

PANTECH GROUP HOLDINGS BERHAD

Registration No. 200601013856 (733607-W)
(Incorporated in Malaysia)

SUMMARY OF 15TH ANNUAL GENERAL MEETING

DATE : **WEDNESDAY, 18 AUGUST 2021**
TIME : **10.00 AM**
VENUE : **ONLINE MEETING PLATFORM at <https://web.vote2u.my>**

DIRECTORS PRESENT

| | |
|-------------------------------|--|
| Dato' Chew Ting Leng | Executive Chairman/Group Managing Director |
| Dato' Goh Teoh Kean | Group Deputy Managing Director |
| Mr. Tan Ang Ang | Executive Director |
| Mr. To Tai Wai | Executive Director |
| Ms. Ng Lee Lee | Executive Director |
| Pn. Sakinah Binti Salleh | Non-Independent Non-Executive Director |
| Mr. Lim Yoong Xiao | Independent Non-Executive Director |
| Dato' Sri Yap Tian Leong | Independent Non-Executive Director |
| Pn. Nooraini Binti Mohd Yasin | Independent Non-Executive Director |

SECRETARY IN ATTENDANCE

Ms Siew Suet Wei (MAICSA 7011254)

NO OF SHAREHOLDERS & PROXIES : 142
PRESENT

1. CHAIRMAN

Dato' Chew Ting Leng, Executive Chairman/Group Managing Director presided over the Annual General Meeting.

2. QUORUM

The requisite quorum pursuant to Article 21.2 of the Company's Constitution was met.

3. NOTICE OF MEETING

The Notice of Meeting dated 21 July 2021 having been circulated to the shareholders and with the consent of the shareholders was taken as read.

4. VOTING BY POLL

Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the notice of meeting were voted by way of poll.

5. RESOLUTIONS

5.1 Audited Financial Statements and Reports of Directors and Auditors for the Financial Year Ended 28 February 2021

The Company's Audited Financial Statements for the financial year ended 28 February 2021 were for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require approval of shareholders.

5.2 A total of 8 Ordinary resolutions were voted by way of poll:

| | |
|--------------|---|
| Resolution 1 | Payment of Directors' Fees & Benefits up to the amount of RM200,000 for the financial year ending 28 February 2022 |
| Resolution 2 | Payment of the Final Single Tier Dividend of 0.5sen and Special Final Single Tier Dividend of 0.5sen per ordinary shares for the financial year ended 28 February 2021. |
| Resolution 3 | Re-election of Ms. Ng Lee Lee who retires pursuant to Article 26.1 |
| Resolution 4 | Re-election of Dato' Sri Yap Tian Leong who retires pursuant to Article 26.1 |
| Resolution 5 | Re-election of Puan Nooraini Binti Mohd Yasin who retires pursuant to Article 26.1 |
| Resolution 6 | Re-appoint Grant Thornton Malaysia PLT as Auditors and to authorise the Directors to fix their remuneration |
| Resolution 7 | Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 |
| Resolution 8 | Proposed renewal of Share Buy Back Authority |

5.3 The Chairman informed that Minority Shareholders Watch Group ("MSWG") had on 2 August 2021 written to the Company seeking clarification on some financial and governance issues. Pantech had furnished MSWG with the appropriate reply and no further queries were received thereafter. For the benefit of all shareholders present, Mr. Tan Ang Ang, the Executive Director read out the questions and answers. Pantech's reply to MSWG was attached as **Appendix A**. Mr. Tan also answered questions sent online by shareholders through the designated chatbox. The Q&A was attached as **Appendix B** of the minutes.

5.4 The polling was conducted electronically using the Remote Participation and Voting ("RPV") facilities via Vote2U and the Poll Administrator was Agmo Digital Solutions Sdn Bhd. The results were verified by Aegis Communication Sdn Bhd as the Independent Scrutineers.

