ONLINE MEETING PLATFORM VIA TIIH ONLINE WEBSITE AT HTTPS://TIIH.ONLINE OR HTTPS://TIIH.COM.MY (DOMAIN REGISTRATION NUMBER WITH MYNIC: D1A282781) PROVIDED BY TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN. BHD. IN MALAYSIA ON FRIDAY, 3 NOVEMBER 2023 AT 10.00 A.M..

Present

Directors	:	Tan Sri Datuk Seri Panglima Sulong Bin Matjeraie	<i>Chairman, Independent Non-Executive Director</i>
		Mr. Lim Hong Hin	<i>Executive Director</i>
		Dr. Loh Leong Hua	<i>Independent Non-Executive Director</i>
		Ms. Law Ngi Ping	<i>Independent Non-Executive Director</i>
In Attendance	:	Mr. Lai Soon Ong	<i>Company Secretary cum Chief Financial Officer</i>
Invitees	:	Mr. Goh Yao Yen	<i>Principal Adviser, UOB Kay Hian Securities (M) Sdn. Bhd.</i>
		Mr. Tan Dai Liang	} <i>Independent Adviser, Strategic Capital Advisory Sdn. Bhd.</i>
		Mr. Ng Woon Lit	
		Mr. Chai Cheon Nyiap	<i>Independent Valuer, Henry Butcher Malaysia (Miri) Sdn. Bhd.</i>
		Mr. Tay Weng Hwee	} <i>Legal Counsel, Lee Hishammuddin, Allen & Gledhill</i>
		Ms. Lee Wan Xin	
Members and Proxies	:	As per Attendance List	

1. WELCOME ADDRESS

The Chairman, Tan Sri Datuk Seri Panglima Sulong Bin Matjeraie took the chair of the Meeting and welcomed everyone present at the Meeting which was held on a fully virtual basis.

The Chairman then introduced the members of the Board of Directors (“Board”), the Company Secretary cum Chief Financial Officer and the respective representatives of the Principal Adviser, Independent Adviser, Independent Valuer and Legal Counsel who were present virtually via online meeting platform.

The Chairman informed that Y.A.M. Tengku Sulaiman Shah Al-Haj Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Al-Haj extended his apologies for not attending the Meeting due to his travelling commitment whilst Dato’ Sri Patrick Wong Haw Yeong and Datin Sri Annie Wong Haw Bing, being the Interested Directors in the Proposed Acquisition, abstained themselves from attending the Meeting.

2. QUORUM

The Company Secretary reported that the Company had received a total of 46 valid proxy forms representing a total of 10,496,488 shares of the Company from the shareholders.

Following a confirmation from the Company Secretary that there was a quorum present in accordance with Clause 50(2) of the Company’s Constitution, the Chairman declared that the Meeting duly convened.

3. NOTICE

The Notice convening the Meeting dated 19 October 2023, having been circulated earlier on was taken as read.

4. PRELIMINARIES

Before the Meeting proceeded with the item on the Agenda, the Chairman informed that the resolution to be tabled at the Meeting shall be voted upon by way of a poll pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Company had appointed Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”) as the Poll Administrator to conduct the polling process and Scrutineer Solutions Sdn. Bhd. as Independent Scrutineer to verify the results of the poll.

The Chairman then invited the shareholders and proxy holders to view a video on the poll voting procedures.

Shareholders have been informed that voting on the resolution could be done at any time throughout the Meeting until the conclusion of the voting session and were welcomed to raise questions in real time by submitting questions via the query box of Remote Participation and Voting Facilities (“RPV”) provided by Tricor’s TIIH Online website at <https://tiih.online> or <https://tiih.com.my>.

5. AGENDA

The Chairman then proceeded to table the agenda of the Meeting:

5.1 ORDINARY RESOLUTION

PROPOSED ACQUISITION OF 70% EQUITY INTEREST IN DURAFARM SDN. BHD. (“DURAFARM”), FOR A TOTAL CASH CONSIDERATION OF RM132,200,000 (“PROPOSED ACQUISITION”)

Ordinary Resolution is to seek shareholders’ approval on the proposed acquisition of 70% equity interest in Durafarm Sdn. Bhd., for a total cash consideration of RM132,200,000.

Upon the invitation by the Chairman, Mr. Goh Yao Yen, the Principal Adviser and Mr. Tan Dai Liang, the Independent Adviser, delivered their respective presentations on the Proposed Acquisition.

