

CNERGENZ BERHAD
Registration No. 202101026123 (1426423-D)
(Incorporated in Malaysia)

Minutes of the **Second Annual General Meeting (“2nd AGM” or “meeting”)** of **Cnergenz Berhad (“Cnergenz” or “the Company”)** held at Macalister Ballroom, Level 5, Victory Annexe, Eastern & Oriental Hotel, 10, Lebuhr Farquhar, 10200 George Town, Penang on Wednesday, 24 May 2023 at 10.02 am.

- Present:**
1. Dato’ Azman Bin Mahmud, Independent Non-Executive Chairman
 2. Mr. Lye Yhin Choy, Chief Executive Officer/Executive Director
 3. Mr. Kong Chia Liang, Chief Operating Officer/Executive Director
 4. Mr. Lye Thim Loong, Chief Corporate Officer/Executive Director
 5. Ms. Ooi Ley Ching, Independent Non-Executive Director (“**INED**”)
 6. Pn. Alwizah Al-Yafii Binti Ahmad Kamal, INED
 7. Ms. Yeat Soo Ching, INED
- In Attendance:**
1. Mr. Goh Mu Xuan, Chief Financial Officer (“Mr. MX Goh”)
 2. Ms. Ong Tze-En, Joint Company Secretary (“Ms. Ong”)
- External Auditors:**
1. Mr. Lim Huck Khiam, Partner, PricewaterhouseCoopers PLT
 2. Mr. Tan Hoe Poo, Director, PricewaterhouseCoopers PLT
- Polling Agent:**
- Boardroom Share Registrars Sdn. Bhd.
1. En. Mohamed Sophiee Bin Ahmad Nawawi
 2. En. Khairul Iqram Bin Zainal Abidin
- Sponsor:**
- UOB Kay Hian Securities (M) Sdn. Bhd.
1. Mr. Goh Yao Yen – Director, Co-Head of Corporate Finance
 2. Mr. Tan Heng Hooi – Director, Corporate Finance
 3. Ms. Foong Yee Xuan, Miko – Assistant Manager, Corporate Finance
- Scrutineer:**
- SKY Corporate Services Sdn. Bhd.
1. Ms. Amanda Loh Hooi Ying
 2. Ms. Ang Pei Sian
- Shareholders /
Corporate
Representatives /
Proxies / Invitees**
- As per the Attendance List attached

The shareholders, corporate representatives, proxies and invitees (collectively “**the Attendees**”) who attended 2nd AGM are set out in the Attendance List attached to and which formed an integral part of these Minutes.

Welcome address

- (A) The Chairman of the Board of Directors (“**Board**”) of Cnergenz, Dato’ Azman Bin Mahmud (“**Dato’ Chairman**”) welcomed all Attendees to the 2nd AGM.
- (B) Dato’ Chairman proceeded to introduce his fellow Board members, the Company Secretary, representatives from the Sponsor and the external auditors, PricewaterhouseCoopers PLT.

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- (C) He requested all Attendees to note the administrative arrangements as sent together with the Notice of the 2nd AGM dated 25 April 2023 and encouraged them to have a word with representative of share registrars, Boardroom Share Registrars Sdn. Bhd. ("**BRSSRS**") should the need arose. He added that voice or video recording of the meeting proceeding is strictly prohibited.

Corporate Presentation

- (D) Dato' Chairman informed of a Corporate Presentation from the Board. The first part on financial performance would be presented by Mr. MX Goh, Chief Financial Officer.
- (E) Mr. MX Goh began by sharing snapshots of the performance of the Company and its subsidiary ("**the Group**") in respect of the financial year ended 31 December 2022 ("**FY2022**"). Highlights included:
- (1) Profit after tax was RM21.72 million on the back of revenue of RM216.89 million, which were improvements of 66.32% and 41.80% respectively from FY2021.
 - (2) Its wholly owned subsidiary, SIP Technology Sdn. Bhd. ("**SIP**") secured exclusive distribution rights to market Germany based manufacturer's automation and robotic solutions ("**Robotic Solutions**") in Malaysia, Thailand and Vietnam.
 - (3) In recognition of its outstanding performance, SIP was awarded the Sales Champion 2022 for South-East Asia ("**SEA**") from its key principal, a leading South Korean company in solder paste inspection (SPI) and automated optical inspection (AOI).
 - (4) The Group's FY2022 revenue segments are from provision of integrated surface mount technology ("**SMT**") solutions for manufacturing lines (RM83.52 million), sale of standalone SMT machinery (RM105.08 million) followed by sales of spare parts (RM18.05 million) and provision of other services (RM10.23 million). Malaysia (RM129.42 million) led contribution by countries followed by Thailand (RM77.32 million) and Vietnam (RM9.73 million).
 - (5) The Group operates from a position of strength with total assets of RM202.17 million comprising current assets of RM179.94 million (inclusive of RM105.57 million in cash and cash equivalents) and the remaining being non-current assets of RM22.22 million. Non-current assets included fixed assets, intangible assets and right-of-use assets. The strong asset base also translated into current ratio of 3.4 times and net assets per share (weighted average number of ordinary shares) of 32.35 sen. Total liabilities, at RM53.72 million, are managed closely and comprised mostly of current liabilities inclusive of deferred tax, hire purchase facilities and trade payables.

