

**PEKAT GROUP BERHAD**

[Registration No. 201901011563 (1320891-U)]  
(Incorporated in Malaysia)

**MINUTES OF THE EXTRAORDINARY GENERAL MEETING (“EGM”) OF PEKAT GROUP BERHAD (“PEKAT” OR “THE COMPANY”) HELD ON A VIRTUAL BASIS VIDE THE ONLINE MEETING PLATFORM HOSTED ON SECURITIES SERVICES E-PORTAL AT [HTTPS://SSHSB.NET.MY/](https://sshsb.net.my/) AT THE BROADCAST VENUE, WHICH WAS THE MAIN VENUE OF THE EGM, AT THE MEETING ROOM OF SECURITIES SERVICES (HOLDINGS) SDN. BHD., LEVEL 7, MENARA MILENIUM, JALAN DAMANLELA, PUSAT BANDAR DAMANSARA, DAMANSARA HEIGHTS, 50490 KUALA LUMPUR, WILAYAH PERSEKUTUAN ON THURSDAY, 10 OCTOBER 2024 AT 10:00 A.M.**

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**DIRECTORS PRESENT AT BROADCAST VENUE** : Mr. Kok Kong Chin (*Chairman*)  
Mr. Chin Soo Mau  
Mr. Tai Yee Chee  
Mr. Ong Keng Siew  
Ms. Yeong Siew Lee  
Datin Shelina Binti Razaly Wahi

**INDIVIDUAL MEMBERS, REPRESENTATIVES AND PROXIES PRESENT** : As per Attendance List

**BY INVITATION** : Mr. Oh Keng Jin (*Chief Financial Officer*)  
Mr. Tong Pau Liong (*Pekat Group Berhad*)  
Mr. Liew Wei Chyi (*Pekat Group Berhad*)  
Ms. Yu Siew Ling (*Pekat Group Berhad*)  
Mr. Adrian Kok Hong Yew (*Public Investment Bank Berhad*)  
Mr. Lit Jit Suan (*Public Investment Bank Berhad*)  
Mr. Kuan Kang Seng (*Public Investment Bank Berhad*)  
Mr. Wooi Tan (*Vital Factor Consulting Sdn. Bhd.*)  
Ms. Cynthia Toh Mei Lee (*Messrs. Wong Beh & Toh*)  
Ms. Melissa Tan Zin Huey (*Messrs. Wong Beh & Toh*)  
Mr. Ong Sern Tai (*Messrs. Wong Beh & Toh*)  
Mr. Tan Dai Liang (*Strategic Capital Advisory Sdn. Bhd.*)  
Mr. Voon Liq Ming (*Grant Thornton Malaysia PLT*)  
Ms. Ho Ying Ying (*Grant Thornton Malaysia PLT*)

**IN ATTENDANCE** : Ms. Yee Kit Yeng (*Company Secretary*)  
Mr. Simon Chong Kah Tah (*Assisting the Company Secretary*)  
Ms. Lim Sook Hui (*Assisting the Company Secretary*)

**CHAIRMAN**

Mr. Kok Kong Chin (“**Chairman**”) was in the chair. He welcomed all present to the EGM (“**the Meeting**”) of the Company and thanked all present for their attendance including those participating in the EGM remotely from various locations through live streaming.

The Chairman informed that the EGM was conducted on a virtual basis via live streaming webcast and online remote voting using the remote participation and voting facilities of SS E Solutions Sdn. Bhd. without physical attendance by shareholders, proxies and corporate representatives.

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The Chairman then introduced all the Directors, Chief Financial Officer, Company Secretary, the representatives of Principal Adviser, Independent Business and Market Research Consultant, and due diligence lawyer of the Company to the shareholders.

**QUORUM**

The requisite quorum being present pursuant to Clause 81 of the Company's Constitution, the Chairman declared the Meeting duly convened.

The Chairman informed the Meeting that only members whose names appeared in the Record of Depositors on 3 October 2024 were eligible to attend the Meeting.

**NOTICE**

The Notice convening the Meeting dated 20 September 2024 having been circulated within the prescribed period, was with the permission of the Meeting, taken as read.

