

PGF CAPITAL BERHAD
(Formerly known as POLY GLASS FIBRE (M) BHD)
(Company No.: 197801005142)(42138-X)
(Incorporated in Malaysia)

Minutes of the 32nd Annual General Meeting (“AGM”) of the Company held at Kelawai Room, Lobby Level, Evergreen Laurel Hotel Penang, No. 53 Persiaran Gurney, 10250 Penang on Friday, 29th July 2022 at 10.30 a.m.

Board of Directors: -

Mr. Fong Wern Sheng	- Executive Chairman
Mr. Tan Ming Chong	- Chief Operating Officer
Mr. Fong Wah Kai	- Executive Director
Mr. Sia Taik Hian	- Senior Independent Non-Executive Director
En. Omar Bin Mohamed Said	- Independent Non-Executive Director
Mr. Khoo Kah Hock	- Independent Non-Executive Director

Company Secretary: -

Ms. Ch’ng Lay Hoon

Auditors: -

Ms. Lim Su Ling	- Partner, Messrs KPMG PLT
Mr. Ong Soon Kheng	- Messrs KPMG PLT

By invitation: -

Management of the Company: -

Shantini Kunnaselen	Tan Bee Boon
Jack Ho	Yew Lay Yong
Lee Hui Ming	James Tan Chia Vern
Carmen Teh	

The shareholders, corporate representatives and proxies who attended the 32nd AGM shall form an integral part of these Minutes.

CHAIRMAN ADDRESS AND COMMENCEMENT OF MEETING

The Chairman welcomed all those present for the 32nd AGM of the Company.

The meeting recorded full attendance of the Board’s members.

The Chairman informed that pursuant to Article 69 of the Company’s Constitution, the quorum necessary for the transaction of business at a general meeting shall be two members present personally or by proxy or corporate representative entitled to vote. The requisite quorum has been met and the Chairman called the meeting to order at 10.30 a.m.

VOTING

The Chairman informed the floor that under paragraph 8.29A(1) of the Bursa Main Market Listing Requirements (“Listing Requirements”), the Company must ensure that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved at any general meeting, is voted by poll.

The meeting noted that the Company's Share Registrar, Messrs Boardroom Share Registrars Sdn. Bhd., have been appointed as the Poll Administrator to conduct the polling process of this AGM and Messrs Lim Chang & Soo as Independent Scrutineer to verify the poll results. The polling process for all Resolutions for today's AGM would be conducted upon completion of the deliberation of all items to be transacted at the AGM.

GENERAL INSTRUCTION

The Chairman also informed the meeting that taking or recording by means of photographs, video or audio at or during the meeting or of its proceedings is strictly prohibited at the AGM.

NOTICE OF MEETING

The Chairman informed that the Notice of the AGM has been in the shareholders' hands for the statutory period of not less than 21 days pursuant to Article 63 of the Company's Constitution and Paragraph 7.15 of the Listing Requirements.

With the consent from the floor, the Notice of Meeting appearing on pages 140-141 of the Annual Report 2022 was taken as read.

The Chairman also reported that there is no legal requirement for a proposed resolution to be seconded, thus the Meeting will be going through each item on the Agenda only.

ORDINARY BUSINESS: -

AGENDA 1

AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28TH FEBRUARY 2022 AND REPORTS OF THE DIRECTORS AND AUDITORS THEREON

The Chairman stated that the Audited Financial Statements and the Reports of the Directors and Auditors for the financial year ended 28th February 2022 have been in the shareholders' hands for the statutory period.

The Chairman further stated that the Audited Financial Statements of the Company are laid before this AGM pursuant to Article 124 of the Company's Constitution and Section 248(1) of the Companies Act, 2016 ("the Act") and Section 340(1)(a) of the Act and does not require shareholders to approve the Audited Financial Statements and the laying of the Audited Financial Statements is sufficient to satisfy this requirement.

The Chairman opened the subject matter for discussion and stated that this Agenda is meant for discussion only and it will not be put forward for voting.

There being no questions from the shareholders, the Chairman then declared that the Audited Financial Statements for the financial year ended 28th February 2022 be and is hereby received.

The Chairman informed the floor that the Board of Directors had received a letter from Minority Shareholders Watch Group (“MSWG”), seeking clarification on certain issues.

