

GADANG HOLDINGS BERHAD

Registration No. 199301023376 (278114-K)

Minutes of the Twenty-Ninth (29th) Annual General Meeting (**AGM or the Meeting**) of Gadang Holdings Berhad (**Gadang or the Company**) held as a fully virtual meeting conducted through live streaming and remote voting using the remote participation and voting facilities at the online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via its of TIIH Online website at <https://tiih.online> (Domain registration number with MYNIC:D1A282781) on Wednesday, 9 November 2022 at 10.00 a.m.

PRESENT:

Tan Sri Dato' Seri Dr Mohamed Ismail Bin Merican	- <i>Chairman of the Board</i>
Tan Sri Dato' Kok Onn	- <i>Group Managing Director</i>
Ms Kok Pei Ling	- <i>Executive Director & Chief Financial Officer</i>
Mr Huang Shi Chin	- <i>Senior Independent Non-Executive Director</i>
Mr Sherman Lam Yuen Suen	- <i>Independent Non-Executive Director</i>
Ms Wong Ping Eng	- <i>Independent Non-Executive Director</i>

IN ATTENDANCE:

Ms Tan Seok Chung, Sally	- <i>Company Secretary</i>
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BY INVITATION:

Auditors

Mr Chin Kit Seong	}
Mr Gary Low Cheh Chian	} <i>Crowe Malaysia PLT</i>
Ms Nur Aimi Amira Bt Mohd Izuddin	}

Members of Key Management

Mr Khew Check Kiet	- <i>Managing Director of Construction Division</i>
Mr Yu Kang Huai	- <i>Managing Director of Property Division</i>
Mr Foo Mieng Yong	- <i>Managing Director of Utility Division</i>

MEMBERS AND PROXIES PRESENT:

176 members and 22 proxies (excluding Directors and Secretary)

CORPORATE REPRESENTATIVE:

1 from the Minority Shareholders Watch Group, represented by Encik Norhisam Bin Sidek

1.0 WELCOME ADDRESS BY THE CHAIRMAN

Tan Sri Dato' Seri Dr Mohamed Ismail Bin Merican took the chair and he welcomed all the members and proxies to the Company's 29th Annual General Meeting ("AGM").

The Chairman informed that the AGM was conducted through the online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd and the fully virtual AGM was in line with Section 327 of the Companies Act, 2016, Clause 62 of the Company's Constitution and the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by Securities Commission Malaysia.

The Chairman then proceeded to introduce the members of the Board of Directors ("Board"), the Company Secretary, representatives from Crowe Malaysia PLT, the External Auditors and the key management team of the Group.

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2.0 QUORUM

The Secretary confirmed that a quorum was present. With the requisite quorum being present, the Meeting was called to order at 10.00 a.m.

3.0 NOTICE

It was noted that the notice of AGM was given to the members more than 28 days prior to the meeting.

With the consent of the members present, the Notice convening the Meeting having been issued and circulated within the prescribed period was with the permission of the Meeting taken as read.

4.0 VOTING PROCEDURES

The Chairman informed that pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Clause 75 of the Company's Constitution, all the resolutions set out in the notice of the meeting must be voted by way of poll.

The Chairman further informed that the Company had appointed Tricor Investor & Issuing House Services Sdn Bhd ("**Tricor**") as Poll Administrator to conduct the polling process by way of electronic voting, and Coopers Professional Scrutineers Sdn Bhd ("**Coopers**") as the Independent Scrutineers to verify the poll results.

The representative of Tricor, the Poll Administrator, then briefed the Meeting on the voting procedures through the Remote Participation and Voting ("**RPV**") application.

The Chairman also informed the members, corporate representative and proxies present virtually at the Meeting of their rights to raise questions in real time during the Meeting by using the Query Box in the RPV application. Questions submitted during Questions & Answers ("**Q&A**") session would be responded after dealing with all the Agenda items of the Meeting. The voting on the resolutions could also be done at any time during the Meeting until the closure of the voting session.

The Chairman then proceeded to deal with the businesses of the AGM.

5.0 AUDITED FINANCIAL STATEMENTS, DIRECTORS' AND AUDITORS' REPORTS

The Chairman informed that the first item on the Agenda was to receive the Audited Financial Statements for the financial year ended 31 May 2022 together with the Directors' and Auditors' Reports.

The Audited Financial Statements were for discussion only and did not require shareholders' approval under the provision of Section 340(1)(a) of the Companies Act, 2016. Hence, this item would not be put for voting.

