



**Quality Concrete Holdings Berhad**  
[Registration No. 199601005936 (378282-D)]

(Incorporated in Malaysia)

**MINUTES OF THE TWENTY-EIGHTH ANNUAL GENERAL MEETING (“28<sup>TH</sup> AGM”) OF QUALITY CONCRETE HOLDINGS BERHAD (“THE COMPANY”) HELD AT ROOM 209, 2<sup>ND</sup> FLOOR, WISMA BUKIT MATA KUCHING, JALAN TUNKU ABDUL RAHMAN, 93100 KUCHING, SARAWAK, ON FRIDAY, 5TH JULY 2024 AT 10.30AM**

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**PRESENT: Directors**

Tiang Ching Kok – Chairman  
Paul Chiam Tau Keen – Executive Director  
Felix Wong Khung Chui – Independent Director  
Ha Tuen Kiong – Independent Director  
Pang Kim Soo – Independent Director

**Proxies**

Chairman Proxy for Cahaya Besi (Sarawak) Sdn. Bhd. and Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Cahaya Besi (Sarawak) Sdn. Bhd.  
Kuan Yung Chien Proxy for Yesgains Sdn. Bhd.  
Paul Chiam Tau Keen Proxy for Wangsa Bumimas Timber Sdn. Bhd.

**Corporate Representative**

Nur Amirah Binti Amirudin – Corporate Representative from Badan Pengawas Pemegang Saham Minoriti Berhad

**Members**

Datin Ha Ai Ing  
Tiang Ching Kok  
Yeo Puay Huang

**Auditors**

Alvin Ang – KPMG PLT  
Janice John – KPMG PLT

**Secretary**

Yeo Puay Huang

**Poll Administrator**

Jane Ma Sze Hui

**Independent Scrutineer**

Lee Sheau Ling – Commercial Quest Sdn. Bhd.

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**QUORUM**

The requisite quorum being present pursuant to Clause 95 of the Constitution of the Company, the Chairman, Mr Tiang Ching Kok, called the meeting to order at 10:30 a.m.

The Chairman informed that the Company had received proxies from 3 shareholders representing 13,616,900 shares equivalent to 23.49% of the total paid up capital of the Company within the stipulated prescribed period of 48 hours before the time for convening the 28<sup>th</sup> AGM, 3 members were present in person and 1 corporate representative from MSWG was present at the 28<sup>th</sup> AGM.

## NOTICE

Notice convening the meeting was, with the consent of all members, proxies and corporate representative present, taken as read.

## PRELIMINARY

The Chairman welcomed the directors, secretary, members, proxies, corporate representative, auditors and Independent Scrutineer present at the 28<sup>th</sup> AGM. The Chairman then introduced each and every member of the Board of Directors ("Board") as well as the Company Secretaries who were in attendance.

The Chairman informed that :

- only members whose names appear in the Record of Depositors on 28<sup>th</sup> June 2024, being the cut-off date, shall be entitled to attend, speak and vote at the 28<sup>th</sup> AGM.
- Bursa Malaysia has made it mandatory for poll voting for all resolutions set out in the notice of general meeting with effect from 1 July 2016.

The Chairman further informed that the Company had appointed Securities Services (Holdings) Sdn. Bhd. as Poll Administrator to conduct the polling process and Commercial Quest Sdn. Bhd. as Independent Scrutineer to verify the poll results. The polling process for the resolutions would be conducted upon completion of the deliberation of all items set out in the Notice of the 28<sup>th</sup> AGM to be transacted.

The Chairman then informed that the Company has received questions from the Minority Shareholders Watch Group, MSWG on 28<sup>th</sup> June 2024 on matters to be addressed at 28<sup>th</sup> AGM in the interests of the minority shareholders.

The points raised by MSWG and the Management's response was read out by Mr Paul Chiam Tau Keen, the Executive Director as follows:

### **Questions from Minority Shareholder Watch Group**

(The questions are in black and answers are in blue)

#### **Operational & Financial Matters**

1. Under the Construction & Property Development segment, the Construction division has an orderbook of RM120 million to be completed in the next two years. We notice that the orderbook size was the lowest among the past three years, compared to RM205 million in FY2023 and RM289 million in FY2022.

The Construction division remained the largest revenue contributor to QCHB, with RM78.6 million in revenue contributed in FY2024. However, the division turned loss-making in FY2024, with a pretax loss of RM7.3 million, compared to a pretax profit of RM1.9 million previously (page 7 of AR2024).

