

# QES GROUP BERHAD

201401042911 (1119086-U)

(Incorporated in Malaysia)

**Minutes Of QES Group Berhad's 9th Annual General Meeting Conducted Virtually Through Live Streaming From The Broadcast Venue At QES Group Berhad, No.2, Jalan Jururancang U1/21, Hicom Glenmarie Industrial Park, Sekyzen U1, 40150 Shah Alam Selangor Via [Https://Web.Vote2u.my](https://Web.Vote2u.my) On Friday, 16 June 2023 At 10.00 A.M.**

Present	: Name	<i>Designation</i>
Board of Directors	: Encik Adnan Bin Zainol	<i>(Independent Non-Executive Chairman)</i>
	: Mr. Chew Ne Weng	<i>(Managing Director)</i>
	: Mr. Liew Soo Keang	<i>(Executive Director)</i>
	: Mr. Hoh Chee Mun	<i>(Independent Non-Executive Director)</i>
	: Puan Maznida Binti Mokhtar	<i>(Independent Non-Executive Director)</i>
	Ms. Wong Pek Yee	<i>(Independent Non-Executive Director)</i>
In Attendance	: Ms. Andrea Huong Jia Mei	<i>(Company Secretary)</i>
	Ms. Liew Sze Luan	<i>(T &amp; S Secretarial Services Sdn. Bhd.)</i>
By Invitation	: Mr. Yeoh Cheong Yeow	<i>(General Manager of Finance)</i>
	Ms. Jenny Chin	<i>(Senior General Manager of Human Resource &amp; Admin)</i>
	Ms. Alicia Chan	<i>(Sr. Personal Assistant GMD- Legal)</i>
	Ms. Jean Jong	<i>(Senior Manager of Finance)</i>
	Agmo Digital Solutions Sdn.Bhd.	<i>(Poll Administrator)</i>
	: Aegis Communication Sdn. Bhd.	<i>(Independent Scrutineer)</i>
Attended via video-conferencing ("Zoom Meeting")	: Ms. Tan Kei Hui	<i>(Moore Stephens PLT)</i>
	Mr. Sam Yap Ooi	<i>(Moore Stephens PLT)</i>
	: Shareholders and Proxy Holders/Corporate Representative – As per summary of attendance via the Remote Participation and Voting ("RPV") facilities.	

**1. CHAIRMAN**

Encik Adnan Bin Zainol ("Chairman") chaired the meeting.

**2. WELCOMING ADDRESS**

The Chairman extended a warm welcome to everyone attending the Ninth Annual General Meeting ("9th AGM") of QES Group Berhad ("QES" or "the Company") held virtually. He acknowledged and appreciated shareholders, proxies, and corporate representatives who joined the meeting from various locations through the live streaming. The virtual meeting was facilitated by Agmo Digital Solutions Sdn. Bhd., using their online meeting platform available at <https://web.vote2u.my>. The Chairman informed the meeting that the 9th AGM of the Company was conducted entirely on a virtual basis through live streaming and online remote voting from the Broadcast Venue in accordance with Section 327 of the Companies Act 2016. The meeting was also held in adherence to the Guidelines and FAQs on the Conduct of General Meetings for Listed Issuers ("Guidance Note") issued by Securities Commission Malaysia ("SC").

**3. NOTICE**

The Chairman informed that, the notice of meeting ("Notice of 9th AGM"), had been sent to all shareholders within the prescribed period and had also been advertised in The Star newspaper on 28 April 2023. The Notice of the 9<sup>th</sup> AGM were then taken as read.

**4. INTRODUCTION OF THE BOARD MEMBERS**

The Chairman then introduced members of the Board of Directors and the Company Secretary who were present at the broadcast venue.

He also informed that the External Auditors, Messrs Moore Stephens PLT were also joining the Meeting remotely.

**5. QUORUM**

The Chairman informed that for a virtual general meeting, the quorum would be determined by the number of members who logged-in at the commencement of the meeting.

