



Concrete Engineering Products Berhad

(88143-P)

(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED DURING THE THIRTY THIRD ANNUAL GENERAL MEETING (“33rd AGM”) OF THE COMPANY HELD AT DEWAN MURNI, GROUND FLOOR MENARA INTEGRITI, INSTITUT INTEGRITI MALAYSIA, PERSIARAN TUANKU SYED SIRAJUDDIN, OFF JALAN TUANKU ABDUL HALIM, 50480 KUALA LUMPUR, ON TUESDAY, 23 JANUARY 2018 AT 10.00AM.

Encik Abdul Khudus bin Mohd Naaim (“the Chairman”) chaired the 33rd AGM of the Company. The meeting was called to order at 10:00 am after confirmation by the Secretary of the requisite quorum being present pursuant to Article 67 of the Company’s Article of Association.

All ordinary and special resolutions that were tabled at the 33rd AGM of the Company on 23 January 2018 were duly passed by the shareholders through poll voting, including the re-election and appointment of Directors, as well as the appointment of new Auditors of the Company as set out in the Notice of the 33rd AGM. The shareholders also received the Audited Financial Statement of the Company and of the Group, along with the Reports of Directors and Auditors for the financial period ended 31 August 2017.

The results of the poll, which was announced by the Scrutineer, Crowe Horwath , is as follows ;

RESOLUTION	VOTES FOR		VOTES AGAINST		ABSTAIN		Total Votes	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Ordinary Business								
Resolution 1 To approve the payment of Directors’ fees	38,248,134	99.997	1,000	0.003	-	-	38,249,134	100.000
Resolution 2 To re-elect Dato Ir Dr Abdul Aziz bin Arshad who retires pursuant to Article 90 of the Company’s Article of Association	38,249,134	100.000	-	-	-	-	38,249,134	100.000
Resolution 3 To re-elect Mr Leong Kway Wah who retires pursuant to Article 102 of the Company’s Article of Association	38,249,134	100.000	-	-	-	-	38,249,134	100.000
Resolution 4(a) To re-elect To’ Puan Seri Hajjah Nur Rahmah binti Mohd Zain who retires pursuant to Article 96 of the Company’s Article of Association	38,248,034	99.997	1,000	0.003	100	0.000	38,249,134	100.000

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	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Ordinary Business								
Resolution 4(b) To re-elect Mr Dennis Xavier who retires pursuant to Article 96 of the Company's Article of Association	38,248,034	99.997	100	0.000	1,000	0.003	38,249,134	100.000
Resolution 5 Re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration	38,249,134	100.000	-	-	-	-	38,249,134	100.000
Special Business								
Resolution 6(a) - Special Business Approval to continue in office as Independent Non-Executive Director for To' Puan Seri Hajjah Nur Rahmah binti Mohd Zain	38,248,034	99.997	1,000	0.003	100	0.000	38,249,134	100.000
Resolution 6(b) - Special Business Approval to continue in office as Independent Non-Executive Director for Mr Dennis Xavier	38,248,534	99.998	600	0.002	-	-	38,249,134	100.000
Resolution 7 - Special Business To empower the Directors of the Company to issue shares pursuant to the Companies Act 2016	38,247,534	99.996	1,500	0.004	100	0.000	38,249,134	100.000

Encik Norhisam bin Sidek, the representative from Minority Shareholder Watchdog Group (“MSWG”) raised the following questions during the 33rd AGM which were duly answered by Mr Leong Kway Wah (“the Managing Director”). The salient questions raised by MSWG were as follows :

Q1(a) **The Chairman’s Statement mentioned a slew of infrastructure projects under the 2018 Budget which are expected to benefit the construction industry. On the export front, he also believes that there are potential new markets in the ASEAN region left untapped such as Indo-China countries.**

A1 The large infrastructure projects under the 2018 Budget which CEPCO had identified as having a good chance to obtain a fair share are the East Coast Rail Link, the High Speed Rail, Pan Borneo Highway and Light Rail Transit (LRT3).

Q1(b) The Group's export sales contributed to 8% of the revenue. What are the Board's strategies and which markets are the Board targeting to enhance the potential of the export markets and which markets are the Board targeting to enhance the potential of the export market to improve the Group's performance?

A1(b) CEPCO had strong ties with its business partners in the Indonesia and Maldives market. In its effort to serve the Indonesia market and react faster to clients needs, CEPCO have intention to set up a marketing office in Jakarta. Since the start of the financial year, we had secured orders for sugar refinery plant and toll highway projects. In the pipeline are major port projects and power plant projects in Indonesia which CEPCO hope to secure. Currently, we are busy fulfilling orders for Maldives and had just secured an order to supply piles to Nigeria.