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- (6) Dividend paid out in respect of FY2022 was 1.4 sen per ordinary share which totalled RM6.97 million and this gave rise to payout ratio of 32.1%.
- (F) Dato' Chairman thanked Mr. MX Goh for his presentation. Moving on to the second part of the Corporate Presentation, Dato' Chairman invited Mr. YC Lye, Chief Executive Officer to share operational highlights during FY2022.
- (G) In recapping the Robotic Solutions exclusive distributorship, Mr. YC Lye said that the agreement was inked last year. The Robotic Solutions is a product of a Germany based manufacturer of software driven modular industrial robots developed as automation solutions for use in industrial SMB (small and medium business) manufacturing. He also shared an introductory video presentation on the Robotic Solutions for the understanding of the Attendees.
- (H) Mr. YC Lye went on to share on global secular trends that would consume more electronics components driven by explosive data proliferation, innovations in application and devices as well as greater performance is being compressed into more compact and complex packaging. He mentioned that artificial intelligence requires data with transfer rate growing exponentially and applications software are being enhanced to cater to this need. He pointed out that the latest iteration of iPhone (as an example) has more parts than its predecessor units and requires innovative technology to keep it forward moving. More and more computing power is being confined into smaller space.
- (I) He added that Smart Data, in the form of Smart Factories, Smart Mobility and Smart Things, is the way forward with 34 Zettabytes more data expected to be generated in a year by 2030 from these 3 drivers alone. The proliferation of Smart Data has seen its deployment in 5G connectivity infrastructure, advanced packaging, heterogenous integration and increased electronics content. It has also contributed to higher density, higher bandwidth, zero latency for more reliable connectivity and lower power utilisation. Key end market applications of Smart Data included computers, consumer electronics, communication, industrial and automotive.
- (J) As automotive industry transitioned into electric vehicles ("**EVs**"), charging stations are keeping up with the burgeoning demand and with the various governmental incentives available had helped to drive the development of EV-friendly infrastructure. At the same time, built-in sensors for EVs have necessitated the use of high-end technology. Similarly for medical and life sciences as well as aerospace where growth spurts have been driven by the need for better response (viral / bacterial detection) to viruses and reopening of borders that led to more travelling.
- (K) The Group would capitalise on the demand for Smart Data and offer its range of cobots (collaborative robots) for deployment in the manufacturing environment to realise the the aspiration of the industry to bring out the Smart Data era.
- (L) Mr. YC Lye also shared on the Group's future plan which centered on the construction of a new site to house the facilities for research & development and production as well as office and warehouse.

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- (M) He explained that SIP had entered into an agreement with the Penang Development Corporation to acquire a plot of leasehold land measuring approximately 1.3877 acres at the Penang Science Park, Simpang Ampat, Pulau Pinang for such purpose. He also shared an artistic rendition of the external view of the building which would incorporate key green building features including energy and water efficiency.
- (N) He added that management planned to incorporate vertical farming and smart water harvesting system into the building. Both are part of the Board's initiative to move forward in a good way demonstrating that a company's growth can go hand in hand with sustainability. The project is under way and management hoped to relocate by end of 2024.
- (O) Dato' Chairman thanked Mr. YC Lye for insightful delivery of the industry's prospects and Group's plan moving forward.

Call to order and determination of quorum

- (P) Thereafter, Dato' Chairman called the meeting to order and proceeded with the meeting proper upon receipt of confirmation from the Company Secretary, Ms. Ong, that a quorum was present.

