Quality Concrete Holdings Berhad

[Registration No. 199601005936 (378282-D)]

(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED DURING THE TWENTY-NINETH ANNUAL GENERAL MEETING ("29TH AGM") OF THE COMPANY HELD AT ROOM 209, 2ND FLOOR, WISMA BUKIT MATA KUCHING, JALAN TUNKU ABDUL RAHMAN, 93100 KUCHING, SARAWAK, ON TUESDAY, 1 JULY 2025 AT 10.30AM

PRESENT: **Directors**
Tiang Ching Kok – Chairman
Paul Chiam Tau Keen – Executive Director
Felix Wong Khung Chui – Independent Director
Ha Tiuen Kiong – Non Independent Director
Pang Kim Soo – Independent Director
Lynda Chong Hui Lyn – Independent Director

Proxies
Chairman Proxy 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
Lim Cian Yai – Corporate Representative from Badan Pengawas Pemegang Saham Minoriti Berhad

Members
Tiang Ching Kok
Yeo Puay Huang

Auditors
Nicholas Chia – KPMG PLT
Janice John – KPMG PLT

Secretary
Yeo Puay Huang

Lee Sheau Ling – Commercial Quest Sdn. Bhd. (Independent Scrutineer)

The Chairman, Mr. Tiang Ching Kok called the meeting to order at 10.30am after confirmation by the Secretary of the requisite quorum being present pursuant to Clause 95 of the Company's Constitution.

The Chairman informed that the Company has received questions from the Minority Shareholders Watch Group (MSWG) on 26 June 2025 on matters to be addressed at the 29th 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, 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. For FY2025, QCHB reported a y-o-y revenue decline of 11.5%, largely attributable to a significant 36.2% contraction (RM28.4 million) in its Construction and Engineering segment. Nevertheless, it managed to narrow the losses to RM6.94 million compared to RM10.79 million in FY2024.

a) The Management has highlighted ongoing efforts to address inefficiencies in raw material procurement and project execution (page 9 of Annual Report 2025).
What specific inefficiencies were identified in these areas, and the corrective actions were taken to address them?
Management identified the following specific inefficiencies that were impacting project costs and execution timelines:

Dependence on Limited Supplier Sources
Relying heavily on a small number of suppliers led to limited pricing flexibility, supply disruptions, and slower procurement cycles.
Corrective actions: The Group has expanded its supplier base and adopted a more competitive procurement process to ensure better pricing, reliability, and continuity of supply.

Manpower Planning Inefficiencies
Inadequate manpower planning contributed to idle labour time, uneven site productivity, and suboptimal resource utilisation.
Corrective actions: The Group has improved manpower planning through more accurate forecasting of work phases, better coordination between project teams, and dynamic resource allocation to reduce idle time and enhance productivity.

Idle or Unused Leased Equipment
Equipment remained underutilised during certain project phases, leading to unnecessary leasing costs.
Corrective actions: The Group implemented tighter controls over equipment usage and returned idle or unused leased equipment promptly. Going forward, equipment planning is now more closely aligned with actual site needs and project timelines to reduce cost leakage.

These corrective measures are aimed at improving operational efficiency, reducing unnecessary costs, and enhancing overall project delivery effectiveness.

a) The lower losses were mainly attributed to operation and procurement streamlining, while reducing overheads and successful renegotiation of the supplier contract.

What have been the quantifiable outcomes of these measures in terms of cost savings, margin improvement, or project turnaround times?
The renegotiation of equipment lease agreements into outright purchases, aligned with extended project durations, has led to a reduction in equipment-related costs by approximately 10-20% over the project lifecycle. This approach enhances cost predictability and eliminates recurring lease charges, improving long-term capital efficiency.

b) Given the operational improvements and current trajectory, is QCHB on track to return to profitability in FY2026?

What are the key drivers or assumptions underpinning the turnaround?
Management is cautiously optimistic that QCHB is on track to return to profitability in FY2026, supported by several key drivers and assumptions:

Stable Contribution from Road Maintenance Division
The road maintenance segment continues to provide a steady and reliable income stream, underpinning the Group's baseline revenue and cash flow position.

Reduced Losses or Recovery in the Construction Division
With the expected completion of the current loss-making project by the second quarter of FY 2026 and ongoing efforts to improve project execution, the construction division is expected to see significantly reduced losses.

