

YBS INTERNATIONAL BERHAD
Registration No. 200201014380 (582043-K)
(Incorporated in Malaysia)

Minutes of the Twentieth Annual General Meeting of the Company held at Iconic 5, Level 7, The Iconic Hotel, 71, Jalan Icon City, Icon City, Bukit Mertajam, 14000 Penang on Thursday, 25 August 2022 at 11:00 a.m.

Attendance

As per Attendance List

The Meeting commenced at 11.00 a.m. with the requisite quorum being present.

Notice

The Notice convening the Meeting was taken as read.

1. CHAIRMAN'S ADDRESS

The Chairman of the Company, YBhg Dato' (Dr) Pahamin Ab Rajab wished all members present a very good morning and welcomed them to the Company's Twentieth Annual General Meeting. Upon the confirmation of a quorum being present, YBhg Dato' Chairman then proceeded to conduct the Meeting and briefed the Meeting on the financial performance and prospects of the Group.

2. TO RECEIVE THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND OF THE AUDITORS THEREON

The Audited Financial Statements for the financial year ended 31 March 2022 together with the Reports of the Directors and of the Auditors thereon (FS 2022), copies of which have been circulated, were tabled before the Meeting.

In view that the tabling of FS 2022 is only meant for discussion, it shall not be put forward for voting. Hence, YBhg Dato' Chairman declared that the FS 2022 now laid before the meeting, be received.

3. AGENDA

To facilitate a smooth voting process, YBhg Dato' Chairman read out the Ordinary Resolution 1 to 13 and then proceed to address the questions and clarifications raised by shareholders.

The meeting was informed that all the Proposed Resolutions to be determined by electronic poll voting. As declared, Mega Business Consultancy Division was appointed as scrutineer for the polling exercise.

3. TO APPROVE THE PAYMENT OF DIRECTORS' FEES

The Proposed Ordinary Resolution 1 is to approve the proposed payment of Directors' Fees of up to RM188,666/- for the period from 1 September 2022 until the next Annual General Meeting of the Company.

4. TO APPROVE THE DIRECTORS' BENEFITS (EXCLUDING DIRECTORS' FEE)

The Proposed Ordinary Resolution 2 is to approve the Directors' benefits (excluding Directors' Fee) payable of up to RM47,000/- for the period from 1 September 2022 until the next Annual General Meeting of the Company.

Minutes of the Twentieth Annual General Meeting of the Company held at Iconic 5, Level 7, The Iconic Hotel, 71, Jalan Icon City, Icon City, Bukit Mertajam, 14000 Penang on Thursday, 25 August 2022 at 11:00 a.m. (Continued...)

5. TO RE-ELECT MR. YONG SWEE CHUAN, A DIRECTOR RETIRING UNDER PARAGRAPH 102 OF THE COMPANY'S CONSTITUTION

The Proposed Ordinary Resolution 3 is to re-elect Mr. Yong Swee Chuan, a Director retiring under Paragraph 102 of the Company's Constitution and who, being eligible offer himself for re-election.

6. TO RE-ELECT MS. GOR SIEW YENG, A DIRECTOR RETIRING UNDER PARAGRAPH 102 OF THE COMPANY'S CONSTITUTION

The Proposed Ordinary Resolution 4 is to re-elect Ms. Gor Siew Yeng, a Director retiring under Paragraph 102 of the Company's Constitution and who, being eligible offer herself for re-election

7. RE-APPOINTMENT OF AUDITORS

The Proposed Ordinary Resolution 5 is to re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration.

8. AS SPECIAL BUSINESS – MR. LOW HEE CHUNG TO CONTINUE IN OFFICE AS THE INDEPENDENT DIRECTOR

The Proposed Ordinary Resolution 6 is to authorise Mr. Low Hee Chung to continue to serve as an Independent Non-Executive Director of the Company.

9. AS SPECIAL BUSINESS – MS. GOR SIEW YENG TO CONTINUE IN OFFICE AS THE INDEPENDENT DIRECTOR

The Proposed Ordinary Resolution 7 is to authorise Ms. Gor Siew Yeng to continue to serve as an Independent Non-Executive Director of the Company.

10. AS SPECIAL BUSINESS – AUTHORITY TO ISSUE SHARES

The Proposed Ordinary Resolution 8 is to approve the authority to issue Shares up to 10% of the total number of issued shares of the Company for the time being, pursuant to Companies Act 2016 and approvals from the relevant authorities where necessary.

11. AS SPECIAL BUSINESS – RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES

The Proposed Ordinary Resolution 9 is to approve the proposed renewal of authority to purchase of its own shares of up to 10% of the total number of issued shares of the Company.