We are concerned about the dwindling orderbook and the long-term sustainability of the division.

- a) What is the tender-book size and the average success rate of securing a job? What is the expected replenishment rate for FY2025? Please share the types of projects QCHB is vying for and their contract value.

The current tender book size is in the region of RM650 million of which consist of mostly infrastructure projects valued in between RM20 million to RM200 million each. The construction market is very competitive and we expect the success rate to be around 10%. Apart from the direct tenders, due to our track records, we are often approached by main contractors to be their sub-contractors for projects that we are not participating in the tender.

- b) Rising construction material costs and rising interest rates are the key factors resulting in pre-tax losses in the Construction division. Meanwhile, QCHB also provided a foreseeable loss amounting to RM1.34 million on an ongoing project that is expected to be loss-making upon completion (pages 7 and 68 of AR2024).

- i) On average, what is the quantum of cost increases for the key materials compared to the previous year?

Key materials such as cement, aggregates and steel are experiencing increase ranging from 2%-9% compared to the previous year

- ii) What is the project that is expected to be loss-making upon completion? When did QCHB secure the project? Did QCHB attempt to pass on the cost increases to its customers and the outcome of it? Has QCHB embedded a contractual provision in the agreement that allows it to pass on the cost increases to customers? How does the Company ensure that similar provisions will not recur?

The said project is a private development project involving construction of high value residential properties. The contract is a fixed sum contract which doesn't have any provision for variation of price, therefore we are unable to pass on the cost increase to the clients. The project were affected by cost overrun as a result of delay in completion. The project was awarded in 2020 which is during the Covid MCO time. The project was affected by the MCO and also shortage of labour during the early stage which causes the delay.

2. Similarly, the Road Maintenance division also experienced significant margin compression due to cost escalation, particularly bitumen, resulting in a significantly lower pretax profit of RM3.4 million, compared to RM8.9 million previously.

- a) Have prices of key materials eased off for the first half of FY2025? How would the newly set up Premix division (under the Manufacturing segment) help to reduce the raw material costs?

Key materials prices remains similar to those of last financial year. However, transportation cost which make up of about one quarter of the asphalt premix cost has reduced substantially mainly due to the procurement of premix from a supplier near to the site. The newly set up plant which is in the concession area would be expected to reduce the transportation cost and maintain a consistent supply of materials to our site. It is expected to complement our operation and at the same time generate new revenue for the Group as the plant may be able to supply to road contractors in the nearby areas.

- b) The Division's financial performance suggests that the Sarawak State Government's rate revision of 7% in FY2023 (refer to QCHB's reply to MSWG for the 27th AGM) was unable to offset the significant impact of cost increases. What other measures could the Company implement to preserve the profit margin?

Setting up premix plant is one of the measures intended to improve the profit margins. It ensures the consistency supply of asphalt premix to the project and also reducing the transportation cost and lead time as the plant is within the concession area.

- c) What other potential projects can QCHB secure in addition to the existing maintenance works carried out in Sri Aman and Betong?

With our premix plant situated in Betong, we hope that we are able to be supply to the road project contractors in the nearby areas. At the same time we are hopeful that there may be opportunities to participate in the road construction projects in the area.

3. Another plan for FY2025 is to reactivate the Property Development division to generate new revenue streams and enhance profitability (page 8 of AR2024). QCHB has a land bank of approximately 200 acres, predominantly in Kuching.

- a) What is the plan for the Property division in FY2025? Which parcel of land offers better prospects and potential? What is the estimated development value for the next two to three years?

The development will be focusing in Kuching markets as most of our businesses are located in Kuching. The development planning is still in the primary stage as careful studies needs to be carried out on the mix of products that our Group wishes to offer to the potential buyers. Therefore we are unable to comment on the expected development value in the coming 2-3 years management is still studying & exploring the prevailing market condition & consumer expectation.

- b) QCHB also owns 55.35 acres of land in Pontian, Johor (page 139 of AR2024). Has the piece of land benefited from the spillover effect from the Johor-Singapore Special Economic Zone and data centre frenzy in the state? Is the current condition in Johor offering a better upside than before?

The Management has not seen any notable effect from the abovementioned developments. However, the abovementioned land situated in Johor has enjoyed a decent appreciation in value over the years.

- d) Considering QCHB's current liquidity condition (also refer to Q6), does the Company have the required financial resources to carry out any property-related activities?

The Management does not foresee that there will be any difficulties in obtaining financing for the development project provided that there is a good development plan.

