

**WCT Holdings Berhad**  
(Company No. 201101002327/930464-M)  
Incorporated in Malaysia

**SUMMARY OF KEY MATTERS DISCUSSED AT THE NINTH ANNUAL GENERAL MEETING (“9<sup>th</sup> AGM”) OF THE COMPANY CONDUCTED VIA A FULLY VIRTUAL MEETING BROADCASTED FROM GALLERY 2, LEVEL 3, NEW WORLD PETALING JAYA HOTEL, RARADIGM, NO. 1, JALAN SS7/26A, KELANA JAYA, 47301 PETALING JAYA, SELANGOR DARUL EHSAN, MALAYSIA ON WEDNESDAY, 5 AUGUST 2020 AT 10.00 A.M.**

At the 9<sup>th</sup> AGM, the Company’s Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors’ and Auditors’ thereon was duly received by the members. All the ordinary resolutions that tabled for voting by way of online electronic poll at the 9<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 20 July 2020, the questions raised by the shareholders 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. Covid-19 Pandemic**

To what extent has the Covid-19 pandemic impacted WCT’s prospects?

*Answer: For the current financial year ending 31 December 2020, the business and operations of the Group have been affected by the Covid-19 pandemic. The Movement Control Order (“MCO”) which started in March 2020 had resulted in restrictions in business activities across all business segments of the Group and drop in demand for the Group’s products and services.*

*Whilst the business activities have generally resumed, the level of activities has not fully recovered as the Group continues to adopt stringent preventive measures to mitigate the viral transmission and to safeguard the safety and wellbeing of our workers and employees.*

*The extent of impact of the Covid-19 pandemic on the Group’s financial results and prospects remains uncertain at this juncture, as it would depend on various factors, including the speed of economic recovery, both domestically and internationally, and when the Covid-19 pandemic can be fully contained.*

**2. Engineering and Construction Division (“E&C division”)**

**(a)** During the financial year under review, the Division recorded an operating loss of RM17.7 million (FY2018: operating profit of RM136.7 million) mainly due to provision for additional losses of RM146.7 million following the unfavourable Final Arbitral Award (Page 10 of the Annual Report 2019).

As the arbitration has come to an end, does the Board expect the Division to return to profitability in FY2020? What is the outlook for this Division in FY2020?

*Answer: For the first financial quarter ended 31 March 2020, the E&C division had registered an operating profit of RM8.57 million (including share of results of associates and joint ventures). However, the financial and operational performance of the E&C division in the near term is expected to be affected by the Covid-19 pandemic and implementation of the MCO since March 2020.*

- (b) The Division is expected to continue to be supported by its outstanding orderbook of over RM5 billion and to focus on project execution to deliver sustainable level of financial results. The recently secured building construction job worth RM1.2 billion has further strengthened the Group’s outstanding orderbook (Page 23 of the Annual Report 2019).

How long will this orderbook last? What is the targeted orderbook replenishment in FY2020?

*Answer: The outstanding order book of the E&C division of about RM6.0 billion as at 31 March 2020 is expected to last for the next 3 to 4 years.*

*With the recent securing of the building construction job worth RM1.2 billion, the Group has achieved its target orderbook replenishment for the current financial year 2020. The Group will continue to focus on careful project implementation.*

### 3. Property Development Division

- (a) Reflecting the weak property market conditions, this Division had taken up additional impairment losses arising from marking down the book value of some of its unsold property stocks and land held for property development amounting to RM9.3 million and RM13.3 million respectively in FY2019 (as compared to RM7.2 million and RM11.2 million, respectively in FY2018) to better reflect the fair value of these properties (Page 13 of the Annual Report 2019).

Are there any impairments expected in FY2020? If so, how much is the expected amount?

*Answer: Currently, the Group does not anticipate any additional impairment in value of the unsold property stocks and land held for development for the current financial year 2020. However, the uncertainties created by the pandemic may require us to re-evaluate our position. An evaluation of the impairment value will be performed at the end of the financial year taking into account the then property market conditions.*

- (b) What is the progress of the Division’s on-going projects and the take-up rates, to-date?

