

YGL CONVERGENCE BERHAD
Registration No. 200401010510 (649013-W)
(Incorporated in Malaysia)

Minutes of the Nineteenth ("19th") Annual General Meeting ("**AGM**") of Ygl Convergence Berhad ("**Ygl**" or "**the Company**") held at Louis Armstrong II, Level 8, Jazz Hotel Penang, No. 1, Jalan Seri Tanjung Pinang 1, 10470 Tanjung Tokong, Penang on Tuesday, 29 August 2023, 10.30 a.m..

- DIRECTORS** : Mr. Yeap Kong Chean (*Chief Executive Officer*)
Madam Tan Hoay Leng (*Executive Director*)
Mr. Wong Khai Meng (*Independent Non-Executive Director*)
Mr. Muhamed Ali Bin Hajah Mydin (*Independent Non-Executive Director*)
Mr. Wan Chia Keong (*Independent Non-Executive Director*)
- SHAREHOLDERS, CORPORATE REPRESENTATIVES AND PROXY HOLDERS** : As per the attendance list.
- BY INVITATION** : As per the attendance list.
- IN ATTENDANCE** : Ms. Felicia Low Seow Wei – Company Secretary

CHAIRMAN'S ADDRESS

Mr. Yeap Kong Chean ("**Mr. Yeap**") welcomed all present for attending the 19th AGM of the Company.

Mr. Yeap informed the Meeting that pursuant to Clause 58(1) of the Company's Constitution, the Board of Directors ("**the Board**") had elected him to preside the 19th AGM. Mr. Yeap then introduced the Directors and Company Secretary seated at the head table.

QUORUM AND PROXIES

Mr. Yeap called the Meeting to order upon confirming that a quorum was present.

The Company Secretary, Ms. Felicia Low Seow Wei ("**Ms. Felicia**") reported that the Company has received 9 proxy forms from shareholders representing 36,467,820 ordinary shares within the prescribed period before the time for convening the Meeting.

The Meeting was informed that the Company is using 21 August 2023 as the determinant date of the General Meeting Record of Depositors for the 19th AGM.

NOTICE OF MEETING

Mr. Yeap declared that the Notice of the 19th AGM which was circulated to the shareholders within the prescribed period be taken as read, upon receiving no objection from the shareholders.

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POLL PROCEDURE

Ms. Felicia briefed the Meeting that the 19th AGM would be conducted on a poll in accordance with Rule 8.31A of the ACE Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). The Company has appointed the Share Registrar, Messrs. Securities Services (Holdings) Sdn. Bhd. to act as the Polling Agent and Ms. Low Ai Pheng to act as the Independent Scrutineer for conducting poll voting.

To ensure the efficiency of the proceedings of the Meeting, the Meeting noted that all the present have agreed that the poll voting for all resolutions shall only be conducted after all items on the agenda have been considered, as proposed by the Chairman.

ORDINARY BUSINESS

1. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 TOGETHER WITH THE REPORTS OF DIRECTORS AND AUDITORS THEREON ("AFS 2023")

Mr. Yeap informed the Meeting that the first item on the Agenda was to receive the AFS 2023. The AFS 2023 was approved by the Board on 27 July 2023 and forwarded to the shareholders of the Company on 31 July 2022.

Before inviting questions from the floor on the AFS 2023, Mr. Yeap informed the Meeting that the Company had on 18 August 2023 received a letter from the Minority Shareholder Watch Group ("**MSWG**"), who had raised some questions about the Company's Annual Report 2023.

Mr. Yeap then presented the Company's reply to the questions raised by MSWG, details of which are as per Annexure I enclosed hereto.

After the presentation, the Meeting received the following questions from a shareholder, Mr. Chan Fung Han:

- (i) In view of the e-invoices being the latest initiative by the Lembaga Hasil Dalam Negeri (Inland Revenue Board) ("**IRB**"), will the Ygl develop any media page to interface ERP or any e-invoicing system?