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12. AS SPECIAL BUSINESS – PROPOSED GRANTING OF ESOS OPTIONS

YBhg Dato' Chairman informed that the Proposed Resolution 10 to 13 are related to Proposed Granting of ESOS Options to Dato' Jimmy Ong Chin Keng and the Interested Persons Connected to Directors and Major Shareholders of the Company, in the manner as set out in the Circular to Shareholders dated 29 July 2022.

The affected director, major shareholders and Interested Persons Connected who are deemed interested in the Proposed Granting of ESOS Options have and will continue to abstain from deliberating and voting, on the resolutions pertaining to their respective allocations and allocations to persons connected with them, if any, under the Proposed Granting of ESOS Options. They have also undertaken to ensure that persons connected with her, if any, will abstain from voting, in respect of their direct and/or indirect shareholdings in the Company, if any, on the relevant resolution.

The Proposed Ordinary Resolution 10 is to approve the Proposed Granting of ESOS Options to Dato' Jimmy Ong Chin Keng.

The Proposed Ordinary Resolution 11 is to approve the Proposed Granting of ESOS Options to Yong, Li-Xiang.

The Proposed Ordinary Resolution 12 is to approve the Proposed Granting of ESOS Options to Yong Swee Fung.

The Proposed Ordinary Resolution 13 is to approve the Proposed Granting of ESOS Options to Chew Tin Hor.

13. ADDRESS OF QUESTIONS AND CONCERNS

Mr. Yong Chan Cheah (Mr. Jackie Yong) was invited to address the questions and concerns received from shareholders or proxies.

Mr. Jackie Yong informed that the Company had received a letter from the Minority Shareholders Watch Group ("MSWG") concerning the Operational and Financial Matters. He then proceed to read out the reply to MSWG.

The questions and concerns raised by MSWG, shareholders and proxies were summarized in Appendix I attached.

Upon conclusion of addressing the concerns/questions raised, YBhg Dato' Chairman was invited to continue the Meeting. YBhg Dato' Chairman then declared the close of the Q&A session at 11:40 a.m.

14. BRIEFING ON VOTING PROCEDURES

The Polling Administrator, Mega Corporate Services Sdn. Bhd. was invited to brief on the voting procedures.

The Meeting was adjourned at 11.50 a.m. to facilitate the calculation of polling results.

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15. ANNOUNCEMENT OF POLL RESULTS

At 12:05 noon the Meeting was called to order. After the conclusion of the Scrutineers' validation of the votes cast, YBhg Dato' Chairman announced the results of the poll as reflected in the *attachment*.

Based on the poll results, YBhg Dato' Chairman declared that the Ordinary Resolutions 1 to 13 tabled at the 20th AGM (as set out in the Notice of the 20th AGM of the Company dated 29 July 2022) were carried.

16. CLOSE OF MEETING

For the record, the Chairman notified the Meeting that the Company has not received any notice of motion from the shareholders of the Company since the despatch of the notice of Twentieth Annual General Meeting, as such, the Meeting be concluded at 12:10 noon with a vote of thanks to the Chair.

Confirmed as a correct record

Signed

YBHG DATO' (DR.) PAHAMIN AB
RAJAB
Chairman

Key matters deliberated during the Twentieth Annual General Meeting of the Company held at Iconic 5, Level 7, The Iconic Hotel, 71, Jalan Icon City, Icon City, Bukit Mertajam, 14000 Penang on Thursday, 25 August 2022 at 11:00 a.m.

Question and Concern received from Minority Shareholders Watch Group

1. The precision engineering and plastic injection moulding segment supplies high precision moulds, tools and dies, jigs and fixtures and plastic injection moulding parts to the connector, aerospace, automotive, electrical and electronics, computer and peripherals, and telecommunication industries. The Group also produces high precision metal and plastic parts for the semiconductor industry in this segment. (page 13 of Annual Report (AR) 2022).

Q: *Which industries are the top three contributors to revenue for this segment? How was the trend over the last three years?*

A: The top three contributors to revenue are from automotive, telecommunication and aerospace. The trend over the last three years remain the same.

Q: *How much was the revenue contribution by the semiconductor industry in FY2022?*

A: The revenue contributed by the semiconductor industry is not significant. The Group may need more time to develop this segment.

Q: *What are the current capacity and utilisation rate for this segment?*

A: The current capacity and utilisation rate for this segment up to 70%-80%, excluding potential new machine investment.

Q: *What is the outlook for this segment in FY2023?*

A: This segment is expected to show positive growth rates follow regional growth in FY 2023. The Group will strive to improve efficiency and productivity with lower operating cost in order to enhance our competitive edge to ensure a sustainable income stream.