Sustained Growth in the Pipes Division
The Pipes division is expected to maintain its growth momentum, driven by healthy demand from infrastructure projects, particularly those related to water supply and utilities.

These assumptions, combined with ongoing cost control initiatives and operational improvements, form the foundation of the Group's strategy to achieve a financial turnaround in FY2026.

2. The Construction segment faced a challenging year in FY2025 with a significant decline in revenue due to project lifecycle mismatches as legacy projects had reached their tail-end while newly secured infrastructure projects were at mobilisation stage.

a) What are the current orderbook and the tenderbook for the Construction sector?
What are the major projects the division has secured so far?
The current orderbook is around RM360 million and tenderbook is around RM500 million.

b) Please share the Management's expectations regarding the division's performance in FY2025.
The Management anticipates an improved performance for the Construction Division in FY2026. Losses from the existing loss-making project are expected to taper off, as the project is slated for completion by the second quarter of FY 2026. Additionally, contribution from newly secured projects is expected to commence progressively as these projects begin and key outstanding matters are resolved.

3. The Manufacturing segment, manufacture of ready-mixed concrete (RMC), polyethylene (PE) pipes and timber products, remained in the red at RM1.19 million despite a higher revenue of RM59.75 million recorded in FY2025 (page 125, Note 31, AR2025).

The topline performance of the Manufacturing segment was lifted by the HDPE & PVC pipes (+126.8% y-o-y), while RMC and timber products underperformed with a 9.4% and 47.5% decline in revenue due to weak demand and increased market competition.

a) While the potential from water infrastructure projects is massive, i.e., the RM1.1 billion pipe enhancement initiative, RM6 billion rural treated water supply programme, how does the Group effectively tap into this potential, secure more work orders, and thereby improve the financial performance of the Company?
The Group is strategically positioned to benefit from upcoming water infrastructure projects, being one of only four HDPE pipe manufacturers based in Sarawak. This local manufacturing presence provides a competitive advantage in terms of cost, logistics, and compliance with local sourcing requirements.

In addition, the Group has a proven track record, having successfully completed water infrastructure projects in the past, which enhances its credibility and positioning when bidding for new contracts. Leveraging this experience, the Group continues to actively participate in government tenders and strengthen relationships with key stakeholders.

b) What are the existing capabilities that enable QCHB to venture into building and operating water treatment plants (page 5 of AR2025)?
QCHB possesses prior experience in the construction of water treatment facilities, having successfully completed a water treatment plant project in the past. This track record demonstrates the Group’s technical and project management capabilities in this sector. In addition, QCHB has identified a suitable technical partner to collaborate on the operational aspects of water treatment plants, thereby strengthening its capability to undertake both the construction and long-term operation of such facilities.

c) Aside from supplying HDPE & PVC pipes, what are the other potential areas in water infrastructure where QCHB could explore?
Other potential areas in the water infrastructure are as explained in (b) above.

4. As of 31 January 2025, the Group has trade receivables amounting to RM19.195 million that are past due but not impaired, with RM9.84 million (FY2024: RM8.724 million) past due by more than 121 days and not impaired (page 100, Note 18(a) – Ageing analysis of trade receivables, AR2025).

Are the bulk of these long-outstanding receivables still primarily attributed to government agencies?
Yes, majority of the debts are due from government agencies.

In light of QCHB's declining cash balance (RM8.46 million in FY2025 vs. RM19.62 million in FY2024), what is management's expected timeline for collection, and how might delays impact the Group's short-term liquidity position?

The Management anticipates an improvement in collection from government-related projects by the second or third quarter of FY 2026. This is expected to ease the Group's cash flow burden and support working capital requirements. However, any further delays in collection could put additional pressure on the Group's short-term liquidity position, potentially affecting its ability to meet operational and financial obligations in a timely manner. The Management is closely monitoring the situation and exploring interim funding options with the financier to mitigate any potential cash flow constraints.

