

# MTQ CORPORATION LIMITED

(Incorporated in Singapore)

(Company Registration No. 196900057Z)

## MINUTES OF 50<sup>th</sup> ANNUAL GENERAL MEETING

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**PLACE** : Carlton Hotel, Empress Ballroom 2, Level 2  
76 Bras Basah Road, Singapore 189558

**DATE** : Wednesday, 24 July 2019

**TIME** : 10.00 a.m.

**PRESENT** : As Per Attendance List.

**IN ATTENDANCE** : As Per Attendance List.

**CHAIRMAN** : Mr Kuah Kok Kim

### QUORUM

As a quorum was present, the Chairman declared the meeting open at 10.00 a.m. and welcomed the shareholders to the Annual General Meeting (“AGM”). The Notice dated 25 June 2019 was taken as read.

After introducing the Directors, the Chairman informed that in compliance with the requirement of the Listing Manual of Singapore Exchange Securities Trading Limited, all the resolutions tabled at the AGM would be carried out by way of voting by poll. He informed the Meeting that Ardent Business Advisory Pte Ltd (“Ardent”) and Boardroom Corporate & Advisory Services Pte Ltd (“Boardroom”) have been appointed as Scrutineer and Poling Agent respectively.

Mr Kuah Boon Wee, the Group Chief Executive Officer updated the shareholders on the proposed disposal of Neptune Marine Services Limited’s assets and businesses, a subsidiary of the Company, to MMA Offshore Limited that was announced before trading commenced on the day of the meeting. Thereafter, the Chairman and Board of Directors fielded questions from the Shareholders. The questions raised and the responses are attached to these minutes as “**Appendix A**”.

There being no further questions from the shareholders, the representative from Ardent was requested to explain the polling procedures and the use of a wireless hand held device for voting to the shareholders present.

### ORDINARY BUSINESS:

#### 1. DIRECTORS’ STATEMENT AND THE AUDITED FINANCIAL STATEMENTS – RESOLUTION 1

The motion to approve and adopt the Directors’ Statement and the Audited Financial Statements for the financial year ended 31 March 2019 together with the Independent Auditor’s Report was duly proposed by the Chairman.

With 99.82% of the votes polled voting for, it was RESOLVED as an ordinary resolution:

“That the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 31 March 2019 together with the Independent Auditor’s Report be received and adopted.”

**2. RE-ELECTION OF MR KUAH KOK KIM – RESOLUTION 2**

As this Resolution deals with the Chairman’s re-election, the chair was passed to the Lead Independent Director, Mr Nicholas Campbell Cocks.

The meeting was informed that Mr Kuah Kok Kim, who was retiring under Article 91 of the Company’s Constitution, had signified his consent to continue in office.

On a proposal by Mr Nicholas Campbell Cocks, Resolution 2 was put to vote. With a majority of 99.87% of the votes polled voting for, it was RESOLVED:

“That Mr Kuah Kok Kim be re-elected as a Director of the Company.”

**3. RE-ELECTION OF MR HO HAN SIONG CHRISTOPHER – RESOLUTION 3**

The Chairman advised that Mr Ho Han Siong Christopher, who was retiring under Article 91 of the Company’s Constitution, had signified his consent to continue in office.

On a proposal by the Chairman, Resolution 3 was put to vote. With a majority of 99.89% of the votes polled voting for, it was RESOLVED:

“That Mr Ho Han Siong Christopher be re-elected as a Director of the Company.”

**4. RE-ELECTION OF MR NICHOLAS CAMPBELL COCKS – RESOLUTION 4**

The Chairman advised that Mr Nicholas Campbell Cocks, who was retiring under SGX-ST Listing Rule 720(5), had signified his consent to continue in office.

On a proposal by the Chairman, Resolution 4 was put to vote. With a majority of 99.84% of the votes polled voting for, it was RESOLVED:

“That Mr Nicholas Campbell Cocks be re-elected as a Director of the Company.”

**5. RE-APPOINTMENT OF AUDITOR – RESOLUTION 5**

On a proposal by the Chairman, Resolution 5 was put to vote. With a majority of 99.82% of the votes polled voting for, it was RESOLVED:

“That Ernst & Young LLP be re-appointed as Auditor of the Company until the conclusion of the next Annual General Meeting and that the Directors be authorised to fix its remuneration.”

