

**WCT Holdings Berhad**  
(Company No. 930464-M)  
Incorporated in Malaysia

**SUMMARY OF KEY MATTERS DISCUSSED AT THE EIGHTH ANNUAL GENERAL MEETING (“8<sup>th</sup> AGM”) OF THE COMPANY HELD AT BALLROOM II, GROUND FLOOR, PREMIÈRE HOTEL, BANDAR BUKIT TINGGI, 1/KS6, JALAN LANGAT, 41200 KLANG, SELANGOR DARUL EHSAN ON WEDNESDAY, 12 JUNE 2019 AT 10.00 A.M.**

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At the 8<sup>th</sup> AGM, the Company’s Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors’ and Auditors’ thereon was duly received by the members. All the ordinary and special resolutions that tabled for voting by way of poll at the 8<sup>th</sup> AGM were duly approved by the shareholders.

The Company’s responses to the questions raised by the Minority Shareholder Watchdog Group vide their letter dated 16 May 2019, the questions raised from the floor which were duly answered by the Chairman and the Senior Management as well as the result of the poll are as follows:

**(A) Responses to questions raised by the Minority Shareholder Watchdog Group (“MSWG”)**

**Strategy and Financial Matters**

1. ***In 2018, the Group had successfully secured three large-scale building construction contracts (Page 10 of the Annual Report 2018).***

***For 2019, how many large-scale building contracts have been obtained todate? How many large-scale building contracts is the Group targeting in 2019?***

*Answer: The Group is currently pursuing several tenders for new construction contracts involving both civil and infrastructure projects as well building jobs. To-date, the Group has yet to secure any large-scale contracts in 2019.*

2. ***As part of its de-gearing programme, the Group had divested approximately 89 acres of its idle undeveloped land in Serendah, Selangor for total proceeds of RM61.1 million (Page 10 of the Annual Report 2018).***

- (a) ***What was the market value of the land when it was divested?***

*Answer: The estimated market value of the lands was about RM62 million.*

- (b) ***Is the de-gearing programme to be continued in 2019? What is the optimal gearing ratio that WCT Group aspires to achieve in the long run?***

*Answer: The de-gearing initiatives of the Group is still on-going until the Group achieves a targeted net gearing ratio of between 0.5 to 0.6 times.*

3. ***For 2019, the Group will continue to adopt a prudent approach in its tenders and will focus on project execution to ensure that your projects can deliver sustainable level of revenue and profit. The Property Development Division will focus on building a stronger brand and increase its efforts in clearing its existing property inventory amidst a soft property market. The Group’s retail mall segment is expected to register improved revenue and earnings supported by a high level of occupancy and improved footfall (Page 11 of the Annual Report 2018).***

**(a) How will the Group strategise to clear the existing property inventory in the next two years?**

*Answer: The Group has employed the following strategies in reducing its existing property inventory:*

- (i) Capitalise on the Government's Home Ownership Campaign 2019 to target first time buyers to participate in the HOC 2019 incentives;*
- (ii) Review the pricing strategies of the existing property stocks;*
- (iii) Revise sales packages of the existing property stocks;*
- (iv) Refresh and restyle existing sales gallery and show units to remain relevant and attractive to potential buyers;*
- (v) Develop and amplify property stocks selling propositions, comparative marketing; and*
- (vi) Expand the selling and distribution channels by enlarging sales agency base with effective supports.*

**(b) What is the current and targeted occupancy rate for Group's retail mall segment in 2019?**

*Answer: The occupancy rate for the Group's retail mall segment as at 31 December 2018 was approximately 90% and the Group is targeting to improve the occupancy rate up to 94% by end of 2019.*

**4. How will the Board address the higher share of losses recorded by the joint ventures from share of losses of RM21,965,000 in FY2017 to share of losses of RM40,263,000 in FY2018 (Page 105 of the Annual Report 2018)?**

*Answer: The higher share of losses recorded by the joint ventures in FY2018 was mainly attributed to WCT's 70% investment in Jelas Puri Sdn Bhd due to the following:*

- (i) Share of additional deferred tax provisions of RM6.8 million in respect of prior year fair value gains due to the increase in the real property gains tax rate from 5% to 10% for investment property held for more than 5 years;*
- (ii) Share of Impairment in the value of on property stocks amounting to RM13.5 million in FY2018 (FY2017: RM6.10 million); and*
- (iii) Share of additional loss from operations and pre-opening expenses attributable to New World Hotel Petaling Jaya, which was in its first year of operations since January 2018, amounting to RM6.4 million.*