2. The precision machining and stamping segment is currently serving market leaders in the telecommunications, electrical and electronics, aerospace and automotive industries. This segment saw revenue increase 39% to RM50.30 million in FY2022, mainly due to higher demand from its existing customers. (page 14 of AR 2022)

Q: *Who are your major customers for the precision machining and stamping segment ?*

A: The major customers are from Multinational Companies which under telecommunications, automotive and aerospace industries.

Q: *What were the production capacity and utilisation rate in FY2022? What are the current capacity and utilisation rate?*

A: The utilisation in the production capacity is around 50% to 70% according to master production plan and the current planning status is around 70%. The production capacity will be increased from time to time according to customer demand.

Q: *What is the current order book for this segment?*

A: The current order book remain strong despite of supply chain disruptions affected by Russia-Ukraine war and United States of America and China trade war.

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Q: *What is the outlook for the next few years?*

A: The outlook for this segment is expected to show positive growth and the Group is looking for increase in contribution from telecommunications, automotive and aerospace and security products industries. The sales is expected to increase gradually based on high inquiries and quotations from customers.

3. The increase of RM18.08 million in borrowings was mainly attributable to renovation and extension of factory building projects as part of the Group's continuing expansion program. (page 15 of AR 2022)

Q: *How much was the total capex in FY2022? Please explain more on the expansion plans (e.g. for which factory, capex breakdown, capacity expansion, etc.)*

A: The total capex in FY2022 is RM21.409 million. The capex mainly incurred for capital work in progress of RM17.934million on new factory projects.

Q: *What is the budgeted capex for FY2023 and FY2024? Please provide the breakdown of capex for each business segment.*

A: The budget capex for FY 2023 and FY 2024 is mainly come from precision machining and stamping segment. The Group will call in the machine according customer project and schedule.

Q: *The Group's gearing ratio has increased from 0.48 time in FY2021 to 0.67 time in FY2022 (page 124 of AR 2022). Does the Group set a limit on its gearing ratio? Any plans to raise fund from the equity market?*

A: The Group will maintain the gearing ratio in healthy level and we will raise fund from equity market when the need arise.

4. The Group is exposed to the fluctuation of foreign currency exchange risk arising from sales and purchases denominated in foreign currency. The currency giving rise to this risk is primarily the US Dollar. (page 16 of AR 2022)

Q: *How much of your sales and purchases are denominated in USD?*

A: Majority of the proceed from sales and purchase is by USD or benchmarking with USD transactions. If the foreign exchange rate over certain percentage, the Group will adjust with customers accordingly.

Q: *Do you hedge your foreign currency exposure? If yes, how do you hedge and what is the hedge ratio?*

A: No, the Group adopt natural hedge by using USD account for receive and payment.

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5. The Group is dependent on a few major customers for a significant portion of its revenue. The ability to retain the major customers and attract new customers is essential for its continued growth. The Group will intensify its efforts to develop new customer base and explore different product segments to reduce its dependence on the major customers. (page 16 of AR 2022)

Q: *Please provide the breakdown of your major customers by revenue for the last three financial years.*

A: The few key customers for last three financial years (FY2020 to FY2022) are between 42.5% to 52% on total revenue.

Q: *How many new customers has the Group acquired in FY2022 and FY2021?*

A: The number of new customers in FY 2021 and FY 2022 are increased around 17%.

Q: *Please explain more on the different product segments that the Group has explored recently.*

A: The Group recently has explored into the semiconductor and life science.

6. *Under Resolution 10, shareholders' approval is being sought for the Proposed Granting of ESOS Options to Dato' Jimmy Ong Chin Keng, being the independent non-executive director (INED) of the Company.*

Why is the ESOS Options extended to the INED who does not perform any executive roles?

In line with better corporate governance, MSWG does not encourage the practice of giving ESOS to INEDs as they play the independent check and balance role (and not an executive role) in the Company and are responsible for monitoring the allocation to employees and executive directors.

Furthermore, ESOS, by definition, refers to a scheme for employees only. Independent directors are not employees.

There is also the risk that the INEDs may be fixated with the share price of the Company and this may affect their impartial decision-making, which should be made without reference to share price considerations.

The recognition of the INEDs' contribution to the Company and retaining quality INEDs could be compensated in other ways including a competitive remuneration package. The directors' fee and other benefits that they receive should be structured to adequately compensate the services rendered by them.