Mr. Yeap's reply:

The Company anticipated that e-invoices would become popular and important in future. The Malaysian government will implement the e-invoicing system on all business entities in Malaysia in the next two (2) to three (3) years' time. The Company anticipated that this timeline would not be further extended. Currently, there are two (2) government agencies, namely Malaysia Digital Economy Corporation (MDEC) and IRB are working together on the implementation of the e-invoicing system. Ygl is definitely committed to complying with the new requirements.

- (ii) It was noted that one of the Directors of the subsidiary namely Lee Ming Chieh was removed by the Company instead of by way of resignation. What is the reason for the said removal?

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Mr. Yeap's reply:

It is the duty/role of the Company to retain the right talents within the Group and at the same time to let go of the unsuitable/incompatible person. The goal of the Company is to grow, be sustainable and integrity.

As there was no further question raised, the Chairman declared that the AFS 2023 be received.

2. RE-ELECTION OF RETIRING DIRECTORS WHO ARE RETIRING IN ACCORDANCE WITH CLAUSE 76(3) OF THE CONSTITUTION OF THE COMPANY

The Meeting was informed that the next item on the Agenda was to re-elect the Directors who are retiring in accordance with Clause 76(3) of the Constitution of the Company.

The Meeting was informed that Mr. Yeap Kong Chean and Encik Muhamed Ali Bin Hajah Mydin are subject to retirement pursuant to Clause 76(3) of the Constitution of the Company and being eligible, have offered themselves for re-election.

The Meeting unanimously agreed to move the motion of the re-election of the retiring Directors, namely Mr. Yeap Kong Chean and Encik Muhamed Ali Bin Hajah Mydin for voting.

3. RE-ELECTION OF RETIRING DIRECTOR WHO ARE RETIRING IN ACCORDANCE WITH CLAUSE 78 OF THE CONSTITUTION OF THE COMPANY

The Meeting noted that the next item on the Agenda was to re-elect the Director who is retiring in accordance with Clause 78 of the Constitution of the Company.

The Meeting was informed that Mr. Wan Chia Keong is subject to retirement pursuant to Clause 78 of the Constitution of the Company and being eligible, has offered himself for re-election.

The Meeting unanimously agreed to move the motion of the re-election of the retiring Director, namely Mr. Wan Chia Keong for voting.

4. PAYMENT OF DIRECTORS' FEES OF RM75,000.00 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

The fourth item on the Agenda was to consider and approve the payment of Directors' fees of RM75,000.00 for the financial year ended 31 March 2023.

The Meeting unanimously agreed to move the motion of payment of Directors' fees of RM75,000.00 for the financial year ended 31 March 2023 for voting.

5. PAYMENT OF BENEFITS PAYABLE TO THE DIRECTORS UP TO AN AMOUNT OF RM20,000.00 FOR THE PERIOD COMMENCING FROM 30 AUGUST 2023 UNTIL THE NEXT AGM OF THE COMPANY TO BE HELD IN YEAR 2024

The Meeting was informed that the next item on the Agenda was to approve the benefit payable to the Directors up to an amount of RM20,000.00 for the period

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commencing from 30 August 2023 until the next AGM of the Company to be held in the year 2024.

The Meeting unanimously agreed to move the motion of payment of benefits payable to the Directors up to an amount of RM20,000 from 30 August 2023 up to the conclusion of the next AGM of the Company to be held in year 2024 for voting.

6. RE-APPOINTMENT OF MESSRS. CHENGCO PLT AS AUDITORS OF THE COMPANY FOR THE ENSUING YEAR AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION

The sixth item on the Agenda is to re-appoint Messrs. CHENGCO PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.

The retiring Auditors, Messrs. CHENGCO PLT have indicated their willingness to continue in office as the Company's Auditors.

The Meeting unanimously agreed to move the motion of the re-appointment of Messrs. CHENGCO PLT as Auditors of the Company until the conclusion of the next AGM and the authority for the Directors to fix their remuneration for voting.