*The above share of losses was partially offset by higher share of profits from the retail mall operations of gateway@klia2 of RM21.4 million (FY2017: RM16.8 million).*

*Barring any unforeseen circumstances, the Board expects the share of losses from joint ventures to narrow in the current financial year as it improves on the occupancy level of the retail mall and hotel, as well as reduces the property stock holdings.*

**5. What is the breakdown for other expenses amounting to RM184,817,000 in FY2018 (FY2017:RM199,430,000) (Page 105 of the Annual Report 2018)?**

*Answer: The breakdown for “Other expenses” in FY2018 is as follows:*

<b>Item</b>	<b>Amount (RM'million)</b>
<i>Impairment of goodwill on acquisition of subsidiaries</i>	137.4
<i>Depreciation of property plant &amp; equipment</i>	17.0
<i>Impairment of land held for development</i>	11.2
<i>Impairment on property stocks</i>	7.8
<i>Amortisation of intangible assets</i>	5.4
<i>Others</i>	6.0
<b>Total</b>	<b>184.8</b>

**Corporate Governance and Sustainability Matters**

**1. Payment of Directors’ fees and Payment of Directors’ benefits**

*The Group is seeking shareholders’ approval for the payment of directors’ fees (Resolution 7) and directors’ benefits (excluding Directors’ fees) (Resolution 8) for the period from 13 June 2019 until the next AGM of the Company to be held in 2020.*

*Please state the total amount for each category of payment for the period.*

*Answer: Estimation of Directors’ fees and benefits payable for the period from 13 June 2019 to June 2020 is as follows:*

<b>Directors’ fees (13 June 2019 - June 2020)</b>	<b>Total (RM)</b>
<i>Executive Directors</i>	<i>RM48,000</i>
<i>Non-Executive Directors</i>	<i>RM420,000</i>
<i>Subsidiary Directors</i>	<i>RM132,000</i>
<b>Total:</b>	<b>RM600,000</b>

<b>Directors’ benefits (13 June 2019 - June 2020)</b>	<b>Total (RM)</b>
<i>Board Meetings</i>	<i>RM20,000</i>
<i>Other Committee Meetings</i>	<i>RM80,000</i>
<b>Total:</b>	<b>RM100,000</b>

**2. On sustainability, what are the areas for improvement that the Company has identified?**

*Answer: For our third year of sustainability reporting in our Sustainability Statement within our 2018 Annual Report, we have further enhanced our disclosure of key economic, environmental and social information. We were able to demonstrate progressive improvements in our year on year data tracking and a more solid assessment of how key sustainability indicators are being managed in our Group's operations.*

*Moving forward, our priority is to maintain this progress so as to further strengthen our foundation for sustainable business practices. We will continue to focus on sound data tracking to have a greater understanding of our sustainability impacts and identify opportunities for improvement. In the long term, this approach will allow us to set in place the necessary policies, procedures and approaches to achieve the integration of sustainability with our business practices.*

**(B) Questions raised from the floor which were duly answered by the Chairman and the Senior Management**

**1 WCT Group currently has investment in 5 shopping malls and 2 hotels, is there any plan of injection of these investment into the REIT or to wait for more property investment?**

*Answer: The Chairman responded that the Management believes that the Group has enough value and sufficient assets to proceed with the plan. The Management is currently working on the REIT proposal with the advisers and Management still plans to launch the REIT after obtaining the necessary approvals subject to market and other conditions.*

**2 What is the rationale for the acquisition of 60% interest in Subang SkyPark Sdn Bhd ("SSSB") as the surrounding area may not able to capture sufficient footfall? Who is the shareholder for the remaining 40% interest in SSSB, is it still owned by the vendor?**

*Answer: The Chairman informed that the rationale for the acquisition of SSSB as follows:*

- (i) there is retail space within the SkyPark Terminal, which is very similar to the airport mall at gateway@klia2;*
- (ii) the hangarage services which provide place for people to park their aircraft and carry out aviation related services; and*
- (iii) there is also a land adjacent to SkyPark Terminal which SSSB can develop into a mixed development project.*

*The Chairman added the Management believes that there is a lot of population around the catchment area of SkyPark Terminal which can generate sufficient footfall and the Management intends to work with Malaysia Airports Holdings Berhad ("MAHB") on its expansion plans.*