The Chairman then highlighted the points raised by MSWG and the related responses thereto for the shareholders’ attention: -

Operational & Financial Matters

1. Financial Performance

	2018	2019	2020	2021	2022
	RM '000	RM '000	RM '000	RM '000	RM '000
Turnover	54,116	72,335	60,593	65,111	57,555
Profit After Taxation	1,812	6,249	3,277	8,069	1,946

- (a) PGF Capital recorded the lowest turnover and profit after tax (PAT) since FY2019. In fact, in FY2022, the PAT declined by 75.88% of FY2021’s PAT. How does the Board plan to address the Group’s top and bottom-lines performance, moving forward?

The Company’s responses: -

The drop in PAT was mainly due to the various Movement Control Orders imposed by the government of Malaysia and COVID-19 related cases in the plant leading to significant lowered production days. During this period, some export markets for the business were under lockdown as well.

Taking all these into consideration, the management brought forward the furnace rebuild and plant upgrading projects which were initially planned towards the end of our Q3. The plant was shut down for 6 weeks for the furnace rebuild and upgrading works. In summary, reduced output and sales in our Q2 and Q3 of FY2022 caused a sharp decline in our PAT.

- (b) What is the Group’s financial performance outlook for FY2023?

The Company’s responses: -

Insulation business will continue to be the major revenue contributor of the Group in the FY2023. With larger capacity after the furnace rebuild and upgrading of equipment, our output and sales are expected to be higher in the FY2023.

Demand from the Oceania region continues to be strong as the construction sector continues to grow in this region. Furthermore, the impending change of building codes in the Oceania countries are expected to contribute to the increase of demand for insulation materials. However, the recovery is expected to be hindered by risks that are prevalent in all markets especially supply chain disruption. The management will take the necessary steps to mitigate these risks as much as possible. As such, the Group is cautiously optimistic that our insulation business will perform better in the current financial year.

2. In FY2022, the Group recorded a share of profit of RM 173,861 from the associate and joint venture companies (FY2021: Share of profit of RM263,127), which is lower by 33.93% based on a year-on-year comparison (Page 47 of the Annual Report 2022).

- (a) What are the reasons for the lower profit contributed by the associate and joint venture companies?

The Company’s responses: -

This is due to pre-operating expenses in Diamond Creeks Aquatech Sdn Bhd. The operation was disrupted and delayed by various Movement Control Orders which led losses.

- (b) What is the outlook for the associate and joint venture companies' financial performance in FY2023?
*The Company's responses: -
They are expected to perform better in FY2023.*
3. In FY2022, the Group recorded a share of profit of RM 173,861 from the associate and joint venture companies (FY2021: Share of profit of RM263,127), which is lower by 33.93% based on a year-on-year comparison (Page 47 of the Annual Report 2022).
- (a) What are the reasons for the lower profit contributed by the associate and joint venture companies?
*The Company's responses: -
This is due to pre-operating expenses in Diamond Creeks Aquatech Sdn Bhd. The operation was disrupted and delayed by various Movement Control Orders which led losses.*
- (b) What is the outlook for the associate and joint venture companies' financial performance in FY2023?
*The Company's responses: -
They are expected to perform better in FY2023.*
4. The Group continues to maximize its utilization rate of the 25,000 metric tonnes per annum plant capacity to minimize production cost (Page 12 of the Annual Report 2022).
- (a) What is the previous and current capacity utilisation rate for the Group's plant?
*The Company's responses: -
Capacity utilization rate for FY2022 is 55%
Current monthly capacity utilization rate is 84%*
- (b) What is the targeted capacity utilisation rate for the Group's plant in FY2023?
*The Company's responses: -
Targeted utilization rate is 92%*
5. The longer-term strategy is for the Group to invest in marketing, production improvements and automation that enables the Group to manufacture and sell more glass mineral wool ("GW") to markets that fetch better selling price (Page 12 of the Annual Report 2022)
- (a) When does the Group intend to start investing in the abovementioned initiatives? What is the budget requirement for the investment in marketing, production improvement, and automation?
*The Company's responses: -
The Group has started to use the proceed from the issuance of ICPS for marketing activities to create higher brand awareness in the Oceania market. Continuous improvement and automation are part of the Group's ongoing initiatives to improve the Group's bottom line.*
- (b) Which markets fetch a better selling price for the Group's GW? What competitive advantages does the Group have over the rivals in the targeted markets?
*The Company's responses: -
Domestic and Oceania markets fetch a better selling price for the business. Our technical knowledge, quality and plant's proximity to the markets provide us with the competitive advantages.*

6. The Group and Malvest Properties Sdn Bhd have inked a Joint-Venture to develop a new township in Diamond Creeks Country Retreat adjacent to Proton City to develop residential properties with a gross development value of RM185 million. The construction is targeted to commence in 2022 and is set for completion in 2024 (Page 8 of the Annual Report 2022).