The Company Secretary confirmed that a quorum was present for the meeting pursuant to Clause 70 of the Constitution of the Company.

As the requisite quorum was present, the Chairman called the meeting to order at 10.00 a.m.

**6. ONLINE POLL VOTING AND ADMINISTRATIVE PROCEDURES**

The Chairman informed the shareholders that all resolutions as set out in the Notice of 9th AGM would be put to vote by way of poll pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

He also informed the shareholders that Agmo Digital Solutions Sdn Bhd ("Share Registrars") had been appointed as the poll administrator to conduct the poll by way of electronic voting ("e-Voting"), whilst Aegis Communication Sdn Bhd had been appointed as the independent scrutineer to validate the votes cast and verify the poll results.

The Meeting was informed that the remote voting was available from the commencement of the AGM until the closure of the voting session to be announced later.

The procedures for electronic voting using the RPV facilities provided by Agmo were presented to the Meeting.

The Chairman added that, shareholders may post question online via the Question Pane available on screen and the Board of Directors shall address those questions posted online during the Question-and-Answer session.

## **7. BUSINESSES OF MEETING**

The Chairman proceeded with the business of the meeting as set out in the Notice of the 9<sup>th</sup> AGM.

## **8. ORDINARY BUSINESS**

### **AGENDA ITEM NO. 1 – TO RECEIVE THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON**

The Chairman dealt with the first agenda item, which was to receive the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2022, together with the Reports of the Directors and Auditors thereon.

The Chairman informed that the agenda item No. 1 was meant for discussion only as the provisions of Section 340(1)(a) of the Companies Act 2016 do not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this agenda item was not put forward for voting.

The Chairman declared that the Audited Financial Statements for the financial year ended 31 December 2022, together with the Reports of the Directors and Auditors thereon, were properly laid and received in accordance with the Companies Act 2016.

## **9. AGENDA ITEM NO. 2**

### **ORDINARY RESOLUTION 1:**

### **TO APPROVE THE PAYMENT OF DIRECTORS' FEES TO THE NON-EXECUTIVE DIRECTORS UP TO AN AMOUNT OF RM300,000 FROM 17 JUNE 2023 TILL THE NEXT AGM OF THE COMPANY OR AT ANY ADJOURNMENT THEREOF**

The Chairman tabled Ordinary Resolution 1 which was to approve the payment of Directors' fees to the Non-Executive Directors from 17 June 2023 until the next Annual General Meeting of the Company.

**10. AGENDA ITEM NO. 3**

**ORDINARY RESOLUTIONS 2, 3 AND 4:**

**RE-ELECTION OF DIRECTORS**

The Chairman informed that the following Directors, who were retiring by rotation pursuant to the Company's Constitution, had offered themselves for re-election:

- |       |                        |              |
|-------|------------------------|--------------|
| (i)   | Encik Adnan Bin Zainol | (Clause 115) |
| (ii)  | Mr. Chew Ne Weng; and  | (Clause 115) |
| (iii) | Ms. Wong Pek Yee       | (Clause 120) |

The Chairman informed that, in accordance with Clause 115 of the Company's Constitution, one-third of the Directors for the time being, or if their number is not three, or multiple of three, the number nearest to on-third shall retire from office at each AGM.

The Chairman also informed that, in accordance with Clause 120 of the Company's Constitution, any Director appointed shall hold office only until the next AGM of the Company and shall be eligible for re-election.

**11. AGENDA ITEM NO. 4**

**ORDINARY RESOLUTION 5**

**RE-APPOINTMENT OF MOORE STEPHENS ASSOCIATE PLT ("MOORE STEPHENS") AS AUDITORS OF THE COMPANY AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION**

The meeting then proceeded to the next item of the agenda which was the re-appointment of Messrs Moore Stephens PLT as Auditors of the Company until the conclusion of the next Annual General Meeting, at a remuneration to be determined by the Board of Directors of the Company. The Chairman informed that Messrs Moore Stephens Associate PLT had indicated their willingness to continue their services to the Company.