- A: We noted MSWG's comments therein. The Proposed Granting of ESOS Options to Dato' Jimmy Ong is subject to approval being obtained from shareholders of the Company at relevant general meeting and in accordance with the By- Laws of the Existing ESOS. The By-laws of the Existing ESOS specified the rules, terms and conditions governing the scheme and was established in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad.

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A: *(Continued)*

As set out in Section 3 of the Circular, the allocation of Options to non-executive directors is to recognise the contributions and efforts made by the non-executive Directors as they play a constructive role in contributing towards the growth and performance of the Group. Their participation in the equity of the Company is expected to enhance their level of commitment and contribution as well as to enable the Company to attract and retain capable individuals to act as non-executive Directors of the Company who will assist in the overall strategic decision-making of the Group.

As such, the Company would like to have the flexibility to allocate Options to independent directors in the future and to use ESOS as one of the means to recognise the contributions and efforts made by its Independent Directors.

To ensure better corporate governance, the Company has practised and will continue to practice the following measures in relation to the Existing ESOS:

- (i) The responsibility to oversee the allocation of ESOS options does not fall only on one director, but it is the responsibility of the ESOS committee as a whole. The directors whose allocation are being proposed do not participate in the deliberation or discussion of their own allocation, if any. The allocation of the ESOS options is also verified by the Audit Committee at the end of every financial year.
- (ii) The shares that the non-executive directors obtained through the exercise of the ESOS options are also subject to a 1-year “moratorium” period from the date of offer of such options i.e. the non-executive directors cannot sell, transfer or assign the shares during such period.

With the above measures, the Board believes that the standards of corporate governance are observed to ensure that the Company’s affairs are conducted with integrity, transparency and professionalism to safeguard shareholders’ investment, enhancing shareholders’ value as well as the interests of other stakeholders.

Question and Concern received from Shareholders / Proxies

1. *In view of the improving revenue recording in the Group, will the Company declare any dividend for financial year 2023 ?*

A: Further to the Company’s Dividend Policy whereby at least 50% of the Company’s Net Profit will be paid as dividends to shareholders after taking into consideration the Company’s funding requirement and cash flow as well as the funding requirement of the Group. The payment of dividend to shareholders has been on hold taking into consideration of capital expenditure requirement of the Group for recent years and next 2-3 years. The Board of Directors will continue monitoring on the Company’s funding requirement and cash flow for decision on declaration of dividend.

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2. *Further to explanation MSWG, the Group recently has explored into the semiconductor and life science. Kindly explain further on the field of life science that the Management is exploring.*

A: The Group has explored into life science in line with the change of business model of one of the customer in USA, more particularly on medical devices for blood test. Taking into consideration the favourable development in life science products and medical instruments within the northern region in Malaysia, the Group will continue venturing into this segment gradually.

3. *Is the Group's 5 years revenue growth % available?*

A: The Group's 5 years revenue growth projection was prepared by based on the sales projection from customers. However, such information is privy to external stakeholders. Nevertheless, the Management is cautiously optimistic that the Group would benefited from the US-China trade tension for the next 3-5 years.

4. *What is the expected profit trend of the Group for the coming years?*

A: Barring unforeseen circumstances more particularly the supply chain disruption, the Management expected the profit of the Group to remain healthy and improve as compared to previous year.

5. *What would be the Group's strategies to obtain more business?*

A: The Group is having dedicated marketing team for each entities in local and overseas. The team will continue its effort in securing new business for the Group.

6. *In view of the favourable expansion of the Group, any intention from the Management to undertake Bonus Issue in the Company?*

A: The Management has no intention to undertake Bonus Issue for the time being and will continue monitoring on its retained profit and review the necessity of such corporate exercise.

7. *Who are the major customers of the Group? Which industry are these major customers involve?*

A: The major customers are from Multinational Companies which under telecommunications, automotive and aerospace industries.

8. *Further to the article published on the Edge on 23 March 2022, entitled "YBS eyes RM200 million top line with capacity expansion", the Group is also developing electrical connector for battery power management system in electric vehicles (EV), does the electrical connector provide high margin to the Group and does the Company plan to penetrate further into the growing EV market?*

A: The Management is exploring into EV connector and power supply management system, a few products has started its productions gradually. Development of new products are in the pipeline for qualification and might not contribute to the revenue for next 1-2 quarters. Moving forward, more resources will be allocated for developing products for EV and power supply management system.

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9. *Based on the current progress, when will the new manufacturing plant commence its operation?*

A: In order to support the higher production demand from customers, the Management has commence its operation in the new manufacturing plant since January 2022 and currently occupying approximately 35% of its production area.