*Answer: The construction progress and take-up rates of the Property Development Division’s on-going projects are as follows: -*

<i>Project Name</i>	<i>Construction Progress as at 30 June 2020</i>	<i>Take-up Rate as at 30 June 2020</i>
<i>The Waltz Residences, OUG Kuala Lumpur</i>	<i>Completed</i>	<i>87%</i>
<i>The Paradigm Residences, Johor Bahru</i>	<i>9%</i>	<i>68%</i>
<i>The Aronia Apartments, Klang</i>	<i>54%</i>	<i>39%</i>

4. For Property Investment & Management Division, what is the latest occupancy rates for the retail malls and hotels?

*Answer: The occupancy rate for the Group’s retail malls and hotels are as follows: -*

<i>Retail Mall</i>	<i>Occupancy Rate as at 30 June 2020</i>
<i>Bukit Tinggi Shopping Centre, Klang</i>	<i>100%</i>
<i>Paradigm Mall, Petaling Jaya</i>	<i>97%</i>
<i>gateway@klia2, Sepang</i>	<i>94%</i>
<i>Paradigm Mall, Johor Bahru</i>	<i>95%</i>
<i>Skypark Terminal, Subang</i>	<i>90%</i>

<i>Hotel</i>	<i>Occupancy Rate as at 30 June 2020</i>
<i>Premiere Hotel</i>	<i>26%</i>
<i>New World Petaling Jaya Hotel</i>	<i>17%</i>

5. The net gearing ratio of the Group at the end of FY2019 stood at 0.67 times (FY2018: 1.03 times). The Group is continuously working towards reducing its gearing level via various de-gearing initiatives (Page 15 of the Annual Report 2019).

What is the targeted gearing level? What are the de-gearing initiatives that the Group intends to implement in FY2020?

*Answer: The target net gearing level of the Group is between 0.5 time and 0.6 time. The net gearing ratio of the Group had further improved from 0.67 time as at 31 December 2019 to 0.58 time as at 31 March 2020, mainly due to the improvement in the shareholders’ funds and the issuance of RM204.5 million nominal value of Perpetual Sukuk Musharakah in March 2020.*

*The Group will continue to intensify the sale of existing property units of the Group and to dispose of idle undeveloped land as part of the continuous de-gearing initiatives of the Group. Equity issuance and the proposed listing of the real estate investment trust may be pursued when market conditions improve and stabilize later.*

6. WCT’s share of results of joint ventures from an investment in Jelas Puri Sdn Bhd recorded another loss of RM66,863,000 in FY2019, which is higher than the loss of RM61,711,000 recorded in FY2018 (Pages 179-180 of the Annual Report 2019).

What are the reasons for the higher loss recorded in FY2019? What is the Board’s plan with regard to the investment in Jelas Puri Sdn Bhd?

*Answer: The share of losses in Jelas Puri Sdn Bhd (“JPSB”), a 70% owned joint venture company, in FY2019 was mainly contributed by the following:-*

- (i) Impairment losses arising from marking down the book value of the unsold property stocks, amounting to approximately RM17.3 million;*
- (ii) Fair value losses arising from the annual revaluation of the retail mall and hotel, amounting to approximately RM22.5 million; and*
- (iii) Operational losses of the hotel as it has not started contributing profit since its opening in 2018.*

*The Group will continue to intensify the marketing efforts to drive sales for the unsold property units and improve the retail mall and hotel operations. There is a plan to eventually inject the retail mall and the hotel to form a Real Estate Investment Trust later.*

**(B) Questions raised by the shareholders through typed text which were duly answered by the Chairman and the Senior Management**

**Q1: How is the Company coping with Covid-19 and what is the effect of Covid-19 on the Company's profitability?**

A1: *The Chairman informed that as explained earlier in the response to the same question posted by Minority Shareholder Watchdog Group, the business and operations of the Group have been affected by the Covid-19 pandemic for the financial year ending ("FYE") 31 December 2020 but the extent of impact of the Covid-19 pandemic on the Group's financial results and prospects remains uncertain at this juncture.*

