

PANTECH GROUP HOLDINGS BERHAD

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

SUMMARY OF 17TH ANNUAL GENERAL MEETING

DATE : **WEDNESDAY, 26 JULY 2023**

TIME : **11.00 A.M.**

VENUE : **KEY 1 & KEY 2, LEVEL 7, ST GILES SOUTHKEY JOHOR BAHRU
MID VALLEY SOUTHKEY
1, PERSIARAN SOUTHKEY 1, KOTA SOUTHKEY
80150 JOHOR BAHRU, JOHOR**

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
Puan Sakinah Binti Salleh	Non-Independent Non-Executive Director
Mr Lim Yoong Xao	Independent Non-Executive Director
Dato' Sri Yap Tian Leong	Independent Non-Executive Director
Puan Nooraini Binti Mohd Yasin	Independent Non-Executive Director

SECRETARY IN ATTENDANCE

Ms Siew Suet Wei (MAICSA 7011254)

NO OF SHAREHOLDERS & PROXIES 64
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 28 June 2023 having been circulated to the shareholders and advertised in The Star newspaper 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 2023

The Company's Audited Financial Statements for the financial year ended 28 February 2023 were for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require approval of shareholders. There were no questions raised by the 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 RM400,000 for the financial year ending 29 February 2024
Resolution 2	Payment of the Final Single Tier Dividend of 1.50sen per ordinary shares for the financial year ended 28 February 2023
Resolution 3	Re-election of Dato' Goh Teoh Kean pursuant to Article 26.1
Resolution 4	Re-election of Mr Tan Ang Ang pursuant to Article 26.1
Resolution 5	Re-election of Mr Lim Yoong Xao 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 by the Company pursuant to Sections 75 and 76 of the Companies Act 2016
Resolution 8	Proposed renewal of Share Buy Back

5.3 The Chairman informed that Minority Shareholders Watch Group ("MSWG") had on 18 July 2023 written to the Company seeking clarification on some financial and governance issues. Mr. Tan Ang Ang, the Executive Director read out MSWG's questions and Pantech's reply (referred to as **Appendix A**). The Company has also received questions from other shareholders (referred to as **Appendix B** and **Appendix C**).

5.4 The polling was conducted using the Tricor e-vote system and the Poll Administrator was Tricor Investor & Issuing House Services Sdn Bhd. The results were verified by Asia Securities Sdn Bhd as 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	432,627,866	99.9738	113,419	0.0262	432,741,285	100.0000
2	432,962,631	99.9775	97,432	0.0225	433,060,063	100.0000
3	428,784,857	99.0076	4,297,737	0.9924	433,082,594	100.0000
4	428,762,326	99.0076	4,297,737	0.9924	433,060,063	100.0000
5	429,827,365	99.2484	3,255,229	0.7516	433,082,594	100.0000
6	431,886,834	99.7291	1,173,229	0.2709	433,060,063	100.0000
7	432,662,631	99.9082	397,432	0.0918	433,060,063	100.0000
8	432,962,631	99.9775	97,432	0.0225	433,060,063	100.0000

5.6 Ordinary Resolutions 1 to 8 were declared carried by the majority of votes polled.

Dated : 26 July 2023

APPENDIX A



PANTECH GROUP HOLDINGS BERHAD

(733607-W)

Listed on Main Market of Bursa Malaysia

Date: 25 July 2023

Badan Pengawas Pemegang Saham Minoriti Berhad

Level 23, Unit 23-2, Menara AIA Sentral

No. 30, Jalan Sultan Ismail

50250 Kuala Lumpur

Attention: Mr. Devanesan Evanson
Chief Executive Officer

Dear Mr. Devanesan,

Re: 17th Annual General Meeting ("AGM") of Pantech Group Holdings Berhad ("Pantech Group" or "the Group") to be held on Wednesday, 26 July 2023

We received your questions via email dated 18 July 2023. Our replies are set out below:

Operational & Financial Matters

1. The improvement in the trading division can be traced to greater ability to secure and supply large-scale O&G projects domestically, spurred by the ramping up of industry activities following the previously moderate years. The strong demand was reflected in the increased trading revenue. Pantech Group was well positioned to capture the opportunities presented due to its strong and comprehensive product mix (page 21 of AR2023).

- (a) What were the projects or contracts that played a significant role in driving the revenue growth?