**SPECIAL BUSINESS**

**12. AGENDA NO. 5**

**ORDINARY RESOLUTION 6**

**AUTHORITY TO ISSUE AND ALLOT SHARES OF THE COMPANY PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

The Meeting then proceeded to the next item on the agenda, which was to obtain the shareholders' approval for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016.

The Meeting was informed that, the details of the resolution had been set out under the Explanatory Notes to Special Business in the Notice of AGM.

**13. AGENDA NO. 6**

**ORDINARY RESOLUTION 7**

**PROPOSED GRANTING OF ESOS OPTIONS TO MS. WONG PEK YEE**

The meeting then proceeded to the next item of the agenda which was the proposed ordinary resolution on granting of ESOS Options to Ms. Wong Pek Yee.

The Meeting was informed that, the details of the resolution had been set out under the Explanatory Notes to Special Business in the Notice of AGM.

**14. AGENDA NO. 7**

**ORDINARY RESOLUTION 8**

**PROPOSED SHARE BUY- BACK OF UP TO TEN PERCENT (10%) OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY**

The meeting then proceeded to the next item of the agenda which was the proposed ordinary resolution on share buy-back of up to ten percent (10%) of the total number of issued shares of the Company.

The Meeting was informed that, the details of the resolution had been set out under the Explanatory Notes to Special Business in the Notice of AGM.

**15. TO TRANSACT ANY OTHER BUSINESS OF WHICH DUE NOTICE SHALL HAVE BEEN GIVEN IN ACCORDANCE WITH THE COMPANIES ACT 2016 AND THE COMPANY'S CONSTITUTION**

The Chairman informed that the Company had not received any notice to deal with any other business for which due notice is required to be given pursuant to the Companies Act 2016. He then put the motions under Ordinary Resolution 1 to Ordinary Resolution 8 to the Meeting for consideration.

**16. QUESTION AND ANSWER SESSION ("Q&A Session")**

The Meeting proceeded to the Q&A Session.

Mr. Chairman invited the Group Managing Director, Mr. Chew Ne Weng ("Mr. Chew") to address questions received during the meeting.

The list of questions and answers that had been addressed at the AGM was annexed hereto as Annexure A.

**17. REMOTE POLL VOTING**

There being no further questions raised, the Meeting proceeded to the voting session.

The Chairman further informed that the shareholders could cast their vote if they had not done so.

The Meeting then proceeded to vote and was adjourned at 10.43 a.m. for the counting of votes.

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**18. DECLARATION OF POLL RESULTS**

The Chairman reconvened the Meeting at 11.13 a.m., for the declaration of the poll results, a summary of which was as follows: -

Ordinary Resolution	VOTED FOR		VOTED AGAINST		Results
	No. of Shares	%	No. of Shares	%	
Resolution 1: To approve the payment of Directors' fees to the Non-Executive Directors up to an amount of RM300,000 from 17 June 2023 till the next AGM of the Company or any adjournment.	447,895,112	99.9411	263,908	0.0589	CARRIED
Resolution 2: To re-elect Encik Adnan Bin Zainol who retire pursuant to Clause 115 of the Company's Constitution and, being eligible, offer himself for re-election.	448,033,613	99.9687	140,407	0.0313	CARRIED
Resolution 3: To re-elect Mr. Chew Ne Weng who retire pursuant to Clause 115 of the Company's Constitution and, being eligible, offer himself for re-election.	448,165,814	99.9914	38,506	0.0086	CARRIED
Resolution 4: To re-elect Ms. Wong Pek Yee who retire pursuant to Clause 120 of the Company's Constitution and, being eligible, offer herself for re-election.	448,106,314	99.9817	82,006	0.0183	CARRIED
Resolution 4: To re-appoint Moore Stephens Associate PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	448,159,414	99.9900	44,908	0.0100	CARRIED
Resolution 5: Authority to issue and allot shares of the Company pursuant to Sections 75 and 76 of the Companies Act 2016.	447,897,712	99.9419	260,310	0.0581	CARRIED
Resolution 6: Proposed granting of ESOS Options to Ms. Wong Pek Yee	447,558,691	99.8891	496,929	0.1109	CARRIED

