

# **GEORGE KENT (MALAYSIA) BERHAD**

*(Company No. 1945-X)*

Summary of Minutes of the Sixty-Seventh Annual General Meeting of the Company duly convened and held at the Registered Office of the Company at 1115, Jalan Puchong, Taman Meranti Jaya, 47120 Puchong, Selangor Darul Ehsan on Monday, 9 July 2018 at 11:00 a.m.

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## **1. ADDRESSED BY CHAIRMAN**

The Chairman, on behalf of the Board of Directors, welcomed the shareholders and proxies present to the Sixty-Seventh Annual General Meeting (“67th AGM”) of the Company. The Chairman conveyed the apologies from Puan Sri Datin Tan Swee Bee for not being able to attend the Meeting due to health reason.

The Chairman informed that the notice convening the 67th AGM of the Company had been circulated to all shareholders and advertised in The Star on 31 May 2018. An Addendum to the Notice of 67th AGM for inclusion of an additional Ordinary Resolution to be considered under Special Business had also been circulated to all shareholders and advertised in the Star on 8 June 2018. The additional Ordinary Resolution was to seek shareholders’ approval for renewal of the share buy-back authority.

With the permission from the shareholders and proxies present, the notice convening the 67th AGM and Addendum to the Notice of 67th AGM were taken as read. As the requisite quorum being present, the Chairman called the meeting to order.

Before the Chairman proceeded with the formal business for the meeting, he reported to the shareholders and proxies present that financial year ended 31 January 2018 (“FY2018”) was a record year to date for the Company. As compared to the financial year ended 31 January 2017, the Group profit before tax (“PBT”) for FY2018 was RM160.3 million, up 20%; Group profit after tax (“PAT”) for FY2018 was RM124.4 million, up 23%; earnings per share for FY2018 was 22.1 sen, up 22%; and dividend declared for FY2018 totalled RM53.51 million, up 43%. The highest ever record PBT and PAT were contributed by the Group’s Engineering and Metering divisions. The Company had announced on 12 June 2018, another strong results for its first quarter ended 30 April 2018 (“Q1 2019”) compared with the corresponding period last year. The Group’s balance sheet remained strong with a net cash position of RM343.5 million with a healthy order book.

The Chairman informed the shareholders and proxies present that the new Government had cancelled, deferred or relooking at many of the mega infrastructure constructing projects and as a result all construction stocks include the Company had taken a beating. The Company’s business model is robust as a two legged horse with Construction and Metering. In line with the Group’s long standing strategic plan to broaden its income base, the Group had successfully expanded the contribution of its Metering business over the last three years at a compounded annual growth rate (“CAGR”) of 24%. The Q1 2019 saw water meter demand outstrip supply in both local and export markets. Besides Hong Kong and Singapore, the Group exports its water meter to over 40 countries worldwide. The Company had positioned itself in the Internet of Things (“IoT”) development and was ready to tap on the growth

opportunities in Smart Metering. The potential growth for the Group from Smart Metering was significant considering that the Company being the first mover and a market leader in the Region. Moving forward, the Group would further accelerate growth by substantially increasing its investments in Metering and other water related businesses as well as concessions through merger and acquisition and strategic partnership. It was the Group's plan to increase its income from Metering and other water related businesses to more than 50% in the short to medium term and more than 75% in the longer term.

## **2. POLL VOTING**

The Chairman informed the shareholders and proxies present that pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), all the resolutions set out in the Notice of 67th AGM and the Addendum to the Notice of 67th AGM were required to be passed by way of poll. The Company had appointed Symphony Merchant Sdn Bhd as Poll Administrator to conduct voting by electronic polling and Shareworks Sdn Bhd as Scrutineers to verify the poll results.

The Chairman invited the representative of the Poll Administrator to explain to the shareholders and proxies present on the electronic polling process.

Upon conclusion of this briefing, the Chairman next proceeded to deal with the business on hand.

## **3. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018 AND THE REPORTS OF THE DIRECTORS AND AUDITORS**

The audited financial statements of the Company for the financial year ended 31 January 2018 and the Reports of the Directors and Auditors were tabled for discussion. Shareholders and proxies present were invited to raise questions on the audited financial statements and reports as tabled.

Questions raised by shareholders and the replies by the Chairman were as follows:-

- (i) A shareholder enquired on the impact to the Group as a result of cancellation of major construction projects announced by the new Government and the Group's prospect. He raised concern on the drop in the Company's share price recently. He further requested for an elaboration and breakdown on segment information on page 150 of the Annual Report, and enquired on the Company's intention to distribute dividends from the Company's retained earnings as he noted the retained earnings was huge.

The Chairman explained that the Company was still in bidding stage for the High Speed Rail ("HSR") and MRT 3 projects and both projects were not in the Company's order book. Hence the cancellation of the projects would not impact

on the Company's existing order book. The Company's other existing projects were still ongoing. The Chairman further explained that the drop in the Company's share price was mainly due to the disposal of construction stocks by foreign funds. In the Company's announcement on Q1 2019 results, the Company had indicated its direction to grow its metering and other water related businesses and would increase resources to accelerate the growth.