The Chairman informed that the Proposed Acquisition is deemed as Related Parties Transactions under Paragraph 10.08 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Interested Directors, Interested Major Shareholders and/or Persons Connected with Interested Directors or Interested Major Shareholders shall abstained from voting on the above resolution.

6. QUESTION AND ANSWER SESSION

The Chairman informed that the Company had received several questions submitted in advance of the Meeting and also questions that were received via query box from the RPV provided by Tricor during the course of the Meeting.

Questions raised were responded by the Board, Independent Adviser and Independent Valuer. The summary of key matters discussed were listed in attached “Annexure A”.

The Chairman informed that unattended question, if any, would be replied through email after the meeting.

7. POLL VOTING

After the question and answer session, the Chairman reminded the shareholders and proxy holders that they were provided with further 5 minutes to cast and submit their votes.

The Chairman then declared that the voting session for the Meeting closed and the Meeting was adjourned at 11.00 a.m. for the counting and verification of votes.

8. DECLARATION OF POLL RESULTS

The Meeting resumed at 11.15 a.m.. The Chairman announced the poll results which have been verified by the Independent Scrutineers, as follows: -

Ordinary Resolution	Vote For		Vote Against		Total Votes	
	No. of shares	%	No. of shares	%	No. of shares	%
1	18,857,364	99.1353	164,483	0.8647	19,021,847	100.0000

The Chairman declared that the resolution that had been put to the Meeting were duly carried and **RESOLVED** as follows:

ORDINARY RESOLUTION

PROPOSED ACQUISITION OF 70% EQUITY INTEREST IN DURAFARM SDN. BHD. (“DURAFARM”) FOR A TOTAL CASH CONSIDERATION OF RM132,200,000 (“PROPOSED ACQUISITION”)

“**THAT** subject to all relevant approvals being obtained in respect of the Proposed Acquisition, approval be and is hereby given for BioFarm Venture Sdn. Bhd., wholly-owned subsidiary of WTK to acquire 9,800,000 ordinary shares in Durafarm, representing 70% equity interest held by Ocarina Development Sdn. Bhd. (In Liquidation) for a cash consideration of RM132.20 million in accordance with the terms and conditions as stipulated in the conditional share sale agreement dated 11 August 2023;

AND THAT the Board of Directors of the Company (“**Board**”) be and is hereby authorised to act, for and on behalf of the Company, and to take all such steps and do all such acts, matters and things as the Board deems fit or may consider necessary, desirable, appropriate or expedient to implement, finalise and give full effect to the Proposed Acquisition and all agreements entered into pursuant to the Proposed Acquisition with full power to give all or any notices, directions, consents and authorisations in respect of any matter arising under or in connection with the Proposed Acquisition, and to assent to any condition, modification, variation and/or amendment relating to the Proposed Acquisition as may be approved/required by the relevant regulatory authorities and/or as the Board deems fit.”

9. CLOSURE

There being no other business, the Chairman declared the Meeting closed at 11.16 a.m. with a vote of thanks to all the attendees of the Meeting.

**CONFIRMED AS A CORRECT
RECORD OF THE PROCEEDINGS**

CHAIRMAN

W T K HOLDINGS BERHAD

Registration No. 197001000863 (10141-M)

Summary of Questions from shareholders at the Extraordinary General Meeting ("EGM") of the Company held on 3 November 2023**Questions submitted in advance of the Meeting**

No.	Key matters raised by members and/or proxies	Responses from Directors, Independent Adviser and Independent Valuers
1.	<p>I refer to the acquisition of Durafarm for RM132 million for 5,040 hectares or RM26,148 per hectares compare to WTK market capital of RM219 million which own 16,428 hectares of plantation which work out to cost of RM13,308 per hectares. From surface it appears WTK is overpaying at 2 times of its existing plantation cost.</p> <p>Please explain why the Board of Directors is prepare to overpay at 2 times of WTK plantation cost?</p>	<p>The market capital divided by the hectarage is not a comprehensive reflection of WTK Group's true valuation because it does not take into account the other significant businesses within the Group such as timber, tapes, and frozen food divisions. These divisions also contribute to the Group's net assets value (NAV), which as of 30 June 2023, is RM781 million or RM1.67 per share.</p> <p>It is also important to note that the valuation of Durafarm's estate was conducted by Henry Butcher using a discounted cash flow (DCF) method. This valuation considers the projected cash flow and the plantation profile of Durafarm, providing a more realistic assessment of its value.</p> <p>According to Part A, Section 2.5 of the Circular, the purchase consideration for the 70% equity interest in Durafarm is RM132.2 million. This purchase consideration is at a discount of 2.44% over the adjusted net assets (NA) of Durafarm.</p>
2.	<p>I refer to production of FFB of Durafarm as follows:</p> <p>2020 : 50,435 mt 2021 : 41,147 mt 2022 : 32,848 mt</p> <p>Given that Durafarm are relatively young thus the FFB production of FFB should increase over time. Why the production trend of FFB has been decreasing from 2020 to 2023 every year?</p>	<p>The replanting efforts initiated in 2019, definitely will have an impact on the downward trend in fresh fruit bunches (FFB) production in the near term.</p>