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Ordinary Resolution	VOTED FOR		VOTED AGAINST		Results
	No. of Shares	%	No. of Shares	%	
Resolution 8: Proposed Share Buy-Back of up to ten percent (10%) of the total number of issued shares of the company ("Proposed Share Buy-Back")	448,137,490	99.9829	76,529	0.0171	CARRIED

Based on the above poll results, the Chairman declared that all resolutions tabled and voted at this meeting were carried.

**19.** It was RESOLVED as follows: -

**ORDINARY RESOLUTION 1**

**To approve the payment of Directors' fees to the Non-Executive Directors up to an amount of RM300,000 from 17 June 2023 till the next AGM of the Company or any adjournment.**

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That, the payment of Directors' fees to the Non-Executive Directors up to an amount of RM300,000 from 17 June 2023 till the next AGM of the Company be hereby approved.

**ORDINARY RESOLUTION 2**

**To re-elect Encik Adnan Bin Zainol who retire pursuant to Clause 115 of the Company's Constitution and, being eligible, offer himself for re-election.**

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That, Encik Adnan Bin Zainol, a Director retiring pursuant to Clause 115 of the Company's Constitution and, being eligible, be hereby re-elected as Director of the Company.

**ORDINARY RESOLUTION 3**

**To re-elect Mr. Chew Ne Weng who retire by rotation pursuant to Clause 115 of the Company's Constitution and, being eligible, offer himself for re-election**

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That, Mr. Chew Ne Weng, a Director retiring pursuant to Clause 115 of the Company's Constitution and, being eligible, be hereby re-elected as Director of the Company.

**ORDINARY RESOLUTION 4**

**To re-elect Ms. Wong Pek Yee who retire by rotation pursuant to Clause 120 of the Company's Constitution and, being eligible, offer herself for re-election**

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That, Ms. Wong Pek Yee, a Director retiring pursuant to Clause 120 of the Company's Constitution and, being eligible, be hereby re-elected as Director of the Company.

**ORDINARY RESOLUTION 5**

**To re-appoint Messrs. Moore Stephens Associates PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.**

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That Messrs. Moore Stephens Associates PLT be hereby re-appointed as the External Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting AND THAT the directors be hereby authorized to fix their remuneration.

**ORDINARY RESOLUTION 6**

**Authority to issue and allot shares of the company pursuant to Sections 75 And 76 Of The Companies Act 2016**

"THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and approvals of any other relevant governmental/regulatory bodies 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 in the Company, to such persons, at any time upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued does not exceed ten percent (10%) of the total number of issued shares for the time being of the Company AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities.

AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities.

AND THAT pursuant to Section 85 of the Act to be read together with Clause 16 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to the Act.



AND THAT such authority shall continue in force until the conclusion of the next AGM of the Company after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by the Company at a general meeting."

THAT the Directors of the Company be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities.

THAT authority be and is hereby given to the Directors of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to the Act.

AND FURTHER THAT the authority of the Directors of the Company, shall continue in force until the conclusion of the next AGM of the Company after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by the Company at a general meeting."

#### **ORDINARY RESOLUTION 7**

##### **Proposed granting of ESOS Options to Ms. Wong Pek Yee**

"THAT, the ESOS Committee of the Company for administering the ESOS be and is hereby authorised at any time, and from time to time, during the existence of the ESOS to offer and grant to Ms. Wong Pek Yee, being the Independent Non-Executive Director of the Company, options to subscribe for such number of ordinary shares of QES under the ESOS PROVIDED THAT not more than 10% of the new ordinary shares of QES under the ESOS shall be allocated to her, if she, either singly or collectively through persons connected with her, holds 20% or more of the issued share capital of QES;

AND subject always to such terms and conditions of the ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing and constituting the ESOS."