We are in a highly competitive supply market to the O&G industry. From our experience, prudence in sharing project names especially those that are ongoing, is key to protecting our supply contracts.

- (b) How has Pantech Group strengthened the capacity of its trading division to secure and supply large-scale projects in the oil and gas industry? Were there any specific strategies or investments implemented?

We continuously strengthen our value proposition as a One-Stop Centre for pipes, valves and fittings (PVF) for the O&G industry by

- *supplying with **quick turnaround time***
- ***optimising our inventory** of over 30,000 SKUs*
- ***strategically located warehouses***
- ***leveraging technology** to meet customers' requirements*
- *providing **project management** services through a **skilled and dedicated** team, and*
- *maintaining financial strength*

Further reading about our strategy can be read on pages 15 – 17 of our annual report.



- (c) **What were the factors that led to the slight decrease in the trading division's profit margin in FY2023? What are the Group's expectations and strategies regarding the division's profit margins for FY2024?**

Stiff competition from the market along with the product mix held led to the dip in trading profit margins.

In view of the inflationary situation and continued competition, we will maintain our prudent approach in managing cost while stocking adequate product mix required by customers. We anticipate similar margin in FY2024.

2. **For the manufacturing segment, strong export demand and an improved product mix contributed to outstanding performance in terms of revenue and profit. The focus on improving productivity and efficiency also yielded better margins at the carbon steel and stainless steel manufacturing plants (page 21 of AR2023).**

- (a) **What factors contributed to the strong export demand in Pantech Group's manufacturing segment? What regions or markets were particularly instrumental in driving this demand?**

A big factor is our continued compliance with international regulations and standards, in addition to holding the necessary certifications and accreditations for our products. This puts us in a strong position in the market.

North America, Europe and Southeast Asia contribute the most to our manufacturing performance.

- (b) **How did the product mix within the manufacturing segment change in FY2023? Which specific product categories experienced notable growth?**

As part of our One-Stop Centre for PVF positioning, we offer a wide variety of products. Our stainless steel products achieved notable growth in FY2023.

- (c) **What were the strategies or initiatives undertaken to improve productivity and efficiency within the carbon steel and stainless steel manufacturing plants? What specific measures were implemented to achieve better margins?**

Part of our ongoing effort is to continue training employees to hone their skills. At the same time, we are studying potential ways of streamlining the work process to optimise productivity.

We also pay attention to enhancing our quality control checks and capability to provide greater levels of confidence for customers.

3. **Given that Pantech Steel Industries Sdn Bhd and Pantech Stainless & Alloy Industries Sdn Bhd are operating at 90% capacity utilisation (page 22 of AR2023), how does the Group plan to address future capacity requirements? Are there any initiatives or investments planned to expand the manufacturing facilities, and if so, which specific product categories are being targeted for expansion?**

Expansion plans are evaluated on an ongoing basis. Allocations have been made to purchase new machinery to replace existing machines for efficiency, and expand capacity.

Further reading about our strategies can be read on pages 15 – 17 of our annual report.



4. Through its manufacturing facilities and trading operations, Pantech Group supplies a wide and diverse range of PVF products to cater to the specific needs of the oil & gas (onshore and offshore), marine, palm oil, refinery, energy, process industrial, petrochemical, and chemical industries (page 18 of AR2023).

- (a) What is the revenue contribution or breakdown from each of the mentioned industries to Pantech Group's overall business?

- O&G: 55%;
- Palm oil: 16%;
- Resellers: 10%;
- Other segments: 19% (includes industrial engineering, electrical and electronics engineering, paper mill, chemical, water treatment, and marine engineering).

- (b) Please provide insights into specific products or product categories that demonstrate strong growth potential within these industries, particularly within the palm oil industry.

Pantech Group's strength is as a total solutions provider for fluid transmission systems to meet customers' requirements.

There is no specific product that shows strong growth potential as each fluid transmission system has different specifications.

5. The acquisition of Unity Precision Engineering Sdn Bhd (UPE) was completed (on 25 April 2022) and it strengthened Pantech Group's manufacturing capability with revenue coming on-stream in FY2023 (page 13 of AR2023).

- (a) How did UPE contribute to Pantech Group's overall financial performance? What was the revenue and profit generated by UPE in FY2023?

UPE recorded RM4.8 million revenue and RM1.4 million operating profit.