5.5 **POLL RESULTS**

| Resolutions | For | | Against | | Total Votes | |
|-------------|---------------|------------|---------------|------------|---------------|------------|
| | No. of Shares | % of votes | No. of Shares | % of votes | No. of Shares | % of votes |
| 1 | 350,355,358 | 99.85645 | 503,663 | 0.14355 | 350,859,021 | 100 |
| 2 | 350,485,885 | 99.88979 | 386,685 | 0.11021 | 350,872,570 | 100 |
| 3 | 347,523,867 | 99.04561 | 3,348,703 | 0.95439 | 350,872,570 | 100 |
| 4 | 347,490,299 | 99.03604 | 3,382,271 | 0.96396 | 350,872,570 | 100 |
| 5 | 350,426,660 | 99.87291 | 445,910 | 0.12709 | 350,872,570 | 100 |
| 6 | 350,447,873 | 99.87896 | 424,697 | 0.12104 | 350,872,570 | 100 |
| 7 | 350,159,141 | 99.79667 | 713,429 | 0.20333 | 350,872,570 | 100 |
| 8 | 350,478,475 | 99.8891 | 389,126 | 0.1109 | 350,867,601 | 100 |

5.6 Resolutions 1 to 8 were declared carried by the Chairman based on the majority of votes polled.

Dated : 18 August 2021

APPENDIX A



PANTECH GROUP HOLDINGS BERHAD (733602-W)

Listed on Main Market of Bursa Malaysia

Date: 12 August 2021

Minority Shareholders Watch Group

Tingkat 11, Bangunan KWSP
No. 3, Changkat Raja Chulan
Off Jalan Raja Chulan
50200 Kuala Lumpur

Attention: Mr. Devanesan Evanson
Chief Executive Officer

Dear Mr. Devanesan,

Re: 15th Annual General Meeting (“AGM”) of Pantech Group Holdings Berhad (“Pantech or Pantech Group or the Company”) to be held on Wednesday, 18 August 2021

We received your questions via a letter dated 02 August 2021. We set out below our reply as follows:

Operational & Financial Matters

1. As the Covid-19 pandemic continues to spread, what is the expected impact of the pandemic on Pantech Group’s operations and financial position in FY2022? How is the Board planning to mitigate the impact of the pandemic on Pantech Group’s business segments?

The varying degrees of operating or capacity restrictions in different phases of the National Recovery Plan to manage COVID-19 could temporarily affect Pantech Group’s operations.

The commendable progress of the National COVID-19 Immunisation Programme roll out is expected to favourably impact business confidence and contribute to a pick-up in economic activities, which in turn translates to positive oil demand. This will be a positive note for Pantech Group, in tandem with our mention on page 12 “With customers coming mainly from the oil and gas industry, the Group’s performance is linked to the trend of this industry. Our performance correlates to the sector and is buoyed by the commissioned oil and gas projects.”

To mitigate the impact of the pandemic, the Group will ensure operations comply with the latest COVID-19 SOPs, actively participate in immunisation efforts to ensure all workers are fully vaccinated, and improve efficiency to enable business operations to fulfil customers’ orders in a timely manner.



2. Financial Performance

| | FY2017 (RM'000) | FY2018 (RM'000) | FY2019 (RM'000) | FY2020 (RM'000) | FY2021 (RM'000) |
|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Revenue | 479,349 | 614,771 | 609,215 | 602,543 | 486,258 |
| Profit After Tax | 28,409 | 45,680 | 47,458 | 36,002 | 26,468 |

In FY2021, Pantech Group recorded the lowest top-line and bottom-line results since FY2018 and FY2017, respectively. How does the Board plan to address Pantech Group's financial performance moving forward?

The Group is currently operating at 60% capacity as allowed by the Government and is continuously looking at further methods to improve efficiency and maintain liquidity. The Group continues to work hard to act on opportunities as they arise. The order pipeline that have flowed in that will carry the Group well through FY2022, save for prolonged disruptions from unforeseen circumstances. In the first quarter of FY2022 which ended on 31 May 2021, the Group recorded RM15.19 million profit after tax compared to loss after tax of RM5.55 million in the same period the previous year.

3. What are the reasons for the sharp increase in other expenses from RM1,104,784 in FY2020 to RM2,448,350 FY2021 (Page 63 of the Annual Report 2021)?