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The Chairman then declared that the Company's Audited Financial Statements for the year ended 31 May 2022 together with the Directors' and Auditors' Reports as received and duly tabled at the AGM.

At the invitation of the Chairman, Ms Kok Pei Ling ("**Ms Kok**"), the Executive Director & Chief Financial Officer (CFO), gave a brief presentation on the Group's performance for the year and its business outlook. She highlighted on the following key points:

- Group Financial Performance
- Group's Businesses
- Outlook and Prospects

Ms Kok also shared with the shareholders, the Company's responses to the queries raised by the Minority Shareholders Watch Group ("MSWG") in their letter dated 17 October 2022 in relation to operational and financial matters. The questions by MSWG and the responses by the Company are set out in **Appendix 1**.

The Chairman reiterated that all shareholders and proxies could raise questions by typing in the query box. The Board would address the questions during the Q&A session later.

The Chairman then proceeded to table all the Resolutions to be considered at the Meeting which would be put to vote by poll via the online remote voting facility.

6.0 **FIRST & FINAL DIVIDEND**

The Chairman informed that **Resolution 1** was to approve the payment of a first and final dividend of 0.7 sen in respect of the year ended 31 May 2022 ("Dividend"). The Dividend would be paid to the shareholders on 9 December 2022 based on entitlement date for the Dividend on 21 November 2022.

7.0 **DIRECTORS' FEES FOR THE FINANCIAL YEAR ENDING 31 MAY 2023**

Resolution 2 was to approve the payment of Directors' Fees of up to RM350,000 for the financial year ending 31 May 2023, to be made payable quarterly in arrears, after each quarter of completed service of Directors.

8.0 **BENEFITS PAYABLE TO THE NON-EXECUTIVE DIRECTORS**

The Chairman informed that pursuant to Section 230(1) of the Companies Act, 2016 which came into force on 31 January 2017, the fees and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at the general meeting.

In this respect, **Resolution 3** was to approve the payment of benefits payable to the Non-Executive Directors of the Company up to an amount of RM150,000 for a period of about 12 months, from 10 November 2022 until the next Annual General Meeting of the Company in year 2023. The details of the benefits were as disclosed in Note B of the Notice of Meeting.

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The Chairman informed that the interested Directors would abstain themselves from voting on **Resolutions 2 and 3**.

9.0 RE-ELECTION OF DIRECTORS

The Chairman proceeded with **Resolutions 4 and 5** on his re-election and the re-election of Ms Kok Pei Ling respectively. They were retiring under Clause 108 of the Company's Constitution.

Resolution 6 was on the re-election of Ms Wong Ping Eng, who was appointed on 25 May 2022 and was retiring under Clause 115 of the Company's Constitution.

Being eligible, they had offered themselves for re-election.

It was noted that the performance of each Director who was subject for re-election had been assessed through the Board annual evaluation, and the Board had endorsed the recommendation of the Nomination & Remuneration Committee to re-appoint all the retiring Directors.

10.0 RE-APPOINTMENT OF AUDITORS

Resolution 7 was in relation to the re-appointment of Crowe Malaysia PLT ("**Crowe Malaysia**") as Auditors of the Company and to authorise the Directors to fix their remuneration.

The Chairman informed that the retiring Auditors, Crowe Malaysia had expressed their willingness to continue in office and the Board had endorsed the recommendation of the Audit Committee for Crowe Malaysia to be re-appointed as Auditors.

11.0 SPECIAL BUSINESS**Authority to issue shares under Sections 75 and 76 of the Companies Act, 2016**

The Chairman informed that **Resolution 8** under special business was to allow the Directors to issue new shares of up to 10% of the issued shares of the Company pursuant to Sections 75 and 76 of the Companies Act 2016.

This mandate, if granted at this AGM, unless revoked or varied by the Company in a general meeting, would expire at the conclusion of the next AGM of the Company.

12.0 SPECIAL BUSINESS**Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature**

Resolution 9 was in relation to the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading.

The Chairman informed that the interested Directors, interested major shareholders and any other persons connected with them would abstain from voting on this resolution.

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13.0 ANY OTHER BUSINESS

The Chairman informed that item 11 of the agenda was to transact any other business for which due notice had been given. Upon confirmation with the Secretary that there was no other business to be transacted, the meeting proceeded to address the questions that were received prior to the Meeting, and those received via the online query box during the Meeting.

14.0 QUESTIONS AND ANSWERS (Q&A) SESSION

The Chairman informed that the questions received would not be answered in any particular sequence in relation to the agenda. It would be moderated to avoid repetition, and also be summarized.