*He further added that the balance 40% interest in SSSB is held by a third-party private company, which is among the initial investors of SSSB and is not related to the vendor of the 60% equity interest in SSSB which was acquired by WCT.*

**3 Who own the 30% interest in the New World Petaling Jaya Hotel? Is it the New World Group in Hong Kong?**

*Answer: The Chairman informed that Employees Provident Fund Board is the holder of the remaining 30% interest in Jelas Puri Sdn Bhd (a 70%-owned jointly controlled company of WCT), a company which owns and develops the Paradigm Integrated Development in Kelana Jaya, Petaling Jaya including New World Petaling Jaya Hotel.*

*The manager of New World Petaling Jaya Hotel is New World Hotel Management Limited based in Hong Kong.*

**4. What will be the future contribution/development of Property Development division?**

*Answer: The Chairman responded that the profit from the Property Development division for year 2018 was mainly derived from the sale of lands. The property market remains challenging for year 2019, the Management would continue its best efforts to improve sales of its properties and to dispose of idle lands in order to achieve its target.*

**5. What are the latest jobs/awards achieved in year 2019 for the Engineering & Construction Division?**

*Answer: It was informed by the Chairman that WCT did receive small scale jobs/contracts in 2019 which is not significant in view of the size of WCT. As WCT is one of the largest construction companies in Malaysia, the Management is confident that WCT will get its share of jobs when there are jobs available in the market.*

**6. What are the measures taken by WCT Group to improve its inventory of properties and how much success has been achieved?**

*Answer: The Chairman responded that there is mixed results from the sale of properties as some developments are very encouraging by sales but some are not as good as expected. The management would redouble its efforts and continue to work to improve the sales under the current challenging market conditions.*

**7. Does WCT look into construction projects in overseas market since most of WCT projects are local?**

*Answer: The Chairman informed that there are pros and cons to undertake construction projects in a foreign country. Foreign contracts do carry a lot of risks. Nevertheless, the Management will consider carefully if there is any opportunity from overseas market. But currently, we shall focus to deliver our local projects on time.*

**8. With regards to the acquisition of SSSB, WCT acquired the 60% interest at RM40.0 million but there is an impairment of goodwill of RM137.0 million, please elaborate further on this?**

*Answer: Mr. Chong Kian Fah explained that the impairment of goodwill of RM137 million is arising from the impairment under the accounting standard which take into consideration all potential future losses from the remaining lease term of the concession of 19 years. The Management is currently working on the extension of the concession period with MAHB which provided under the concession agreement. This accounting treatment of impairment is consistent with the view and opinion of the auditors Ernst & Young.*

*The Chairman added that as a matter of prudence, the Management in discussion with the company's auditors has decided to make the impairment charge. Besides, RM137 million is a total impairment for SSSB, of which 40% of it (RM54.9 million) is attributable to the minority shareholder.*

**9. Reference is made to Note 16 which shown RM518.0 million of inventories, are this refer to all unsold properties and how many units of these properties?**

***In what situation, these properties will mark at net realizable value or at cost?***

*Answer: It was informed by Mr. Chong that the total unsold units of properties are about 970 units, including unsold stock of about 280 units held under Jelas Puri Sdn Bhd (a 70%-owned jointly controlled company of WCT).*

*He further explained that the Company's auditors have taken a prudent basis by comparing the cost and the net realisable value of the completed stock and adopt the whichever is lower basis, so as to reflect the actual value of the properties.*

**10. The India highway concession will end soon, it carries an asset value of RM111.0 million under the Geographical Segments in WCT Annual Report 2018 but there is no revenue recognized for these concessions, please explain why there was no recognition of revenue, is it due to the concessions are under the built, operate and transfer model?**

***What will happen when these concessions end, does the company sell it back to the Government of India?***

*Answer: Mr. Chong informed that the 2 highway concessions will expire by the end of 2019 and February 2020 respectively. These concessions are based on annuity collection and is a 30:70 joint venture with another listed construction group. As WCT only own 30% of the concessions, it does not recognize the revenue due to equity accounting treatment.*

*Once the concessions end, the joint venture companies will hand over the 2 highways back to India Highway Authority and to wind up the companies thereafter.*

**11. Does WCT own or only have the concession right to operate the airport malls – gateway@klia2 and SkyPark Terminal?**