The increase in other expenses is mainly due to realised and unrealised losses on foreign exchange.

4. In FY2021, Pantech Group recorded an allowance for impairment on receivables of RM1,579,906 (FY2020: Reversal of RM656,554), comprising both trade and other receivables (Page 63 and Pages 116-117 of the Annual Report 2021)

- (a) Which trade and other receivables are involved in the allowance for the impairment?

The trade receivables involved arise from normal course of business of which their outstanding amount remain unpaid over a certain timeframe, in accordance with established policies.

Other receivables refer to defaulted rental agreement by a tenant of a rented property.

- (b) Is the amount recoverable?

Management is exploring available recourse. Based on current available information, we believe the amount is recoverable.



(c) What are the measures taken to collect the receivables?

Measures taken to collect the receivables include active engagement with customers for payment in instalments, obtaining guarantees, and legal action.

(d) How much of the receivables have been recovered to-date?

Subsequent to 28 February 2021, RM1,942,998 has been collected inclusive of the defaulted rental mentioned above.

5. Pantech Group recorded a share of loss in associate company of RM57,828, in FY2021 compared to a share of profit of RM36,818 recorded in FY2020 (Page 63 of the Annual Report 2021)?

What are the reasons for the loss recorded in FY2021?

The loss recorded by the associate company is mainly from losses at its manufacturing division.

6. In FY2021, Pantech Stainless & Alloy Industries Sdn Bhd (PSA) and Pantech Galvanising Sdn Bhd (PGSB) saw the installation of new machineries to increase capacity and the ability to galvanise smaller fittings in greater volume respectively (Page 13 of the Annual Report 2021).

With the installation of the new machineries, what is the latest output achieved for all manufacturing companies under Pantech Group? What is the targeted output for PSA and PGSB in the next two financial years?

Due to the current operating restrictions by the Government to combat COVID-19, the current output achieved by the manufacturing companies as at 31 July 2021 are as below:-

| <i>Manufacturing Company</i> | <i>Annual Capacity (MT)</i> | <i>Current output achieved</i> |
|---|-----------------------------|--------------------------------|
| <i>Pantech Steel Industries Sdn Bhd</i> | <i>21,000</i> | <i>80%</i> |
| <i>Pantech Stainless & Alloy Industries Sdn Bhd</i> | <i>18,000</i> | <i>80%</i> |
| <i>Nautic Steels Limited</i> | <i>800</i> | <i>65%</i> |
| <i>Pantech Galvanising Sdn Bhd</i> | <i>48,000</i> | <i>50%</i> |

Barring any further unforeseen circumstances, the Group targets to achieve 90% output for PSA and 75% for PGSB in the next two financial years.



Sustainability Matters

1. There were no fatal injuries during the year with a low proportion of major incidents (3 incidents). Pantech Group is committed to upholding and improving safety practices to reduce the likelihood of injuries (Page 26 of the Annual Report 2021)?

(a) What is the nature of the abovementioned three incidents? What caused the incidents?

The three incidents that occurred were from wrong handling method when moving heavy objects and during packing process. This resulted in two finger injuries and one arm injury.

(b) What steps have been taken to ensure that such incidents will not recur in the future?

In view of the nature of the incidents as stated above, the HSE team has provided briefing and training sessions to employees on safe work practices. Line leaders were also briefed to increase supervision of workers to ensure they follow safe, prescribed work practices.

We hope this clarifies your queries.

Thank you.

Sincerely,

Dato' Chew Ting Leng (Jimmy)
Group Managing Director

APPENDIX B

Q&A SESSION

Question 1: What is Pantech's growth strategy moving forward?

Pantech Group has always and continues to focus on doing things that we know best. We are continuously consolidating our businesses, identifying suitable merger and acquisition (M&A) opportunities and looking for opportunities to increase export sales by exploring global markets and participating in international tenders. Pantech Group sees strong demands from US and Europe markets.

Question 2: Besides oil & gas sector, any other sectors that your main customers are coming from? And what are the outlooks for those sectors?

