

**BOILERMECH HOLDINGS BERHAD**  
Registration No. 201001013463 (897694-T)  
(Incorporated In Malaysia)

Minutes of the **10th Annual General Meeting of Boilermech Holdings Berhad** held at **Zamrud Room, The Saujana Hotel Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan** on **Friday, 25 September 2020** at **10.00 a.m.**

PRESENT : As per Attendance List

IN ATTENDANCE : Ms. Tan Bee Hwee – Company Secretary

**ACTION**

**1. CHAIRMAN**

1.1 Dr. Chia Song Kun presided as Chairman of the meeting and welcomed all present to the 10th Annual General Meeting (“AGM”) of the Company.

**2. QUORUM**

2.1 The Secretary confirmed that a quorum was present for the meeting pursuant to Clause 56 of the Company’s Constitution.

2.2 The Secretary further informed that 12 valid proxy forms/ Certificate of Appointment of Corporate Representative were received within the prescribed period for the 10th AGM, which represented a total of 230,225,636 shares or 44.62% of the issued and paid-up share capital of the Company.

2.3 With the requisite quorum being present, the Chairman declared the meeting duly convened at 10.00 a.m.

**3. NOTICE**

3.1 The notice of meeting having been circulated earlier was taken as read.

**4. CORPORATE VIDEO**

4.1 Following the introduction of Board members by the Chairman, a corporate video was presented at the Meeting.

**5. SLIDE PRESENTATION ON THE COMPANY’S DEVELOPMENT**

5.1 Before proceeding with the agenda items, Mr Chia Lik Khai, the Deputy Managing Director, gave an update on the corporate and operational developments among others, details on the performance, key developments and financial results for FYE2020 as well as comments on outlook for 2020.

5.2 After the presentation by Mr Chia Lik Khai, the Chairman welcomed questions from the floor.

**ACTION**

5.3 The shareholders / proxies / corporate representatives had raised the various questions which were responded accordingly by the members of the Board, Management and Auditors of the Company. The salient points of the questions and answers raised during the Meeting were summarized and noted as below:-

5.3.(a) Business Overview and Outlook

(i) Acquisition of factory in Indonesia

In response to the Shareholder's query, the Management confirmed that the acquisition of factory in Indonesia was expected to benefit from the cost perspective where transportation expenses would be reduced and logistic issue could be minimized as compared to having the boilers manufactured in Malaysia and being exported to Indonesia.

Apart from that, no custom duty imposed for export of boilers from Malaysia to Indonesia while the cost of material seemed not much different for the both countries.

(ii) Business segment with great potential

Depending upon the nature, size of the industry demand of target users (customers), regulatory requirement, stability of the product in the market, ability and execution in capturing the market share, before the Company consider and determine which business segment exhibiting the greatest growth potential.

Taking a portfolio approach, each of our three pillar plays a different role in contributing to the group's revenue and future growth. In summary, the Bio-Energy (boiler) Segment will remain as its core business so long Boilermech continues as the industry leader, while Solar Energy Segment is well poised as a high growth industry and the market opportunity of Water Treatment Segment to be relied on the development of regulatory requirement.

At the moment, the biogas regulation is only applicable in Malaysia as it is not imposed by the Indonesian Government and authorities of other countries.

The outlook and overview of performance of the three-business segments as highlighted in the slide presentation were brought up again during the questions and answers session.

(iii) Bio-Energy Segment

The Group's bio-energy products offers sustainable solutions which enabling customers to achieve energy cost efficiencies and better quality of environmental management i.e. emissions control and carbon reduction. Nevertheless, the demand for industrial capital equipment such as boilers had declined in the past few years mainly due to the volatility of palm oil price.

**ACTION**

Overall, the business activities of the Bio-Energy Segment had been recovering well upon relaxation of Movement Control Order (MCO) almost returning to 70% of the level before Covid-19 pandemic. The future outlook of the industry remains encouraging in view of the strengthening palm oil's price.

(iv) Water Treatment Segment

Water treatment segment, engaged in Engineering, Procurement and Construction (EPC) activities by offering its unique and comprehensive water treatment solutions ranging from industrial effluent treatment system, Palm Oil Mill Effluent ("POME") treatment, biogas capturing system, membrane system for processed water as well as trading activities in supply of chemical for water treatment.

Similarly, the water treatment business revenue and profit receded in FY2020 due to the slumping palm oil price while encountering changes in the water treatment regulatory environment.