**SPECIAL BUSINESS:**

**6. DIRECTORS' FEES – RESOLUTION 6**

On a proposal by the Chairman, Resolution 6 was put to vote. With a majority of 98.98% of the votes polled voting for, it was RESOLVED:

“That the Directors’ fees of up to S\$290,000 for the financial year ending 31 March 2020, to be paid quarterly in arrears, be approved for payment.”

**7. AUTHORITY TO ISSUE SHARES – RESOLUTION 7**

On a proposal by the Chairman, Resolution 7 was put to vote. With a majority of 98.52% of the votes polled voting for, it was RESOLVED:

“That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company (“shares”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based

on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

- (a) new shares arising from the conversion or exercise of any convertible securities;
  - (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
  - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Company's Constitution; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."

**8. AUTHORITY TO ISSUE SHARES UNDER THE MTQ CORPORATION LIMITED SCRIP DIVIDEND SCHEME – RESOLUTION 8**

On a proposal by the Chairman, Resolution 8 was put to vote. With a majority of 99.52% of the votes polled voting for, it was RESOLVED:

"That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be authorised and empowered to issue such number of shares in the Company as may be required to be issued pursuant to The MTQ Corporation Limited Scrip Dividend Scheme from time to time set out in the Circular to Shareholders dated 10 June 2004 and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."

**9. AUTHORITY TO ISSUE SHARES UNDER THE MTQ SHARE PLAN – RESOLUTION 9**

On a proposal by the Chairman, Resolution 9 was put to vote. With a majority of 99.30% of the votes polled voting for, it was RESOLVED:

"That:

- (1) pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be authorised to grant awards ("Awards") in accordance with the provisions of the prevailing MTQ Share Plan ("the Share Plan") and to allot and

issue and/or transfer and/or deliver from time to time such number of fully paid-up shares as may be required to be issued and delivered pursuant to the vesting of Awards under the Share Plan, provided that the aggregate number of new shares allotted and issued and/or to be allotted and issued pursuant to the Share Plan, when added to the aggregate number of shares issued or issuable under any other share schemes which may be implemented by the Company, shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time;

- (2) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution; and
- (3) such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.”

#### **10. PROPOSED RENEWAL OF SHARE BUYBACK MANDATE – RESOLUTION 10**

As the Chairman was deemed to be interested in the item on the Agenda, the chair was being passed to the Lead Independent Director, Mr Nicholas Campbell Cocks.

Before the motion was put to vote, Mr Nicholas Campbell Cocks invited shareholders to raise their queries. A summary of the questions and answers in respect of the ordinary resolutions tabled to shareholders at the AGM are attached as “**Appendix A**”.

On a proposal by Mr Nicholas Campbell Cocks, Resolution 10 was put to vote. With a majority of 99.42% of the votes polled voting for, it was RESOLVED:

“That for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50, the Directors of the Company be and are hereby authorised to make purchases or otherwise acquire ordinary shares in the capital of the Company from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as ascertained as at the date of Annual General Meeting of the Company) at the price of up to but not exceeding the Maximum Price as defined in the Appendix to this Notice of Annual General Meeting dated 25 June 2019 (the “Appendix”), in accordance with the terms of the Share Buyback Mandate set out in the Appendix, and the Share Buyback Mandate shall, unless varied or revoked by the Company in a general meeting, continue in force until the conclusion of (i) the next Annual General Meeting of the Company, (ii) the date by which the next Annual General Meeting of the Company is required by law to be held, or (iii) the date on which Share Purchases are carried out to the full extent mandated, whichever is earliest.”

**CONCLUSION**

There being no other business to transact, the Chairman declared the Annual General Meeting of the Company closed at 11.20 a.m.

**CONFIRMED AS TRUE RECORD OF PROCEEDINGS HELD**

**KUAH KOK KIM  
CHAIRMAN**

## **Appendix A**

### **MTQ CORPORATION LIMITED – Annual General Meeting (“AGM”) held on 24 July 2019** **Questions and Answers**

**Question:**

1. *Will the discovery of shale oil substitute diesel? If yes, how will it impact the Group?*

**Answer:**

Shale oil is derived from a new method of extracting oil and extraction of shale oil has been very active over the recent years with the advancement of technology, particularly in United States (“US”). Over the last three years, US has played an important role in shale oil production and has transformed from an oil importer to an oil exporter. At this juncture, shale oil has yet to be active in the geographical area that the Company is operating in. Nevertheless, it is understood that shale oil will impact the overall oil prices to a certain extent.

