

CB INDUSTRIAL PRODUCT HOLDING BERHAD
(Company No. 428930-H)
(Incorporated in Malaysia)

RESUME OF DISCUSSION AT THE TWENTY-FIRST ANNUAL GENERAL MEETING HELD AT SAUJANA BALLROOM, THE SAUJANA HOTEL KUALA LUMPUR, JALAN LAPANGAN TERBANG SAAS, 40150 SHAH ALAM, SELANGOR DARUL EHSAN, ON MONDAY, 28 MAY 2018 AT 10.30 A.M.

AGENDA 1 - AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (“AFS”)

A proxy raised the following questions:-

- Why has the profit before tax (“PBT”) of the Special Purpose Vehicle (“SPV”) segment not grown in tandem with the revenue growth for the financial year 2017 and what would the impact of the new government on the business of this segment.

Tengku Dato’ Ardy replied that the change of new government would not have much impact on the business of SPV. The segment would continue to pursue business development with governmental bodies as well as to establish itself in overseas market.

Mr Tan replied that higher revenue recorded by SPV segment was attributed to the higher progress billing of helicopter project with low project margin in the financial year 2017 and the project would be completed in year 2018. However, higher project cost and unfavourable foreign exchange rate had eroded the PBT for the financial year 2017.

- Why has the Palm Oil Plantation and Milling Segment recorded higher losses despite increase in the revenue to RM10 million as compared to RM3.2 million recorded in the financial year 2016 and the development plan for the unplanted land.

Mr Mak replied that the total planted areas was approximately 12,000 hectares. Out of which, about 40% were mature while the remaining of the planted area were at immature stage. Thus, this segment would continue to incur substantial capital expenditure in terms of infrastructure and maintenance works necessary for planting activities, thereby reducing the profit for the segment. He added that the oil palm plantation would only break even after sixth year of plantation age.

On the 15,000 hectares unplanted land, Mr Mak informed that the Company had yet to commence planting activities on the unplanted land because some of the land had not obtained the forestry permit from the Indonesia authorities. Nonetheless, the current plantable land was sufficient to meet the planting plan of the segment.

- The Company plans to plan to operate its own palm oil mill, so will the Company be able to obtain external source of fresh fruit brunches (“FFB”) to support its operation.

Datuk CB Lim informed that at the beginning, Management anticipated that about 50% of the capacity of the mill would process the FFB from the external parties. However, the reliance on the external FFB would be reduced by 20% when the Company’s palm oil plantation attained maturity.

- Why was there an increase in the available-for-sale financial assets from RM9 million in the financial 2016 to RM19.9 million in the financial 2017.

Mr Tan replied that the increase was mainly due to reclassification of the company’s remaining investment in three plantation companies as simple investments upon completion of the disposal of 74% equity interest and the subscription of preference shares.

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- The substantial increase in the administrative and other operating expenses of the Company and the Group in the financial year 2017 as compared to that of financial year 2016.

Mr Tan replied that the increase was mainly contributed by the losses on foreign exchange. He added that pursuant to the accounting standards, any gain on the foreign exchange would be charged to Other Income whilst loss on foreign exchange would be charged to administrative and other operating expenses in the profit and loss account.

A shareholder raised the following enquiries:-

- What strategy or policy has been implemented by the Company to mitigate foreign exchange losses.

Datuk CB Lim informed that the foreign exchange risk was beyond the control of the Company and the risk could not be fully hedged due to the restriction imposed by Bank Negara Malaysia where the Company only permitted to retain up to 25% of the payment in foreign exchange currency.

- What is the future prospect of Palm Oil Equipment and Engineering (“E&E”) Segment as there were no information available to the public on the new projects awarded to the Company.

Datuk CB Lim informed that contract value of each contract awarded to the Company was varied by its nature and scope of work required. In view thereof, the information of each contract was not published to the public to avoid confusion.

- What is the status of claim initiated by the Company against TDM Berhad.

