

ES CERAMICS TECHNOLOGY BERHAD

Registration No. 20030102697 (627117-P)

(Incorporated in Malaysia)

Minutes of the Twentieth Annual General Meeting of the Company conducted virtually at a venue in Malaysia where the Chairman of the meeting is present via the online meeting platform at <https://agm.digerati.com.my/es-ceramics> on Monday, 23 October 2023 at 10.00 a.m.

Present : Datuk Paul Wong Baan Chun, J.P.
(Independent Non-Executive Chairman)

Mr. Wong Fook Lin
(Group Chief Executive Officer)

Mr. Tan Boon Sing
(Executive Director)

Mr. Kong Sau Kian
(Independent Non-Executive Director)

Ms Ashley Tan San Li
(Independent Non-Executive Director)

and Members and proxies logged-in to participate in the online AGM at <https://agm.digerati.com.my/es-ceramics>

In Attendance : Ms Seow Fei San
(Company Secretary)

Ms Chan Siow Mui
(Representative of Epsilon Advisory Services Sdn. Bhd.)

Ms Low Yee Zheng
(Representative of Epsilon Advisory Services Sdn. Bhd.)

NOTICE

Notice convening the meeting having been circulated earlier to all the shareholders, the Exchange and Auditors of the Company within the prescribed period was taken as read.

QUORUM

The requisite quorum being present, the Chairman called the meeting to order at 10.00 a.m.

INTRODUCTION OF BOARD MEMBERS

The Board members and the Company Secretary present and participated remotely were introduced to the members.

The Meeting was informed that all proposed resolutions set out in the Notice of Meeting would be put into consideration through poll voting and would require a simple majority vote of members who were entitled to vote in person or by proxy. The voting process for all proposed resolutions would be carried out after the discussion of all agenda items of the meeting.

The Chairman also informed the members that with the remote participation and voting facilities, members could exercise their right as a member or proxy of the Company to pose questions to him or the Board of Directors of the Company and vote remotely at the annual general meeting (“AGM”) from their location.

The members and proxies could rely on real time submission of typed texts to exercise their rights to speak or communicate in a virtual meeting and the Board would via the broadcast announce the question(s) and shall then answer the question(s) accordingly.

The Chairman also informed the members of the procedures of the meeting that he would first take the members through the items on the Agenda, thereafter, the Board would respond to the questions transmitted by members and proxies during the meeting. The Meeting would also address the questions raised by the Minority Shareholders Watch Group (“MSWG”) via their letter dated 5 October 2023, during the Q&A session after tabling all the resolutions.

The Meeting was further informed that Digerati Technologies Sdn. Bhd. (“Digerati”) had been appointed as the poll administrators and CBL Co as independent scrutineer to verify the poll results at today’s AGM.

The Meeting then proceeded with the first agenda item of the meeting.

1. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023

The audited Financial Statements and Reports of the Directors and Auditors for the financial year ended 31 May 2023 (“Financial Statements”) having been circulated to all the members of the Company within the statutory period were laid before the meeting.

The Chairman then informed the members that their approval on the Financial Statements was not required pursuant to the provision of Section 340(1) of the Companies Act 2016 and thus, the matter would not be put for voting.

The Chairman informed that should any of the members have any question on the agenda item, members could use the Q&A box provided on the online platform to transmit their questions. Responses would be provided to questions submitted during the Q&A session after tabling all the resolutions.

The Financial Statements were duly received and noted by the members.

2. PAYMENT OF DIRECTORS’ FEES

The Meeting proceeded to consider the proposed payment of Directors’ fees to the Non-Executive Directors of up to an amount of RM150,000 for services rendered by directors of the Company with effect from 24 October 2023 until the next AGM of the Company.

The Meeting was informed that the Directors who had interest in this resolution and were members of the Company would abstain from voting for this resolution.

The following motion was then put to the members, to be voted by poll after the Q&A session:

“THAT approval be and is hereby given for the payment of Directors’ fees of up to RM150,000 to the non-executive directors for their services from 24 October 2023 until the next annual general meeting of the Company.”

3. RE-ELECTION OF DIRECTORS

The Chairman informed the Meeting that in accordance with Article 100 of the Company's Constitution, the following Directors would retire and being eligible, had offered themselves for re-election:

- Datuk Paul Wong Baan Chun, J.P.
- Mr. Kong Sau Kian
- Ms Ashley Tan San Li
- Mr. Tan Boon Sing

Accordingly, the following motions were put to the members, to be voted by poll after the Q&A session:

Re-election of Datuk Paul Wong Baan Chun, J.P.