Notice of meeting

- (Q) Dato' Chairman informed that the Notice of the 2nd AGM was announced and circulated to the shareholders, Directors and the external auditors, PricewaterhouseCoopers PLT on 25 April 2023. The Notice of the 2nd AGM together with Annual Report are published on our corporate website as well. As the notice has been properly given, it is taken as read.
- (R) Dato' Chairman also pointed the right of every member present at this AGM today either in person, or by corporate representative or by proxy, to participate, speak and vote on the resolutions as stated in the agenda of this meeting. He requested for each member to introduce himself or herself by stating their name and whether he/she is a shareholder or a proxy or a corporate representative before raising questions.
- (S) Dato' Chairman also highlighted that some of the shareholders had appointed him, as Chairman of the meeting, as their proxy to vote on their behalf. Therefore, he would vote for each resolution in accordance with the instructions given by the said shareholders.

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- (T) Dato' Chairman informed that there were six (6) Ordinary Resolutions to be tabled for approval by the shareholders on poll in accordance with Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**ACE LR**"). He then exercised his right, as Chairman of the meeting, to demand for poll in accordance with Clause 16.5 of the Company's Constitution for all six (6) resolutions as stated in the Notice of the 2nd AGM.
- (U) Dato' Chairman then introduced BRSRS and SKY Corporate Services Sdn. Bhd. as the appointed Polling Agent and Scrutineer to conduct the polling and to verify the polling process respectively. He informed that the polling process would be conducted upon conclusion of the deliberation of all items on the meeting agenda.
- (V) He then invited the Company Secretary to brief all on the polling procedures. Upon conclusion of the briefing, Dato' Chairman proceeded to deal with meeting agenda.

1. Audited financial statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon

- 1.1 The Audited Financial Statements ("**AFS**") for FY2022 of the Company and the Group together with the Directors' and Auditors' Reports thereon which had been previously circulated were laid at the meeting for discussion. Dato' Chairman proceeded to invite questions from the floor pertaining to any relevant accounting related matters on AFS for FY2022.
- 1.2 2 shareholders raised queries. Dato' Chairman invited Mr. YC Lye to address the concerns from said shareholders:

(1) Shareholder 1

There is a sharp drop in revenue contribution from Vietnam from RM158.18 million in 2019 to RM9.73 million for 2022. Was the drastic drop due to loss of key customer in Vietnam?

Response:

As disclosed in the Prospectus, the Group secured a contract from a key client to set up a smart phone manufacturing factory in Vietnam with annual production capacity of 50 million phones during 2018 to 2019. It was a 2-phase project with semi-automated system set-up initially followed by fully automated system subsequently. The project was huge and contributed significantly to the revenue in those years.

Following conclusion of the mega project, the Group did not undertake much investment in Vietnam due to the imposition of travel restrictions to curb the spread of the Covid-19 pandemic which lasted much of 2020 through to 2021. Nonetheless, the Group continued to maintain a foothold in Vietnam providing installation and technical services (non-equipment) to customers.

During the Covid-19 pandemic, the Group's market was confined largely to Malaysia during the years 2020 through to 2021 due to travel restriction. Boom in the electric and electronic industry locally in past 5 years has been beneficial to the Group. As ancillary player, the Group's provision of integrated SMT solutions to manufacturing lines has been growing steadily with contribution to top line growing from RM81.86 million in 2018 to RM129.42 million last year.

Malaysia and Thailand are mature markets. Most of the multi-national corporations have established their procurement and support functions in these countries. The Group has benefited from such arrangements and had secured a few new customers.

(2) Shareholder 1

Do share update on situation in the industry. Noted the mention that 2023 is challenging and that 2024 would be better. Order book was about RM68 million as reported in the fourth financial quarter of FY2022. Are there more incoming orders?

Response:

This year has been challenging with slowdown in global trend affected by the drop in demand for consumer electronics. The frenzied boom in the recent years has been fueled by pandemic buying of consumer electronics to ease work from home. Following return to office, consumer focus has changed and spending has pivoted to buying new vehicles. Interest in EVs has sparked a need for charging stations and developing a whole new infrastructure catering for EVs.

At the same time, the US-China trade tension intensified further following introduction of legislation in 2022 which restricted US semi-conductor industry players from shipping new technology tools (chip making equipment) to factories in China or selling to Chinese clients. This decoupling has been to the benefits of SEA region. Industry players have invested to create new manufacturing plants in the SEA region. and this boom is expected to grow and be the catalyst for ancillary activities. Such development has augured well for support players including the Group.

As for the Group, there are incoming orders and we don't see the slowdown that is experienced in other industries.

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- (3) Shareholder 2
Perhaps the Group could disclose customers by segments.