**Question:**

2. *The Company currently utilised Remotely Operated Vehicles (“ROVs”) in the manufacturing process. Will the use of ROVs eventually lead to automation in drilling and other processes?*

**Answer:**

The Company is not using ROVs in its facilities. ROVs are carried out through Neptune Marine by providing underwater services to offshore exploration and production companies, which are operating offshore.

**Question:**

3. *Can the Board provide a brief summary of what the Group have done in the financial year and what is the prospect for the coming year? Also, it is a good practice for Management to present highlights of the year and prospects to the shareholders in the AGM.*

**Answer:**

In the last AGM, Management has presented some slides on financials and discussed about the general business prospect. However, due to the transaction on the proposed disposal by Neptune Marine that was only disclosed this morning prior to the commencement of trading, the Company is very mindful of what could be disclosed to the shareholders. Hence, Management did not prepare a presentation for this AGM. Nonetheless, details of the FY2019 financial results, the immediate outlook were disclosed in the Company’s latest Annual Report.

The Company had also released its 1QFY2020 financial results this morning prior to the commencement of trading. The Company practices full disclosure of the financial results and major transactions/projects so that all shareholders are always duly informed and updated. Shareholders attending the AGM are also welcome to ask questions pertaining to the

Company's results, annual report, operations and business prospects.

As mentioned in previous AGMs, the Company was not spared from the downturn in the oil and gas industry which affected all upstream and downstream players. On a more positive note, the Company has managed to turnaround a loss to a very minor small profit in 4QFY2019 and has continued to make further progress in turning around the business in 1QFY2020. In the medium term, the Board is optimistic that the Group would continue to chart down this path.

Notwithstanding the above-mentioned and barring unforeseen circumstances, the industry has yet to see a full recovery. At this point in time, the market remains over-saturated with supplies, given that there was an over-investment in prior years before the downturn. In another word, the supply of assets involved in the oil exploration and production is much higher than the demand. Nevertheless, the Board is optimise that we can maintain this positive results. Hence, if the industry and economy continue to strengthen, the Company would benefit and maintain the current progress and vice versa.

**Question:**

4. *Does the Company intend to dispose Neptune Marine and acquire MMA Offshore Limited ("MMA")?*

**Answer:**

The transaction would involve the Company's subsidiary, Neptune Marine disposing all of its assets and business in certain subsidiaries of Neptune Marine to MMA, a public listed company in Australia, and in return for a combination of cash and MMA shares to Neptune Marine. A Share Purchase Agreement was signed between Neptune Marine and MMA on 23 July 2019, details of transactions and the key terms of the agreement are available via the announcement on SGX website. Accordingly, an extraordinary general meeting ("EGM") to seek shareholders' approval for the proposed disposal by Neptune Marine would be convened during the year. More details of the proposed disposal would be disseminated to the shareholders as soon as practicable.

**Question:**

5. *Can the Board share more insights into level of enquiry of the Company's services? What would be best combination of oil prices and oil rig utilisation rate for the Company to see more enquiries for services?*

**Answer:**

As seen in our 4QFY2019 and 1QFY2020 financial results, there has been an increase in revenue, which reflected the increase in the level of enquiry of the Company's services and the Board envisaged such trend should remain in the next few months.

There is no perfect combination of oil prices and rig utilisation rates. The rig utilisation chart in the annual report showed that about 70% of the rigs were being utilised with about 20-30% of the rigs still in idle. Therefore, if that trend continues to pick up, the outlook for the oil rigs would be quite healthy.

The Company services both offshore and land rigs. Bulk of the Company's business in Middle East is targeted at land rigs. It is not feasible to formulate an optimal oil price in order for the Company to take on the job. The dynamics in Middle East is slightly different as the oil production is cheap in this part of the world but still generate a decent profit margin due to mass production of oil. The Company noted that the Middle East market is still very active and the drilling activities in Saudi Arabia have not slowed down in the last three years. If this environment remains, the Group should be able to maintain the positive position as seen in its 1QFY2020 results.