The Chairman explained that the Group has three operating segments, namely (i) Engineering - comprises construction and infrastructure which specialises in the turnkey construction of systems work for rail transportation, hospital and water related infrastructure projects, (ii) Metering - specialises in the manufacturing and sale of metering products and solutions for residential, industrial and commercial customers, and (iii) Others - comprise interest income, foreign exchange gain/loss and dividend income from investments in quoted securities. The segment loss of RM11.36 million from "Others" segment was mainly due to the foreign exchange loss.

The Chairman informed that the Board would continue to reward shareholders by distributing dividends and the dividend quantum was expected to be consistent with previous years.

- (ii) A shareholder enquired on the Company's intention to continue looking into new rail projects outside Malaysia.

The Chairman informed that the Company had formed a business development team to source for new rail projects in other countries.

- (iii) A shareholder enquired whether the Group's water meter was made from brass or plastic and he commented that the meter reading for the plastic meter was not accurate. As the Company now positioned itself in the Internet of Things ("IoT") development, he enquired when the Company is able to incorporate technology into its water meter.

The Chairman informed that the Company started plastic water meter since last year. Those plastic water meter installed earlier by the meter authorities could have been made in China. The Company was in the pilot stage of testing on its smart meter and was expected to implement it soon.

- (iv) A shareholder expressed his support to the Company despite the recent drop in the Company's shares. He highlighted that the Company had been established and in operation for 82 years and he was confident with the Chairman and the Board's ability to overcome the challenges.

The Chairman thanked the shareholder for showing his support and confident to the Company and the Board.

There being no other questions raised from the floor, it was recorded that the audited

financial statements of the Company for the financial year ended 31 January 2018 and the Report of Directors and Auditors had been duly tabled and received by the Shareholders.

#### **4. OTHER QUESTIONS RAISED**

Other questions raised by shareholders and the replies by the Chairman were as follows:-

##### Directors' fees and benefits

- (i) A shareholder questioned on the quantum of Directors' fees and benefits payable to the Non-Executive Director ("NED") which was higher than the Executive Directors.

The Chairman explained that the Directors' fees payable for the financial year ended 31 January 2018 to the NED were same as last year and there was no increase in Directors' fees to the NED. Nevertheless, the Company had disclosed its Directors' remuneration on group level instead of on company level pursuant to the revised Listing Requirements in relation to the disclosure of Directors' remuneration. In addition, the Directors' fees and benefits totalling RM5,869,250 also included other benefits payable to the NED from the Company as well as from its subsidiaries, pursuant to the new Companies Act, 2016.

- (ii) A shareholder commented that the NEDs' remuneration should be reviewed considering the current situation of the Company.

The Chairman took note on the shareholder's comment.

##### Proposed renewal of share buy-back authority to the company to purchase its own shares of up to ten per cent (10%) of its total number of issued shares

- (i) A shareholder commented that the Company had rushed for an Extraordinary General Meeting ("EGM") which were held on 4 June 2018 for the share buy-back mandate. After the Company purchased 2,463,100 George Kent shares, it was noted that the Company's share price continued to drop. He enquired to what extend the Company would continue to purchase its shares and how would the Board dealt with the treasury shares.

The Chairman explained that after the share buy-back mandate was obtained at the EGM held on 4 June 2018, the Board had purchased the Company's shares at prices and time where the Board opined that was a good deal and in the best interest of the Company. The Company was allowed to purchase up to 10% of its total number of issued shares under the shareholders' mandate. The Board would be cautious in purchasing of its shares and would reserve sufficient funds for its working capital and business development/expansion. The Chairman

informed that the Board could distribute the treasury shares to shareholders as shares dividend, or to resell, transfer or cancel the treasury shares.

## 5. **POLL RESULTS**

All the resolutions tabled at the 67th AGM of the Company were duly passed by the shareholders of the Company and the poll results of the resolutions as summarised below:-

	<b>FOR</b>		<b>AGAINST</b>	
	No. of shares	%	No. of shares	%
<b><u>Ordinary Resolution 1</u></b> Re-election of Tan Sri Dato' Tan Kay Hock as a Director	274,645,475	92.2589	23,044,461	7.7411
<b><u>Ordinary Resolution 2</u></b> Re-election of Mr Ooi Chin Khoo as a Director	277,006,623	93.0149	20,802,175	6.9851
<b><u>Ordinary Resolution 3</u></b> To approve payment of Directors' fees and benefits to Non-Executive Directors for the financial year ended 31 January 2018	296,840,909	99.9163	248,681	0.0837
<b><u>Ordinary Resolution 4</u></b> Re-appointment of Deloitte PLT as the Company's Auditors and to authorise the Directors to fix their remuneration.	297,824,880	99.9987	3,956	0.0013
<b><u>Ordinary Resolution 5</u></b> Retention of Independent Non-Executive Director – Mr Ong Seng Pheow	251,686,020	92.9110	19,203,274	7.0890
<b><u>Ordinary Resolution 6</u></b> Retention of Independent Non-Executive Director – Dato' Paduka (Dr) Ir Hj Keizrul Bin Abdullah	291,054,909	97.7877	6,584,748	2.2123
<b><u>Ordinary Resolution 7</u></b> Authority to Directors to allot shares	295,269,839	99.1691	2,474,081	0.8309
<b><u>Ordinary Resolution 8</u></b> Proposed Renewal of Share Buy-Back Authority	298,407,909	99.9984	4,848	0.0016

**6. TERMINATION**

There being no other business to transact, the Chairman thanked the shareholders and proxies present for their attendance and declared the meeting closed at 12.00 noon.