The Chairman then invited the Executive Director & CFO, Ms Kok Pei Ling to take the meeting through the Q&A session.

Ms Kok read out first the questions received from the shareholders prior to the Meeting and the Company's responses which were shown on the screen. Thereafter, she addressed the real-time questions received.

A summary of the salient questions raised by the shareholders, both the pre-AGM questions and real-time, and the Company's responses as answered by Mr Kok during the AGM, on behalf of the Company, are as set out in **Appendix 2**.

After having addressed the questions raised, Ms Kok handed over the Meeting to the Chairman.

15.0 POLLING PROCESS

The Chairman then declared the Q&A session closed at 11.05 a.m. For the questions that were not addressed during the Q&A session, the Chairman informed that responses to those questions would be emailed to the shareholders and/or posted on the Company's website after the AGM.

The Chairman then reminded the shareholders to cast their votes if they had not submitted earlier. He announced that the online remote voting session would continue for another 10 minutes.

Meanwhile, the tutorial video to guide shareholders on how to cast their vote via Tricor's online remote voting prepared by Tricor was played again on the screen.

After 10 minutes at 11.15 a.m., the Chairman announced that the voting session had ended.

The Chairman then declared the Meeting adjourned for the verification process by Tricor (as Poll Administrators) and Coopers (as Independent Scrutineers), which would take approximately 25 minutes to complete.

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The AGM re-convened at 11.35 a.m. and the Chairman called the Meeting to order for the declaration of the poll results.

The poll results were displayed on screen for the members' information as follows:-

Resolutions	Vote For		Vote Against	
	No. of shares	%	No. of shares	%
Ordinary Resolution 1 To approve the payment of a first and final dividend of 0.7 sen per share in respect of the financial year ended 31 May 2022.	225,834,449	99.9765	53,107	0.0235
Ordinary Resolution 2 To approve the payment of Directors' fees of up to RM350,000 for the financial year ending 31 May 2023, to be made payable quarterly.	225,262,922	99.8945	237,834	0.1055
Ordinary Resolution 3 To approve the payment of benefits payable to the Non-Executive Directors of the Company up to an amount of RM150,000 from 10 November 2022 until the next Annual General Meeting of the Company.	225,257,543	99.9125	197,311	0.0875
Ordinary Resolution 4 To re-elect Tan Sri Dato' Seri Dr. Mohamed Ismail bin Merican who retires pursuant to Clause 108 of the Company's Constitution and being eligible, has offered himself for re-election.	225,818,707	99.9695	68,849	0.0305
Ordinary Resolution 5 To re-elect Ms Kok Pei Ling who retires pursuant to Clause 108 of the Company's Constitution and being eligible, has offered herself for re-election.	31,696,059	99.7801	69,844	0.2199

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Resolutions	Vote For		Vote Against	
	No. of shares	%	No. of shares	%
Ordinary Resolution 6 To re-elect Ms Wong Ping Eng who retires pursuant to Clause 115 of the Company's Constitution and being eligible, has offered herself for re-election.	225,817,707	99.9691	69,849	0.0309
Ordinary Resolution 7 To re-appoint Crowe Malaysia PLT as Auditors of the Company for the financial year ending 31 May 2023 and to authorise the Directors to fix their remuneration.	225,276,337	99.7294	611,219	0.2706
Ordinary Resolution 8 To grant the Directors the authority to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.	225,785,930	99.9550	101,626	0.0450
Ordinary Resolution 9 To approve the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature.	31,252,454	99.7595	75,349	0.2405

Based on the poll results verified by the Scrutineers, the Chairman declared all resolutions tabled at the AGM as carried.

Therefore, IT WAS RESOLVED:-

- **ORDINARY BUSINESS**

“**THAT** the payment of a first and final dividend of 0.7 sen per share in respect of the financial year ended 31 May 2022 be and is hereby approved.”

(Ordinary Resolution 1)

“**THAT** the payment of Directors' fees of up to RM350,000 for the financial year ending 31 May 2023 be and is hereby approved.”

(Ordinary Resolution 2)

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“**THAT** the payment of benefits payable to the Non-Executive Directors of the Company up to an amount of RM150,000 from 10 November 2022 until the next Annual General Meeting of the Company be and is hereby approved.”

(Ordinary Resolution 3)

“**THAT** Tan Sri Dato’ Seri Dr. Mohamed Ismail bin Merican who retires pursuant to Clause 108 of the Company’s Constitution and being eligible, be and is hereby re-elected as Director of the Company.”