"THAT Datuk Paul Wong Baan Chun, J.P. retiring pursuant to Article 100 of the Company's Constitution, be and is hereby re-elected as Director of the Company."

Re-election of Mr. Kong Sau Kian

"THAT Mr. Kong Sau Kian retiring pursuant to Article 100 of the Company's Constitution, be and is hereby re-elected as Director of the Company."

Re-election of Ms Ashley Tan San Li

"THAT Ms Ashley Tan San Li retiring pursuant to Article 100 of the Company's Constitution, be and is hereby re-elected as Director of the Company."

Re-election of Mr. Tan Boon Sing

"THAT Mr. Tan Boon Sing retiring pursuant to Article 100 of the Company's Constitution, be and is hereby re-elected as Director of the Company."

4. APPOINTMENT OF AUDITORS

The Chairman informed that the retiring auditors Crowe Malaysia PLT had expressed their willingness to continue office.

The following motion was then put to the members, to be voted by poll after the Q&A session:

"THAT Crowe Malaysia PLT be and are hereby re-appointed as Auditors of the Company to hold office until the conclusion of the next annual general meeting and that the Directors be and are hereby authorised to determine their remuneration."

5. AUTHORITY TO ALLOT SHARES

The Meeting proceeded to consider the proposed Ordinary Resolution on giving authority to the Directors to allot shares of the Company as set out in the Notice of Meeting.

The rationale and effect of the proposed Ordinary Resolution, if passed, were explained under Explanatory Notes of the Notice of Meeting.

The proposed Ordinary Resolution as detailed hereunder was put to the Meeting for consideration and would be put to poll voting:

“THAT subject always to the Companies Act 2016 (“Act”) and the approvals of the relevant authorities, the Directors be and are hereby authorised pursuant to Section 75 of the Act to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting 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 pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company for the time being.

AND THAT pursuant to Article 56 of the Constitution, direction to the contrary of pre-emptive rights under Section 85 of the Act be and is hereby given for the Directors to offer and issue new shares of the Company ranking equally to the existing shares of the Company pursuant to the aforesaid authority, to such persons for such consideration as the Directors deem fit and in the best interest of the Company.”

6. ANY OTHER BUSINESS

The last item on the agenda for the meeting was to transact any other business of which due notices shall have been received in accordance with the Companies Act 2016.

The Meeting noted that no notice of any other business for transacting at the meeting was received.

7. QUESTION AND ANSWER SESSION

The Chairman read out the questions and answers in response to MSWG’s letter. The questions and replies were also projected on screen for easy reading by the members. A copy of the MSWG’s letter and the Company’s responses are attached to this Minutes.

The Chairman then invited the Group Chief Executive Officer, Mr. Wong to respond to the live questions related to the agenda items submitted by the members.

A summary of the questions raised by the members and responses to those questions raised are appended to this Minutes.

8. TAKING OF POLL AND ANNOUNCEMENT OF RESULT

Upon the conclusion of the Q&A session, the Chairman requested the members and proxies to cast their votes remotely.

The Chairman informed that the online voting session would be open for another 5 minutes and thereafter the meeting would be adjourned for 10 minutes for counting and verification of poll results. The meeting would resume when the poll results are ready.

The meeting resumed at 11.15 a.m. and the poll results, as shown below, was presented to the Meeting:

Ordinary Resolutions	Voted For		Voted Against		Carried
	No. of Shares	%	No. of Shares	%	
Ordinary Resolution 1 Payment of Directors' fees	131,328,340	99.9241	99,700	0.0759	Carried
Ordinary Resolution 2 Re-election of Datuk Paul Wong Baan Chun, J.P. as Director of the Company	131,421,840	99.9269	96,200	0.0731	Carried
Ordinary Resolution 3 Re-election of Mr. Kong Sau Kian as Director of the Company	131,421,840	99.9269	96,200	0.0731	Carried
Ordinary Resolution 4 Re-election of Ms Ashley Tan San Li as Director of the Company	131,331,840	99.9268	96,200	0.0732	Carried
Ordinary Resolution 5 Re-election of Mr. Tan Boon Sing as Director of the Company	131,331,840	99.9268	96,200	0.0732	Carried
Ordinary Resolution 6 Appointment of Auditors	131,421,840	99.9269	96,200	0.0731	Carried
Ordinary Resolution 7 Approval of the authority to allot shares pursuant to Section 75 of the Companies Act 2016	131,421,240	99.9264	96,800	0.0736	Carried

The Chairman then declared that all resolutions set out in the Notice of Meeting dated 22 September 2023 were carried.