What is the progress of the construction of the project?

The Company's responses: -

We are in the final stage of completing the planning, rezoning and technical reports to fulfil the requirements of relevant authorities, once rezoning is approved, we will apply for Kebenaran Merancang ("KM") from the OSC.

Sustainability Matters

1. The manufacturing arm of the Group has continued to take initiatives to reduce carbon footprints in all areas of its operations, e.g., adopting energy efficient equipment to lower energy consumption and increase the use of recycled materials in its manufacturing process (Page 28 of the Annual Report 2022).

What are the commitments that the Group has decided to meet in reducing carbon footprints in the next two financial years?

The Company's responses: -

- (a) To enhance the use of more renewable energy in the manufacturing process of our product, we had identified solar photovoltaic (PV) systems as the most suitable mode for us to reduce our consumption of non-renewable energy. The installation of solar panels will be done in two phases. Phase 1 has been successfully completed and Phase 2 is expected to begin in this financial year;*
- (b) To prioritize the sourcing of recycled glass waste from the market to increase our usage.*
- (c) To identify and implement energy saving initiatives for example replacement of all old lightings with LED lights.*

The meeting then continued with its proceedings.

RESOLUTION 1

RE-ELECTION OF DIRECTOR - MR. TAN MING CHONG

The Chairman informed the meeting that in accordance with Article 88 of the Company's Constitution, Mr. Tan Ming Chong retires by rotation from the Board at the AGM and being eligible, offers himself for re-election.

RESOLUTION 2

RE-ELECTION OF DIRECTOR – MR. KHOO KAH HOCK

The Chairman informed the meeting that in accordance with Article 88 of the Company's Constitution, Mr. Khoo Kah Hock retire by rotation from the Board at the AGM and being eligible, offers himself for re-election.

RESOLUTION 3

PAYMENT OF DIRECTORS' FEES FOR THE FINANCIAL YEAR ENDED 28TH FEBRUARY 2022

The Chairman stated that the Board of Directors are seeking the shareholders' approval for the payment of Directors' Fees of RM25,200.00 for the financial year ended 28th February 2022.

RESOLUTION 4

PAYMENT OF DIRECTORS' OTHER BENEFITS PAYABLES UP TO AN AMOUNT OF RM8,250 FROM 30TH JULY 2022 TO THE NEXT AGM OF THE COMPANY

The Chairman informed the meeting that the Board of Directors is seeking the shareholders' approval for the payment of Other Benefits Payables up to an amount of RM8,250 from 30th July 2022 to the next AGM of the Company.

RESOLUTION 5

RE-APPOINTMENT OF AUDITORS

The Chairman stated that Resolution 5 is to re-appoint Messrs KPMG PLT as Auditors of the Company and that the Directors be authorised to fix their remuneration.

He further added that the retiring Auditors have indicated their willingness to continue in office.

SPECIAL BUSINESSES: -

RESOLUTION 6

AUTHORITY TO ISSUE SHARES PURSUANT TO THE ACT

The Chairman then proceeded with the Special Business of the Agenda to obtain the approval from the shareholders to empower the Directors to issue additional shares up to an aggregate amount not exceeding 10% of the total number of issued share capital of the Company.

This resolution, when approved by the shareholders, would allow the Board of Directors 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.

RESOLUTION 7

CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR

- MR. SIA TAIK HIAN

The Chairman informed that pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance, with justifications as disclosed in the Notice of Meeting, the Board of Directors is recommending that Mr. Sia Taik Hian, who has served for more than nine (9) years as an Independent Non-Executive Director of the Company be retained and to continue in office.

RESOLUTION 8

CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR

- ENCIK OMAR BIN MOHAMED SAID

The Chairman informed that pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance, the Board of Directors is recommending that Encik Omar bin Mohamed Said, who has served for more than nine (9) years as an Independent Non-Executive Director of the Company be retained and to continue in office.