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Questions submitted in advance of the Meeting (continued)

	<p>As for profitability as follows:</p> <p>2020 : RM1.6 million 2021 : RM8.1 million 2022 : RM13.4 million</p> <p>Why is it Durafarm’s profit increasing every year despite falling of FFB production every year?</p>	<p>The increase in average crude palm oil (CPO) prices during the years 2021 and 2022 has contributed to the profitability of Durafarm. This increase in revenue can potentially offset any temporary decrease in FFB production due to replanting efforts.</p>
3.	<p>The purchase of Durafarm for RM132 million is at a discount of 2.4%, why WTK is willing to accept such a low discount as most plantation company like WTK is trading at a discount of more than 50%, surely you can find better plantation to buy?</p>	<p>The discount between the share price and Net Assets for companies listed in Bursa Malaysia is unquestionably due to the bearish market sentiment and inefficiency of the capital market.</p> <p>Based on the unaudited second quarter of 2023 financial results, the Group Net Assets are valued at RM1.67 per share. We are positive that the Proposed Acquisition will have a significant improvement on the financial performance of the Group and will enhance the share price of WTK.</p>
4.	<p>On funding for the purchases it was mentioned:</p> <p>Internal funding RM39.7 million Bank borrowing <u>RM92.5 million</u> Total : <u>RM132.2 million</u></p> <p>That means WTK has yet to secure the funding. What if?</p> <ol style="list-style-type: none">1. WTK cannot secure bank funding?2. The bank funding interest rate is very high? <p>Why WTK is going ahead with the acquisition without securing proper funding, has the Board of Directors done any proper risk management on this acquisition?</p>	<p>The information disclosed in Part A, Section 2.7 of the Circular is purely for illustrative purposes. The Group has successfully secured the required bank borrowings for the Proposed Acquisition at the prevailing interest rate as of the date of this EGM.</p>

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Questions submitted in advance of the Meeting (continued)

5.	For WTK acquisition of Durafarm, it appears that WTK plantation has better young, prime and mature plantation as compared to Durafarm which have more immature plantation, how can this acquisition enhances WTK earnings capacity?	<p>The oil palms in the 0-3 years category at Durafarm will soon reach young maturity within the next 12-18 months. At present, the young mature crop (4 to 8 years) at Durafarm has recorded an impressive average yield of 15.70 MT per hectare.</p> <p>As more oil palms mature and enter into higher yielding age brackets in the coming years, we can expect the contribution from Durafarm to increase even more.</p>
6.	In the circular one of the reason for WTK acquiring Durafarm is the mitigation of related party involvement of related business of palm oil plantation, and given that WTK already done 3 related party palm oil company acquisition todate, can the Board of Directors confirm that Durafarm is the last related party plantation acquisition and the related party are not involved in other palm oil business that is conflicting with WTK business anymore after this acquisition?	<p>Our Group has a long term strategy of identifying and acquiring assets that will add value to our business. Our approach is to independently assess the commercial merits of each asset that comes to market. By doing so, we are able to make informed decisions that align with our overall objectives and ensure the continued growth of our business.</p>

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Summary of Questions from shareholders at the Extraordinary General Meeting (“EGM”) of the Company held on 3 November 2023