Besides the oil and gas sector, Pantech Group also serves the palm oil sector. There are increasing orders from oleochemical plants especially from the Indonesian market. The solutions that Pantech Group provides are not only for gas transmission but for all kinds of fluid transmission. As such, we also supply to other industries such as chemical plants, manufacturing companies, fabrication companies, construction companies, and food & beverage companies.

Question 3: How to exercise and convert the Warrant B which will expire at the end of this year to ordinary shares?

To exercise and convert Warrant B, you can reach out to our share registrar, Tricor Investor & Issuing House Services Sdn Bhd ([03-2783 9191](tel:03-27839191)) for assistance.

Question 4: Note 40(c) Credit risk - Why is there no expected credit loss being recognized for the past due balance from 1 to 120 days? Are these trade receivables being expected to be fully recoverable without any risk of impairment in the subsequent financial year?

This is normal in Pantech Group's course of business. Based on previous experiences, this group of receivables are expected to be recoverable.

Question 5: Note 14 Other receivables - An impairment charge of RM658,000 was recognized in FY2021. Which other receivable is/are included in this impairment and the reason for this specific impairment being recognized?

These have been answered in the questions by MSWG earlier.

Question 6: Note 5 Capital Work In Progress - When could the capital work in progress of RM10 million be completed and put into use? How much additional capital expenditure being allocated for FY2022?

The capital work in progress mentioned will be completed and in use in FY2022. The capex is used up and will be minimal in FY2022.

Question 7: Dear BOD - Kindly give us some e-vouchers, food vouchers or e-wallet (no discount vouchers please) for being loyal shareholders and attending this meeting. Times are bad now. Please be considerate to us shareholders during these trying times. TQ

Thank you for the feedback. We will consider this for the next AGM.

Question 8: How much does the company spend on this virtual AGM? I am a long time and loyal shareholder of the company, I would like to request that the company rewards shareholders with Touch n Go e-wallet as a token of appreciation, who took time and interest to participate in today's RPV, especially during this current difficult period of FMCO. Thank you

The virtual AGM costs approximately RM20,000.

Question 9: The Group's total borrowings in FY2021 reduced by about 8% from the previous year. However, the Finance Cost charged for FY2021 reduced by approx. 38% (page 63 of Annual Report). Please provide details on the higher reduction in Finance Cost compared to the total borrowings as at 28 Feb 2021.

This is due largely to the interest rate environment, which was lower. We will continue to negotiate for better rates.

Question 10: Pantech Group reported a Profit Before Tax of RM18.64 Million for the 1st Quarter ended 31 May 2021 compared to a loss in the previous year's quarter. Based on the operating performance up-to-date, will the Group be able to sustain its performance for the remaining period of the year and achieve a growth in revenue and profitability for the full year ending 28 Feb 2022?

Based on the order pipeline, we are confident of achieving growth in revenue and profitability in the coming financial year

Question 11: There has been a considerable increase in the prices of commodities since the 2nd Quarter of 2021. How much has this increase in the raw materials affected Pantech's cost of production? Similarly, export-oriented companies have been facing a spike in freight charges due to container shortages. Please let shareholders know how this has impacted Pantech's performance so far for FY2022?

Our order lead time is at least 3 months. Any changes of raw material prices and shipping costs would have already been reflected into the orders.

Question 12: The Company's current share price is trading almost 45% discount to its latest audited NTA of RM0.90 sen as at 28 Feb 2021. Please consider this before issuing any new Pantech shares. Will this cause a dilution in the EPS of existing shareholders? Furthermore, Pantech generated strong cash from operations and would be more than sufficient to finance any capex or expansion plans.

Any new issue of shares will be in the best interest of the company. We will carefully consider before any issuance of shares. Pantech Group practises prudent financial management to be in the position to capture opportunities as they arise. We continuously evaluate and carefully consider our position before undertaking any financing.

Question 13: Pantech Group reported an Allowance for impairment and impairment of goodwill amounted to RM1.58 Million and RM1.194 Million respectively (page 63 of the Annual Report. Please provide details of the nature of these 2 impairments. Based on the operating performance year to-date, will there be a similar type of impairment for FY2022?