4. Key Audit Matters (KAMs) (pages 132 and 133 of AR2024)
- Property, plant and equipment (PPE)  
**External auditors KPMG PLT's comments:** The carrying amount of non-financial assets comprised 43% of total assets as of 31 January 2024. Certain subsidiaries were continually loss-making, and this is an indication that the underlying non-financial assets, namely property, plant and equipment, land held for property development and investment properties, of those subsidiaries may be impaired.
  
  - Investment in subsidiaries  
**External auditors KPMG PLT's comments:** As at 31 January 2024, The total carrying value of investment in subsidiaries amounted to RM128.2 million, representing 95% of its total assets. Certain subsidiaries of the Company were loss-making and recorded negative operating cash flow, which indicated that there may be an impairment on the investment in these subsidiaries.

The primary cause of these two KAMs is the loss-making status of certain subsidiaries, which raises the risk of impairment in PPE and investments in subsidiaries if their carrying amounts exceed their recoverable amounts. This could lead to impairment losses and a reduction in asset values on the income statement and balance sheet.

How do the Board and management plan to address the two KAMs? What strategies will QCHB employ to manage and mitigate these risks? Please comment on the likelihood of impairment in PPE and subsidiaries.

The Management has taken steps to improve the loss making subsidiaries such as cost reduction measures and improving profit margin and also exploring new products offer to generate more revenue. The loss making companies are generally those involve in pipes and timber production. As for the Pipes products, we have seen an encouraging result in the first quarter of financial year 2025 as the Sarawak government has rolled out more water projects in the current year. Timber division still remains as a concern which continues recording losses. The management expects that the division may only be turned around with the improvement in export markets.

5. Trade receivables past due 90 days but not impaired increased sharply to RM10.9 million from RM422,000 in FY2023 (page 98, Note 19(a) – Trade receivables, AR2024). This made up about 30% of QCHB's net trade receivables of RM36.63 million as of FY 31 January 2024.

How is the collection of these outstanding trade receivables? Do the overdue trade receivables originate from a single customer or project? Is any affected debtor currently facing financial difficulty in repaying its obligation to QCHB? What is the external auditor's view on the collection risk of these receivables?

Those long outstanding sum consisted of amount due from the main contractors and government for some of the completed infrastructure projects which are pending for government to finalise the accounts. At the moment we do not expect any financial difficulties faced by the clients.

6. QCHB incurred higher interest expenses of RM5.61 million compared to RM4.08 million in the previous year, driven by an increased level of borrowings (page 68, Note 6 – Finance costs, AR2024). This is particularly concerning as the Company was unable to generate sufficient operating profit (FY2024: -RM4.06 million) to cover these finance costs.

Notably, the total loans and borrowings rose to RM107.04 million in FY2024, up from RM96.81 million in FY2023 (page 103, Note 23 – Loans and borrowings, AR2024), with nearly 90% maturing within one year.

The increase in borrowings was primarily due to higher invoice financing (RM29.19 million vs RM9.96 million) and bank overdrafts (RM20.72 million vs RM14.06 million). This was slightly offset by the repayment of bankers' acceptances and term loans.

Bank overdrafts and invoice financing incurred charged higher interest rates (5.85% - 8.72% and 4.33% - 6.58%, respectively) compared to other financing options such as term loans (4.2%) and bankers' acceptances (3.53% - 5.19%) (page 104, Note 23 – Loans and borrowings, AR2024).

What are the objectives behind borrowing more through bank overdrafts and invoice financing? Why did QCHB opt for these more expensive financing facilities instead of repaying existing lower-interest-rate instruments and then borrow again? Was the Company facing challenges in securing more term loans and bankers' acceptances from financial institutions?

Please comment on your liquidity condition and your ability to meet short-term liabilities.

The banker acceptance and invoice financing were obtained to finance our construction activities and operations and will be repaid through our revenue collection. They are meant to finance the short term expenses such as cost of materials and other related cost such as sub-contractor fee. The facilities are recurring in nature which means it can be reutilized after repayment. Therefore, we do not expect to face any severe liquidity problem as our projects are still on going. The rise in level of borrowing was a result of delayed in payment from the government for our infrastructure projects which resulted further reliance on bank borrowings to bridge the cash-flow gap.

7. QCHB recognized insurance claim and rental income of RM724,000 and RM660,000 in FY2024, respectively (page 67, Note 5 – Other income, AR2024).

- a) What is the insurance claim about? Which business segment/division did the claim receive?

The insurance claims were claims for accidents by third party river vessels that caused damage to our construction work.