However, with the increasing awareness to regulate effluent discharge and environmental sustainability initiatives, the water business is seeing positive recovery in the demand for water treatment solutions for both POME and biogas capturing system and clean water systems.

(v) Solar Energy Segment

The newly acquired subsidiary, Tera VA Sdn Bhd (Tera) being a service provider registered with the Sustainable Energy Development Authority (SEDA) and Construction Industry Development Board (CIDB). It supplies Solar Photovoltaic ("PV") System and solar panels to Commercial and Industrial customers while actively participating in the installation of PV system as an EPC company for Net Energy Metering (NEM) applicants/ users.

Tera's solar panels are imported from overseas in accordance to the technology used by manufacturer. As for selection of panels, it will depend on the roof area and the power generation required by the customer(s). Generally, the solar panel of five hundred watt per panel for the size of two-meters square can produce about two hundred fifty kilowatt per square meter.

Boilermech may explore the possibility of applying the required licenses (overseas) in the event it is feasible to operate a similar solar energy business outside of Malaysia.

(vi) Overview of 3 Main Business Segments

While answering questions posed by the respective shareholders, the Deputy Managing Director, Mr Chia Lik Khai recapitulated on the corporate development that took place for the past 5 years as well as the future business direction, among others:-

**ACTION**

The acquisition of Tera is a positive move towards the Group's vision in becoming a regional leader in providing sustainable environmental solution. It enables the Group to expand further into another major growth area, the clean and renewable energy industry.

With the completion of acquisition of TEK and Tera in 2016 and 2020 respectively. The Group had successfully diversified its business and strengthened its capacity as a sustainable environmental solution provider. The Group is also expected to reduce its dependency on palm oil industry and biomass energy while riding on the growth in renewable energy in Malaysia.

In view of the acceleration of global trends shifting towards sustainability, especially with regards to the environment, the Group sees stricter environmental regulations and increasing government efforts and awareness in Environmental, Social and Governance ("ESG"). As a result, the Management is optimistic about the continued growth prospects of renewable energy and clean water sectors.

Furthermore, the Group is confident in achieving its vision to be the regional leader in providing Renewable Energy and Sustainable Environmental solutions.

5.3.(b) Financial Information

- (i) Most of the queries relating the information as reported in the Company's audited financial statement had been addressed by the Chief Financial Controller (Ms Chan Van Chee) with the assistance of the Auditor, Mr Ooi Song Wan.

Trade receivables

Total trade receivables: RM72,739, 551

Allowance for impairment losses: RM10,236,127

An allowance for impairment losses amounted to RM10,236,127 as a result from the general provision for expected loss in accordance to the requirement of accounting standard (MFRS 9). The impairment losses was computed and based on the debtors' aging report i.e. with more than 3 years (100%), 2-3 years (60%), 1-2 years (20%), less than 1 year (5%) by assessing the level of credit risk on receivables over the company's past years' record.

The Group considered an individual (credit) impairment of RM3,102,714 out of the total allowance for impairment losses of RM10,236,127 as it might pose a higher credit risk.

**ACTION**

The consecutive 2 years impairment loss i.e. FYE2020 (RM1,436,060) and FYE2019 (RM1,454,645) was caused by the overdue debts. Query was raised by the shareholder, whether the amount provided for bad debts was over prudent since the amount for bad debts written off in the previous financial year recorded RM700,000 out of the total provision of RM8,814,534 (FYE2019), it might require Management to reassess the adequacy of such provision, where necessary.

The gross amount of trade receivables and contract assets are summarized as below:-

FYE 2020	RM107,533,360
FYE2019	RM105,781,460
Additional	<u>RM 1,751,900</u>

Collective impairment

FYE2020	RM7,133,413
FYE2019	RM5,079,926
Additional	<u>RM2,053,487</u>

The main reason attributable to the amount of credit risk or collective impairment exceeded the trade receivables and contract assets as stated above was caused by the debtors' delay in meeting their obligation. Nevertheless, Management has been enhancing the internal procedures for debts collection while monitoring the receivables on a regular basis.

(ii) Derivative assets / (Liabilities)

Derivative assets / (Liabilities) refers to the gain / (loss) resulting from the fluctuation of (USD) exchange rate against Ringgit Malaysia (RM) when the forward contract first entered / extended as compared to the market rate as at FYE 31 March 2020. This hedging risk had been secured in the accounting records and is considered as a loss in paper.