**POLL VOTING**

The Chairman informed that the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") has mandated poll voting for all resolutions set out in the notice of general meetings. Pursuant to the above and Section 330 of the Companies Act 2016 ("**the Act**"), the Chairman exercised his right to direct the vote on all resolutions set out in the Notice of the Meeting to be conducted by way of a poll to demonstrate shareholder democracy of one-share one-vote.

**PROCEEDINGS**

The Chairman then invited Ms. Yee Kit Yeng ("**Ms. Yee**"), the Company Secretary to brief all on the proceedings of the Meeting.

Ms. Yee briefed all present that with the remote participation and voting facilities, shareholders, corporate representatives and proxies of the Company are allowed to post questions to the Board of Directors of the Company and vote remotely at the Meeting.

The Meeting was informed that there were shareholders who were unable to participate in the Meeting and had appointed the Chairman of the Meeting to vote on their behalf. Accordingly, the Chairman would be voting in his capacity as proxy in accordance with the shareholders' instructions, where indicated.

Ms. Yee then briefed the Meeting that there is no legal requirement for a proposed resolution to be seconded, and as such, the voting module had been made accessible to all shareholders, corporate representatives and proxies to cast and submit their votes from the start of the Meeting and shall continue to be accessible for an additional ten (10) minutes after all the questions transmitted during the Meeting have been dealt with.

Ms. Yee informed that the Meeting would first present the Company's responses to the questions from Minority Shareholders Watch Group ("**MSWG**"). Thereafter, the Meeting would go through all the items on the Agenda, followed by a question and answer session ("**Q&A Session**") to respond to questions transmitted by the shareholders, corporate

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representatives and proxies during the Meeting. Shareholders, corporate representatives and proxies may rely on the real-time submission of typed texts to exercise their rights to speak or communicate in a virtual meeting by using the text box facility under the live stream player within the same e-Portal page to transmit their questions and/or remarks during the Meeting.

The Meeting was further informed that SS E Solutions Sdn. Bhd. was the appointed Poll Administrator and Commercial Quest Sdn. Bhd. was the appointed Independent Scrutineer to verify the results of the poll voting.

At this juncture, a step-by-step guide together with a short video clip on the online voting module within the e-Portal was played.

### **RESPONSES TO MSWG**

The Chairman informed the Meeting that the Company had received a letter from MSWG dated 2 October 2024 and was requested to respond to the queries raised by MSWG at the Meeting.

At this juncture, the Chairman invited Mr. Oh Keng Jin, the Company's Chief Financial Officer to bring the participants through the queries received from MSWG and responses to the said queries as stipulated under Annexure "A" attached to this Minutes.

Upon completion, the Chairman thanked Mr. Oh for his presentation on the queries raised by MSWG and the Company's responses.

#### **1.0 ORDINARY RESOLUTION 1**

- **PROPOSED ACQUISITION OF 75,000 ORDINARY SHARES IN APEX POWER INDUSTRY SDN. BHD. ("APEX POWER"), REPRESENTING 60% EQUITY INTEREST IN APEX POWER BY PEKAT TEKNOLOGI SDN. BHD. ("PTSB" OR "PURCHASER"), A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY FOR A TOTAL CASH CONSIDERATION OF RM96.00 MILLION ("PROPOSED ACQUISITION")**
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The Chairman informed the Meeting that the first item on the Agenda was to seek approval of the Ordinary Resolution No. 1 on the Proposed Acquisition. The Ordinary Resolution No. 1, if passed, is inter-conditional upon the Ordinary Resolution No. 2 (Proposed Diversification).

The Meeting was informed that further information on the Proposed Acquisitions is set out in the circular to shareholders dated 20 September 2024.

#### **2.0 ORDINARY RESOLUTION 2**

- **PROPOSED DIVERSIFICATION OF THE EXISTING BUSINESS OF PEKAT AND ITS SUBSIDIARIES TO INCLUDE DESIGN AND FABRICATION OF POWER DISTRIBUTION EQUIPMENT AND RELATED ACTIVITIES ("POWER DISTRIBUTION EQUIPMENT BUSINESS") ("PROPOSED DIVERSIFICATION")**
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The Chairman informed the Meeting that item 2 on the Agenda was to seek approval of the Ordinary Resolution No. 2 on the Proposed Diversification. The Ordinary Resolution No. 2 is inter-conditional upon the Ordinary Resolution No. 1.