That the proposed granting of ESOS Options to Ms. Wong Pek Yee be and is hereby approved.

#### **ORDINARY RESOLUTION 8**

##### **Proposed Share Buy-Back Of Up To Ten Percent (10%) Of The Total Number Of Issued Shares Of The Company ("Proposed Share Buy-Back")**

"THAT subject to the Act, provisions of the Company's Constitution, the MMLR of Bursa Securities and the approvals of all relevant regulatory authorities and parties, the Company be and is hereby authorised to purchase such number of ordinary shares in QES on the Main Market of Bursa Securities and/or hold upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company,

provided that: -

- (i) the aggregate number of ordinary shares in the Company purchased ("Purchased Share(s)") and/or held as treasury shares pursuant to this ordinary resolution shall not exceed 10% of the total number of issued shares of the Company at any point in time;
- (ii) the maximum funds to be allocated by the Company for the Proposed Share Buy-Back shall not exceed the total retained earnings of the Company at the time of the purchase;

THAT upon purchase by the Company, the Board of Directors of QES shall have the absolute discretion to decide whether such Purchased Shares are to be cancelled and/or retained as treasury shares, or dealt with in such manner as provided under Section 127(7) of the Act;

THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this ordinary resolution and will continue to be in force until:-

- (i) the conclusion of the next AGM of the Company at which time the authority shall lapse unless by an ordinary resolution passed at that AGM, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders in a general meeting,

whichever occurs first, but not so as to prejudice the completion of the purchase(s) by the Company of the QES Shares before the aforesaid expiry date and made in any event, in accordance with the provisions of the Act, rules and regulations made pursuant to the Act, the MMLR and any requirements issued by any other relevant government and/or regulatory authorities;

AND THAT the Board be and is hereby authorised to take all such steps as are necessary or expedient to implement, finalise, complete or to give effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Share Buy-Back.

That the Proposed Share Buy-Back Of Up To Ten Percent (10%) of the total number of issued shares of the company ("Proposed Share Buy-Back") be and is hereby approved.

## **CLOSURE OF MEETING**

There being no further business, the 9th AGM of the Company was declared closed at 11.16 a.m. with a vote of thanks to the Chair.

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CONFIRMED AS A CORRECT RECORD

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ADNAN BIN ZAINOL  
CHAIRMAN FOR THE 9<sup>TH</sup> AGM  
Date: 16 June 2023

**QUESTIONS ADDRESSED DURING THE QUESTIONS AND ANSWERS SESSION  
AT THE 9<sup>TH</sup> ANNUAL GENERAL MEETING HELD ON 16 JUNE 2023.**

**Live Questions Posted during the AGM**

The Managing Director, Mr. Chew Ne Weng had addressed the following questions received via the Query Box:-

**1. Shareholders raised queries regarding whether eWallet credits or eVouchers will be distributed to participants as a token of appreciation.**

Mr Chew clarified in response to shareholders inquiries that eWallet credits or eVouchers, will be distributed to shareholders as a token of appreciation. These will be sent out to shareholders who attended the 9<sup>th</sup> AGM following the conclusion of the Annual General Meeting.

**2. Neoh Seong Seng (Shareholder) raised the following questions: -**

Q1 : Can you share current order book value on hand up to latest quarter?

A1 : Mr. Chew provided a response regarding the company's order book. As of April 2023, the company's current order book value is at 113 million. He further clarified that typically, these orders are expected to be fulfilled and dispatched within a timeframe of 3 to 8 months, depending on the specifics of the order.

Q2 : How many percent of current orders is contributed from automotive segment?

A2 : Mr. Chew clarified that on average, this segment typically contributes approximately 20% to the overall business.

Q3 : Has the recently established office in Shanghai received any inquiries for orders or any confirmed orders?

