

PROLEXUS BERHAD
Registration No. 199201019353 (250857-T)
(Incorporated in Malaysia)

MINUTES OF GENERAL MEETING

MINUTES OF THE 29TH ANNUAL GENERAL MEETING (“AGM”) OF PROLEXUS BERHAD (“PROLEXUS” OR “THE COMPANY”) HELD VIRTUALLY THROUGH LIVE STREAMING FROM THE BROADCAST VENUE AT THE CONFERENCE ROOM OF HONSIN APPAREL SDN. BHD., 531 BATU 2½, JALAN KLUANG, 83000 BATU PAHAT, JOHOR ON MONDAY, 13 DECEMBER 2021 AT 10:00 A.M.

Present : Directors
Mr. Khadmudin bin Mohamed Rafik (in the chair)
Mr. Lau Mong Ying
Mr. Choong Chee Mun
Mr. Lau Mong Fah
Mr. Chin Chew Mun
Mr. Boo Chin Liong
Puan W. Norma binti W. Daud

Senior Management
Ms. Evelyn Lau

By Invitation
Mr. Terence Lau (External Auditors, Grant Thornton Malaysia PLT)
Ms. Sammi Soh Lee Cing (Poll Administrator, Agmo Digital Solutions Sdn Bhd)
Mr. Jason Fong Jian Sheng (Independent Scrutineer, Aegis Communication Sdn Bhd)

Members/Proxy Holders/Corporate Representatives
Total number of members participated: 30
Total number of proxy holders participated: 1
Total number of corporate representatives participated: 0

In Attendance : Ms. Riko P’ng (Company Secretary)

1. COMMENCEMENT

On behalf of the Board of Directors of Prolexus, the Company’s Independent Non-Executive Chairman, Mr. Khadmudin bin Mohamed Rafik welcomed all members, proxies and invited guests to the Company’s 29th AGM.

In light of the pandemic and as part of the safety measures, the Chairman informed that the AGM had to be conducted virtually via live streaming webcast and online remote voting. He then thanked members and proxies for participating in the Company’s virtual AGM remotely from their respective locations.

The Chairman also highlighted that the Company has taken all efforts and tried its best to ensure a smooth live streaming, however the quality of the broadcast also very much depends on the participants’ own internet bandwidth connection stability.

He then introduced his fellow Board members and the Company Secretary present at the Broadcast Venue; and the External Auditors who joined the AGM via video conferencing from Penang.

Without further ado, the Chairman called upon the Company Secretary to confirm the number of proxy forms received and the presence of a quorum for the Company's 29th AGM.

The Company Secretary, Ms. Riko P'ng confirmed that 7 proxy forms were received within the prescribed period.

The Company Secretary also confirmed the presence of the requisite quorum as at the commencement of this meeting.

The requisite quorum being present, the Chairman called the Company's 29th AGM to order at 10.00 a.m.

2. NOTICE OF MEETING

The Chairman informed that the notice convening the Company's 29th AGM had been sent to all members (hereinafter referred to as "shareholders"), Bursa Malaysia Securities Berhad, the Stock Exchange and Messrs. Grant Thornton Malaysia PLT, the External Auditors of the Company in accordance with the Company's Constitution.

As there were no objections, the Chairman declared the Notice of the 29th AGM as read.

3. PROCEEDINGS OF FULLY VIRTUAL MEETING

The Chairman informed that the meeting required one Proposer and a Secunder for each motion before putting it to the floor to vote. Hence, with a view to facilitate the flow of the virtual meeting, Mr. Lau Mong Ying and Mr. Choong Chee Mun, the directors of the Company who are also the shareholders of the Company, had offered themselves to be the Proposer and Secunder for all the motions to be tabled for approval by shareholders of the Company at this AGM.

Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Company's Constitution, the Chairman declared a poll to be carried out on all the Resolutions set out in the Notice of the 29th AGM.

The Chairman then invited the Company Secretary to brief shareholders on the meeting procedures.

The Company Secretary explained on how live questions may be raised during the meeting as well as the online remote voting procedures.

The Company Secretary also informed that the Company had appointed Agmo Digital Solutions Sdn Bhd as the Poll Administrator and Aegis Communication Sdn Bhd as the Independent Scrutineer to verify the poll results.

4. **AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021**

The first agenda was to receive the Audited Financial Statements for the financial year ended 31 July 2021 together with the Reports of the Directors and Auditors thereon (“AFS 2021”).

The Chairman informed that the AFS 2021 was for discussion only as it does not require shareholders’ approval under Section 340(1)(a) of the Companies Act 2016. As such, if shareholders and proxies have any questions in relation to the accounts of the Company, they may type your questions in the Query box which the Directors and/or the External Auditors would address the questions during the Q&A session later.