- (b) How does the Group plan to leverage the manufacturing capability acquired through UPE to further enhance its operations and capture growth opportunities in the market?

UPE complements our existing capabilities with metal precision machining and engineering and turnkey solutions to serve customers.

It enables Pantech Group to offer a wider range of services and products, including customised machining services and precision engineering services. It contributes towards cementing Pantech as a high value-add manufacturing group.

Corporate Governance Matters

1. Practice 1.3 of the Malaysian Code on Corporate Governance (MCCG) advocates for the separation of the positions of the chairman and MD to promote accountability and facilitate the division of responsibilities between them. The chairman leads the board in overseeing the management team, including decisions related to the appointment, compensation, and replacement of the MD, while the MD focuses on the business and day-to-day management of the company. As such, the separation of roles between the chairman and the MD



enhances the board's independence from management, leading to better monitoring and oversight.

What measures have been put in place to ensure the board's independence in overseeing the management team, especially considering that the chairman who leads the board, is also MD of the Company?

Dato' Jimmy is supported by the Deputy Group Managing Director, Dato' Goh, and three Executive Directors (EDs) who collectively decide the Group's strategies, policies and decision adopted by the Board and oversees the operations and business development of the Group.

Their roles and responsibilities are clearly defined in Pantech Group's Board Charter, which is available at our website: <https://pantech-group.com/wp-content/uploads/Pantech-Board-Charter-20200723.pdf>. The EDs meet monthly to review and discuss operational matters.

The Board members have unrestricted access to the management to discuss or clarify operational matters. The management is also invited to the Board meetings.

- 2. Practice 5.2 of the MCGG stipulates that at least half of the board comprises independent directors. With three independent directors out of a total of nine directors, Pantech Group's board does not meet this requirement. What specific measures is the company taking to identify and appoint suitable candidates to meet the requirements of Practice 5.2?**

The current Board composition is in compliance with Paragraph 15.02 of the Main Market Listing Requirements. The Board is of the view that the number of its Independent Directors is adequate at present to provide necessary checks and balance in the Board's decision-making process.

The Independent Non-Executive Directors have fulfilled their roles as Independent Directors through objective participation in Board deliberations and the exercise of unbiased and independent judgement. None of the EDs sit in any of the Board Committees and this enhances the independence of the respective Committees.

Nevertheless, the Board will consider building an all-rounder Board and have in place a balanced proportion of independent directors for greater checks and balance to fulfil the key roles in leading the Company, namely fiduciary, strategic and generative.

Thank you.

Sincerely,

Dato' Chew Ting Leng (Jimmy)
Group Managing Director

APPENDIX B

Management Discussion & Analysis

- 1. Page 13 to the Annual Report - It is stating that commencing with this year's Annual Report, Pantech Group is voluntarily shifting towards presenting information in an Integrated Reporting format in a progressive manner. In the Corporate Governance Report, it is stated that Practice 12.2 is not applicable to Pantech. Hence, may I ask:**

- a. Why is there inconsistency between both disclosures?**

Practice 12.2 of the Malaysian Code on Corporate Governance does not apply to Pantech Group Holdings Berhad ("Pantech Group") as the Group does not fall under the definition of a Large Company, i.e. on the FTSE Bursa Top 100 Index or with a market capitalisation of RM2 billion and above.

Nevertheless, Pantech Group is voluntarily incorporating elements of <IR> into our own reporting beginning with FY2023 in the spirit of good corporate governance and adopting best practices for the benefit of stakeholders to make more informed decisions.

- b. Whether Pantech has any roadmap in achieving the desired Integrated Reporting disclosures?**

We have a short-to-medium term plan on components of the <IR> which we ideally can incorporate into our annual reports. Pantech Group did not disclose these internal targets as we are not a Large Company.

- 2. Page 14 to the Annual Report - It is stated that Pantech initiated the calculation of carbon emissions to have a baseline for target-setting towards the carbon emission reduction goal. As such, what are the targets and measures set by Pantech in carbon emissions and other ESG or sustainability goals?**

The targets are still a work in progress and have yet to be discussed or approved at the Board level; they will be disclosed upon approval.

- 3. What is the expected capacity utilisation in FY2024 for Nautic Steels Limited and Pantech Galvanising Sdn. Bhd. (PGSB)?**

The expected capacity utilisation for Nautic Steels Limited and PGSB is between 60% to 70%.