10. *In view of the favourable contribution of revenue from Aerospace segment in the Group and the Airbus Malaysia trainings attended by both executive directors, has the Group secure any business from the said Airbus Malaysia? How would be the outlook of such business segment in YBS Group?*

A: The trainings were part of the Malaysia Aerospace Industry Blueprint where 10 SMEs will be selected to participate in the industry. There will be series of trainings to be attended for such qualification process. The Group managed to be 3rd and 4th tier supplier to Airbus Malaysia thus far.

Aerospace segment has contributed positively to the Group for the past quarters and the Management is optimistic of its prospect and sustainable growth. Despite low revenue contribution of aerospace related products, it managed to contribute positively to the Group's profit margin as they are high mix low volume products.

11. *When will the expected timeline for Penang Science Park Plant to reach its 100% utilisation?*

A: The Management does not foreseen full utilisation of the new plant in 2-3 years time. Further to the Group's business plan, it shall be utilised at least in the next 5-10 years.

12. *What would be the Group strategies for recruitment and talent retention plan especially for CNC Specialist and related professions?*

A: Recruitment of skill workers has been a challenge in the manufacturing industries. The Management has taken the approach for recruitment of junior / internship workers. Besides, the Management has also gradually implementing the automated production line to reduce the labour dependency. The Management also introduced intensive training programme to shorten the adaption period of new workers.

YBS INTERNATIONAL BERHAD
20th Annual General Meeting – Poll Voting Result

I, Yip Yih Peng from Mega Business Consultancy Division, are pleased to confirm the polling result at the 20th Annual General Meeting of YBS International Berhad on Thursday, 25 August 2022 at 11.00 a.m. is true and correct.

We hereby tabulate the polling result as below accordingly:-

ORDINARY RESOLUTIONS	VOTE FOR			VOTE AGAINST			RESULT
	NO. OF VOTES	NO. OF SHARES	%	NO. OF VOTES	NO. OF SHARES	%	
1. To approve the payment of Directors' Fees of up to RM188,666/- for the period from 1 September 2022 until the next Annual General Meeting.	53	110,521,457	99.9774	3	25,000	0.0226	CARRIED
2. To approve the Directors' benefits (excluding Directors' Fee) payable of up to RM47,000/- for the period from 1 September 2022 until the next Annual General Meeting of the Company.	53	110,521,457	99.9774	3	25,000	0.0226	CARRIED
3. To re-elect Mr. Yong Swee Chuan, a Director retiring pursuant to the paragraph 102 of the Company's Constitution, and who being eligible, offered himself for re-election.	55	110,534,457	99.9891	1	12,000	0.0109	CARRIED
4. To re-elect Ms. Gor Siew Yeng, a Director retiring pursuant to the paragraph 102 of the Company's Constitution, and who being eligible, offered herself for re-election.	56	110,546,457	100.0000	0	0	0.0000	CARRIED
5. To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	56	110,546,457	100.0000	0	0	0.0000	CARRIED
6. To authorise Mr. Low Hee Chung to continue to serve as Independent Non-Executive Director of the Company.	7	73,540,357	100.0000	0	0	0.0000	CARRIED
	49	37,006,100	100.0000	0	0	0.0000	
7. To authorise Ms. Gor Siew Yeng to continue to serve as Independent Non-Executive Director of the Company.	7	73,540,357	100.0000	0	0	0.0000	CARRIED
	49	37,006,100	100.0000	0	0	0.0000	
8. To approve the Authority to Issue Shares pursuant to the Companies Act 2016 and approvals from the relevant authorities where necessary.	55	110,543,457	99.9973	1	3,000	0.0027	CARRIED

9.	To approve the Renewal of Authority to Purchase the Company's Own Shares.	55	110,543,457	99.9973	1	3,000	0.0027	CARRIED
10.	Proposed Granting of ESOS Options to Dato Jimmy Ong Chin Ke	49	107,555,457	97.2944	7	2,991,000	2.7057	CARRIED
11.	Proposed Granting of ESOS Options to Yong Li-Xiang.	43	34,027,100	91.9500	6	2,979,000	8.0500	CARRIED
12.	Proposed Granting of ESOS Options to Yong Swee Fung	40	27,257,100	90.1475	6	2,979,000	9.8525	CARRIED
13.	Proposed Granting of ESOS Options to Chew Tin Hor	40	27,257,100	90.1475	6	2,979,000	9.8525	CARRIED

We further confirm that we have reviewed and carry out some test on the polling system proxies / members received and registered. We observe the entire voting process, the work flow and have diligently verified the accuracy and satisfactory of the polling result.

MEGA BUSINESS CONSULTANCY DIVISION

Verified by :


Yip Yih Peng
(25/08/2022)