(Ordinary Resolution 4)

“**THAT** Ms Kok Pei Ling who retires pursuant to Clause 108 of the Company’s Constitution and being eligible, be and is hereby re-elected as Director of the Company.”

(Ordinary Resolution 5)

“**THAT** Ms Wong Ping Eng who retires pursuant to Clause 115 of the Company’s Constitution and being eligible, be and is hereby re-elected as Director of the Company.”

(Ordinary Resolution 6)

“**THAT** Crowe Malaysia PLT be and are hereby re-appointed as Auditors of the Company for the financial year ending 31 May 2023 at a remuneration to be fixed by the Directors.”

(Ordinary Resolution 7)

SPECIAL BUSINESS

• **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016**

“**THAT**, pursuant to Sections 75 and 76 of the Companies Act, 2016, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of total issued shares of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad, subject always to the approvals of the relevant regulatory authorities;

AND THAT pursuant to Section 85 of the Companies Act, 2016 to be read together with Clause 55 of the Company’s Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to Sections 75 and 76 of the Companies Act, 2016.”

(Ordinary Resolution 8)

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- **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

“THAT, subject to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and/or its subsidiaries (“Gadang Group”) to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.4 of the Circular to Shareholders dated 29 September 2022 (“Circular”) with the related parties listed in Section 2.3 of the Circular which transactions are necessary for the day-to-day operations, in the ordinary course of business of Gadang Group on terms which are not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders;

THAT such authority shall commence immediately upon the passing of this resolution and shall continue to be in force until:

- a. the conclusion of the next Annual General Meeting (“AGM”) of the Company, at which time it will lapse, unless renewed by a resolution passed at that meeting;
- b. the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (“Act”) (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- c. revoked or varied by resolution passed by the shareholders of the Company in general meeting;

whichever is the earlier;

AND THAT, the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this resolution.”

(Ordinary Resolution 9)

17.0 CONCLUSION

There being no other business to be transacted, the Chairman concluded the meeting and thanked all present for their attendance. The Meeting ended at 11.38 a.m.

CONFIRMED AS A CORRECT RECORD,

-SIGNED-

CHAIRMAN

Dated: 29 November 2022

Responses to the queries raised by Minority Shareholder Watch Group in their letter dated 17 October 2022

Operational /Financial Matters

Q1. Financial Performance

Year Ended 31 May	FY2022 RM'000	FY2021 RM'000 (Restated)	FY2020 RM'000 (Restated)	FY2019 RM'000	FY2018 RM'000
Profit Before Taxation (PBT)	70,148	21,956	59,332	71,723	133,947

(Source: Page 8 of the Annual Report 2022)

In FY2022, the Group recorded a PBT of RM70,148,000 compared to a PBT of RM21,956,000 in FY2021. This represents a positive variance of RM48,192,000 or 219.49%. FY2022's PBT is the highest since FY2020.

(a) Is the good performance sustainable in FY2023?

The increase of PBT in FY2022 was mainly due to non-recurring transactions which includes the settlement with Capital City Property Sdn Bhd and gains from the disposal of two development lands.

The Group remains cautiously optimistic about growth prospects and will continue to exercise prudence in its business dealings and manage operational efficiency to generate positive returns in the current financial year.

(b) What is the outlook for the Group's business segments in FY2023?

For FYE 2023, the Construction Division is optimistic of its prospects, in anticipation of large public infrastructure projects such as the Mass Rapid Transit 3 being rolled out by the Government. Nonetheless, the Division remains cautious in view of the uncertain business environment caused by geopolitical tensions, rising building material prices, labour shortages and supply chain disruptions. Meanwhile, the Division will continue to focus on timely execution and completion of its existing projects.

Market sentiment for the property sector remained cautiously optimistic. With a wide array of mid-market products in strategic locations and current unbilled sales of RM281.0 million, the Property Division is expected to deliver a satisfactory performance for the financial year.

The Utility Division will continue to review investment opportunities to build up its concession asset base with recurring revenue streams to cushion against the cyclical nature of the construction segment.

The Group will continue to capitalise on its inherent strength with a proven track record in project implementation, prudent cash flow management and cost control to deliver a sustainable medium to the long-term value proposition. We will remain vigilant against an uncertain macroeconomic outlook with heightened inflationary pressures, supply chain constraints and labour shortages.

- Q2. The Group's other expenses increased significantly to RM7,774,743 from RM4,636,714 in FY2021 (Page 112 of the Annual Report 2022).**

What are the reasons for the significant increase in other expenses? Please provide the breakdown of these expenses.