The derivative liabilities as at 31.3.2020 consist of :-

(i)	cashflow hedge	RM 718,309
(ii)	fair value through profit or loss	<u>RM1,558,872</u>
	Total	<u>RM2,277,181</u>

The cashflow hedge relates to forward contracts designated for expected future sales revenue for which the Group has firm commitment.

For those forward contracts not designated as cash flow hedge, the gain / loss arising from its fair value changes of the forward currency contracts shall be taken up in the Group's income statement. During the financial year, the Group recognized an accumulative loss of RM1,558,872 where RM1,498,366 had been reflected in the Group's income statement.

**ACTION**

The hedging of forward currency would only take into account of the contracts secured/signed on hands. Currently, the contract notional amount for FYE2020 stood as RM100,035,695 as compared to the total revenue recorded of RM230,146,969.

Though Management did not disclose further details of the orders book on hand, but it reaffirmed that the Bio-Energy Segment remain strong and continued to contribute significantly to the Group's financial performance for the coming financial years.

(iii) Inventories written down

The Group adopted a policy for inventories written down, where slow moving goods (Eg. Tube, plate / steel) that aged more than 7 years will be written down 100%. A reversal amount may be recorded in the event of subsequent consumption of the inventory previously written down.

(iv)

Cash flow for investing activities

The cash disbursed amounted to RM23,747,546 mainly consist of the purchase of property, plant and equipment stated below:-

Indonesia investment plant:	RM20 mils
Acquisition of subsidiary: (PV Solar system)	RM1.2 mils
Purchase of machineries & motor vehicles	RM1.5 mils

Overall, Boilermech Group remains resilient and has a strong balance sheet.

**6. PROCEEDINGS OF THE AGM AND VOTING PROCEEDINGS**

- 6.1 The Chairman then proceeded to inform the meeting on the proceedings of the 10th AGM and voting proceedings. He explained that in line with Bursa Malaysia Securities Berhad's Listing Requirements, voting for all the resolutions to be tabled at the 10th AGM would be conducted by way of poll.
- 6.2 To facilitate the smooth running of the meeting, the poll voting for all the resolutions tabled was conducted at the end of the meeting after all the resolutions set out in the Agenda have been duly tabled.

**7. TO RECEIVE THE STATUTORY FINANCIAL STATEMENTS AND REPORTS OF THE DIRECTORS AND AUDITORS THEREON FOR THE FINANCIAL YEAR ENDED ("FYE") 31 MARCH 2020**

- 7.1 The Chairman welcomed further questions (if any) from the floor with regards to the Statutory Financial Statements and Reports for FYE 31 March 2020.

**ACTION**

7.2 As most of the questions on the Statutory Financial Statements and Reports for FYE 31 March 2020 were raised right after the slide presentation by Mr Chia Lik Khai, there were no further questions raised by the shareholders. The said Financial Statements were not put forward for voting as the provision of Sections 248(2) and 340(1)(a) of the Companies Act 2016 does not require the formal approval from the shareholders.

7.3 The Chairman declared the Statutory Financial Statements of the Company and the Group for the financial year ended 31 March 2020 together with the Reports of the Directors and Auditors thereon as properly laid and received.

**8. APPROVAL OF DIRECTORS' FEES AND BENEFITS (COMPRISING MEETING ALLOWANCES) TO THE NON-EXECUTIVE DIRECTORS OF THE COMPANY FOR THE PERIOD COMMENCING FROM THE CONCLUSION OF THE 10TH ANNUAL GENERAL MEETING ("AGM") UNTIL THE NEXT AGM OF THE COMPANY**

8.1 The following fees and benefits (comprising meeting allowances) to the Non-Executive Directors ("NED") of the Company for the period commencing from the conclusion of the 10th AGM until the next AGM of the Company, were tabled for shareholders' approval:-

- (i) Directors' fees amounting to RM32,000 and SGD2,500 per month; and
- (ii) Meeting allowance of RM2,000 per Malaysian NED and SGD1,800 per Singaporean NED per meeting day.

8.2 Prior to the poll voting for this resolution, Mr Sii Chin Leong (Allen), the representative from Share Registrar (Tricor Investor & Issuing House Services Sdn Bhd) apologized on the typo error made on the poll slip wherein stated Directors' fees amounting to RM32,000 and SGD1,800 per month. He then verbally corrected the directors' fee to RM32,000 and SGD2,500 per month instead.