7. ANY OTHER BUSINESS OF WHICH DUE NOTICE SHALL HAVE BEEN GIVEN IN ACCORDANCE WITH THE COMPANIES ACT 2016 ("ACT") AND THE COMPANY'S CONSTITUTION

The Meeting noted that no notice was received by the Company to transact any other ordinary business.

SPECIAL BUSINESS

8. ORDINARY RESOLUTION - AUTHORITY TO ISSUE SHARES PURSUANT TO THE ACT AND WAIVER OF PRE-EMPTIVE RIGHTS

Mr. Yeap informed that the next item on the Agenda was to seek the renewal of the general mandate for the Board to issue and allot shares pursuant to the Act and waiver of pre-emptive rights.

The Meeting noted that the proposed adoption of this ordinary resolution was primarily to give flexibility to the Board to issue and allot shares up to 10% of the total number of issued shares of the Company at any time in their absolute discretion without convening a general meeting. This authority shall, unless be revoked or varied by the Company in general meeting, expire at the next AGM of the Company. This proposal is also subject to the approval being obtained from the relevant authorities for listing and quotation of additional shares on Bursa Securities, if issued by the Company.

The waiver of pre-emptive rights would allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer the new share to all existing shareholders of the Company prior to issuance of new shares in the Company under the general mandate granted by the shareholders of the Company.

The Meeting unanimously agreed to move the motion of the authority to issue shares and waiver of pre-emptive right pursuant to the Act for voting.

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9. ORDINARY RESOLUTION - WAIVER OF PRE-EMPTIVE RIGHTS FOR THE ALLOTMENT OF NEW ORDINARY SHARES UNDER THE EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

Mr. Yeap informed the Meeting that the last item on the Agenda was to seek the waiver of pre-emptive rights for the allotment of new ordinary shares under the ESOS.

The Meeting noted that further to the approval obtained from the shareholders via the Extraordinary General Meeting held on 26 May 2017 for the establishment of the ESOS and extension of the ESOS which will expire on 5 November 2027, the Company now sought the waiver of statutory pre-emptive rights of the shareholders pursuant to Section 85 of the Act and Clause 12(3)(a) of the Constitution of the Company over all new Shares to be issued pursuant to the exercise of options under the ESOS by the eligible participants.

The Meeting was informed that the proposed Resolution 8, if passed, will allow the Directors to issue new Shares to the eligible participants of the ESOS arising from the exercise of options under the ESOS, without having to offer the new Shares to be issued equally to all existing shareholders of the Company prior to allotment.

The Meeting unanimously agreed to move the motion of the authority to waive the pre-emptive rights for the allotment of new ordinary shares under the ESOS for voting.

POLL VOTING

Upon all the Agenda of the Meeting had been dealt with, the Meeting proceeded with the poll voting and Ms. Felicia briefed the poll voting procedure.

The Meeting was then adjourned at 11.25 a.m. for verification of the poll voting result by the Scrutineer.

DECLARATION OF POLL VOTING RESULTS

The Meeting resumed at 11.35 a.m. for the declaration of poll voting results.

Ordinary Resolution 1 - To re-elect Mr. Yeap Kong Chean who is retiring in accordance with Clause 76(3) of the Constitution of the Company and being eligible, has offered herself for re-election

There were 77,170,768 shares equivalent to 100% of the total shares present and voting hereat, voted in favour of Ordinary Resolution 1.

As the requisite majority votes have been obtained, the Chairman declared that Mr. Yeap Kong Chean be hereby re-elected as Director of the Company.

Ordinary Resolution 2 - To re-elect Encik Muhamed Ali Bin Hajah Mydin who is retiring in accordance with Clause 76(3) of the Constitution of the Company and being eligible, has offered himself for re-election

There were 77,170,768 shares equivalent to 100% of the total shares present and voting hereat, voted in favour of Ordinary Resolution 2.

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As the requisite majority votes have been obtained, the Chairman declared that Emcik Muhamed Ali Bin Hajah Mydin be hereby re-elected as Director of the Company.