These have been answered in the questions by MSWG earlier.

Other Questions not answered during the Q&A session

Question 14: What is the status of application for reinvestment allowances and industrial building allowances by a subsidiary company?

All new capital expenditures are assessed by our tax agent for the eligibility of reinvestment allowances and/or industrial building allowances in every year of assessment. Application will be made whenever eligible.

Question 15: How much of the Group's inventories are carried at net realisable value and at cost respectively?

About 10% of the inventories are carried at net realisable value.

Question 16: Why is the Directors' fee increased by more than 50% from RM488,000 in FY2020 to RM751,333 in FY2021?

The average directors' fees for FY2020 and FY2021 is RM619,666 which is comparable to (lower than) the directors' fee paid in FY2019 (RM647,640).

Question 17: Note 9(a) - There is an impairment of RM1.2 million goodwill allocated to Nautic Steels (Holdings) Limited during the current financial year. Is Nautic Steels loss-making in the current financial year and this led to the impairment of goodwill recognized?

Referring to Page 111 of the Annual Report, the impairment was made due to uncertainty in current economic condition and business environment encountered by the company as a result of the COVID-19 pandemic.

Question 18: Note 9(b) - Why the value-in-use calculation is using the financial budget covering only a period of one year? Wouldn't it be too short for having a meaningful VIU computation?

As the world was starting to be hit by the COVID-19 pandemic in early of year 2020, Pantech Group was in the view that it was not practicable to prepare a financial budget of more than one year as everyone has no idea to what extent the impact of COVID-19 pandemic will be to the business and economy at that point of time.

Question 19: Note 9(b)(iii) - Discount rate of 3% is applied. Why is the discount rate applied so low? How does the Management determine the appropriate discount rate?

Due to the financial budget covers a short period of one year; so a low percentage is used as we anticipate that the discounted value will not differ by much. The discount rate is based on Pantech Group's weighted average cost of capital.

Question 20: Note 40(a) stated that the Group uses forward exchange contracts to hedge its foreign currency risk.

However, in Note 10, it is stated that the Group's forward currency contracts are not designated as hedges and do not qualify for hedge accounting. Furthermore, in the disclosure notes of currency exposure profile at several Notes, it is stated that foreign currency balances are unhedged.

Does the Group hedge its exposures to the foreign currency risk effectively or not? Why are there such inconsistencies in the disclosure?

Pantech Group uses forward exchange contracts to hedge to some extent its foreign currency exposure. Pantech Group has no intention to apply hedge accounting for foreign currency and as such, the forward currency contracts are not used to effectively hedge the foreign currency exposure.

Question 21: How does the current pandemic affect your operations? What are the mitigation measures? I noticed a drop in margin, are there any cost-cutting measures?

Please refer to our answer to question 1 in the MSWG questions.

Question 22: I have been a shareholder of Pantech since 10 years ago, unfortunately as of today, I still suffer paper loss for Pantech shares. Seek your kind comment.

Share prices are driven by market supply and demand. Over the years, Pantech Group has continuously strived to remain profitable and indeed we have recorded positive returns since we listed on Bursa Malaysia in 2007. We have consistently shared profits with shareholders via dividends to our shareholders. Our dividend track record since 2011 is summarised below. Pantech Group shares our financial highlights including the dividend track record at our website: <https://pantech-group.com/investor-relations/financial-highlights/>

| FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 3.30 | 3.50 | 4.60 | 3.76 | 2.70 | 2.70 | 1.80 | 2.50 | 2.01 | 1.89 | 2.30 |

Question 23: Why does the Company want to buy back its own shares?

The resolution of the share buy-back will enable the Company to utilise any of its surplus financial resources to purchase its own shares from the market. The share buy-back provides several advantages such as:

1. The Company may be able to stabilise the supply and demand, as well as the price of the shares, thereby support the fundamental value of Pantech shares.
2. The purchased shares could be retained as treasury shares and can be distributed as share dividends to reward the shareholders.
3. The share buy-back would effectively reduce the number of shares carrying voting and participation rights and such; the EPS of the Company would increase.