Response:

We are unable to accede to this request as our customer base is electronics manufacturing services (“EMS”) specialists which, in turn, manufacture products for a variety of industries. We are not privy to direct customer related information from the EMS. As we don’t have direct access to such data, disclosure might be misleading.

- 1.3 There being no further question raised, it was recorded that the AFS for FY2022 of the Company had been duly tabled and received.

2. To re-elect the following Directors retiring in accordance with Clause 18.2 of the Company’s Constitution:

- | | | |
|-----|---|--------------------------------|
| (a) | Re-election of Mr. Lye Yhin Choy | (Ordinary Resolution 1) |
| (b) | Re-election of Mr. Kong Chia Liang | (Ordinary Resolution 2) |

- 2.1 Dato’ Chairman informed that Ordinary Resolutions 1 and 2 dealt with the re-election of two (2) Directors, namely, Mr. Lye Yhin Choy and Mr. Kong Chia Liang. Both of them retired pursuant to Clause 18.2 of the Company’s Constitution and being eligible, have offered themselves for re-election.

- 2.2 He added that details on the Board’s justifications and basis in support of our re-election are included in the Explanatory Notes of the Notice of the 2nd AGM.

- 2.3 On the proposal of Dato’ Chairman, the Ordinary Resolutions 1 and 2 were put to vote individually by way of poll.

3. To approve the payment of Directors’ Fees amounting to RM10,000 per month for the Independent Non-Executive Chairman and RM4,000 per month for each of the Independent Non-Executive Directors (excluding Independent Non-Executive Chairman) commencing 25 May 2023 through to the next AGM of the Company in year 2024
(Ordinary Resolution 3)

- 3.1 Dato’ Chairman informed that the next agenda of the meeting was to approve Directors’ fees amounting to RM10,000 per month for the Independent Non-Executive Chairman and RM4,000 per month for each of the Independent Non-Executive Directors (excluding Independent Non-Executive Chairman) commencing 25 May 2023 through to the next AGM of the Company in year 2024.

- 3.2 Dato’ Chairman added that all Independent Non-Executive Directors (“INEDs”) (including him) and persons connected to them are deemed interested and had therefore, abstained from voting in respect of their direct and/or indirect interest on Ordinary Resolution 3.

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3.3 On the proposal of Dato' Chairman, the motion for Ordinary Resolution 3 was put to vote by way of poll.

4. To approve the payment of benefits payable comprising meeting fee to the Independent Non-Executive Directors (including Independent Non-Executive Chairman) of RM600 per meeting day from 25 May 2023 until the next AGM of the Company in year 2024 (Ordinary Resolution 4)

4.1 Dato' Chairman informed that the agenda item 4 of the meeting was to approve the benefits payable to the INEDs (including the Independent Non-Executive Chairman) of RM600 per meeting day from 25 May 2023 until the next AGM of the Company in 2024. Details are enumerated in the Explanatory Notes accompanying the Notice of 2nd AGM.

4.2 Dato' Chairman added that all INEDs (including him) and persons connected to them are deemed interested and had therefore, abstained from voting in respect of their direct and/or indirect interest on Ordinary Resolution 4.

4.3 On the proposal of Dato' Chairman, the motion for Ordinary Resolution 4 was put to a vote by way of poll.

5. To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration (Ordinary Resolution 5)

5.1 Dato' Chairman informed that Ordinary Resolution 5 was to re-appoint PricewaterhouseCoopers PLT as Auditors of the Company for ensuing year to hold office until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. He added that PricewaterhouseCoopers PLT had indicated their willingness to accept re-appointment.

5.2 On the proposal of Dato' Chairman, the Ordinary Resolution 5 was put to a vote by way of poll.

5.3 Having concluded the ordinary business of the meeting, Dato' Chairman proceeded on with the Special Business.

6. Authority to allot and issue shares by directors pursuant to Sections 75 and 76 of the Companies Act 2016 (Ordinary Resolution 6)

6.1 Dato' Chairman informed that Ordinary Resolution 6, if passed, would empower the Directors to allot and issue shares up to an amount not exceeding 10% of the total issued shares capital of the Company.

