

EXTRACT MINUTES OF ANNUAL GENERAL MEETING

SUMMARY OF KEY DISCUSSED MATTERS AT THE TWENTY-THIRD ANNUAL GENERAL MEETING OF THE COMPANY HELD AT PLB ENGINEERING BERHAD, 3RD FLOOR, TRAINING ROOM, 1320, JALAN BARU, TAMAN CHAI LENG, 13700 PRAI, PENANG ON TUESDAY, 21 JANUARY 2020 AT 3.00 P.M.

1. COMMENCEMENT

After confirmation from the Secretary of the Company that a quorum was present, the Chairman of the Meeting, Dato' Seri Ong Choo Hoon called the meeting to order at 3.00 p.m. and welcomed all members, Directors and invited guests to the Company's Twenty-Third Annual General Meeting (23rd AGM")

2. WRITTEN QUERIES FROM MINORITY SHAREHOLDER WATCH GROUP ("MSWG")

2.1 The Secretary informed the shareholders that the Company had received written queries from MSWG and the response by the Company pursuant to the written queries from MSWG were projected on the screen for members to view and the Secretary read out the response as follows :

Strategic and Financial Matters

1. PLB Eco Solutions Sdn. Bhd. ("PLBES"), a 77.78% owned subsidiary reported a much lower revenue of RM0.73 million in FY 2019 as compared to RM5.74 million in FY 2018.

PLBES reported a loss of RM4.53 million in FY 2019 as compared to RM1.25 million in FY2018 (pages 86 & 87 of Annual Report)

(a) What are the reasons for the lower revenue and higher losses?

PLBES ceased operations temporarily during FY 2019 which resulted in lower revenue being recorded. The higher losses recorded in FY 2019 as compared to FY 2018 was due to the write off of inventories, inventories sold below cost and specific allowance for long outstanding debts.

(b) What measures have been taken to increase revenue and profit of PLBES?

Barring unforeseen circumstances, PLBES will resume operations in FY 2021.

(c) What is the outlook for PLBES in FY 2020?

PLBES will remain dormant in FY 2020.

2. The Paya Terubang project has a 10-year development period as mentioned on page 11 of the Annual Report.

(a) What is the Gross Development Value of this development project?

The Gross Development Value of this development project which consists of 7,658 units of affordable housing scheme is estimated at RM2.568 billion.

(b) How much sales have been generated from this Paya Terubang project todate?

The sales which have been generated from the first phase of Paya Terubong project, The Stone (1,000 units affordable housing scheme), as at 16 January 2020 is RM 231 million (680 units sold).

(c) When is the development expected to be fully completed?

The first phase of the Paya Terubong project, The Stone (1,000 units), should be completed in year 2021.

There is no definite timeframe for the completion of the overall development project of Paya Terubong as it depends on the overall property market sentiment of Malaysia, competition from other developers and the ability of potential buyers to obtain housing loan financing which generally is dependent on the general economic conditions. However, the Board has set a broad time-frame of 10 years from 2018 as the target completion date for the overall development.

3. In the Segmental Reporting, the Waste Management Division (“WMD”) recorded losses in both FYs 2018 and 2019. (pages 108 and 109 of the Annual Report).

(a) When is the WMD expected to record profit?

The operation of WMD is forecasted to improve with the increase in tipping revenue as a result of the expected increase in volume of waste to be deposited in the waste site which our WMD is currently operating.

(b) How long is the concession agreement with the City Council of Penang and Seberang Prai and when will it end?

The Group has been awarded a 20 year concession agreement with the City Council of Penang and Seberang Perai from 16 July 2012 to 15 July 2032.

(c) What is the expected internal rate of return (“IRR”) from WMD?

The expected IRR from the WMD is 4.94% based on the expected cashflow forecast and projections computed from the concession agreement.

4. The Solar Energy Division (“SED”) recorded its segment profit of RM2.63 million FY 2019 as compared to a loss of RM1.04 million in FY 2018. (pages 108 & 109 of Annual Report)

(a) What is the payback period for the Solar PV Plant?

The payback period for the Solar PV Plant is 8.5 years.

(b) How long is the concession agreement period with Tenaga?

It is a 21 years concession agreement with Tenaga.

(c) The Malaysian Government has reaffirmed Malaysia commitment to achieve a 20% Renewable Energy target, which currently stands at 2%. Does the Company intend to expand further into biogas and biomass sectors of the renewal energy?

The Group does not intend to expand into the areas of biogas and biomass. Instead the Group intends to explore further in the incinerator of waste to energy plant.

5. The fair value impairment on Other Investment was RM4.43 million, a drop of 58%. (page 91 of Annual Report).

(Correction: The fair value adjustment is RM4,433 and not RM 4.43 million)

(a) Does the Board have an Investment Committee that is responsible for the buying and selling of quoted shares in Malaysia? If no, who is responsible for investment decision?