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The Meeting was informed that further information on the Proposed Diversification is set out in the circular to shareholders dated 20 September 2024.

**QUESTION AND ANSWER SESSION**

The following questions (in redacted/ summarised forms) were received during the Meeting: -

No.	Questions from shareholders	Responses by the Company
(1)	How long will it take to complete the construction and commissioning of a 29.99 megawatt AC (MWac) solar photovoltaic plant awarded by MF Solar Tronoh Sdn. Bhd., and what is the estimated profit margin?	In the interest of time, the Company would only address questions related to the Proposed Acquisition and Proposed Diversification during the EGM. Shareholders may refer to the Company's announcement dated 18 September 2024 for more information on the contract awarded. For any other inquiries, please contact the Company at enquiries@pekatgroup.com.
(2)	The dividend was declared in September last year; what is the Company's plan for allocating funds to declare dividends this year?	The Board of Directors of the Company does not anticipate declaring a dividend in the financial year ending 31 December 2024 due to the need of maintaining a healthy cash reserve for the Company's existing operations and future growth commitments.
(3)	Apex Power has provided an aggregated profit guarantee of not less than RM48 million for the combined periods in the financial year ending 30 September 2024 to financial year 2026. Will this profit guarantee appear in the upcoming quarterly report?	The profit of Apex Power will only be realised after the Share Sale Agreement is completed and become unconditional. As such, it will not be reflected in the Company's financial results of up to the financial period ended 30 September 2024.
(4)	What is the Company's future outlook?	The Company's outlook remains positive, driven by supportive governmental policies that favor in the solar photovoltaic industry. Additionally, there has been a noticeable increase in foreign direct investments in data centers across Malaysia, which may benefit for the Company's Earthing & Lighting Protection (ELP) business segment. With the Proposed Acquisition of Apex Power and diversification into the power equipment distribution sector, the Company anticipates sustained growth moving forward.
(5)	Will the Board consider giving door gift such e-voucher or e-wallets for those participating in this EGM as a token of appreciation?	The Company has no plans to provide e-vouchers or e-wallet credits to shareholders attending at the EGM. However, the Company will consider this request, and the Board

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No.	Questions from shareholders	Responses by the Company
		expressed their gratitude for the continued support of its shareholders.

**POLLING PROCESS**

There being no further questions received, the shareholders, proxies and corporate representatives were given another ten (10) minutes to cast and submit their votes.

Upon closure of the voting session, the Meeting was adjourned at 10:30 a.m. and proceeded with the verification of votes results by the Independent Scrutineers, Commercial Quest Sdn. Bhd.

**ANNOUNCEMENT OF POLL RESULTS**

The Meeting resumed at 10:40 a.m. and the Chairman called the Meeting in order.

The results of the poll voting were as follows:-

Resolutions	Voted in Favour		Voted Against		Results
	No. of Shares	%	No. of Shares	%	
<b><u>Ordinary Resolution</u></b> Proposed Acquisition	470,237,441	99.9999	500	0.0001	Carried
<b><u>Ordinary Resolution</u></b> Proposed Diversification	470,237,641	99.9999	300	0.0001	Carried

Based on the results of the poll voting, the Chairman declared the following resolutions as **CARRIED**: -

**ORDINARY RESOLUTION 1**

- **PROPOSED ACQUISITION OF 75,000 ORDINARY SHARES IN APEX POWER INDUSTRY SDN. BHD. ("APEX POWER"), REPRESENTING 60% EQUITY INTEREST IN APEX POWER BY PEKAT TEKNOLOGI SDN. BHD. ("PTSB" OR "PURCHASER"), A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY FOR A TOTAL CASH CONSIDERATION OF RM96.00 MILLION**

*"THAT subject to the passing of Ordinary Resolution 2 and the fulfilment of conditions precedent and the approvals of relevant authorities being obtained, where required, approval be and is hereby given for PTSB, a wholly-owned subsidiary of the Company, to acquire 75,000 ordinary shares in Apex Power, representing 60% equity interest in Apex Power by PTSB, a wholly-owned subsidiary of the Company for a total cash consideration of RM96.00 million, subject to the conditions and upon the terms set out in the share sale agreement dated 1 August 2024 entered into between PTSB and Low Khek Heng @ Low Choon Huat ("Vendor") in respect of the Proposed Acquisition ("SSA").*