*However, the Management remains optimistic about the Group's future prospect and will continue to improve and drive its business activities. At this stage, the Group would remain focused on execution, to rebuild business activities and to maintain a healthy financial and liquidity position of the Group during this challenging period, added the Chairman.*

**Q2: The loss in year 2019 is mainly due to the project(s) in the Middle East. Presently, how many on going projects are still in the Middle East and what will be their contribution in terms of revenue and profit to the Company?**

A2: *The Chairman responded that there is only one project (i.e. Lusail Project) still ongoing in Qatar and it is expected to be completed in early 2021. As such, there will be revenue and we expect to make a profit from this project this year.*

**Q3: Would WCT again venture overseas for more construction contracts despite the lack of luck and track record in the Middle East so far?**

A3: *The Chairman informed that notwithstanding the adverse arbitration result that the Company announced recently, WCT do have a good track record in the Middle East. The Management will consider new projects in Middle East if the opportunity and profitability are good.*

**Q4: Will the Company be paying any dividends for this pandemic crisis since most companies are greatly affected?**

A4: *It was noted that the impact of the Covid-19 pandemic crisis on the Group's financial is still uncertain for the time being, as such, the Management will make the decision on the dividend payment once the financial result for FYE 31 December 2020 of WCT Group has been ascertained.*

**Q5: Understand that as of financial year 2019, WCT's order book stands strong at RM5.0 billion, plus RM1.2 billion for phase 2 Pavilion Damansara Heights Project in March 2020. Would you share with us if the progress is still intact despite the Covid-19 impact?**

A5: *The Chairman responded that WCT's construction projects have progressively resumed work since the CMCO in May 2020 with procedures being put in place to comply with the SOPs issued by the relevant Government agencies.*

**Q6: Understanding that WCT operates Construction and manages Malls, would you share with us how has Covid-19 impacted the business, SOP changes and how is the cost impact overall.**

A6: *The Chairman replied that for the mall business, the occupancy rate for WCT malls have not changed significantly before or after the MCO. The monthly footfall of the malls dropped significantly during the MCO in April 2020 and is slowly picking up since the CMCO and RMCO. Barring any further restriction or drastic restriction in activities, we expect the footfall to continue to improve and WCT will still continue to support the tenants to overcome this critical time. Construction has also resumed operations.*

**Q7: Please share with us what is WCT's current tender book?**

A7: *Mr. Liang Kai Chong informed that WCT's current tender book stands at RM6.0 billion.*

**Q8: Correct me if I am wrong, understanding that the Company has a perpetual sukuk which will be maturing this month. How do the Company intend to fulfill the repayment?**

A8: *A Medium Term Note ("MTN") and not a perpetual sukuk will be maturing this month. The Company has set aside funds for the repayment.*

**Q9: For the malls, how often do WCT review/negotiate with the occupants? Also, to note, really great to know that WCT's malls have more than 90% occupancy rate.**

A9: *The Chairman responded that tenancies are generally for three years. WCT's Mall Management Team usually reviews/negotiates with the tenants before the expiry of their tenancies.*

**Q10: The contingent assets amounting to RM735.2 million stated on page 228 of the Annual Report is different from the DIAC case No. 2/2009 Arbitration Tribunal award of RM1,197.259 million. Can the Board explain the reason for the difference?**

**Assuming, the Special Judicial Committee in Dubai rule in favour of WCT Berhad Dubai in its coming hearing, what will be recognized in the accounts of WCT?**

A10: *Mr. Chong Kian Fah explained that the Company always practice prudent accounting approach and RM735.2 million is the difference between the Arbitration Award of RM1,197 million and the receivable recorded in the Group's Statements of Financial Position. As such, if WCT receive the full amount of the Award of RM1,197 million, there will be a potential profit of approximately RM735.2 million.*

**Q11: As we know, the previous management team planned to develop the 50 acres land alongside the Kesas Highway, what is the plan of the current management team?**