At this current moment, the Company is not active in the buying and selling of quoted shares, therefore it is not necessary to establish an Investment Committee.

(b) Please outline the policies and procedures for investment in quoted shares.

Accordingly, there are no policies and procedures in place for investment in quoted shares.

(c) Please provide the breakdown of the Other Investments in percentages by sectors as classified by Bursa Malaysia.

Other investment in quoted shares represents 7,987 shares in a company quoted under the Industrial Products & Services sector.

Corporate Governance Matters:

- 1. The Company in its 2019 MCCG Report stated that it has Departed from Practice 7.1- where the board is to disclose on named basis the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other remunerations.**

Appendix 9C, Part A (11) of the Main Market Listing Requirement (“MMLR”) requires disclosures of the remuneration of directors of the listed issuer (including the remuneration for services rendered to the listed issuer as a group) on a named basis, stating the amount received or to be received from the listed issuer and on a group basis respectively.

The disclosure must include the amount in each component of the remuneration (e.g. directors’ fees, salaries, percentages, bonuses, commission, compensation for loss of office, benefits in kind based on an estimated money value) for each director.

Please take note that the Company had not complied with the MMLR.

We have taken note of this and will disclose the information accordingly in the FY 2020 Annual Report.

- 2. The Company paid RM46,100 taxation fees to a company. (page 37 of Annual Report)**

(a) Are any of the directors of the Company also a shareholder or director of the firm that provided the taxation services?

None of the directors of the Company are shareholders or directors of the firm that provided the taxation services

(b) Is Mr. Saw Chin Eng, the Independent Non-Executive Director, (“INED”) an interested party in the audit firm? If so, please explain how the Audit Committee resolves this conflict of interest when deciding to award the taxation service to Mr. Saw’s firm as the Audit Committee has only three members out of which one member is an interested party, Mr.Saw, and the other member is Madam Teoh Siew Tin, an INED who is the spouse of Mr. Saw?

Mr. Saw Chin Eng is not an interested party in the audit firm.

(c) Why is Madam Teoh Siew Tin appointed as a member of the Audit Committee as Mr. Saw, who is her husband, is the Chairman of the Audit Committee as the Audit Committee has only 3 members? There will be insufficient independence at the Audit Committee level.

We have taken note and the Board will look into it.

3. **We have accessed the Company's website on 3 Jan 2020 and note that there was no publication of the "Key Matters Discussed" at the Company's 22nd Annual General Meeting held on 30 January 2019 as required under paragraph 9.21 (2) of the Main Market Listing Requirements.**

Please take note.

We have taken note of this.

- 2.2 After the presentation of the response made by the Company to MSWG, Mr Lee Chee Meng ("Mr Lee), the corporate representative of MSWG sought further clarifications on the answers provided by the Company as follows :

- (a) **The reason why PLBES stopped business in FY 2019 and would start again at FY 2021 as stated in the reply of No. 1 (b)**

Ms Phee, the senior finance manager explained that PLBES stopped operations as their temporary site was burnt down and the company is currently waiting for the permanent plant to be set up and intends to resume business in FY 2021.

- (b) **There were properties stated in the Annual Report such as industrial lots and apartments that are vacant. He made assumption that these properties could not be sold and turn to be the Company's stock. Whether these properties have been stated at fair value which is marked to the market?**

The partner of Messrs Grant Thornton, Company's auditor, Mr Terence Lau Han Wen informed Mr Lee that the key audit area is also to access whether the Group's inventories are stated at the lower of cost and net realisable value. He drew attention to page 83 of the Annual Report, Note 6.3, where completed development units have been shown at their net realisable value at RM10.7 million which are marked to market. He added that the Company wrote down RM2.5 million in inventory value as a result of the marked to market exercise.

3. **TO RECEIVE THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON**

Members were informed by the Secretary that the said audited financial statements ("AFS") were for discussion purposes only as the provision of Section 340(1)(a) of the Companies Act 2016 do not require members' approval for the AFS. Therefore, this item would not be put forward for voting.

The Secretary invited the shareholders or proxies to raise questions on the AFS.

As there was no question from the floor, the Secretary, on behalf of the Chairman, proposed that the Company's AFS for the financial year ended 31 August 2019 together with the reports of the Directors and Auditors were duly tabled and received by the shareholders before the Meeting.

4. **ORDINARY RESOLUTIONS 1 TO 8**

All the resolutions tabled at the 23rd AGM of the Company held on 21 January 2020 and voted by poll were duly passed by the shareholders.

5. **TERMINATION**

There being no further business, the meeting closed at 4.06 p.m. with a vote of thanks to the Chairman.