CLOSURE

There being no further business, the meeting closed at 11.20 a.m. with a vote of thanks to the Chairman.

CONFIRMED AS CORRECT BY

CHAIRMAN

Dated: 17/11/2023



MINORITY SHAREHOLDERS WATCH GROUP
Shareholder Activism and Protection of Minority Interest

5 October 2023

BY EMAIL/FAX/HAND

The Board of Directors
ES CERAMICS TECHNOLOGY BERHAD
802, 8th Floor, Block C
Kelana Square
17 Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan

Attention: Ms Seow Fei San
Company Secretary

Dear Directors,

Re: 20th Annual General Meeting (“AGM”) of ES Ceramics Technology Berhad (“ES CERAMICS” or the “Company”) to be held on Monday, 23 October 2023

In the interest of minority shareholders and all other stakeholders of the Company, we would like to raise the following questions: -

Operational & Financial Matters

1. The trade receivables (net of impairment losses) of the Group amounting to RM100.06 million for the financial year ended (“FYE”) 31 May 2023, representing an increase of approximately RM82.04 million or 455.31% from the trade receivables of RM18.02 million in the previous financial year (Page 86 of the Annual Report 2023 (“AR 2023”)).
 - (a) How much of the abovementioned trade receivables were attributed to the building materials segment?
 - (b) On average, how much working capital is required for the operations of building material segment monthly?
 - (c) How much of the RM100.06 million trade receivables have been collected to-date?

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

Incorporated in Malaysia Registration No: 200001022382 (524989-M)

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No. 30, JALAN SULTAN ISMAIL

50250 KUALA LUMPUR

TEL: (603) 27320010

E-mail: mwatch@mswg.org.my Website: www.mswg.org.my

2. The cement price hikes during the FYE 31 May 2023 had greatly impacted the Company's margins but the Company managed to pass down the cost increase to the end users, amidst strong protests (Page 11 of the AR 2023).

How does the Company plan to regain and sustain customers' loyalty in a competitive market, given that the cost passing ensued strong protest?

3. The Company's research and development team strives to develop new products or processes and also proposes innovative ideas which will best suit its customers' product branding and functionality (Page 15 of the AR2023). The research and development expenses of the Group amounting to RM6,200 and RM3,938 for the FYE 31 May 2023 and FYE 31 May 2022 respectively (Page 99 of the AR2023).

In view of the small amount spent on research and development, what are the new products or processes that have been developed that suit the customers' product branding and functionality to-date?

4. For the FYE 31 May 2023, the pre-tax margin for glove equipment and building materials segments were approximately 37.1% (FYE 31 May 2022: 45.7%) and 3.9% (FYE 31 May 2022: nil) respectively (Page 105 of the AR2023). The pre-tax margin for glove equipment segment represented a decrease of approximately 8.6% compared to the previous financial year.

With the declining margin for glove equipment segment, and the low margin for building material segment, what is the Group's plan to maintain and/or improve profitability and growth? Are there any specific growth targets or financial goals?

5. The acquisition of entire equity interests in Evermix Concrete Sdn Bhd ("ECSB") was completed on 30 August 2022. ECSB's market segment of supplying ready-mix concrete is divided into three (3) major groups namely (i) Residential (landed & high-rise), (ii) Commercial (shop, offices & factories); and (iii) Infrastructure and public amenities (Page 89 of the Circular to shareholders dated 12 July 2022).

Kindly tabulate the future projects of ECSB's customers as below:

Future projects in:	Contract value (RM'000)
(i) Residential	
- landed	
- high rise	
(ii) Commercial	
(iii) Infrastructure and public amenities	

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Corporate Governance Matters

1. The Company has departed from adopting Practice 1.4 of the Malaysian Code on Corporate Governance (MCCG) which states that the Chairman of the board should not be a member of the Audit Committee ("AC"), Nomination Committee ("NC") or Remuneration Committee ("RC").

In explaining the departure, the Company stated that the Board only consists of 3 non-executive directors and the Company has yet to identify additional suitable candidates for director(s). The Board will review the Chairmanship and composition of Board Committees once additional directors are appointed (Page 5 of both the CG Reports 2022 and 2023.)

Does the Board plan to adopt Practice 1.4 to further enhance the independence and objectivity of the AC, NC and RC? And if so, by when?