A3 : Mr. Chew confirmed that the recently established Shanghai office has indeed received some orders, though the volume is not significant.

Q4 : What is management's targeted contribution from the manufacturing segment for the upcoming two years?

A4 : Mr. Chew responded to the shareholder's question, stating, "It has always been part of our plan. Over the last 2 to 3 years, we've been focusing on this segment with the aim of increasing the revenue contribution from manufacturing to between 30% and 35%."

**3. Tan Kim Khuat (shareholder) requested to send a printed copy of the Annual Report to his address and enquired on whether have the voucher or token for the attending shareholders.**

Mr. Chew stated, "As previously clarified, e-vouchers will be distributed to the attending shareholders. Additionally, a printed copy of the Annual Report will be dispatched to the requested address.

**4. Joseph Lam Wai (Shareholder) raised the following questions: -**

Q1 : Given that AETM contributed to a loss of 0.6 million last year, do you anticipate that AETM will make a significant contribution to earnings in the FYE 2023?"

A1 : Mr. Chew stated, "Yes, AETM is developing well, with approximately 20 people now on board. We project that we should potentially be able to reach breakeven by mid-2024 or by the end of 2024."

Q2 : Do you observe any recent downtrend in orders due to the global slowdown?

A2 : Mr. Chew responded, "Yes, we have observed a downtrend in the semiconductor sector. This has had an impact on our business as well. However, QES has managed to maintain stability due to some customers showing a bias towards the automotive industry. In comparison, sectors such as consumer electronics, PCs, and memory have experienced a larger impact, contributing to the overall slowdown. Additionally, China's performance has not been favorable, with several quarters experiencing a downtrend. Although we don't anticipate significant improvement from China in the next two quarters, we remain optimistic about long-term prospects."

Q3 : The shareholder requested an update on the company's strategy to enter the China market, including the current status and expectations for sustainable sales from China.

A3 : Mr. Chew provided the following response: "Our approach to entering the China market has been aggressive. We are actively participating in exhibitions and focusing on building our brand presence in China. We believe that the groundwork we have laid will yield results within the next two years. Our team is dedicated and working diligently towards this goal. To oversee our operations in China, we have appointed Mr. Liew as the responsible person. He will be making more frequent trips to China as we tap into its market potential. We believe that our presence in both the US and China will benefit manufacturers based in Malaysia, Singapore, and neighboring areas, providing us with certain advantages."

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- Q4 : To what extent is QES's potential business impacted by the ongoing China trade war with the West?
- A4 : Mr. Chew responded, "As mentioned earlier, the impact of the China trade war on QES is actually favorable. We are actively working towards securing more business from China, so it presents a better opportunity for us."
- Q5 : Regarding the joint venture between QES and Applied, what is the current performance status and the potential for sustainable growth?
- A5 : Mr. Chew responded, "As previously discussed, the performance and potential for sustainable growth of the joint venture between QES and Applied were addressed earlier."
- Q6 : How is QES currently fulfilling the potential capacity of its plants in Glenmarie and the upcoming Batu Kawan facility?
- A6 : Mr. Chew responded, "Our plant in Glenmarie is currently operating at around 85-90% capacity. We have plans to construct a second plant in Batu Kawan. One facility will be utilized for external purposes, while the other will serve our internal needs as part of our expansion from Glenmarie to Penang. Additionally, one building will house our joint venture company with AE. Once the Batu Kawan plant is ready, we anticipate that it will help fulfill orders, potentially from China or other growing segments such as the semiconductor industry, which we expect to gradually recover from the downturn."
- Q7 : Could you provide us with a brief update on the status of the Nikon Malaysia Franchise that QES acquired? How much of its potential has been realized thus far?
- A7 : Mr. Chew responded, "The Nikon Malaysia Franchise acquisition holds significant potential for QES. Although the contract may not be exclusive, we have effectively been treated as the exclusive provider for services and sales in Malaysia. While the impact may not be substantial, you can observe its influence in our total revenue, whereby the business represents a portion of around 15% of QES revenue."
- Q8 : Is there a possibility of returning to a physical Annual General Meeting (AGM) next year? We value the personal interaction with the board of directors and QES employees and miss the human engagement aspect." .
- A8 : Yes, I tend to agree personally.