- b) Rental income was lower at RM660,000 compared to RM3.33 million. Why did the Company generate lower rental income in FY2024? Which property was being leased for rental income?

The rental income were from leasing of construction equipments to our contractors previously. The said machinery or equipments were no longer required during the current year.

## **Sustainability Matters**

1. Bursa Malaysia Enhanced Sustainability Reporting Framework (ESRF) compels Main Market Listed Issuers to disclose their Scope 1, 2 and 3 emissions on or after 31 December 2024.

In addition, the Advisory Committee on Sustainability Reporting (ASCR), chaired by the Securities Commission Malaysia, is in the midst of implementing International Financial Reporting Standards (IFRS) S1—General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1) and IFRS S2—Climate-related Disclosures. Main Market-listed issuers are expected to apply the Standards mandatorily in the foreseeable future.

**For ESRF, has the Company started the groundwork, e.g., covering the business/activities to be covered and collecting and converting data for reporting Scope 3 emissions? How well prepared is the Company to report the required information in the Sustainability Statements of the next annual report?**

Scope 1 Emissions: The company has identified direct emissions sources such as fuel combustion in construction machinery and vehicles.

Scope 2 Emissions: Electricity consumption in offices, construction sites, and production facilities has been mapped.

Scope 3 Emissions: Initial steps have been taken to engage with suppliers and subcontractors to collect data on indirect emissions, such as those from the production and transport of raw materials like cement and aggregates. (Suggested answer)

The company recognizes that it is still developing and improving to report comprehensive sustainability data. The initial focus is on establishing a robust framework for data collection and management.

The company aims to provide a preliminary report in the next annual report, acknowledging that it may not yet fully meet all ESRF requirements but will outline the progress made and the plan moving forward.

**Does the Group have adequate and relevant resources to comply with these requirements? If not, how does the Group plan to obtain/ allocate the resources required?**

Current Resources:

The company has assigned a dedicated team within the sustainability department to lead the ESG reporting efforts. This team is receiving ongoing training and support to build expertise in sustainability reporting.

Plans for Additional Resources:

Budget allocations are being reviewed to ensure sufficient funding for both personnel and technological resources.

- 2. Besides, none of the six directors attended the Mandatory Accreditation Programme Part II (MAP II): Leading for Impact (page 22 of AR2024).**

**When will QCHB's directors attend MAP II on sustainability, as required by Bursa Malaysia?**

*\*Mandatory Accreditation Programme Part II (MAP II) mainly include advanced corporate governance training, regulatory updates, case studies to enhance understanding and compliance of public listed directors.\**

The directors of QCHB are scheduled to attend the Mandatory Accreditation Programme Part II (MAP II) on sustainability, as required by Bursa Malaysia. We are currently coordinating with Bursa Malaysia to determine the next available session focused on sustainability. Our corporate governance team is in the process of aligning the directors' schedules with the available dates. Once the dates are confirmed, we will ensure that all directors are registered and attend the session to comply with the regulatory requirements.

### **Corporate Governance Matters**

1. As of FY2024, Ms Lynda Chong Hui Lyn is the only female director on Harrison's Board, which comprises six directors. With that, the Company has not adopted Practice 5.9 of the Malaysian Code on Corporate Governance which stipulates that the board comprises at least 30% women directors (page 26 of Corporate Governance Report 2024).

Will the Board prioritise the appointment of female directors when a vacancy arises?

The Board recognizes the importance of gender diversity and is committed to improving the representation of women directors. Consequently, the Board will prioritize the appointment of female directors when a vacancy arises. This commitment aligns with the Company's ongoing efforts to enhance its governance practices and ensure a diverse and inclusive leadership team.

What benefits has the board experienced from the participation of female directors in the boardroom? How has the board's performance been impacted in relation to these benefits?

Benefits:

-Female directors bring unique perspectives and insights based on their diverse experiences, which can lead to more comprehensive decision-making processes.

-Female directors are generally more social and environmental awareness when making decision and can provide a more balance view on various issues which helps improve company image and reputation.

Impacts:

-The presence of female directors has strengthened corporate governance practices, leading to more effective oversight and better risk management.

2. For FY2024, the Nominating and Remuneration Committee (NRC) has conducted its annual assessment of the Board, Board Committees and Individual Directors using a set of detailed questionnaires completed by Directors.

a) How have the Board, Board Committees and individual directors performed relative to the criteria set, by points or percentage? What are the KPIs set for executive directors and their performance based on the set KPIs?