2. The Group acknowledges its deviation from Practice 13.6, which stipulates that the minutes of the general meeting should be distributed to shareholders no later than 30 business days after the general meeting (Page 58 of both the CG Reports 2022 & 2023).

In explaining the departure in CG Report 2023, the Company stated that it aimed to upload meeting minutes to the Company's website within the stipulated time so that information can be provided to shareholders in a timely manner. However, as of 5 October 2023, the minutes of the previous general meeting were still not available.

Kindly provide reason(s) for the delay in uploading the minutes of the general meeting held approximately a year ago and outlining any challenges faced by the Company that led to this departure, if any.

Thank you.

Yours sincerely



Devanesan Evanson

Chief Executive Officer

DE/RF/YLK/ES CERAMICS/AGM2023

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BY EMAIL

23 October 2023

Minority Shareholder Watchdog Group
Level 23-2, Menara AIA Sentral,
No.30, Jalan Sultan Ismail,
50250 Kuala Lumpur

Attention: Mr Devanesan Evanson

Dear Sirs,

ES CERAMICS TECHNOLOGY BERHAD ("Company")
TWENTIETH ANNUAL GENERAL MEETING

We refer to your letter dated 5 October 2023 and please find appended below our reply:-

Operational & Financial Matters

1. The trade receivables (net of impairment losses) of the Group amounting to RM100.06 million for the financial year ended ("FYE") 31 May 2023, representing an increase of approximately RM82.04 million or 455.31% from the trade receivables of RM18.02 million in the previous financial year (Page 86 of the Annual Report 2023 ("AR 2023")).

(a) How much of the abovementioned trade receivables were attributed to the building materials segment?

A: The trade receivables attributed to the building materials segment for FYE 31 May 2023 was RM94.21 million.

(b) On average, how much working capital is required for the operations of building material segment monthly?

A: Based on our audited financial statement as at 31.05.2023, the working capital (Current Assets - Current Liabilities) required for the operations of building material segment is around RM25.7 million.

(c) How much of the RM100.06 million trade receivables have been collected to-date?

A: Out of the trade receivables of RM100.06 million, we have collected RM86.8 million as at 6 Oct 2023.

2. The cement price hikes during the FYE 31 May 2023 had greatly impacted the Company's margins but the Company managed to pass down the cost increase to the end users, amidst strong protests (Page 11 of the AR 2023).

How does the Company plan to regain and sustain customers' loyalty in a competitive market, given that the cost passing ensued strong protest?

A: While pricing will always play the central role in any business, we wish to build and sustain the loyalty of our customers who see values in our product quality and service level which are vital to the construction site progress.

3. The Company's research and development team strives to develop new products or processes and also proposes innovative ideas which will best suit its customers' product branding and functionality (Page 15 of the AR2023). The research and development expenses of the Group amounting to RM6,200 and RM3,938 for the FYE 31 May 2023 and FYE 31 May 2022 respectively (Page 99 of the AR2023).

In view of the small amount spent on research and development, what are the new products or processes that have been developed that suit the customers' product branding and functionality to-date?

A: Our research works over the past year central along improvements in the processes to bring down process loss, produce consistent product quality and enhancement in the product features.

4. For the FYE 31 May 2023, the pre-tax margin for glove equipment and building materials segments were approximately 37.1% (FYE 31 May 2022: 45.7%) and 3.9% (FYE 31 May 2022: nil) respectively (Page 105 of the AR2023). The pre-tax margin for glove equipment segment represented a decrease of approximately 8.6% compared to the previous financial year.

With the declining margin for glove equipment segment, and the low margin for building material segment, what is the Group's plan to maintain and/or improve profitability and growth? Are there any specific growth targets or financial goals?

A: the following are some of the steps taken to ensure sustainability in the profitability and growth of the group.

- To bargain for more competitive material pricing from suppliers and subcontractors through leveraging on the strong financial resources of ES Group.*
- By building on the economies of scale of our operation and through better resource management, we hope to achieve better cost effectiveness and efficiency, hence to sustain our profitability in the medium and long term.*
- Through our current expansion endeavour to the regional markets in the north and south of Peninsula Malaysia, we hope to seize any opportunity that may arise for the building industry and also to spread the risk of over-dependence on central region which has been our stronghold.*

5. The acquisition of entire equity interests in Evermix Concrete Sdn Bhd ("ECSB") was completed on 30 August 2022. ECSB's market segment of supplying ready-mix concrete is divided into three (3) major groups namely (i) Residential (landed & high-rise), (ii) Commercial (shop, offices & factories); and (iii) Infrastructure and public amenities (Page 89 of the Circular to shareholders dated 12 July 2022).