Ordinary Resolution 3 - To re-elect Mr. Wan Chia Keong who is retiring in accordance with Clause 78 of the Constitution of the Company and being eligible, has offered himself for re-election

There were 77,170,768 shares equivalent to 100% of the total shares present and voting hereat, voted in favour of Ordinary Resolution 3.

As the requisite majority votes have been obtained, the Chairman declared that Mr. Wan Chia Keong be hereby re-elected as Director of the Company.

Ordinary Resolution 4 - To approve the payment of Directors' fees of RM75,000.00 for the financial year ended 31 March 2023

There were 77,170,768 shares equivalent to 100% of the total shares present and voting hereat, voted in favour of Ordinary Resolution 4.

As the requisite majority votes have been obtained, the Chairman declared that the payment of Directors' fees of RM75,000.00 for the financial year ended 31 March 2023 be hereby approved.

Ordinary Resolution 5 - To approve the payment of benefits payable to the Directors up to an amount of RM20,000.00 from 30 August 2023 until the next AGM of the Company to be held in year 2024

There were 77,170,768 shares equivalent to 100% of the total shares present and voting hereat, voted in favour of Ordinary Resolution 5.

As the requisite majority votes have been obtained, the Chairman declared that the payment of benefits payable to the Directors up to an amount of RM20,000 from 30 August 2023 up to the conclusion of the next AGM of the Company to be held in year 2024 be hereby approved.

Ordinary Resolution 6 - To re-appoint Messrs. CHENGCO PLT as the Aditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration

There were 77,170,768 shares equivalent to 100% of the total shares present and voting hereat, voted in favour of Ordinary Resolution 6.

As the requisite majority votes have been obtained, the Chairman declared that the re-appointment of Messrs. CHENGCO PLT as the Auditors of the Company until the conclusion of the next AGM and the authority for the Directors to fix their remuneration be hereby approved.

Ordinary Resolution 7 - Authority to issue shares pursuant to the Act and waiver of pre-emptive rights

There were 77,170,768 shares equivalent to 100% of the total shares present and voting hereat, voted in favour of Ordinary Resolution 7.

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As such, the Chairman declared that Ordinary Resolution 7 be approved. It is hereby **RESOLVED**: -

THAT subject always to the Companies Act 2016 (the "**Act**"), the Company's Constitution, Bursa Malaysia Securities Berhad ("Bursa Securities") ACE Market Listing Requirements ("**AMLR**") and any relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Act, to issue and allot shares in the Company, at any time to such persons and 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 to be issued pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued share of the Company for the time being;

THAT pursuant to Section 85 of the Act to be read together with Clause 12(3)(a) of the Constitution of the Company, that approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares arising from any issuance of new shares pursuant to this mandate.

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 FURTHER THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting ("**AGM**") of the Company or the expiration of the period within which the next AGM is required to be held, whichever is earlier, unless such authority is revoked or varied by resolution passed by the shareholders in general meeting.

Ordinary Resolution 8 - Waiver of pre-emptive rights for the allotment of new ordinary shares under the Employees' Share Option Scheme

There were 77,170,768 shares equivalent to 100% of the total shares present and voting hereat, voted in favour of Ordinary Resolution 8.

As such, the Chairman declared Ordinary Resolution 8 be approved. It is hereby **RESOLVED**: -

THAT further to the approval obtained from the shareholders via the Extraordinary General Meeting held on 26 May 2017 for the establishment of the ESOS and extension of the ESOS which will expire on 5 November 2027, pursuant to Section 85(1) of the Act read together with Clause 12(3)(a) of the Constitution of the Company, approval be and is hereby given for the waiver of the statutory pre-emptive rights of the shareholders of the Company over all new Shares to be issued pursuant to the exercise of options pursuant to the ESOS of the Company by and/or the vesting of such grants in the eligible participants, including Directors and employees of the Company and subsidiaries, where such new Shares, when issued, to rank pari passu with the existing Shares.

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CONCLUSION OF MEETING

There being no further matters to discuss, the Meeting concluded at 11.40 a.m. with a vote of thanks to the Chair.