**Question:**

6. *For the projection forward, can the Board share what would constitute a good or bad case scenario?*

**Answer:**

At present, judging from the enquiry level and orders that the Company has secured, the Board is quite confident that, subject to unforeseen circumstances, the Company would be able to maintain this positive trend for the rest of this year.

The market competition is very intense at this juncture even though there is an increase in enquiries for services. The lackluster oil prices coupled with the over-investment were the cause of the downturn. Until the utilisation of these surplus assets, the price competition for services will always remain. The outlook is not all rosy but in the next 6-9 months, the Board is confident that the Company would continue to tread on the recovery path.

**Question:**

7. *Is MMA a profitable company?*

**Answer:**

Similar to most vessel operator companies, MMA has not been profitable. However, MMA is EBITA positive, cash flow positive, financially healthy and has significant large capital base. The company is listed in Australia and more information of this company can be found in ASX.

**Question:**

8. *What is the reason for the increase in the operating lease expenses from S\$0.7 million to S\$3.3 million in the 1QFY2020 financial results?*

**Answer:**

The operating leases are mainly rental of equipment from Neptune Marine to support specific projects which were on-charged to the customers.

**Question:**

9. *Are the Company's assets supporting oilfield engineering in good order? And are the acquired businesses over the last few years such as In-Line Valve, Binder Group, Premier Group properly integrated with the Group?*

**Answer:**

All of the MTQ Group's equipment is subject to vigorous maintenance program and our facilities/products are governed by various industry standards. The Group's customers also regularly audit the Group's equipment and work methods.

The Company invested in businesses that complementary with the MTQ Group. Businesses that the Company acquired such as Neptune Marine and Premier Group generated positive returns for the MTQ Group during the good times. However, these companies were also not spared from the downturn in the oil and gas industry. We continue to be vigilant in maintaining our cost through various ways such as salary cut, reduction in directors' fees and other cost-cutting measures. At the same time, we took the opportunity to retrain and upgrade ourselves so that we can position ourselves at the frontline when the industry recovers.

**Question:**

10. *The Company is exchanging business assets for MMA's shares which will be subject to market price fluctuation. Management has to ensure that it is an attractive deal for the Company otherwise the Company will lose its assets in Neptune Marine.*

**Answer:**

Exchanging Neptune's business assets for MMA's shares is part of the deal structure. It is on a willing-buyer willing-seller basis. More importantly, there must be synergy benefits out of this transaction. More information on MMA and terms of the transaction would be provided in the circular to shareholders in due course.

**Question:**

11. *Can the Board also comment on when shareholders can expect a regular dividend payment.*

**Answer:**

The Board is always mindful and responsive in paying dividend. Therefore, if the Company continues to do better and if the cash position allows for it, the Board will consider a dividend payment.

**Question:**

*12. Does Management see any new pocket of opportunity coming out of the US-China trade war?*

**Answer:**

The trade war could be bad for businesses as it would affect the economic activities as a whole. In the event that the economic activities are affected, the use of energy and oilfield equipment would likely to slow down as well. However, the Company does not export nor have direct dealing with US at present. The Company only deals with numerous US companies for their operations in regions where the Company's facilities are located.

**Question:**

*13. Did the Company perform forensic audit on MMA's management?*

**Answer:**

The Company and MMA had negotiated on the transaction for several months and both parties had conducted various due diligences on each other. In addition, MMA, being a public listed company in Australia, will be subjected to vigorous and regular disclosure and compliance requirements.

**Question:**

*14. How many treasury shares are currently held by the Company? And how many shares were bought back last year?*

**Answer:**

There are 8,303 treasury shares and no shares were bought back last year.

**Question:**

*15. What is the outlook for the over-invested assets as compared to 2014? Are these assets still severely under-utilised as of now?*

**Answer:**

An example of the offshore jack-up rig prices for now is about half or less than half of the prices which were used to be in 2014. This showed that supply is much more than demand. There are still many rigs in spite of fair amount of rigs been laid-up. Although business activities have picked up, the jack-up utilisation of about 70% level means that there are still many rigs lying idle/not being utilised. Chartered rates remained depressed with minimum orders for new rigs.