A11: *The Chairman informed that the development is known as "W City KL" in Taman OUG. The Waltz Residence has just been completed in June 2020 and the development of 3 residential towers named "The Maple" comprising 940 units of condominiums is targeted to be launched late this year or early next year. The pre-sale registration of interest for "The Maple" has commenced early this year.*



**Q12: The Company's intrinsic value doesn't reflect on its share price, would the Company consider doing more share buy-back aggressively?**

A12: *The Chairman responded that if the mandate is given by the shareholders, the Board is allowed to buy back some of the Company's shares in order to stabilise WCT's shares price. The Board will only buy back WCT shares if it is in the best interest of the Company and after due consideration is given on the shares price, timing and the cash flow requirements of the Company.*

**Q13: Why is the Company not considering to give e-voucher to shareholders to encourage more participations?**

A13: *The Company always welcome and encourage its shareholders to join and participate in the Company's general meetings. Hopefully, the Company can hold a physical AGM next year and if so, the Company will endeavor to fete its shareholders appropriately.*

**Q14: How much is the cost savings for conducting a virtual meeting? How much is the meeting fees enjoyed by the Directors?**

A14: *The cost saving for conducting a virtual meeting is approximately RM5,000. Currently, the meeting fees for each Non-Executive Directors is RM1,000 per meeting and Chairman of the meeting will receive RM2,000 per meeting.*

**Q15: How much is the Company paying for the Directors' luncheon?**

A15: *The meeting package for today's AGM inclusive of set lunch is about RM150.00 per Director.*

**Q16: Is there going to be any lay off of staff and pay cut among the staff of the Company including the Board as well?**

A16: *The Chairman responded that WCT has already initiated a pay cut among the staff including executive directors and have had to unfortunately lay off some of the staff.*

**Q17: Despite the huge decline in the Revenue and Profit before Tax of the Group for FYE 31 December 2019, the Executive Directors were rewarded with a total remuneration of RM14.181 million, an increase of 24.2% from RM11.417 million in financial year 2018.**

**Please explain the justifications and rationale for such generous payout despite the significant decline of the Group performance in financial year 2019?**

A17: *The increase is mainly due to the retirement benefits amounting to RM3,048,000 paid to Mr. Goh Chin Liong in year 2019 in accordance with the Company's policy as well as his employment contract. Mr. Goh was re-employed as the Deputy Managing Director after his official retirement age on a fixed contract.*

**Q18: Will the Company be allowing shares to be sold to the shareholders of WCT on the planned REIT, moving forward?**

A18: *The REIT proposal disruptions caused by the Covid-19 pandemic. Should the exercise proceed, at some stage, and if it is appropriate, consideration will be given to selling the REIT shares to WCT's shareholders.*

**(C) Poll Results**

The poll results for Ordinary Resolutions 1 to 12 which were verified by Boardroom Corporate Services 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 share dividend for the financial year ended 31 December 2019.	724,589,902	99.999547	3,286	0.000453
2	To re-elect Tan Sri Lim Siew Choon as Director of the Company.	722,542,674	99.711235	2,092,493	0.288765
3	To re-elect Tan Sri Marzuki Bin Mohd Noor as Director of the Company.	724,328,759	99.998977	7,409	0.001023
4	To re-elect Dato' Ng Sooi Lin as Director of the Company.	724,328,941	99.999002	7,227	0.000998
5	To re-appoint Messrs Ernst & Young PLT as Auditors of the Company.	724,298,357	99.994780	37,811	0.005220
6	To approve the payment of Directors' fees.	724,252,934	99.994697	38,412	0.005303
7	To approve the payment of Directors' benefits.	724,233,225	99.992681	53,012	0.007319
8	To authorise the allotment of new shares.	516,130,678	71.255682	208,205,490	28.744318
9	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Parties Transactions.	377,881,530	99.988446	43,665	0.011554
10	To approve the Proposed Renewal of Share Buy-Back Authority.	516,176,412	71.261996	208,159,756	28.738004
11	To approve the Proposed granting of options to Goh Kai Hang	605,861,405	90.218537	65,687,285	9.781463
12	To approve the Proposed granting of options to Liang Ee Eu	617,009,638	90.378266	65,687,285	9.621734