**5. Khaw Sheng Wei (Shareholder) raised the following questions: -**

Q1 : What measures are being taken in order to maximise the benefits from current AI trend?

A1 : Mr. Chew responded, "Considering the demand exists, our company's segment is engaged in producing graphical processing unit chips for AI applications. This allows us to tap into the market segment we are involved in, particularly in the manufacturing sector where we develop semiconductor processing equipment, inspection systems, measurement tools, and automation solutions. We believe that AI will likely benefit our business in the long run."

**6. FOO TAI KONG (Shareholder) enquired about the current business ratio with China, specifically asking for the percentage of business conducted with China. Additionally, he asked about the current business conditions with China and inquired about any prospects for future growth.**

Mr. Chew responded, "QES currently has a relatively low revenue exposure to China, typically less than 5% to 6% of the total revenue each year. However, we anticipate significant upside potential in the coming years. Starting from a low base of around 4% to 5% of the total revenue, personally, I believe we can drive this number into the low double digits in terms of revenue ratio. We anticipate that China will contribute in the range of 10% to 13%."

**7. Liew Chee Seng (Shareholder) raised the following questions: -**

Q1 : Can I have a printed copy of the Annual Report?

A1 : Yes, we will send a copy to your registered address.

Q2 : Can the company pay more dividend for the coming year?

A2 : QES does not have a fixed dividend policy. However, if the company is profitable and the cash flow allows, dividends are typically distributed to shareholders with the appropriate approval from the Board. .

**8. Goh Pek Hong (Shareholder) raised the following questions: -**

Q1 : What's the group strategy to add value to the company moving forward?

A1 : Mr. Chew responded, "Our focus is on expanding the manufacturing business, with the aim of increasing its contribution from the current 18% to approximately 30-35% within the next 2 to 3 years. This is one of the

key directions we are pursuing. Additionally, we are building a second plant in Penang to support this growth. We are also proactive in growing our distribution business across Asia. We believe that there is significant potential for growth in the Asian market, and we will continue to seek opportunities to expand our business in the region."

Q2 : Dividend declared is measly. Does the company have any dividend policy?

A2 : Yes, similar question was addressed earlier.

Q3 : As a token of appreciation for the time and effort, please reward shareholders attending this AGM remotely with e vouchers.

A3 : The question was addressed earlier.

**9. TAN ZE CHIEN (Shareholder) enquired on the following questions:-**

Q1 : Could you please provide information on the proportion of SiC machines within the current order book?

A1 : At the moment, I don't have the specific details to provide a prompt response to your question regarding the portion of SiC machines in the order book.

Q2 : Do u foresee a growth in revenue sequentially?

A2 : Mr. Chew responded, "Regarding revenue growth, I anticipate that the semiconductor industry may not perform exceptionally well this year in 2023. However, we remain positive about the automotive IC segment as our customers continue to show interest and steady order intake. I would describe the growth as steady." .

Q3 : From your Annual Report, QES mentioned that apart from distributing Silicon carbide machine, you also manufacture your own, is that true?

A3 : Mr. Chew responded, "Silicon carbide (SiC) is a material used in the production of wafers. We manufacture and sell equipment to support the growing demand for SiC wafers. As the SiC industry is expanding rapidly, many wafer manufacturers require our equipment for their production processes."

Q4 : What brand Silicon carbide machine that you are distributing?

A4 : The question was addressed earlier.



