



Quality Concrete Holdings Berhad

(378282-D)

(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED DURING THE TWENTY-FOURTH ANNUAL GENERAL MEETING OF THE COMPANY HELD AT ROOM 209, 2ND FLOOR, WISMA BUKIT MATA KUCHING, JALAN TUNKU ABDUL RAHMAN, 93100 KUCHING, SARAWAK, ON TUESDAY, 28 JULY 2020 AT 10.30AM (“24TH AGM”)

Mr. Tiang Ching Kok (“the Chairman”) chaired the 24TH AGM of the Company. The meeting was called 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 17 July 2020 on matters to be addressed at 24th 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

Strategy/Financial Matters

1) Question:

The Group has recorded Loss Before Taxation (“LBT”) of RM1.4 million when compared to the LBT of RM10.5 million in the last financial year (Page 5 of the Annual Report 2020).

Considering the improvement recorded in FY2020, what is the prospect of the Group’s performance achieving a turnaround in FY2021?

Answer:

The Group’s financial performance has been hampered by the Covid-19 pandemic as Group revenue has drop by almost 30% in the first quarter compared to last financial year. With the GDP growth forecasted to be contracted this year, it will be a big challenge for the Group to achieve a turnaround in financial year ending 31 January 2021.

2) Question:

The whole world is still grappling with the economy impact caused by the Covid-19 pandemic. QC plans to continue to focus on increasing revenue from its existing core business activities and at the same time exploring new business opportunities to expand its revenue streams (Page 5 of the Annual Report 2020).

a) To what extent has the pandemic impacted QC's prospects?

Most of the Group's operations was affected by the Movement Control Order ("MCO") as they are not categorised under essential activities and therefore unable to generate revenue during that period of time. As for the post MCO period, private development has been slow to recover and that has affected our ready mixed concrete business. However, our construction segment has not been seriously affected apart from the MCO period as works has been back to full capacity.

b) What are the steps taken to increase the existing core business activities?

We are actively participating in tenders in hope to increase our orderbook for our construction segment. The increase in orderbook will also increase the demand for our building products such as ready mixed concrete and pipes.

c) What is the current status of exploration of new business opportunities to expand revenue streams?

We manage to secure a 10 years Road Maintenance concession which is a new revenue stream on January 2020. The concession will contribute to the Group positively from FY2021 onwards as it provides a stable stream of income

3) Question:

In 2019, MSWG questioned the Company on the chances of recovering the impaired trade receivables. The Company, in its reply letter, among others, stated that it was pursuing legal actions on debts of about RM4.1 million.

What portion of the RM4.1 million has been recovered to-date? What is the current status of the legal action?

Answer:

We regret to inform that the Company did not managed to recover anything in the current FY from the RM4.1 million debts above.

The updates on the RM4.1 million under legal action are as follows:

RM2.8 million are still in the process of recovery.

Debtors worth RM1.3 million has been wound up.

Corporate Governance

1) Question:

The Company in its Corporate Governance Report for FY2020 (Page 10) states that it has applied Practice 3.2 of the Malaysian Code on Corporate Governance.

The Company has explained that the Board has established and adopted a Whistleblowing Policy, to provide an avenue for raising concerns related to possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity, in an appropriate manner without fear of retaliation.

The Whistleblowing Policy provides contact details of Audit Committee Chairman and Company Secretary, as the avenue for stakeholders to raise the above concerns.

However, we were unable to locate the Whistleblowing Policy on your corporate website. Please take note of this.

Answer:

The Management has overlooked the issue. However, we take note of the comment and will rectify accordingly.

2) Question:

The Company in its Corporate Governance Report for FY2020 (Page 25) states that it has applied Practise 8.2 of the Malaysian Code on Corporate Governance.

However, based on the explanation given on the application of the Practice 8.2, the Company has not applied Practice 8.2, as there is no statement stating that the Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Answer:

The management has overlooked this matter and will include it in the next annual report. The management would like to reassure the stakeholders that the Company is committed to the application of this Practice 8.2 as we have not appointed any former key audit partner to our audited committee since our incorporation. We would like to reassure the stakeholders that we will strictly adhere to the Practice 8.2 of the Malaysia Code On Corporate Governance.

All ordinary and special resolutions as set out in the Notice of the 24th AGM were tabled at the 24th AGM of the Company on 28 July 2020 for discussion and were duly passed by the shareholders through poll voting. The shareholders also received the Audited Financial Statements of the Company and of the Group, together with the Reports of Directors and Auditors for the financial period ended 31 January 2020.

The results of the poll, which were announced by the appointed Independent Scrutineer, Messrs Commercial Quest Sdn. Bhd. were as follows:

		Vote For		Vote Against		Total Votes	
		No. of Shares	%	No. of Shares	%	No. of Shares	%
Ordinary Business							
Ordinary Resolution 1	To re-elect Mr Tiang Ching Kok who is retiring in accordance with Clause 119 of the Company's Constitution and being eligible, has offered himself for re-election.	21,916,200	100.0	0	0.0	21,916,200	100.0
Ordinary Resolution 2	To re-elect Mr Paul Chiam Tau Keen who is retiring in accordance with Clause 117 of the Company's Constitution and being eligible, has offered himself for re-election.	21,916,200	100.0	0	0.0	21,916,200	100.0
Ordinary Resolution 3	To re-elect Ms Lynda Chong Hui Lyn who is retiring in accordance with Clause 117 of the Company's Constitution and being eligible, has offered herself for re-election	21,916,200	100.0	0	0.0	21,916,200	100.0
Ordinary Resolution 4	To approve Directors fees of RM60,000.00 and meeting allowance of RM48,000.00 in respect of the financial year ended 31 January 2020.	21,916,200	100.0	0	0.0	21,916,200	100.0
Ordinary Resolution 5	To approve Directors fees of RM72,000.00 and meeting allowance of RM48,000.00 in respect of the financial year ended 31 January 2021.	21,916,200	100.0	0	0.0	21,916,200	100.0
Ordinary Resolution 6	To re-appoint Messrs. Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	21,916,200	100.0	0	0.0	21,916,200	100.0
Special Business							
Ordinary Resolution 7	To authorize Directors to allot and issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016	21,916,200	100.0	0	0.00	21,916,200	100.0
Ordinary Resolution 8	Proposed Renewal of Shareholders' Mandate For Recurrent Related Party Transaction Of A Revenue Or Trading Nature	11,632,300	100.0	0	0.00	11,632,300	100.0

There being no further business, the 24th AGM of the Company ended at 11:28am, and the Chairman thanked all present for their attendance.