- 4. Pantech achieved excellent results in FY2023. From the MD&A, the outlook is positive with the oil and gas industry expected to have brighter days ahead. Hence, what is the level of revenue and profit that the shareholders can expect from Pantech for FY2024?**

Pantech Group projects a year of steady performance ahead following a record-breaking FY2023.

Sustainability Statement

5. **Page 33 to the Annual Report - It is stated that PGSB had two-months production disruption which caused a decrease in the output level. Can the Board further explain about this production disruption and how much capacity lost to PGSB?**

The two-month production disruption at PGSB occurred due to repair and upgrading works for our Industrial Effluent Treatment System to enhance the operating capability and recording of data. The capacity output lost is not material to the Group.

6. **There were more total man-hours lost which increased by 75% while major incidents increased from 4 incidents in FY2022 to 9 incidents in FY2023. What OSH precautions and measures taken by Pantech to reduce the incidents cases and man-hours lost?**

Workplace health and safety is a key aspect for Pantech Group towards sustainable operations. The nature of our business, especially at the Production floor and Warehouse facilities, involves potential hazards and requires care and monitoring.

Our aim is to achieve zero health and safety incidences. We continue investing into trainings on Operational Safety and Health (OSH) to equip our people with the know-how, with the aim of mitigating risks and safeguarding employee wellbeing. We also implemented rigorous safety and health management systems that are continuously monitored and evaluated to mitigate risks of unwanted incidences by identifying potential hazards.

Pages 36 – 38 of our annual report has further reading about our safety related initiatives.

Corporate Governance

7. **Corporate Governance – MCCG Practice 8.2 - Pantech stated that all members of senior management are members of the board and hence, it is not applicable to disclose on a named basis the top five senior management's remuneration components. However, key senior management also includes Mr. Wang (CFO) who is not the Company's Director. Hence, should Pantech re-look into compliance for this MCCG Practice 8.2?**

Practice 8.2 is deemed as complied as remunerations for the top five senior management personnel are disclosed in Practice 8.1.

8. **Pantech does not adopt MCCG Practice 10.3 ie. The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies. However, in the Statement on Risk Management and Internal Control, it is stated that the Board did establish a Risk Management Committee which comprises Executive Directors and Senior Management. Does Pantech have any intention to revamp the membership of the existing Risk Management Committee to comply with MCCG Practice 10.3 and enhance its state of corporate governance and risk management?**

Practice 10.3 is a step-up of best practice. The existing Risk Management Committee is sufficient to oversee the Group's risk management framework and policies.

Financial Statements

- 9. Why the trade payables decreased significantly from RM123 million in FY2022 to RM23 million in FY2023? How did Pantech manage its working capital in servicing its payables?**

Trade payables recorded FY2022 were subsequently paid off in FY2023 according to the respective terms. Pantech manages working capital by scrutinising collection and payments as well as utilising internal funds and bank borrowing where and when appropriate. Page 15 of our annual report has more details about our working capital management.

- 10. What caused the administrative expenses to increase by RM11 million from RM57 million in FY2022 to RM68 million in FY2023?**

The higher administrative expenses were mainly due to cost inflations and higher monetary rewards distributed to dedicated employees in acknowledgement of their contribution in helping the Group achieve a record-breaking year.

- 11. Note 4 Property, Plant and Equipment - What is the Group's policy in revalue the land and buildings ie. how frequent is the revaluation exercise should be carried out?**

The Group's policy on revaluation of Property, Plant and Equipment and its frequency are disclosed in note 3.2 – Property, Plant and Equipment on page 95 of the annual report.

- 12. Note 10 Goodwill on acquisition - What is the budgeted gross margin and growth rate being used in the value-in-use calculations for goodwill impairment testing of Unity Precision Engineering Sdn. Bhd.?**

The budgeted gross margins for goodwill impairment testing are between 34% and 35% with a 6.6% projected growth rate per year.

- 13. Note 29 Profit Before Tax - Directors' Fee for FY2023 should be RM955,000 as disclosed in Note 29 or RM755,000 as disclosed in the breakdown of remuneration paid to the Directors?**

The Directors' fee of RM955,000 disclosed as expenses in Note 29 refers to directors' fees paid for all directors of the Group and its subsidiaries, while the RM755,000 disclosed as remuneration paid to directors refers to directors' fees paid (Company and Group basis) to Directors of the Company as disclosed in page 142 of the annual report.