***AND THAT** approval be and is hereby given to the Board of Directors of the Company to sign, execute and deliver on behalf of the Company all necessary documents and to do all acts and things as may be required for or in connection with and to give full effect to and complete the Proposed Acquisition, with full power and discretion to assent to or make any modifications, variations and/or amendments in any manner as may be imposed, required or permitted by*

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*the relevant authorities or deemed necessary by the Board, and to take all steps and actions as it may deem necessary or expedient in the best interests of the Company to finalise, implement and give full effect to the Proposed Acquisition."*

**ORDINARY RESOLUTION 2**

- **PROPOSED DIVERSIFICATION OF THE EXISTING BUSINESS OF PEKAT AND ITS SUBSIDIARIES TO INCLUDE DESIGN AND FABRICATION OF POWER DISTRIBUTION EQUIPMENT AND RELATED ACTIVITIES ("POWER DISTRIBUTION EQUIPMENT BUSINESS")**

*"THAT subject to the passing of Ordinary Resolution 1 and the approvals of relevant authorities and/or parties being obtained, where required, approval be and is hereby given to the Company and its subsidiaries ("**Group**") to diversify its business activities to include the Power Distribution Equipment Business.*

***AND THAT** approval be and is hereby given to the Board of Directors of the Company to sign, execute and deliver on behalf of the Company all necessary documents and to do all acts and things as may be required for or in connection with and to give full effect to and complete the Proposed Diversification, with full power and discretion to assent to or make any modifications, variations and/or amendments in any manner as may be imposed, required or permitted by the relevant authorities or deemed necessary by the Board, and to take all steps and actions as it may deem necessary or expedient in the best interests of the Company to finalise, implement and give full effect to the Proposed Diversification."*

**CONCLUSION**

There being no other business to be transacted, the Chairman concluded the Meeting at 10:45 a.m. and thanked all present for their attendance.

**RESPONSES TO MINORITY SHAREHOLDERS WATCH GROUP ("MSWG")**

**A. Proposed acquisition of 60% equity interest in Apex Power Industry Sdn. Bhd. ("Apex Power") via Pekat Teknologi Sdn. Bhd. ("PTSB"), a wholly-owned subsidiary of the Company for a cash consideration of RM96.0 million**

1) *Revenue for the 5M-FPE is estimated based on the EPE Switchgear's existing order book. Thereafter, the revenue is estimated to increase at 3.0% per annum for FYE 30 September 2025 to FYE 30 September 2027, and 2.5% per annum for FYE 30 September 2028. The historical compounded annual growth rate of Apex Power's revenue over the period from FYE 30 September 2021 to FYE 30 September 2023 is approximately 7.7% (Source: Page 10 of the Circular).*

a) What is the current value of EPE Switchgear's unbilled order book to be delivered by the Group? How long would these works sustain EPE Switchgear's operation?

**Response:**

**As at the latest practicable date of 26 August 2024 as disclosed in the Circular, the unbilled order book of EPE Switchgear amounted to RM194.16 million and is expected to be billed progressively over the next 2 years.**

b) What is the visibility of replenishing the order book and what is the EPE Switchgear's internal target for order book replenishment in FY2025?

**Response:**

**As of to-date, EPE Switchgear has submitted several tenders for the fulfilment of large orders which are pending evaluation and award. The submitted tenders are for the supply, design and fabrication of power distribution equipment.**

c) Given the historical compounded annual growth rate ("CAGR") of Apex Power Group's revenue from FYE 2021 to FYE 2023 is approximately 7.7%, what are the key drivers expected to sustain or improve this growth rate?