Questions via Query Box during the course of Meeting

No.	Questions by shareholders/ proxies	Responses from Directors, Independent Adviser and Independent Valuers
1.	How much does the Company spend on this virtual EGM?	The company has incurred an expense of approximately RM 40,000 for organising the virtual EGM.
2.	Would the BOD kindly give Touch n Go e-wallet as a token of appreciation for taking time and effort to attend this RPV?	There will be no distribution of door gifts or e-wallet for the EGM.
3.	What’s the rationale for this proposal? Please explain.	The rationale for this proposal is included in the Part A, Section 3 of the Circular and has also been explained by the advisers previously.
4.	How will our Company ensure that this acquisition that require such large capital investment will generate adequate positive returns consistently quickly enough so that our Company don't choke to death on such large capital commitment, please elaborate?	Durafarm has a proven track record of consistently producing good yields in the past. Despite the oil palms trees on the estate are relatively young, they still manage to produce an average yield of 15 MT per hectare. This strong performance gives us great confidence in the future potential of Durafarm, especially as more crops reach maturity.
5.	Why the Board of Directors did not consider buyback more WTK shares instead of buying Durafarm as WTK discount to market value is much more compare to Durafarm purchase price, surely this has better wealth creations for shareholders?	We will consider share buybacks when the timing is right.
6.	Given that it's a RPT, why was the management of WTK not negotiating a 100% stake instead of the proposed 70%?	We will consider acquiring the 100% stake in Durafarm when the opportunity arises.
7.	What is the expected RPGT to be imposed based on the recent similar transactions in Sarawak imposed by the DGIR? Will the RPGT imposed be paid from the sale consideration of RM132.2 million?	The calculation of RPGT is based on the assessment made by the Inland Revenue Board and RPGT is to be paid by the Vendor.

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Summary of Questions from shareholders at the Extraordinary General Meeting (“EGM”) of the Company held on 3 November 2023

Questions via Query Box during the course of Meeting (continued)

No.	Questions by shareholders/ proxies	Responses from Directors, Independent Adviser and Independent Valuers
8.	<p>The Independent Advisor (“IA”) in its Conclusion and Recommendation highlighted that the Potential Disadvantages is the assumption that the Proposed Acquisition will be 70% financed by bank borrowing. Please elaborate on the "disadvantages" which that the IA has concluded.</p>	<p>Please refer to page 54 of the circular for the details.</p> <p>The gearing of the Group will increase from 0.49 times to 0.60 times which may lead to higher financial risk due to increased exposure to interest expense and potentially higher interest rates for future borrowings.</p> <p>However, the interest rate is subject to the Group’s negotiation with the respective financial institution when securing bank borrowings.</p> <p>A gearing ratio of 0.60 times falls within the range of other plantation companies listed on Bursa Malaysia.</p>
9.	<p>A total of 867.31 hectares of the Plantation Estate have already been cleared and earmarked for replanting by end 2023.</p> <p>(1) What are the estimated replanting expenses for the 867.31 hectares?</p> <p>(2) Why are these additional expenses not included in the valuation of the Plantation as it is estimated to cost at least RM20,000 to RM30,000 to replant 1 hectare in Sarawak.</p>	<p>Replanting costs are estimated at RM12,000 per hectare, taking into account lower labour and machinery expenses due to good maintenance, and existing infrastructure that requires only minor upgrades to support the replanting process. The proximity to Indonesia also makes it easier to hire workers. WTK has extensive experience in replanting, and all replanting is done in-house, which makes costing easier to manage.</p> <p>At the time of valuation, the land had already been cleared and is assumed to be vacant land with improvements.</p>

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Questions via Query Box during the course of Meeting (continued)

No.	Questions by shareholders/ proxies	Responses from Directors, Independent Adviser and Independent Valuers
10.	Physically, how close or far away are the estates of this new acquisition relative to existing WTK estates, how easy to manage them?	The Durafarm estate is situated around 231KM from our nearest estate in Sibul. However, with the improved infrastructure provided by the Pan Borneo highway, the drive to the estate now takes less than two hours. This improved connectivity allows us to better manage and monitor the estate's operations, resulting in more efficient and effective decision-making.
11.	What is the financial rate charge by the bank for this acquisition?	The interest rate is COF + spread rate of 1%
12.	The question which is answered by Mr Lim which he says that WTK has assets which is much more than the just the plantation I have mentioned, that means the discount valuation even more to Durafarm price.	<p>It is our belief that the current share price and market capitalisation of WTK do not accurately reflect the underlying value of the company, as it includes other businesses. Thus, comparing the market capital per hectare would not provide an accurate analysis of the discount. Furthermore, since this transaction is fully settled in cash with no new share issuance, the market capital analysis is not relevant.</p> <p>The valuation of the plantation be assessed based on a Discounted Cash Flow approach, which is the method adopted by Henry Butcher, a common method adopted by all the valuer. By using this approach, we can better evaluate the value of the plantation based on its future cash flows and other relevant factors, which we believe is a more appropriate and accurate method of valuation.</p>