**10. Chok Siew Kwong (Shareholder) enquired on more information on JV with AE status?**

Mr. Chew responded, "The joint venture with AE is progressing steadily, and we currently have a workforce of nearly 20 individuals at our rented facilities in Batu Kawan. Once QES's Batu Kawan plant is operational, this unit will be relocated to the new facility. We expect this portion of our business to continue growing; however, it will be managed by the US team since QES holds a 30% ownership stake in the associated company. Based on the updates provided during our quarterly meetings, it appears that the joint venture is experiencing positive growth."

**11. Teh Kian Lang (Shareholder) enquired on will 2023 be better than 2022 or be worse?**

Mr. Chew responded, "I believe I have already provided a rough answer to that question. Our goal for 2023 is to achieve a similar performance to the previous year. While the semiconductor industry is facing challenges, we are experiencing steady order intake. I don't anticipate a significant decline that would result in a much worse outcome."

**12. Chin Meow Fatt (Shareholder) raised the following questions: -**

Q1 : How will QES work with Applied Engineering ("AE") to expand the business?

A1 : Mr. Chew responded, "With our extensive network and a customer base of 3400 to 3500, QES will continue to leverage our network to bring customers to the joint venture with Applied Engineer. This collaboration will benefit our own manufacturing equipment by tapping into the expertise of Applied Engineering."

Q2 : Do you foresee the revenue or profit margin in the next few quarters will increase?

A2 : Mr. Chew responded, "As a company, we all aspire to grow and continually strive for improvement. Internally, we always aim to forecast and achieve better results

Q3 : Is the semicon industry currently at the dip of the cycle, as the AI business has given many book orders to TSMC, does now Mr. Chew seeing an exponential increase?

A3 : Mr. Chew responded, "The proliferation of AI is undoubtedly advantageous for QES, as our manufacturing operations is heavily involved in semiconductor equipment. Consequently, we indirectly benefit from the increased demand in this sector. In general, any growth in the AI industry will have long-term benefits for QES."

**13. Khaw Sheng Wei (Shareholder) enquired on what makes you a better company than other competitors?**

Mr. Chew responded, "QES stands out in several aspects. Firstly, we have a diversified business model with both manufacturing and distribution divisions, providing us with a broader scope of operations. Additionally, our presence is spread across multiple locations in Asia. We have a solid track record, being in operation for the past 30 years. Moreover, QES generates strong recurring income, currently approximately 50 million ringgit per year. This recurring income provides us with stability and strength to pursue long-term growth opportunities."

**14. Liew Chee Seng (Shareholder) enquired on whether the company can hold hybrid AGM instead physical only as the shareholders from outside of Klang Valley can attend too.**

Mr. Chew responded, "Yes, I personally support the idea of having a physical AGM or EGM in the future, or even exploring the possibility of a hybrid format. This would enable greater accessibility for shareholders outside of the Klang Valley to participate in the meetings."

**15. Chok Siew Kwong (Shareholder) raised the following questions: -**

Q1 : Noticed that the company have supply some related SIC inspection to Singapore semicon company, can help to provide more on this business?

A1 : Mr. Chew responded, "I am unable to disclose the specific customer's name, but I can confirm that we manufacture and sell equipment to silicon carbide (SIC) wafer manufacturers in both the region and China."

Q2 : Company will provide the copy for this AGM Q&A minutes?

A2 : Minutes will be uploaded to QES website.

**16. Khaw Sheng Wei (Shareholder) enquired on will be next quarter earning better in terms of year on year and quarter and quarter?**

The question was addressed earlier.

**17. See Han Chow (Shareholder) enquired on will the company do right issue/ private placement in coming 2 years?**

We do not have any plans on that exercise.

**18. Chok Siew Kwong (Shareholder) enquired on more information about company on any gain from SEMICON 2023 last month?**

Mr. Chew responded, "We had a successful exhibition at SEMICON 2023, and we received a tremendous amount of visitors and inquiries. While it remains to be seen whether these inquiries will translate into actual orders, the initial responses have been very positive. We have a lot of inquiries to follow up on, and we hope that some of them will materialize into orders. Overall, it was a fruitful exhibition for us."