The Board, Board Committees, and individual directors have overall performed satisfactory well relative to the criteria set, with an average score above expectation. Executive directors have achieved or exceeded most of their KPIs, particularly in financial performance, operational efficiency, and strategic initiatives. Areas for improvement have been identified and will be addressed in the next cycle to further enhance overall performance.

b) Referring to Practice 4.4 of MCCG, what are the sustainability-linked aspects/KPIs/targets incorporated in the Board Effectiveness Evaluation (BEE) performed by NRC?

The NRC's Board Effectiveness Evaluation (BEE) incorporates various sustainability-linked aspects, KPIs, and targets in line with Practice 4.4 of the MCCG. These include environmental performance, social responsibility, governance and ethical practices, sustainable business practices, and stakeholder engagement. The evaluation process involves detailed questionnaires, performance metrics, qualitative and quantitative analysis, benchmarking, and the development of action plans to ensure the board's effectiveness in driving sustainability initiatives.

After dealt with the points raised by MSWG and the Management's response by Mr Paul Chiam, the Chairman informed that as there was no legal requirement for a proposed resolution to be seconded, he would take the Meeting through each item in the Agenda as set out in the Notice of the 28<sup>th</sup> AGM for deliberation. As there were no questions raised from the floor on all the items in the Agenda, the Chairman declared that the registration for attendance at the 28<sup>th</sup> AGM closed at 11:22 a.m.

The Chairman then requested to Secretary to explain the polling procedure and thereafter proceeded to poll voting.

The Secretary informed the Members, Corporate Representative, and Proxies to vote and signed the Poll Slip accordingly and drop the poll slip into the ballot box after completed and signed.

The Chairman then declared the Meeting adjourned for the polling process. It was anticipated that the casting and verification of the votes would take about 10 minutes to complete, and the Meeting should resume at 11:45 a.m. for the declaration of poll results in respect of Resolutions 1 to 6.

### Announcement of Poll Results

The Chairman called the Meeting to order at 11:46 a.m. for the announcement of poll results. The results of the poll, which were verified by the appointed Independent Scrutineer, Messrs Commercial Quest Sdn. Bhd. were read out by the Secretary as follows:

		Vote For		Vote Against		Total Votes	
		No. of Shares	%	No. of Shares	%	No. of Shares	%
<b>As Ordinary Business</b>							
<b>Resolution 1</b>	To re-elect Mr Felix Wong Khung Chui who is due to retire by rotation in accordance with Clause 119 of the Company's Constitution and being eligible, has offered himself for re-election.	23,901,500	100.0	0	0.0	23,901,500	100.0
<b>Resolution 2</b>	To re-elect Mr Pang Km Soo, who is due to retire by rotation in accordance with Clause 119 of the Company's Constitution and being eligible, has offered herself for re-election.	23,901,400	99.9996	100	0.0004	23,901,500	100.0
<b>Resolution 3</b>	To approve Directors fees of RM72,000.00 and meeting allowance of RM36,000.00 in respect of the financial year ended 31 January 2025.	23,901,500	100.0	0	0.0	23,901,500	100.0

<b>Resolution 4</b>	To re-appoint Messrs. KPMG PLT as Auditors of the Company and to hold office until the conclusion of the next AGM and to authorize the Directors to determine their remuneration.	23,901,500	100.0	0	0.0	23,901,500	100.0
<b>Resolution 5</b>	Proposed Retention of Mr. Pang Kim Soo as Independent Non-Executive Director						
	Tier 1 – Large Holders	13,127,600	100.0	0	0.0	13,127,600	100.0
	Tier 2 – Other Holdrs	10,773,800	99.9991	100	0.0009	10,773,900	100.0
<b>Resolution 6</b>	Authority to issue shares pursuant to Section 75 and 76 of the Companies Act 2016 (the Act) and waiver of pre-emptive rights.	23,901,500	100.0	0	0.0	23,901,500	100.0
<b>Resolution 7</b>	Proposed Renewal of Shareholders' Mandate For Recurrent Related Party Transaction Of A Revenue Or Trading Nature.	13,618,000	100.0	0	0.0	13,618,000	100.0

After the Secretary read out the result of the Poll, the Chairman hereby declared Resolution 1 to Resolution 7 were duly passed at the 28<sup>h</sup> AGM.

There being no other business, the 28<sup>th</sup> AGM of the Company ended at 11:55 a.m. and the Chairman thanked all present for their attendance.

CONFIRMED BY :



CHAIRMAN