Confirmed as a correct record,

-SIGNED-

CHAIRMAN
YEAP KONG CHEAN

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OPERATIONAL & FINANCIAL MATTERS

1. The software implementation segment recorded a net loss of RM0.86 million in FY2023 (FY2022: RM0.16 million) on the back of a 6.3% decline in revenue to RM5.23 million. YGL invested RM1.04 million in R&D expenditure in FY2023 compared to RM1.31 million in FY2022. (page 17 of Annual Report (AR) 2023).

- (a) What were the reasons for the lower revenue in FY2023?

Ygl's Reply:

Reasons for the lower revenue in FY2023 were fewer contracts were secured in FY2023 at the back of soft market sentiment amidst uncertainties due to the war between Russia and Ukraine, geopolitical sanctions, high inflation and higher interest rates. Prospects are curtailing their spending including investment in Enterprise Resource Planning ("ERP") systems.

- (b) What is the current billables for the software implementation segment?

Ygl's Reply:

Current billables for the software segment:

Billables as at 21 August 2023 : RM3.0 million

- (c) What is the outlook for FY2024?

Ygl's Reply:

Outlook for FY2024 (April 2023 to March 2024):

The software market remains soft from Q1 2024 to Q2 2024 (April 2023 to September 2023) as global manufacturers and their supply chains are affected by the impact of war, US-imposed sanctions, high inflation and increase in interest rates. Demand for ERP systems are low as their revenue is significantly reduced.

We anticipate renewed market optimism in software market from Q3 2024 to Q4 2024 with the US interest rate hike coming to a tail end. We are cautiously optimistic that demand for our product offerings will gradually improve.

- (d) What is the budgeted R&D expenditure for FY2024?

Ygl's Reply:

Budgeted R&D expenditure for FY2024:

Budgeted R&D investment is between RM1 million to RM1.5 million depending on the staff acquisition costs. We required approximately this amount to develop new and additional modules for ERP to keep up to pace with the information technology and business requirements in the market.

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2. The solar installation segment recorded a 20.2% decline in revenue to RM6.61 million in FY2023. Net loss widened to RM0.51 million compared to RM0.3 million a year ago. (page 17 of AR 2023).

- (a) What were the reasons for the significant decline in revenue?

Ygl's Reply:

Reasons for the significant decline in revenue of solar segment:

Fewer contracts were secured in FY2023 as the costs of installing solar panels and systems have increased significantly after the pandemic.

- (b) What is the current outstanding orderbook for this segment?

Ygl's Reply:

Solar segment

Current outstanding projects : RM3.5 million
as at 21 August 2023

- (c) Is this segment actively tendering for any solar installation projects? If so, what is the current tender book?

Ygl's Reply:

The solar segment is actively tendering for solar installation projects.

Current tender book : RM6.1 million
as at 21 Aug 2023

CORPORATE GOVERNANCE MATTERS

3. YGL has been without a Chairman for many years. The Malaysian Code on Corporate guidelines emphasize that such prolonged vacancy and inconsistency in the leadership of the Board is against the principles of good corporate governance.

The Chairman plays a critical role in instilling good corporate governance practices, leadership, and effectiveness of the Board.

What specific actions has the Board taken or intends to take to appoint a Chairman, and within what reasonable timeframe does the Board aim to accomplish this objective?

Ygl's Reply:

The Board acknowledges the importance and takes cognizance of the recommendation of Practice 1.2 of the Malaysian Code on Corporate Governance which states that "A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed".

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The Board is of the view that the chairman is a key pivot in board dynamics, being one of the three cornerstones of the board – the other two being the chief executive/managing director (representing executive directors) and the senior independent director/independent director who usually leads the non-executive directors. Hence, the right person to be the Chairman of the Company is crucial to the Company.

The Board has been looking for a suitable candidate with integrity, the right profile, software domain expertise, and social and public standing for the Chairman's role. Such a candidate is not easy to come by.