8.3 On the same note, a question was raised by shareholder on the amount of (SGD2,500) monthly director's fee and (SGD1,800) meeting allowance payable to the Singaporean Director. He queried the reason why different currency (SGD) was applied instead of reporting all the directors' fees and meeting allowance in RM denomination. Management took note of the shareholder's feedback and would explore on the appropriate method and consistency applied for disclosure of the directors' fees and meeting allowance (in RM) going forward.

8.4 There being no further question raised by the shareholders or proxy holders, the Chairman proceeded to the next Agenda item as set out in the Notice of 10th AGM.

**ACTION**

**9. TO RE-ELECT THE FOLLOWING DIRECTORS WHO RETIRE PURSUANT TO THE COMPANY'S CONSTITUTION AND BEING ELIGIBLE OFFER THEMSELVES FOR RE-ELECTION**

**9.1 Re-election of Mr Adrian Chair Yong Huang**

9.1.1 The Chairman referred to Ordinary Resolution 3 on the agenda pertaining to the re-election of Adrian Chair Yong Huang, who was retiring pursuant to Clause 76(3) of the Constitution of the Company and being eligible, had offered himself for re-election.

9.1.2 There being no question raised by the shareholders or proxy holders, the Chairman proceeded to the next Agenda item as set out in the Notice of 10th AGM.

**9.2 Re-election of Mr Gan Chih Soon**

9.2.1 The Chairman referred to Ordinary Resolution 4 on the agenda pertaining to the re-election of Gan Chih Soon, who was retiring pursuant to Clause 76(3) of the Constitution of the Company and being eligible, had offered himself for re-election.

9.2.2 There being no question raised by the shareholders or proxy holders, the Chairman proceeded to the next Agenda item as set out in the Notice of 10th AGM.

**9.3 Re-election of Mr Ng Swee Weng**

9.3.1 The Chairman referred to Ordinary Resolution 5 on the Agenda pertaining to the re-election of Ng Swee Weng, who was retiring pursuant to Clause 78 of the Constitution of the Company and being eligible, had offered himself for re-election.

9.3.2 There being no question raised by the shareholders or proxy holders, the Chairman proceeded to the next Agenda item as set out in the Notice of 10th AGM.

**9.4 Re-election of Ms Rina Meileene Binti Adam**

9.4.1 The Chairman referred to Ordinary Resolution 6 on the Agenda pertaining to the re-election of Rina Meileene Binti Adam, who was retiring pursuant to Clause 78 of the Constitution of the Company and being eligible, had offered herself for re-election.

9.4.2 There being no question raised by the shareholders or proxy holders, the Chairman then proceeded to the next Agenda item as set out in the Notice of 10th AGM.

**ACTION**

**10. TO APPROVE THE PAYMENT OF A FINAL SINGLE TIER DIVIDEND OF 1.75 SEN PER ORDINARY SHARE AMOUNTING TO RM9,030,000 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

10.1 The Chairman referred to Ordinary Resolution 7 on the Agenda pertaining to the approval for payment of a final single tier dividend of 1.75 sen per ordinary share amounting to RM9,030,000 for the financial year ended 31 March 2020.

10.2 There being no question raised by the shareholders or proxy holders, the Chairman proceeded to the next Agenda item as set out in the Notice of 10th AGM.

**11. TO RE-APPOINT CROWE MALAYSIA PLT AS AUDITORS OF THE COMPANY AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION**

11.1 The Chairman referred to Ordinary Resolution 8 on the Agenda pertaining to the re-appointment of Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.

11.2 There being no question raised by the shareholders or proxy holders, the Chairman proceeded to the next Agenda item as set out in the Notice of 10th AGM.

**SPECIAL BUSINESS**

**ORDINARY RESOLUTION 9**

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

12.1 The Chairman referred to Ordinary Resolution 9, under Special Business of the agenda in respect of the authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.

12.2 "THAT, subject to the Companies Act 2016, the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad and other relevant government/regulatory authorities, where such approval is necessary, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Companies Act 2016 to issue and allot shares in the Company, from time to time and upon such terms and conditions and for such purposes and to such persons whomsoever the Directors may, in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of the issued shares (excluding treasury shares) for the time being AND THAT the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND FURTHER THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

- 12.3 There being no question raised by the shareholders or proxy holders, the Chairman then proceeded to the next Agenda item as set out in the Notice of 10th AGM.