**RESOLUTION 9
CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR
- MR. KHOO KAH HOCK**

The Chairman informed that pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance, the Board of Directors is recommending that Mr. Khoo Kah Hock, who has served for more than nine (9) years as an Independent Non-Executive Director of the Company be retained and to continue in office.

The Chairman took the opportunity to inform the floor that in compliance with Bursa Listing Requirements, the Nomination Committee is currently in process of selecting suitable candidates for replacing the Independent Directors who have served the Board for more than 12 years and thereafter to recommend to the Board for approval and barring unforeseen circumstances, new Independent Directors are expected to come on Board by end of this calendar year 2022.

**AGENDA 8
ANY OTHER ORDINARY BUSINESS**

The Company Secretary confirmed that there is no notice being served on the Company on this Agenda.

POLLING PROCESS

The Chairman then called upon the Company Secretary to brief the floor on the poll procedures.

The Company Secretary explained to the floor the polling procedures and requested all the shareholders to complete and return the voting slip for casting and verification by the Scrutineer.

Upon calling all voting papers to be deposited into the ballot box, the meeting declared closing of voting and adjourned for casting and verification.

POLLING RESULTS

The meeting resumed with the required quorum for declaration of results.

The Chairman announced the below results to the floor: -

Ordinary Resolution	Vote For			Vote Against		
	No. of Shares	%	No. of share-holders	No. of Shares	%	No. of share-holders
1	105,870,753	100.0000	12	-	0.0000	-
2	105,870,653	99.9999	11	100	0.0001	1
3	105,870,753	100.0000	12	-	0.0000	-
4	105,870,753	100.0000	12	-	0.0000	-
5	105,870,753	100.0000	12	-	0.0000	-
6	105,870,753	100.0000	12	-	0.0000	-
7 Tier 1	80,398,500	100.0000	2	-	0.0000	-
7 Tier 2	25,472,153	91.6667	9	100	0.0004	1
8 Tier 1	80,398,500	100.0000	2	-	0.0000	-
8 Tier 2	25,472,153	91.6667	9	-	0.0004	1
9 Tier 1	80,398,500	100.0000	2	-	0.0000	-
9 Tier 2	25,472,153	91.6667	9	100	0.0004	1

The Chairman then declared that all the 8 resolutions were voted unanimously in favour and the meeting recorded that all resolutions as set out in the Notice of the AGM and tabled were duly carried.

IT WAS RESOLVED: -

Resolution 1

THAT Mr. Tan Ming Chong, the Director retiring pursuant to Article 88 of the Company's Constitution, be hereby re-elected as Director of the Company.

Resolution 2

THAT Mr. Khoo Kah Hock, the Director retiring pursuant to Article 88 of the Company's Constitution, be hereby re-elected as Director of the Company.

Resolution 3

THAT the payment of Directors' Fees of RM25,200.00 for the financial year ended 28th February 2022 be and is hereby approved.

Resolution 4

THAT the payment of Other Benefits Payables up to an amount of RM8,250.00 from 30th July 2022 until the next AGM of the Company be and are hereby approved.

Resolution 5

THAT Messrs KPMG PLT be and are hereby re-appointed as Auditors of the Company at a remuneration to be determined by the Board of Directors.

Resolution 6

THAT subject always to the Act and the Constitution of the Company and approvals of the Bursa Malaysia Securities Berhad (“Bursa Securities”) and other relevant Governmental or regulatory authorities, where such approvals are necessary, the Directors be and are hereby given full authority, pursuant to Section 76 of the Act to issue and allot shares in the capital of the Company at any time upon such terms and conditions and for such purposes as the Directors may, in their discretion, deem fit, provided that the aggregate number of the shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next AGM of the Company.

Resolution 7

THAT Mr. Sia Taik Hian be hereby retained as an Independent Non-Executive Director of the Company until the conclusion of the next AGM.

Resolution 8

THAT Encik Omar Bin Mohamed Said be hereby retained as an Independent Non-Executive Director of the Company until the conclusion of the next AGM.

Resolution 9

THAT Mr. Khoo Kah Hock Said be hereby retained as an Independent Non-Executive Director of the Company until the conclusion of the next AGM.

CONCLUSION OF MEETING

The Chairman concluded the meeting and thanked all those who participated in the Company’s 32nd AGM.

There being no other matter to discuss, the meeting concluded at 11.20 a.m. with a vote of thanks to the Chair.

**Confirmed as a correct record
& signed by: -**

**Mr. Fong Wern Sheng
Executive Chairman**