**Response:**

**The key drivers expected to sustain the growth rate of Apex Power Group's revenue include the following:**

- (i) the favourable prospects of the power distribution equipment industry in Malaysia, including the fabrication of switchgear, which is largely driven by infrastructure development to service user industries. This includes the construction of substations and distribution networks, which directly create demand for switchgears as they are commonly used in power generation, transmission, and distribution systems; and**
- (ii) other factors driving the development of infrastructure within the power distribution industry which may result in growth in Apex Power Group's revenue including, amongst others, growing adoption of renewable energy sources requiring integration with the existing grid structure, maintenance and upgrade of power distribution system to**

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**improve efficiency and reliability, increasing electric demand and expansion of data centres and the rise of electric vehicles.**

2) *The management of Apex Power has estimated the ratio of cost of raw materials and other direct costs (excluding staff costs and depreciation) over revenue throughout the projection period with reference to the historical ratio for the FYE 30 September 2021 to FYE 30 September 2023 (Source: Page 10 of the Circular).*

a) Please provide a detailed breakdown of what is considered as raw material costs for Apex Power.

**Response:**

**Raw material costs of Apex Power comprised purchases of components for the production of EPE Switchgear's products, such as copper parts, sheet metal parts, metal components, epoxy components, copper wires, as well as nuts and bolts.**

b) What is the basis and assumptions used in the financial projections to keep the cost of raw materials and other direct costs (excluding staff costs and depreciation) stable with reference to the historical ratio for FYE 2021 to FYE 2023 over the projection period?

**Response:**

**The cost of raw materials and other direct costs (excluding staff costs and depreciation) is assumed to be stable as they are within the historical range of the aforementioned costs as compared to the total revenue of the Group for the FYE 2021 to FYE 2023.**

**B. Proposed diversification to include design and fabrication of power distribution equipment and related activities**

1) *The EPE Switchgear's products are sold to foreign countries in various regions such as Qatar, Sri Lanka, Oman, Australia and Germany between its FYE 30 September 2021 and FYE 30 September 2023. Revenue derived from export sales accounted for 16.46%, 5.92%, and 0.06% of EPE Switchgear's total revenue for FYE 30 September 2021, FYE 30 September 2022, and FYE 30 September 2023, respectively. This demonstrates its ability to tap into foreign markets to enlarge its addressable market (Source: Page 19 of the Circular).*

a) What is the current foreign market sales contribution to the Group's revenue and why does the EPE Switchgear's products which are sold to foreign countries facing a declining trend?

**Response:**

**For the 9-month FPE 30 September 2024, the foreign market sales contribution to Apex Power Group is approximately 1.00%. Over the years, sales to foreign countries had declined, due mainly to the impact of global events such as COVID-19 and the Russia-Ukraine war, as well as prioritising the requirements of its customers in Malaysia.**



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- b) Please explain how with the declining sales in the foreign countries, from 16.46% in FYE 2021 to 0.06% FYE 2023 demonstrated the Group's ability to tap into foreign markets to enlarge its addressable market?

**Response:**

**Although Apex Power Group's sales from foreign countries has been on a declining trend over the past 3 years, Apex Power still has the experience and existing contacts in the foreign regions which they had previously sold their products and services to.**

**Nevertheless, we wish to reiterate that the principal market of the Apex Power Group is still in Malaysia and the venturing into foreign regions represents an ever-present opportunity which Pekat, together with Apex Power Group, would be able to further explore after the completion of the Proposals.**

- 2) The annual production capacity, output and utilisation rate of EPE Switchgear for the fabrication of switchgears for the FYE 30 September 2021, FYE 30 September 2022, and FYE 30 September 2023 are as follows:

<b>FYE 30 September</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Annual capacity (panels)	4,080	4,080	4,080
Output (panels)	1,961	1,824	2,173
Utilisation rate	48%	45%	53%

(Source: page 39 of the Circular)

What is the optimal utilization rate for EPE Switchgear? Is the current utilization rate meeting this optimal level? If the current utilization rate is not optimal, what are the reasons for this underutilization?

**Response:**

**The optimal utilisation rate of EPE Switchgear is 75%. However, historically, the utilisation rate has been below 75% as the production capacity and output is dependent on the requirements of EPE Switchgear's projects and fulfilment of their customers' orders from time-to-time. Further, the duration required to fabricate the switchgear varies depending on the size, technical specification and complexity of the product based on the requirements of its customers.**

**Notwithstanding the above, upon completion of the Proposed Acquisition, the managements of Pekat and Apex Power Group will work together to explore possibilities of improving manufacturing practices and capital investment, if required, to scale production with the order requirements of customers.**