The significant increase was mainly due to an impairment loss on goodwill of RM5,939,203 and fair value loss on quoted investment of RM1,618,200.

- Q3. Joint Ventures (JVs)**

Gadang recorded a share of loss in JVs of RM1,623,277 in FY2022 compared to a share of profit in JVs of RM301,065 recorded in FY2021 (Page 112 of the Annual Report 2022).

- (a) What are the main reasons for the share of loss recorded in FY2022?**

The share of loss in JVs was mainly due to the additional cost incurred as a result of the Covid-19 pandemic restrictions. Global disruption in the supply chain resulting in price escalation of construction materials also contributed to the losses.

- (b) How does the Board plan to address the loss recorded in JV companies?**

The management actively engages with the client pertaining to the cost claims arising from the nationwide COVID-19 pandemic restrictions imposed by the Malaysian Government under the various MCOs. We foresee positive outcomes in these engagements to narrow the cost claims variance gap and to mitigate the losses to turn the project around.

- (c) What is the outlook for the JV companies in FY2023?**

We expected all the works to be completed by the middle of 2023 including the additional works together with the resolution of the extension of time claims with the clients and the cost gap variance for all the additional works issued by the Contract Administrator.

- Q4. On-going Projects**

What is the current progress of the Group's on-going projects? Are the projects on schedule?

The current progress of the Group's on-going projects ranges from 14% to 92%.

The Movement Control Orders have impacted the physical progress of some on-going projects. We have applied for the extension of time and filing claims for the prolongation cost incurred from our clients.

- Q5. Construction Division**

Whilst the Group's existing order book of RM1.14 billion will provide revenue and earnings visibility for the next three years, the Construction Division may have to explore private sector projects in Malaysia and Singapore to replenish its order book (Page 53 of the Annual Report 2022).

(a) Is the Group actively tendering for any construction projects in Malaysia and Singapore? If so, how much contract value is expected to be awarded to the Group under the current project tenders in Malaysia and Singapore?

- Gadang Engineering (Malaysia) Sdn Bhd (**GESB**) and its subsidiary in Singapore are actively participating in the tender for infrastructure works whenever the opportunity arises. In view of the current depressed economic scenario, it is getting more competitive in tendering for public infrastructure projects.
- Nevertheless, GESB managed to secure the Letter of Award for 2 packages of RTS and Institut Perubatan Forensik Negara (IPFN) project in July and September 2022 respectively with a total contract sum of RM869 million in FYE 2023.
- We target to obtain projects with contract value totalling RM1.0 billion in FYE 2023.

(b) What is the targeted orderbook replenishment in the next two financial years?

GESB targets to replenish approximately RM1.6 billion worth of book orders in the next two financial years.

Q6. Property Development Division

(a) What are the Division's current unbilled sales? Are the unbilled sales improving?

The Property Division recorded unbilled sales of RM281mil as at August 2022. The unbilled sales are expected to improve as the Division targets to launch 2 new residential projects in FYE 2023.

(b) As part of the gearing reduction exercise, the Division is intensifying the sales of the Group's existing inventories (Page 27 of the Annual Report 2022).

What is the targeted value of the existing inventories to be cleared in the next two financial years?

In the next 2 financial years, the targeted value for clearing inventories of developed properties held for sale is RM17.6 million.

(c) The ongoing disruption of the global supply chain, global inflation on the rise, Cross-Taiwan Straits tensions, and the geopolitical unrest caused by the Russian-Ukraine conflict, bring about uncertainties and challenges to property developers in the forthcoming year (Page 27 of the Annual Report 2022).

To what extent will the abovementioned factors impact the Division's business operation adversely? What are the current measures taken by the Division to minimise any negative impact on its business?

The impact will not affect existing project developments as contracts that were awarded prior to this are not subject to price fluctuations. However, it will affect new project developments which target to launch in FYE 2023, as the contractors will price in the costs increase and contingencies.

The Company will take proactive measures to ensure cost optimisation is carried out through value engineering on the projects in order to improve the design efficiencies, hence shortening the turnaround time frame from project planning to development launch within 24 months period.

Furthermore, the Company will enlarge the existing pool of contractors and invite Nominated Subcontractors (NSCs) for tenders in order to obtain more competitive pricing. Also, the Company engages with the manufacturers and/or suppliers to explore the supply of materials on behalf of the contractors to obtain lower costs of materials.

Q7. The Group is continuously working towards reducing its gearing level such as assets monetisation, disposal of the landbank which is not for immediate development, etc. (Page 27 of the Annual Report 2022).