Q1(c) What are the sizeable contracts the Board hopes to secure in order to replenish the Group's order book for sustainable performance and results?

A1(c) Sizeable projects which CEPCO hopes to secure this year are East Coast Rail Link, toll highway and port projects in Indonesia. The Board will elaborate further during the AGM.

Q2 The Management Discussion and Analysis (MD & A) reported that the new players had aggressively made inroads into the local markets resulting in price competition and driving profit margins down.

Q2(a) Who are the new players in the local market and which of the Company's products would be most affected by them and in what ways?

A2(a) The new players mentioned on our MD & A report are Sunway Spun Pile (M) Sdn Bhd and Eng Beng Group in the peninsular and Winabumi in East Malaysia. Save for Sunway Spun Pile which is a subsidiary of Sunway Group and had the group's support, we feel the other new players are not a threat to us as they have only a single plant. Furthermore our competitors are not capable of producing marine piles which are used mainly for port projects.

Q2(b) In terms of the anticipated business risks as reported in the MD & A, which risks are considered as the more serious to the Group's business? Please explain.

A2(b) The most serious business risks to the Group's business are the steep steel price increase and credit risk of delayed payment by customers.

Q3. As stated in Note 14 on page 71 of the Annual Report, trade receivables showed an impairment amount of RM10,701,079 as at 31 August 2017. What measures have been taken to address the collection of the impacted trade receivables? Please discuss.

A3 Our normal credit term ranges from 60 – 90 days depending on our credit evaluation of the financials provided by customers. The company institute the following credit procedures prior to supply 12:-

- (i) CTOS & Trade references checking and
- (ii) Analysing of financials and background checking of projects

To improve trade receivables management and mitigation of impairment we request clients for directors' guarantee, upfront deposits and also assignment of payments from principals. Where necessary and usually for shipments and export sales, we request customers to issue L/Cs. Strict credit control procedures are followed and delinquent clients will be issued with letter of demand.

The measures taken to reduce the trade receivables impairment includes :-

- (i) Discussion with clients on staggered repayments
- (ii) Contra of properties
- (iii) Institute legal action against the company and directors if the above are not successful

Questions on Corporate Governance

Q1. We noted that the Independent Director namely To' Puan Seri Hajjah Nur Rahmah binti Mohd Zain attended 3 out of 5 Board meetings during the year. In this regard, it was also noted that she attended 3 out of 5 Board meetings for the FY 2016. Could the Board explain the reason for her absence at the two Board meetings in FY 2016?

A1. Our Independent Director namely To' Puan Seri Hajjah Nur Rahmah binti Mohd Zain attended 3 out of 5 Board meetings during the year due to urgent family commitments which could not be postponed.

Encik Norhisam bin Sidek commented that MSWG would encourage all Directors to go beyond good Corporate Governance by meeting at least 75% of meeting attendance. The Managing Director replied that he took note of that and it was every Director's duty to meet at least 60% of the attendance for the Board meetings.

Q2. Chapter 9, Paragraph 9.21(2) of the Main Market Listing Requirements of Bursa Malaysia requires companies to publish the Summary of Key Matters discussed at the AGM on the company's website.

A2. We will publish the Summary of Key Matters discussed at the 33rd AGM later at our website after the AGM on 23 January 2018.

Q3. One of the Independent Directors, Mr Dennis Xavier has served on Board for 21 years. Practice 4.2 of the MCCG requires the Board to seek annual shareholders' approval through a two-tier voting process if the Board continues to retain an independent director after the twelfth year.

Has the Board prepared to implement two-tier voting for Mr Dennis Xavier to continue as Independent Director of the Company? If the Constitution of the Company needs to be changed in order to implement the two-tier voting, when is the constitution expected to be changed?

A3. CEPCO does not fall into the category of Large Companies due to it not on the top FTSE Bursa Top 100 index and its market capitalisation is way below RM2 billion. Neither does CEPCO have any Large Shareholder within the definition of Malaysian Code of Corporate Governance Practice 4.2. CEPCO is prepare for implement of two-tier voting in its effort to achieve greater excellence in corporate governance.

After the Question and Answer session conducted with MSWG, the Chairman invite questions on the Audited Financial Statements and Reports. There were no questions from shareholders.

There being no further business, the 33rd AGM of the Company was concluded, and the Chairman thanked all present for their attendance. The meeting ended at 11:45am with a vote of thanks to the Chair.