- 14. Why did the other emoluments paid to the Directors increased significantly from RM6.9 million in FY2022 to RM9.3 million in FY2023?**

The Group was able to achieve record-breaking performance in FY2023 in part due to contributions from the Directors. The increased emoluments reflect the Group's acknowledgement of their contribution.

- 15. The trade receivables of the Group decreased from RM206 million in FY2022 to RM147 million in FY2023 despite the Group's revenue increased significantly. How was Pantech able to achieve this good collection records, and how stringent is Pantech's credit control procedures and monitoring?**

Please refer to page 167 of the annual report for the Group's credit risk and receivables management.

- 16. Note 41(c) Credit risk - Why Pantech recorded RM524k and RM753k of expected credit loss on individually impaired debtors which are past due 1 to 30 days and past due 31 to 60 days? It seems unusual to impair the debtors when it is merely less than 60 days past due. Are such debtors bankrupt or having any form of specific financial difficulties that are made known to Pantech?**

A debtor faced financial difficulty and its holding company, together with its subsidiaries, entered a scheme of arrangement with its creditors. Thus, for prudence, the anticipated credit losses have been recognised as a precautionary measure to account for potential non-payment or delayed payment by said debtor.

Others

- 17. How much the palm oil industry contributes to the topline of Pantech in FY2023?**

The palm oil sector contributes about 16% of Pantech Group's topline.

- 18. How best is Pantech able to transfer the cost hike to the customers via higher selling price?**

The selling price depends on several factors such as product types, prevailing market conditions, product availability, as well as competition. These factors will determine any pass-through to customers.

APPENDIX C - QUESTIONS AND ANSWERS

No.	QUESTIONS	RESPONSE BY MR TAN ANG ANG
	<u>TEH KIAN LANG (Shareholder)</u>	
1.	Mr Teh congratulated the Board for another year of good performance. He asked if the performance in FY2024 will be better?	The performance for FY2022 and FY2023 were the highest in record for the Group. This is 2 consecutive years. The Group is hopeful that the performance will continue to be the same or better.
2.	Is Pantech impacted by the current ESG requirements in particular to the O&G sectors?	Currently, the O&G sector makes up of 55% of Pantech's business segment and a lot of projects are ongoing. If the world stops using fossil fuel, all other businesses will be affected. Mr Tan added to say that Pantech is committed to ensuring that sustainability is integrated into its business strategies. Pantech has also improved its FTSE scoring.
3.	Is there any dividend policy?	Pantech does not have any dividend policy. The Group continues to grow the business and has been maintained the distribution of 40-45% of its profits.
4.	Why is the inventory so high?	Pantech is a One-Stop-Centre for Pipes, Valves and Fittings. In order to support its customers' requirements in a timely manner, Pantech will stock at least half of the requirements.
5.	Are there any new products in the pipeline?	Pantech is always on the lookout for new products which will add value and enhance the Group's product range.
	<u>DANIEL CHIN (Proxy of Phoon Kin Seng)</u>	
6.	Are there any plans to distribute the Treasury shares as dividend?	At this moment, there are no plans to do so.
7.	Does Pantech have any plan to use AI and automation for any transformation opportunity vis-a-vis Industry 4.0?	There have been several proposals on automation but so far, it is not suitable for Pantech. However, Pantech will continue to look into such areas which can provide efficiency and cost savings to its business.
8.	Are there any products/services launched to specific markets?	Pantech is always sensitive to market requirements and have already penetrated markets in Indonesia. Trade missions have been also made to South Africa.

9.	<u>CHAN TING YEE (Shareholder)</u> Does Pantech use any automation for its warehouse?	Yes.
10.	<u>TEH KIAN LANG (Shareholder)</u> <u>Page 82 & 83 - Statements of Cash flows</u> (i) Please explain the purchase of PPE of RM14.3million? (ii) What constitutes investment in others of RM1.5million? (iii) Please explain why is there an allowance for impairment of receivables of RM3.6million?	<p>Mr Wang Woon Chin, the Chief Financial Officer explained that the PPE was mainly for the purchase of machineries under cash terms and subsequently, refinanced by Term Loan.</p> <p>These are investments in listed equities.</p> <p>Pantech has a policy of impairment of debts above 9 months. However, there is no major issue in recovery.</p>