(a) Are there any plans for assets monetisation exercises in FY2023? If so, which assets?

The Group is looking into monetising the undeveloped land in Pokok Sena, Kedah plus vacant bungalow lots in Pekan Baru Sungai Besi, Selangor.

(b) What is the Group's targeted gearing level reduction in the next two financial years?

The Group targets a net gearing ratio of less than 0.50 times. Our objective as a Group is to constantly improve in the areas of treasury, liquidity and risk management with the goal of lowering our weighted average cost of capital on one hand and obtaining the best absolute returns or yield on our cash and cash equivalents.

PRE-AGM QUESTIONS RAISED BY SHAREHOLDERS

No.	Questions by Shareholders	Responses by Gadang Holdings Berhad
1.	<p>“The government imposes monthly a week 45 hours workforce.</p> <p>What impact on the company of the new employment?</p> <p>Does the company apply to all full-time employees including general workers, supervisor level, executives, managers and also top management?</p> <p>What would the company’s justification be for the wages paid?”</p>	<ul style="list-style-type: none"> • The changes in the Employment Act pertaining to the reduction of working hours from 48 hours to 45 hours per week and the increase in salary threshold from RM2,000 to RM4,000 entitled to claim overtime (OT) have a significant cost impact on the construction industry. Management is currently exploring options to comply with the required changes and will formalize the procedure by end of the year. • These changes will apply to all project-based employees on 6-day working.
2.	<p>“Kindly give us some e-vouchers, food vouchers, or e-wallets (no discount vouchers please) for being loyal shareholders and attending this meeting.”</p>	<p>We have mentioned in our AGM Administrative Guide that we will not be distributing any vouchers for this AGM.</p>
3.	<p>“Can we have a hybrid, online/physical AGM next year? This will comply with MCCG 2021 best practices, in fact a listed company has already implemented. There should not be any technical impediments.”</p>	<p>We will consider the viability of hybrid AGM in the future.</p>
4(i)	<p>“May I know what is the approximately margin for this RTS projects.”</p>	<p>The RTS project margin is approximately 3% - 4%.</p>
4(ii)	<p>“Any ongoing bidding projects for MRT 3? Any ongoing bidding projects value?”</p>	<p>Gadang Engineering (M) Sdn Bhd has submitted bid for MRT Line 3 Package CMC 302. We are actively bidding for public infrastructure projects and will disclose any material information to investors in accordance with Bursa Malaysia Securities Berhad’s disclosure guidelines in a timely manner.</p>
4(iii)	<p>There are huge unutilized tax losses, when is going to utilize it?</p>	<p>The unused tax losses are allowed to be carried forward for 10 consecutive years of assessment. Management will continue to review the utilisation of the tax losses.</p>
4(iv)	<p>Default in CCPSB, Did the 5% interest accrued in the accounts? If no, why? If unable to pay, what is the collateral, and how much does it worth?</p>	<p>The 5% interest is accrued in the accounts. In the event of default, the Company reserves its right to exercise the debenture and take possession of the collateral units. The collateral units were valued at RM78 million as at 31 May 2022.</p>

REAL TIME QUESTIONS SUBMITTED BY SHAREHOLDERS

No.	Questions by Shareholders	Responses by Gadang Holdings Berhad
1.	<p>“May I know, what is the company’s future outlook?</p> <p>Will the Board consider giving door gift such e-voucher or e-wallets for those participating in this AGM as a token of appreciation?”</p>	<p>Given the challenging economic environment, the Group remains cautiously optimistic of the growth prospects and will continue to exercise prudence in its business dealings and manage operational efficiency to generate positive returns in the current financial year. We will continue to replenish our order book and new land bank whilst seeking opportunities for recurring income in the Utility segment.</p> <p>As mentioned in our AGM Administrative Guide, we will not be distributing any gifts or vouchers for this AGM.</p>
2.	<p>“How much does the company spend on this virtual agm?</p> <p>Would the board kindly consider giving shareholder with e-wallet as a token of appreciation for attending today’s meeting.</p> <p>I would like to request a printed hard copy of the company annual report.”</p>	<p>The total cost of this virtual AGM is approximately RM120,000.</p> <p>As per our AGM Administrative Guide, we will not be giving out e-vouchers or e-wallets.</p> <p>We will arrange a hard copy of the annual report to be sent to you.</p>
3.	<p>“Good morning, Mr. Chairman and board of directors. Kindly give us rm30 Touch-n-Go e-wallet for being loyal shareholders and attending this Agm. Times are bad now. Please be considered to us shareholders during this trying times. Thank you.”</p>	<p>We have mentioned in our AGM Administrative Guide that we will not be distributing any e-wallet or vouchers for this AGM. However, we will reward our loyal shareholders with dividends.</p>
4.	<p>“How was company overcome windfall tax and cpi rate in new impose?</p> <p>What is impact to company profit revenue?”</p>	<p>The windfall tax is not applicable to our company.</p> <p>The ongoing projects are mostly at the tail end whilst several projects have been completed on time. Therefore, the price escalation has minimal impact to the profitability of the said projects. For newly awarded projects, the price escalation is factored into the contract sum to mitigate the volatile fluctuations in prices of construction materials.</p>