**ORDINARY RESOLUTION 10**

**13. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

- 13.1 As the Chairman was an interested party in the above proposed motion, he proposed that Mr Ng Swee Weng take over the Chairmanship in the tabling of the above motion. With no objection raised by the shareholders and proxy holders, Mr Ng Swee Weng took over the Chair and tabled the above motion for the shareholders' approval.
- 13.2 Mr Ng Swee Weng referred to Ordinary Resolution 10, under Special Business of the agenda in respect of the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature.
- 13.3 It was highlighted that the Interested Directors – Dr. Chia Song Kun, Mr Chia Lik Khai, Mr Chia Seong Fatt and Mr Yong Hua Kong – and the Interested Major Shareholders – QL Green Resources Sdn Bhd, Dr. Chia Song Kun and Mr Chia Seong Fatt and persons connected to them – would abstain from expressing any opinions and voting on the above motion.
- 13.4 “THAT subject to the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), approval be and is hereby given to the Company and its subsidiary(ies) to enter into recurrent related party transactions of a revenue or trading nature with the related parties (“Recurrent Related Party Transactions”) as set out in Section 2.2 of the Circular to the Shareholders dated 25 August 2020 (“the Circular”), subject further to the following:
- (i) the Recurrent Related Party Transactions are entered into in the ordinary course of business on terms not more favourable to the related parties than those generally available to the public, and the Recurrent Related Party Transactions are undertaken on arms' length basis and are not to the detriment of the minority shareholders of the Company;
  - (ii) the disclosure is made in the annual report of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the shareholders' mandate during the financial year, amongst others, based on the following information:

**ACTION**

- (a) the type of Recurrent Related Party Transactions made; and
  - (b) the names of the related parties involved in each type of Recurrent Related Party Transaction made and their relationship with the Company;
- (iii) the shareholders' mandate is subject to annual renewal and this shareholders' mandate shall only continue to be in full force until:
- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM, at which this shareholders' mandate will lapse, unless by a resolution passed at the said AGM, such authority is renewed;
  - (b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
  - (c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier;

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the Recurrent Related Party Transactions contemplated and/or authorised by this Ordinary Resolution;

AND THAT, the estimates given of the Recurrent Related Party Transactions specified in Section 2.2 of the Circular being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the procedures set out in Section 2.4 of the Circular."

- 13.4 There being no question raised by the shareholders or proxy holders, Mr Ng Swee Weng handed the Chair back to Dr. Chia Song Kun to proceed with the next Agenda item as set out in the Notice of the 10th AGM.

**14. TO TRANSACT ANY OTHER BUSINESS OF WHICH DUE NOTICE SHALL 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 was required to be given, pursuant to the Companies Act 2016.

**15. CONDUCT OF POLL**

The meeting was adjourned at 11.30 a.m. for the conduct of the poll and was re-convened at 11.50 a.m. after the votes had been counted and verified by the Official Scrutineers, Messrs Coopers Professional Scrutineers Sdn Bhd.

**16. ANNOUNCEMENT OF POLL RESULTS**

16.1 The representative from the Official Scrutineers, Messrs Coopers Professional Scrutineers Sdn Bhd, read out the results of the poll for each resolution tabled at the 10th AGM. With the report from the Official Scrutineers in hand, the Chairman announced that all the resolutions tabled at the Company's 10th AGM had been approved by the shareholders and proxies present and thereby declared all the resolutions tabled below as carried:

Resolution(s)	Vote For		Vote Against		Results
	No. of Units	%	No. of Units	%	
Ordinary Resolution 1	324,435,140	99.998	5,000	0.002	Carried
Ordinary Resolution 2	324,440,140	100.000	0	0.000	Carried
Ordinary Resolution 3	324,840,140	100.000	0	0.000	Carried
Ordinary Resolution 4	324,840,140	100.000	0	0.000	Carried
Ordinary Resolution 5	324,840,140	100.000	0	0.000	Carried
Ordinary Resolution 6	324,840,140	100.000	0	0.000	Carried
Ordinary Resolution 7	324,840,140	100.000	0	0.000	Carried
Ordinary Resolution 8	324,840,140	100.000	0	0.000	Carried
Ordinary Resolution 9	324,840,140	100.000	0	0.000	Carried
Ordinary Resolution 10	95,913,204	100.000	0	0.000	Carried

**17. CLOSURE OF MEETING**

17.1 There being no further business, the meeting ended at 12.05 p.m. with a vote of thanks to the Chair.

CONFIRMED AS A CORRECT RECORD

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CHAIRMAN

Dated: