

LAFARGE MALAYSIA BERHAD (1877-T)
(Incorporated in Malaysia)

**Minutes of the 68th Annual General Meeting of Shareholders held at
Ballroom 3, First Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1,
60000 Kuala Lumpur, Malaysia on Tuesday, 23 May 2018 at 2.00 p.m.**

PRESENT

Y.A.M. Tunku Tan Sri Imran	- Chairman & Proxy for Shareholders
Mr Mario Gross (MG)	- Executive Director / President & CEO & Proxy for Associated International Cement Ltd
Mr Michael Lim Yoke Tuan (ML)	- Executive Director / CFO & Proxy for Associated International Cement Ltd
YM Tunku Afwida Binti Tunku A.Malek	- Independent Non-Executive Director
Tan Sri Dr Rebecca Fatima Sta Maria	- Independent Non-Executive Director
Datuk Muhamad Noor Bin Hamid	- Independent Non-Executive Director
Mr. John William Stull	- Non-Independent Non-Executive Director
Ar Datuk Tan Pei Ing	- Non-Independent Non-Executive Director

IN ATTENDANCE

Ms Koh Poi San (KPS)	- Company Secretary
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1.0 INTRODUCTION

The Chairman, Y.A.M. Tunku Tan Sri Imran, presided as Chairman of the meeting. The Chairman introduced each member of the Board who were in attendance. The Chairman also informed the meeting that the Vice Chairman, Mr Martin Kriegner was unable to attend due to unforeseen circumstances.

2.0 QUORUM

It was established that a quorum was present.

3.0 NOTICE OF MEETING

The Notice convening the meeting dated 26 April 2018 having been circulated, was taken as read.

4.0 AUDITED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

The Reports of the Directors and Auditors and the Statement of Accounts for the year ended 31 December 2017 having been circulated, were tabled, received and considered.

5.0 2017 FINANCIAL PERFORMANCE AND HIGHLIGHTS

The Chairman invited MG to present the CEO's message and review, and to share the LafargeHolcim corporate video with the meeting. MG reported to the meeting on the Financial Performance and Market Conditions. He explained that 2017 was a challenging year from a market perspective. MG informed the meeting that the construction market and the market was seeing a cement over capacity in Peninsular in 2017. MG also informed that the export market was also seeing a decline in 2017. The meeting was informed that the Company had 5 strategic areas of focus for 2018 which were (i) Fuel Optimization, (ii) Power Cost Optimization, (iii) Fixed Cost Optimization, (iv) Network and Logistics optimization, and (v) Strategic Sourcing. He briefed the meeting on each of these focus areas in detail. MG also briefed on the Company's growth initiative as part of the Company's long term planning.

6.0 QUESTIONS FROM MINORITY SHAREHOLDERS WATCHDOG GROUP AND MEMBERS OF THE COMPANY

- 6.1 Following the CEO's presentation, questions from the Minority Shareholders Watchdog Group and the answers to these questions were displayed and read out to the meeting. The questions and answers are as follows:

Strategy & Financial Matters

- 1) Over the past five financial years, the Group revenue and profits have been declining. In FY2017, the Group recorded a loss of RM213,585,000, the first ever loss incurred in five years. How does the Board plan to address this decline in the operating results? What is the likelihood of a turnaround for FY2018? Please explain.

Answer

The operating environment has been very challenging. The industry has been impacted by slowing demand, overcapacity, depressed prices and increased input cost.

Over the last few years, the residential sector has slowed down significantly with residential overhang levels at its highest in 7 years. Although there has been an increase in infrastructure investments, projects have been delayed. This has resulted in cement market demand declining. At the same time, industry cement capacity increased. This has put immense pressure on price and has affected our financial performance.

FY2018 will be another challenging year. The cement market is expected to make only a slow recovery, while price levels remain very challenging. As a market leader, we had on several occasions in 2017 tried unsuccessfully to increase prices.

Moving forward, the Group will intensify actions to further reduce operational cost and increase operational efficiency. We will also focus on growth initiatives such as our Drymix-business and enhancing our strong reputation and proven track record with infrastructure projects.

- 2) As reported on pages 158 – 159 of the Annual Report 2017, the Aggregates and Concrete segment had a better performance in FY2017 compared to 2016. Are there any plans to grow this segment in the next few years?

Answer

There are plans to focus on expanding business segments with growth potential, such as our concrete and aggregates business. Over the last decade, Lafarge has successfully established itself as the preferred partner for complex projects because of our proven track record for delivery and consistent quality.

Another area Lafarge want to grow is its Drymix business. Construction practices are evolving from traditional methods to less labour dependent methods, increasing demand for convenient site-mixes. This has contributed to the growth of the Drymix market. Lafarge Malaysia is well-positioned with its full range of Drymix products and its two Drymix plants in Rawang and Pasir Gudang.

- 3) How does the Board intend to address the joint venture business with Alliance Concrete Singapore Pte Ltd (page 125 of the Annual Report 125) which is still loss-making?

Answer

The price of concrete in Singapore has been on a downward trend since 2015. Despite having higher revenue in 2017 (SGD431,206,000 vs. SGD391,074,000 in 2016), falling concrete prices from intense competition eroded the profit margin of the company.

The Building and Construction Authority of Singapore anticipates an increase in public and private sectors' construction demand in 2018.

We are working with the management of Alliance Concrete Singapore Pte Ltd on a turnaround plan.

Corporate Governance

- 1) Meeting Attendance

Mr Martin Kriegner attended only 3 out of the 5 board meetings in FY 2017. What are the reasons for him not being able to (attend) other two board meetings during the financial year?

Answer

The Company was informed of Mr Martin Kriegner's inability to participate in a Board Meeting and an ad-hoc strategic Board meeting due to his attendance at LafargeHolcim's EXCO meeting and an urgent matter relating to LafargeHolcim's Asia Pacific business concerns respectively.

- 2) Practice 4.2

The company in its Corporate Governance Report has stated that the Board will consider an appropriate term limit for tenureship on the Board and will seek to implement the appropriate policy on Board tenureship.

- (a) Are there any targeted timelines to address this?

Answer

There is no specific timeline. However, the Board will carry out an on-going assessment to determine an appropriate limit to board tenureship.

- (b) The Practice also states that if the board continues to retain an independent director after the twelfth year, the board should seek annual shareholders' approval through a two tier voting process.

Will the Board implement the two tier voting process for Resolution 8 on the retention of YAM Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar at the 68th AGM of the Company?

Answer

Presently, the board practices active and open discussions at the Board Meetings to ensure that opportunities are given to all Directors to participate and contribute to the decision making process. All Directors shall declare their conflict and abstain from voting in a conflict of interest situation.

The Board is of the view that the existing measures are sufficient to ensure that board decisions are made objectively after considering diverse perspectives and insights.

The two-tier voting process is a recommendation under the MCCG and not compulsory. Further, the two-tier voting process is not provided in the Company's Constitution or Companies Act 2016.

Therefore the two-tier voting process will not be applied at this AGM.

3) **Practice 12.3**

The company in its Corporate Governance Report had stated that it has applied Practice 12.3 of MCCG. Practice 12.3 refers to facilitating or providing platform for shareholders to vote remotely without being physically present at the Company's AGM. Based on the Company's explanation given on the application of Practice 12.3, we wish to highlight that the Company has not applied the Practice.

Please take note.

Answer

Our shareholder base (of less than 7000 registered shareholders) is not considered large in comparison with other large companies (with more than 20,000 registered shareholders) and the Company's AGM is always held at reputable hotels or convention centres in the Klang Valley and not in remote locations.

The Company has already adopted an electronic voting platform since the AGM of 2017. Shareholders can personally or through their proxy participate in the AGM of the Company.

6.2 Some of the other questions raised by members and responded to by the Board were as follows:

(i) Question: *What is the outlook of the market for the Company in 2018?*

Answer: Year 2018 will be another challenging year to the Company due to the increase in cement capacity in the Market.

(ii) Question: *Does the Company intend to continue to focus on its Concrete business segment, moving forward?*

Answer: The Company has been quite successful in the concrete business. In 2017, the Company had invested in state of the art ready-mixed batch plants for infrastructure projects. The Company is positive on the business development of its concrete business segment.

(iii) Question: *Have the Company resolved the Singapore tax case and if not, what is the success rate of the Company for the Singapore tax case?*

Answer: The Singapore tax case is still ongoing and is scheduled for hearing in August 2018/September 2018. As the matter is still going through the proper legal process, the Company is unable to disclose the case in detail.

(iv) Question: *What are some of the costs cutting measures that the Company will undertake in the year 2018?*

Answer: The Company is currently looking holistically to undergo cost optimisation and exercises to become leaner and more cost efficient. However, it is premature at this stage to disclose in detail the cost cutting measures to be taken.

(v) Question: Please explain on the termination benefit of RM20 million?

Answer: The RM20 million is part of the Company's restructuring cost with the objective of rightsizing the Company to improve on its production costs.

(vi) Question: *Why is AR Datuk Tan Pei Ing, not appointed as an Independent Director?*

Answer: AR Datuk Tan Pei Ing was appointed as a non-independent Director of the Company due to the fact that she was nominated by LafargeHolcim Ltd to the Board and the Board is pleased to have her as a member of the Board as her experience and knowledge as an Architect would enable her to contribute effectively to the business and operations of the Company.

(vii) Question: *What is the opportunity of the Company in terms of the export market?*

Answer: The export market is one of the opportunities the Company has identified. In 2017, there was a huge exports into the Indian Ocean market posing a threat to our export market. For 2018, major cement export players such as China and Japan have reduced their export volumes. Therefore the Company sees this as a potential opportunity.

(viii) Question: Why was there an increase in the inventory cost in 2017?

Answer: The increase in inventory cost is mainly attributed to the increase in the price of coal and petcoke in 2017 by approximately 33%.

(ix) Question: Are there any risks associated with the participation of the Company with regards to large construction projects?

Answer: The Company supplies to a wide spectrum of customers and therefore have a reasonably good spread of its sales risk. The Company therefore does not anticipate any significant risk in this matter.

7.0 VOTING PROCEDURES

Before proceeding with the Agenda of the Meeting, the shareholders/proxies present were briefed by the Chairman that pursuant to the Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolutions set out in the notice of the Meeting would be voted on by way of poll.

8.0 ANNOUNCEMENT OF THE RESOLUTIONS SOUGHT TO BE PASSED

The Chairman then read out each of the Ordinary Resolutions sought to be passed at this AGM:

Ordinary Resolution 1: The re-election of Mr Martin Kriegner who retires in accordance with Article 85 of the Company's Constitution.

Ordinary Resolution 2: The re-election of Tan Sri Dr Rebecca Fatima Sta Maria who retires in accordance with Article 85 of the Company's Constitution.

Ordinary Resolution 3: The re-election of Mr. Michael Lim Yoke Tuan who retires in accordance with Article 85 of the Company's Constitution.

Ordinary Resolution 4: The re-election of Mr. Mario Gross who retires in accordance with Article 91 of the Company's Constitution.

Ordinary Resolution 5: The re-election of Ar Datuk Tan Pei Ing who retires in accordance with Article 91 of the Company's Constitution.

Ordinary Resolution 6: The re-election of Mr. John William Stull who retires in accordance with Article 91 of the Company's Constitution.

Ordinary Resolution 7: Re-appointment of Messrs. Deloitte PLT to continue in office as the auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. The Chairman informed the meeting that Mr. Mark Thomson, the engagement partner of Messrs. Deloitte PLT and his team were present.

The Chairman handed over the proceedings to MG.

MG informed that Y.A.M Tunku Tan Sri Imran ibni Almarhum Tunku Ja'afar has served as an Independent Non-Executive Director of the Company for a cumulative period of more than 12 years. MG further stated that Y.A.M Tunku Imran continues to bring independent

and objective judgment and has the requisite experience vast knowledge and expertise and understanding of the Company’s business operations and specialized industry which enables Y.A.M Tunku Imran to contribute effectively to the company’s business. MG then added that Y.A.M Tunku Imran continues to exercise his independence and has exercised his professional duty with due care and in the best interest of the Company and the Shareholders throughout his tenure as Independent Non-Executive Director of the Company. Pursuant to Practice 4.2 of Malaysian Code of Corporate Governance 2016 and the Board having performed its necessary assessments, recommends that Y.A.M Tunku Imran be retained as an Independent Non-Executive Director of the Company, subject to the approval of the shareholders. MG further informed that the Board will in due course consider an appropriate term limit and implement the appropriate policy on Board’s term limit. MG then proceeded to announce the next resolution on the Agenda.

Ordinary Resolution 8: To retain Y.A.M Tunku Tan Sri Imran ibni Almarhum Tuanku Ja’afar who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 12 years, as Independent, Non-Executive Director of the Company.

The Chairman thanked MG and took over the proceedings. He proceeded to announce the following resolutions:

Ordinary Resolution 9: Proposed renewal of Shareholder’s Mandate as well as Proposed New Mandate for Recurrent Related Party Transactions (“Recurrent RPTs”)

Ordinary Resolution 10: Proposed renewal of Authority for Purchase of own shares by the Company (“Share Buyback”)

Ordinary Resolution 11: To approve the payment of the Directors’ fees and benefits up to RM860,000.00 payable to the Directors in respect of the financial year ending 31 December 2018.

9.0 E-POLLING

The Chairman then informed the meeting that voting will be carried out by e-polling and explained the e-polling procedure to the shareholders. The Chairman invited the shareholders to cast their votes and to reconvene in the hall in 30 minutes.

10.0 POLL RESULTS

The Chairman announced that the Ordinary Resolutions tabled at the 68th AGM of the Company were duly passed by the shareholders of the Company and the poll results of the resolutions are as summarized below:

	FOR		AGAINST	
	No. of shares	%	No. of shares	%
Ordinary Resolution No. 1	648,999,678	94.024	41,249,551	5.976
Ordinary Resolution No. 2	655,068,999	94.9033	35,180,230	5.0967

Ordinary Resolution No. 3	687,512,599	99.6035	2,736,630	0.3965
Ordinary Resolution No. 4	687,512,599	99.6035	2,736,630	0.3965
Ordinary Resolution No. 5	685,489,478	99.3104	4,759,751	0.6896
Ordinary Resolution No. 6	685,663,799	99.3357	4,585,430	0.6643
Ordinary Resolution No. 7	689,867,589	99.9447	381,640	0.0553
Ordinary Resolution No. 8	507,800,963	73.5678	182,447,966	26.4322
Ordinary Resolution No. 9	256,522,596	99.8513	381,940	0.1487
Ordinary Resolution No. 10	573,684,089	83.1126	116,565,140	16.8874
Ordinary Resolution No. 11	626,664,814	90.7882	63,584,415	9.2118

11.0 CONCLUSION

There being no other business, the Chairman declared the meeting closed at 4.00 p.m.