Sustainability Matters

1. Currently, the Group's total energy consumption is drawn entirely from non renewable sources such as fuel and electricity (page 37 of AR2025).
In line with the Group's commitment to integrate renewable sources into its business and operations, when is the implementation of this expected to begin?
Has the Group established a roadmap or blueprint to guide this transition to renewable energy?
The Group acknowledges the need to transition to renewable energy to reduce its carbon footprint and align with global sustainability trends. As part of our sustainability roadmap, we have initiated an internal feasibility study to identify viable renewable energy options — such as the installation of solar photovoltaic (PV) systems at suitable sites and the adoption of energy-efficient equipment.
Implementation is expected to commence in phases starting from FY2026, focusing first on high-consumption sites and operations. A detailed blueprint with clear milestones and measurable targets will be finalised and shared with stakeholders once the feasibility study and stakeholder consultations are completed. The Group remains committed to progressively increasing the share of renewable energy in its total consumption mix.

2. QCHB's Scope 1, 2 and 3 emissions for FY2025 are as follows (page 38 of AR2025):
Scope 1: 2,143,786 kilotonnes of CO2 equivalent
Scope 2: 842,182 kilotonnes of CO2 equivalent
Scope 3: 758,021 kilotonnes of CO2 equivalent

As a comparison, engineering and infrastructure giant Gamuda Berhad recorded total emissions of 466,529 tonnes of CO2 equivalent in its financial year ended 31 July 2024.

Please explain the exceptionally high carbon emissions QCHB emitted from its operations.

To clarify, the figures shown on the bars represent the actual emission amounts in kilograms of CO_2e per year, which are equivalent to 2,297.916 tonnes or approximately 2.298 kilotonnes CO_2e for consistency with industry reporting norms.
Going forward, we will consider harmonising the units in both the chart title and bar labels to ensure the presentation remains as clear as possible for all readers. We value your engagement and welcome continued feedback on our disclosures.
The Group's carbon emissions are relatively high mainly due to the nature of our core operations, which involve energy-intensive construction and manufacturing activities.

- **Scope 1** emissions are primarily from direct fuel combustion in heavy machinery, fleet vehicles, and onsite generators.
- **Scope 2** emissions result from purchased grid electricity used to power our production plants, offices, and site operations.
- **Scope 3** emissions are driven by upstream and downstream activities, such as the supply chain of raw materials, logistics, and waste generated by construction activities.

Compared to other engineering and infrastructure companies, our emissions may appear higher due to the scale and type of our projects, which often require significant on-site work and heavy equipment usage.

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 on the Agenda as set out in the Notice of the 29th AGM. The polling process would be conducted upon completion of the deliberation of all items to be transacted at this meeting. Commercial Quest had been appointment as Independent Scrutineer to verify the poll results.

The results of the poll, which were verified by the appointed Independent Scrutineer, Messrs Commercial Quest Sdn. Bhd. were stated below :

		Vote For		**Vote Against**		**Total Votes**	
		No. of Shares	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
As Ordinary Business							
Resolution 1	To re-elect Mr. Tiang Ching Kok, who is due to retire in accordance with Clause 119 of the Company's Constitution and being eligible, has offered themselves for re-election.	13,618,000	100.0	0	0.0	13,618,000	100.0
Resolution 2	To re-elect Ir. Ha Tiuen Kiong, who is due to retire in accordance with Clause 119 of the Company's Constitution and being eligible, has offered themselves for re election.	16,900,500	100.0	0	0.0	16,900,500	100.0
Resolution 3	To approve Directors fees of RM72,000.00 and meeting allowance of RM36,000.00 in respect of the financial year ended 31 January 2026.	16,900,500	100.0	0	0.0	16,900,500	100.0
Resolution 4	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.	16,900,500	100.0	0	0.0	16,900,500	100.0
Resolution 5	Proposed Retention of Mr Pang Kim Soo as Independent Non-Executive Director.						
	Tier 1 – Large Holders	8,130,600	100.00	0	100.00	8,130,600	100.00
	Tier 2 – Other Holders	8,769,800	99.99	100	0.001	8,769,900	100.00
Resolution 6	Authority to issue shares pursuant to Section 75 and 76 of the Companies Act 2016 (the Act) and waiver of pre-emptive rights.	16,900,500	100.0	0	0.0	16,900,500	100.0
Resolution 7	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

The Chairman hereby declared that Resolution 1 to Resolution 7 were duly passed at the 29th AGM.

There being no other business, the 29th AGM of the Company ended at 11:35 am, and the Chairman thanked all present for their attendance.