REAL TIME QUESTIONS SUBMITTED BY SHAREHOLDERS (CONT'D)

No.	Questions by Shareholders	Responses by Gadang Holdings Berhad
5.	<p>“Can you share what is the earnings outlook over the next 1 year?</p> <p>What is the major risks that you foresee moving forward?</p> <p>How is the recent trend of construction materials price? How does the Group mitigate the hike in material price?</p>	<p>We do not provide specific profit guidance for revenue and profit target.</p> <p>Major risks are cost increase in construction materials, labour shortage, increase in interest rate that may affect our property sales and increase in overheads due to compliance with minimum wage and reduced working hours.</p> <p>Major construction materials have seen huge increase in prices ranging from 15% - 30%. However, most of our construction projects are at tail-end. For new projects, we have factored in the increase in material price in our tender price. For JKR projects, we have a Variation of Price clause to help mitigate increase in price of major materials.</p>
6.	<p>“1. How’s the incomplete project in the order book and realization projection at this moment?</p> <p>2. According to news, the cost for construction material has increased in the last 2 years. How has this impacted the on-going project and its earnings?</p> <p>3. Interest rate on the rise and what is the impact to the unpaid loan/debts?</p> <p>4. Can you tell us what the company’s growth/expansion plan is?”</p>	<p>Q1 & Q2. Most of the projects are at the tail end and they have no significant impact except for the newly secured project in RTS, where the issue of labor shortages will have an impact. However, the cost of materials had been factored into the tender price.</p> <p>Q3. Impact 2-3% based on FYE 2022 Profit Before Tax (PBT).</p> <p>Q4. For the past three years, construction industry faced reduction in infrastructure job flows due to fiscal constraints by the Government as well as reduced investments by the private sector, which have affected the Division’s speed to replenish its order book. The Division will continue to actively participate in open biddings for both public and private projects to replenish its order book.</p> <p>Property sector remains challenging with growing concern over the inflation, labour shortage, rising interest rate and material cost. The Division will focus mainly on affordable residential development.</p> <p>The Utility Division will continue to explore investment opportunities to build concession asset base.</p>

REAL TIME QUESTIONS SUBMITTED BY SHAREHOLDERS (CONT'D)

No.	Questions by Shareholders	Responses by Gadang Holdings Berhad
7.	“In the latest Q1 result, the construction division is merely breakeven only. Can you explain why is it so and what is happening? What is the strategy taken to improve the result?”	Most of the major projects are at the tail end such as MRT line 2, TRX Package 3 & Package 6 whereby their contributions are not significant. The newly secured projects are at the early stage where the work done is still minimal. We foresee by the next few quarters, the results will improve as the newly implemented project progress will be much better as more work fronts are made available. The Company is actively participating in mega projects that are advertised in the Government and GLC webpage or advertised in the major newspapers. So far, the Company had submitted projects called for in the tender amounting to RM15 billion and we are optimistic to secure some packages of the said projects.
11.	“Please reveal how many participants in this virtual AGM?”	A total of 194 members, comprising shareholders, proxies and corporate representatives, had logged in to this virtual AGM as at 10.45 a.m.
12.	“What is the unbilled order book out of the RM1.1b outstanding order book?”	As presented in the earlier slide, the unbilled order book includes the following projects: <ul style="list-style-type: none"> • Rapid Transit System Link (RTS) - RM680 million; • Institut Perubatan Forensik Negara (IPFN) - RM188.8 million; and • CSR – RM300 million.
13.	“Will the company be able to pay more dividend for the coming year?”	We do not provide specific profit guidance for profit and dividend target. We have been distributing dividends based on 11.8% - 20% of the group net profit. The dividend payout guidance will be continuously reviewed from time to time based on the Group’s financial and cash-flow position as well as business prospects.