Kindly tabulate the future projects of ECSB's customers as below:

A: Based on our current data and trend analysis, the following is the estimated breakdown of the future projects of ECSB's customers in the 3 major market segments of ECSB:-

Future projects in:	%
(i) Residential	62%
- landed (45%)	
- high rise (55%)	
(ii) Commercial	28%
(iii) Infrastructure and public amenities	10%

Corporate Governance Matters

1. The Company has departed from adopting Practice 1.4 of the Malaysian Code on Corporate Governance (MCCG) which states that the Chairman of the board should not be a member of the Audit Committee ("AC"), Nomination Committee ("NC") or Remuneration Committee ("RC").

In explaining the departure, the Company stated that the Board only consists of 3 non-executive directors and the Company has yet to identify additional suitable candidates for director(s). The Board will review the Chairmanship and composition of Board Committees once additional directors are appointed (Page 5 of both the CG Reports 2022 and 2023.)

Does the Board plan to adopt Practice 1.4 to further enhance the independence and objectivity of the AC, NC and RC? And if so, by when?

A: The Board has no intention to increase its board size at the moment but will not rule out the possibility in the future when the level of activities justified.

2. The Group acknowledges its deviation from Practice 13.6, which stipulates that the minutes of the general meeting should be distributed to shareholders no later than 30 business days after the general meeting (Page 58 of both the CG Reports 2022 & 2023).

In explaining the departure in CG Report 2023, the Company stated that it aimed to upload meeting minutes to the Company's website within the stipulated time so that information can be provided to shareholders in a timely manner. However, as of 5 October 2023, the minutes of the previous general meeting were still not available.

Kindly provide reason(s) for the delay in uploading the minutes of the general meeting held approximately a year ago and outlining any challenges faced by the Company that led to this departure, if any.

A: The Board noted the recommendation for uploading meeting minutes to the Company's website.

Yours faithfully,

Datuk Paul Wong Baan Chun, J.P.
Chairman

APPENDIX: QUESTIONS AND ANSWERS

NO.	QUERIES	MANAGEMENT'S RESPONSE
1.	How much does the company spent on this virtual AGM?	The cost for this virtual AGM is around RM10,000.
2.	Would the BOD kindly give Touch 'n Go e-wallet as a token of appreciation for taking time and effort to attend this virtual meeting?	There is no policy for giving door gift or e-wallet. The Company is appreciated for those shareholders who attended the meeting.
3.	I would like to request a printed hard copy of the Company's annual report.	Arrangement for the request would be made.
4.	May I know what is the outlook and prospects of the Company?	The glove industry is currently experiencing an imbalance situation, with supply exceeding demand. The Company is cautiously optimistic about the outlook of the glove industry in view of the growing awareness on hygiene. The outlook for the building material segment is optimistic on the back of the country's rolling out infrastructure projects.
5.	Can you update or upgrade the company website and create a social media account to promote the company?	Comment noted and would look into this area for improvement.
6.	When will the company going back to physical AGM so that the loyal shareholder can meet the management physically?	The decision to return to physical AGM will be based on what is most beneficial to our shareholders. We would revert to physical AGM as soon as it is safe to do so given the threat of Covid-19 still exists.
7.	Will 2023 be a better year than 2022 or be worse due to new challenges?	The Management is striving to work to our best to enhance shareholders' value despite challenges.
8.	Hand formers still give much better margin than building materials. Any expansion plans for hand formers?	There is no immediate expansion plan for the hand former segment as currently the industry is in overcapacity position.
9.	Is there a dividend policy?	The Company does not have a dividend policy but will work hard to achieve the objective of paying dividend yearly.
10.	Can the profit guarantee be met next year?	The Company does not provide profit guarantee forecast.
11.	Does the Company manufacture the building materials?	The Company does not manufacture building materials but produce ready-mix concrete.
12.	What is the main 3 costs of manufacturing hand former?	The 3 main costs of manufacturing hand former are: i) Raw materials; ii) Energy cost; and iii) Labour cost.
13.	Any labour issues?	The Company has no labour issue at the moment.
14.	Will be company be hiving off the personal protective equipment ("PPE") business?	At the moment, the Company does not have plan to divest the PPE business.