Datuk CB Lim informed that the claim against TDM Berhad had been resolved and both parties had reached the out-of-court settlement.

A shareholder raised the following enquires:-

- Will the order book of E&E Segment amounting to RM426 million as at fourth quarter of 2017 be fully delivered and recognised as revenue in the financial year 2018.

Datuk CB Lim informed that approximately 60% to 70% of the order book would be delivered in the financial year 2018. He added that the order book of E&E segment has been maintained at RM400 million to RM450 million for many years as the Company would replenish projects from time to time.

- What are the future prospect of SPV Segment.

Datuk CB Lim informed that the change of new government would have minor impact on the operation of SPV Segment. However, Management is confident that the quality of work and service provided by the Company would enable the Company to secure future projects from government agencies.

A shareholder, enquired whether the Company would expand its clientele of E&E Segment to include more major players in the plantation industry of Malaysia.

Datuk CB Lim informed that it required specific facilities and expertise to construct a palm oil mill. The Company is a one stop solution center to its client as the Company was involving in mill construction, manufacturing of parts and equipment and mill servicing. He further informed that the existing clientele of the Company focus only on their operation efficiency and thus, they do not require mill construction services.

A proxy raised the following enquiries:-

- What type of palm oil mill will be constructed at the Company's estate in Indonesia and how this type of mill would benefit operation of the plantation segment.

Datuk CB Lim informed that the Company was constructing Continuous Sterilizer Mill at the lowest cost in order to achieve greatest operation efficiency of the mill. He further informed that Company had planned to construct another mill upon completing its first mill. Hence, the Company was expecting new revenue stream from mill operation in near future.

- Why is there zero revenue from operation of Republic of Guatemala for year 2017.

Datuk CB Lim informed that the project in Republic of Guatemala had been completed but the Company was still servicing the client.

AGENDA 6 – AUTHORITY TO ISSUE AND ALLOT SHARES

A shareholder enquired on the Company's plan for the proposed mandate to which Tan Sri Chairman informed that the Board did not have any intention to issue and allot new shares at this point of time. However, the proposed mandate once approved would provide flexibility to the Board to pursue for possible fund raising exercising without convening a separate general meeting and incurred additional cost to the Company.

AGENDA 7 - PROPOSED RENEWAL OF AUTHORITY FOR PURCHASE OWN SHARES BY THE COMPANY

A shareholder commented that the share price of the Company was dropping despite of the shares buyback by the Company in the financial year 2017. He noted that while the share price of the Company was dropping, the Directors had dealt in the securities of the Company.

He then raised the following questions:

- What is the rationale for the Company to buy back its own shares despite the fallen of the Company's share price and the reason the Directors dealt in the securities of the Company.

Datuk CB Lim replied that the Company's decision to buy back its own shares was made after taking into account the performance, yield and prospect of the Company. He added that:-

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1. Management had always looking for investment opportunities to increase the Company's value. In addition, the Company had conserved surplus fund for the development of the Company and that the fund was placed under an investment portfolio account managed by Pheim Assets Management Sdn. Bhd.
 2. The disposal of his shares in the Company was mainly for his personal need and that all shares buy-back performed by the Company and dealings by the directors and principal officers in the securities of the Company were complied with the Listing Requirements and other rules and regulations.
- Why is there a discrepancy between disclosure of shareholdings of the major shareholder and the aggregation number of shares held by major shareholder as disclosed in the list of 30 largest shareholders.

The Company Secretary replied that the list of 30 largest shareholders was disclosed in accordance with Listing Requirements and the information was extracted from the records of depositors i.e. shareholding of each securities accounts obtained from the Share Registrar.

AGENDA 8 - PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF A REVENUE OR TRADING NATURE

A proxy enquired whether the Company would trim down the RRPT, to which Mr Tan informed that the RRPT were those transactions of revenue nature which were necessary for day-to-day operations and within ordinary course of business of the Group and undertaken on arm-length basis and on normal commercial terms.