*Answer: WCT does not own these properties and it only has the land lease rights and the management contract to operate the facilities of the malls, the Chairman replied.*

**12. With regards to the Waltz Residence project in OUG, why the completion date is 4 years as compare to a standard Sale & Purchase Agreement for properties which is 3 years?**

*Answer: It was responded by the Chairman that as the developer, WCT has applied and obtained approval from the relevant authorities for having a longer completion date of 4 years incorporated into the Sale and Purchase Agreements for the Walz Residence project.*

**13. What is the occupancy rate for the New World Petaling Jaya Hotel and Première Hotel and what is the profit level of these hotels?**

*Answer: The Chairman informed that by looking at the gross operating profit level, both the hotels are profitable. After taking into account the interest cost incurred on the borrowings for the construction of hotels, the Première Hotel is still profitable, however, the New World Petaling Jaya Hotel still need supports as is it a new hotel.*

*Mr. Ng Chee Kiet further informed that the average occupancy rate in 2018 for the New World Petaling Jaya Hotel and Première Hotel are 40% and 55% respectively.*

**14. How many unsold completed units of properties including those completed in less than 6 months?**

*Answer: It was informed by Mr. Chong that the unsold units of properties as at the end of December 2018 is about 970 units. As of May 2019, there are about 920 units of unsold properties with about 50 units disposed of in the last 5 months.*

**15. What is the negative reserve of RM1,554,791,000 under the internal reorganization, please elaborate further on it?**

*Answer: Mr. Chong explained that the negative reserves is used to record the differences arising from the share premium of the Company and the share premium of WCT Berhad (“WCTB”) pursuant to the securities exchange made between the Company and WCTB during the internal reorganization happened in year 2013 in compliance with the accounting standards requirement.*

*The internal reorganisation which involved the transfer of the listing status of WCTB and its property development business that placed under WCT Land Sdn Bhd (“WCTL”) to the Company (or “WCTH”), a new holding company being created to take over the construction and property businesses that placed under WCTB and WCTL respectively was mainly for risk management purposes.*

**16. As SSSB has only the concession to operate the SkyPark Terminal, how could it own the land?**

*Answer: The Chairman responded that SSSB does not own the land but it has the land lease rights to operate on the lands and a management contract to operate the Skypark Terminal.*

**17. It is proposed to the Board of WCT to consider the issuance of warrants instead of buy-back its own shares in view of the current market condition.**

*Answer: The Chairman responded that the Management would consider the issuance of warrants should there be any capital raising exercise for the Company.*

**(C) Poll Results**

The poll results for Ordinary Resolutions 1 to 11 and Special Resolution 1 which were verified by Boardroom Corporate Services Sdn Bhd (formerly known as Boardroom Corporate services (KL) Sdn Bhd), the Independent Scrutineers appointed by the Company, are as follows:

No.	Ordinary Resolutions	Vote For		Vote Against	
		No. of Shares	%	No. of Shares	%
1	To approve the final single tier share dividend for the financial year ended 31 December 2018.	757,942,980	99.998298	12,900	0.001702
2	To re-elect Dato' Lee Tuck Fook as Director of the Company.	599,221,947	99.880929	714,353	0.119071
3	To re-elect Datuk Ab Wahab Bin Khalil as Director of the Company.	757,942,980	99.998298	12,900	0.001702
4	To re-elect Mr Goh Chin Liong as Director of the Company.	599,923,400	99.99785	12,900	0.00215
5	To re-elect Puan Rahana Binti Abdul Rashid as Director of the Company.	757,942,980	99.998298	12,900	0.001702
6	To re-appoint Messrs Ernst & Young as Auditors of the Company.	757,942,980	99.998298	12,900	0.001702
7	To approve the payment of Directors' fees.	662,073,461	91.917664	58,216,233	8.082336
8	To approve the payment of Directors' benefits.	757,942,980	99.998298	12,900	0.001702
9	To authorise the allotment of new shares.	699,739,647	92.319311	58,216,233	7.680689
10	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Parties Transactions.	486,435,306	99.997348	12,900	0.002652
11	To approve the Proposed Renewal of Share Buy-Back Authority.	541,720,067	71.471187	216,235,813	28.528813
	<b>Special Resolution</b>				
1	To approve the Proposed Adoption of the new Constitution of the Company.	757,942,980	99.998298	12,900	0.001702