REAL TIME QUESTIONS SUBMITTED BY SHAREHOLDERS (CONT'D)

No.	Questions by Shareholders	Responses by Gadang Holdings Berhad
15.	“This year’s will able distribute Dividend 10 sen high? Payout to shares holder?”	<p>We do not provide specific profit guidance for profit and dividend target.</p> <p>We have been distributing dividends based on 11.8% - 20% of the group net profit. The dividend payout guidance will be continuously reviewed from time to time based on the Group’s financial and cash-flow position as well as business prospects.</p>
16.	“Can you please reveal in details the settlement agreement and compensations pertaining to capital city project?”	<p>The amount due from Capital City Property Sdn Bhd (“CCPSB”) is RM40 million. Notice of default in payment was issued to CCPSB on 28 July 2022.</p> <p>The Company reserved its rights to exercise the debenture and take possession of the collateral units. The outstanding amount owing by CCPSB amounting to RM40 million will only be recovered upon the disposal of the collateral units.</p> <p>The Company had engaged valuer to value the current market value of the 101 collateral units and from the valuation report, the units were valued at RM78.4 million as at 31 May 2022.</p>
17.	<p>“What would company overcome 45 hours monthly worker time for Malaysia labour act?</p> <p>Extra cost compare years 2020. How was come overcome to be profit revenue?”</p>	<p>Gadang generally already complies with the reduction of work week hours from 48 hours to 45 hours, as our office operates on a 5-day week. The Group will be adjusting the work hours for projects sites that currently work on a 6-day basis and will comply with the new regulations. This will have an impact on direct manpower cost. However, we will optimise our project cost by regularly reviewing our project budgeted cost to retain budgeted project margin.</p>
18.	“Any approach to penetrate construction projects in align with the move of Indonesia capital?”	<p>Gadang Engineering (M) Sdn Bhd (“GESB”) has registered itself in Indonesia and currently exploring to form a joint venture with a reputable construction company to take this opportunity to explore projects in Indonesia including project in the new Indonesian capital, Capital City Nusantara, in Kalimantan.</p>

REAL TIME QUESTIONS SUBMITTED BY SHAREHOLDERS (CONT'D)

No.	Questions by Shareholders	Responses by Gadang Holdings Berhad
19.	“How minimum wage and foreign workers shortage affect the company?”	Currently, we have sufficient workers working in all the projects. Workers from projects coming to tail end will be transferred to newly secured projects in RTS and IPFN. In addition, GESB has received approval to recruit new foreign workers from Human Resource Ministry which will be deployed in due course to RTS and IPFN.
20.	“Just a follow up question on the MRT3 Line 3 package CMC302. Whether Gadang has formed any JV with either local or foreign entities? How confident is Gadang in winning this work package. If touch wood, Gadang eventually failed in the bidding, what is the follow up plan?”	<p>For MRT3 Package 302 Tier 1 tender, GESB has formed a JV with a local bumi construction company. We are optimistic in the said submission.</p> <p>If GESB is unsuccessful in the Tier 1 tender, there is a chance for any contractor to participate in Tier 2 tender which will be distributed by the successful Tier 1 main contractor. GESB’s follow-up plan is to participate in the Tier 2 tender in view of its experience working in MRT Line 1 and Line 2.</p>
21.	“Based on Q1F23, the inventories on the book is circa RM0.6M. What is the company’s plan to monetize these inventories? Also, what is the breakdown of these inventories? Whether these are pertaining to unsold properties?”	The current value of unsold properties is approximately RM18 million and the main component is 15 units shoplots at Jentayu Residensi. Our target is to clear this inventory by next year.
22.	“What is the impact of foreign labour crunch to the ongoing project?”	Please refer to our response under Question 19 above.
23.	<p>“Thank you for the sharing. Last, I wish the leaders in the company could work out more strategies in securing new sales order and review on the costing aspects in each division or departments. As a shareholder that with the company for sometimes, we really wish to witness the turnaround of the team and project us a more confident image and enlighten us with your good works.</p> <p>Secretary of meeting, can you assist to make a remark that I wish to receive a copy of your annual report. Thank you.”</p>	<p>We have submitted tenders worth RM15 billion and hoping to secure some packages. The Construction Division has managed to secure approximately RM870 million contracts in the first few months of FY2023. Given the challenging economic environment, the Group remains cautiously optimistic of growth prospects and will continue to exercise prudence in its business dealings and manage operational efficiency to generate positive returns in the current financial year.</p> <p>Yes, we will take note and send a copy of the annual report to you.</p>