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- 6.2 Dato' Chairman added that the Board is also seeking mandate from the shareholders to waive the statutory pre-emptive rights under Section 85 of the Companies Act 2016 read together with Clause 4.2 and Clause 13.2 of the Constitution to be offered new shares ranking equally to the existing issued of the Company arising from issuance of new shares pursuant to this mandate.
- 6.3 Dato' Chairman further informed that the renewal of this general mandate would also provide the Board a certain amount of flexibility, when the need arises, to issue additional shares subject to approval of all relevant regulatory bodies being obtained, where necessary.
- 6.4 Details of this resolution are set out in the Explanatory Notes accompanying the Notice of 2nd AGM.
- 6.5 On the proposal of Dato' Chairman, the Ordinary Resolution 6 was put to a vote by way of poll.

7. Any other business

- 7.1 In response to Dato' Chairman, the Company Secretary informed that no notice of any other business for transaction at the meeting had been received.
- 7.2 The Meeting then stood adjourned at 10.48 am after all shareholders, corporate representatives and proxy holders had duly casted their votes. The Attendees were invited to partake in the refreshments provided.

8. Polling Results

- 8.1 The meeting was reconvened at 11.18 am. Dato' Chairman called the meeting to order and thanked the Attendees for waiting for the results.
- 8.2 Dato' Chairman then announced the poll results for all six (6) Ordinary Resolutions as tabulated below upon receipt of report from the Scrutineers, SKY Corporate Services Sdn. Bhd.. The results of the poll were also projected on screen for ease of viewing by all Attendees:

	For		Against		Total voted		Abstained
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares
OR1	394,344,800	98.81	318,500	0.08	394,663,300	100.00	-
OR2	394,344,800	98.81	318,500	0.08	394,663,300	100.00	-
OR3	393,124,500	97.50	318,800	0.08	393,443,300	100.00	1,220,000
OR4	393,124,500	97.50	318,800	0.08	393,443,300	100.00	1,220,000
OR5	394,344,800	97.62	318,900	0.08	394,663,700	100.00	-

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	For		Against		Total voted		Abstained
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares
OR6	370,384,000	90.48	24,279,300	6.15	394,663,300	100.00	-

8.3 It was noted that 1,220,000 ordinary shares abstained for voting on Ordinary Resolutions 3 and 4.

8.4 Dato' Chairman then declared that all six (6) Ordinary Resolutions were passed by majority votes and therefore, carried.

Resolved:

Ordinary Resolution 1

"THAT Lye Yhin Choy be and is hereby re-elected as Director of the Company pursuant to the Company's Constitution."

Ordinary Resolution 2

"THAT Kong Chia Liang be and is hereby re-elected as Director of the Company pursuant to the Company's Constitution."

Ordinary Resolution 3

"That the payment of Directors' Fees amounting to RM10,000 per month for the Independent Non-Executive Chairman and RM4,000 per month for each of the Independent Non-Executive Directors (excluding Independent Non-Executive Chairman) commencing 25 May 2023 through to the next annual general meeting of the Company in year 2024 be and is hereby approved."

Ordinary Resolution 4

"That the payment of benefits payable comprising meeting fee to the Independent Non-Executive Directors (including Independent Non-Executive Chairman) of RM600 per meeting day from 25 May 2023 until the next annual general meeting of the Company in year 2024 be and is hereby approved."

Ordinary Resolution 5

"THAT PricewaterhouseCoopers 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 the Directors be and are hereby authorised to fix their remuneration."

Ordinary Resolution 6
AUTHORITY TO ALLOT AND ISSUE SHARES BY DIRECTORS PURSUANT TO
SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

“THAT subject always to the Companies Act 2016 (“**the Act**”), the Company’s Constitution, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and the approvals of the relevant government or regulatory authorities, where such approval is required, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act to allot and issue shares of the Company at any time, at such price, upon such terms and conditions, for such purposes and to such person or persons, as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being.

AND THAT the Directors are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares to be issued and THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company.

AND THAT pursuant to Section 85 of the Act, read together with Clause 4.2 and Clause 13.2 of the Constitution of the Company, approval be and is hereby given to waive the pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares of the Company arising from the issuance of new shares pursuant to this mandate under Clause 13.2 of the Company’s Constitution. Subsequent to the passing of this resolution, if this paragraph is or is found to be in any way void, invalid or unenforceable, then this paragraph shall be ineffective to the extent of such voidness, invalidity or unenforceability and the remaining provisions of this resolution shall remain in full force and effect.

AND THAT the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that may be declared, made or paid before the date of allotment of such new shares.”

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9. Conclusion

- 9.1 There being no other business, the meeting concluded at 11.19 am with a vote of thanks to Dato' Chairman.

Confirmed as correct

Dato' Azman Bin Mahmud
Independent Non-Executive Chairman