The Chairman then put on record that the AFS 2021 together with the Reports of Directors and Auditors thereon had been duly tabled and received by shareholders of the Company.

5. **RESOLUTION NO. 1 – RE-ELECTION OF MR. CHIN CHEW MUN AS A DIRECTOR**

The Resolution No. 1 was to re-elect Mr. Chin Chew Mun, a Director who retires by rotation in accordance with Article 107 of the Company’s Constitution and who, being eligible, offers himself for re-election.

Resolution No. 1 was proposed by Mr. Lau Mong Ying and seconded by Mr. Choong Chee Mun.

6. **RESOLUTION NO. 2 – RE-ELECTION OF MR. CHOONG CHEE MUN AS A DIRECTOR**

The Resolution No. 2 was to re-elect Mr. Choong Chee Mun, a Director who retires by rotation in accordance with Article 107 of the Company’s Constitution and who, being eligible, offers himself for re-election.

Resolution No. 2 was proposed by Mr. Lau Mong Ying and seconded by the Chairman.

7. **RESOLUTION NO. 3 – PAYMENT OF DIRECTORS’ FEES**

The Resolution No. 3 was to approve the payment of Directors’ fees of not exceeding RM503,000.00 for the financial year ended 31 July 2021.

Resolution No. 3 was proposed by Mr. Lau Mong Ying and seconded by Mr. Choong Chee Mun.

8. **RESOLUTION NO. 4 - PAYMENT OF DIRECTORS’ BENEFITS**

The Resolution No. 4 was to approve the payment of Directors’ benefits to non-executive directors of not exceeding RM100,000.00 from the conclusion of the 29th AGM until the conclusion of the next AGM of the Company.

Resolution No. 4 was proposed by Mr. Lau Mong Ying and seconded by Mr. Choong Chee Mun.

9. RESOLUTION NO. 5 – PAYMENT OF FIRST AND FINAL SINGLE TIER DIVIDEND

The Resolution No. 5 was to approve the payment of a first and final single tier dividend of 0.3 sen per ordinary share for the financial year ended 31 July 2021.

Resolution No. 5 was proposed by Mr. Lau Mong Ying and seconded by Mr. Choong Chee Mun.

10. RESOLUTION NO. 6 – RE-APPOINTMENT OF AUDITORS

The Resolution No. 6 was to re-appoint Messrs. Grant Thornton Malaysia PLT as auditors of the Company to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration.

The Chairman informed that the Company's auditors, Messrs. Grant Thornton Malaysia PLT had indicated their willingness to continue office until the next AGM of the Company.

Resolution No. 6 was proposed by Mr. Lau Mong Ying and seconded by Mr. Choong Chee Mun.

11. RESOLUTION NO. 7 – AUTHORITY TO ALLOT AND ISSUE NEW SHARES (SPECIAL BUSINESS)

The Resolution No. 7 under Special Business was related to the general mandate for Directors to allot and issue new ordinary shares pursuant to Sections 75 and 76 of the Companies Act 2016.

The Chairman informed that the Resolution No. 7 was to seek a renewal of general mandate for the Directors of the Company to allot and issue shares in the Company up to an amount not exceeding 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting would expire at the conclusion of the next AGM.

He also informed that the proposed renewal of general mandate for issuance of shares would provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares for the purpose of funding future investment, working capital and/or acquisitions. The Directors however as at to-date, had not issued any shares pursuant to the general mandate granted at the last AGM of the Company.

The Chairman informed that the full text of the proposed Resolution No. 7 was set out in the Notice of the 29th AGM.

Resolution No. 7 was proposed by Mr. Lau Mong Ying and seconded by Mr. Choong Chee Mun.

12. RESOLUTION NO. 8 – RE-APPOINTMENT OF MR. KHADMUDIN BIN MOHAMED RAFIK AS AN INDEPENDENT DIRECTOR (SPECIAL BUSINESS)

The Resolution No. 8 under Special Business was related to the proposed continuation of Mr. Khadmudin Bin Mohamed Rafik as an Independent Director of the Company and to hold office until the conclusion of the next AGM of the Company.

The Chairman informed that the Resolution No. 8 was to seek shareholders' approval through a two tier voting process to retain Mr. Khadmudin Bin Mohamed Rafik (himself) as an Independent Director of the Company as he had served for a cumulative term limit of more than 9 years.

The Chairman also informed shareholders that his profile was set out on Page 20 of the Annual Report of the Company.

Resolution No. 8 was proposed by Mr. Lau Mong Ying and seconded by Mr. Choong Chee Mun.

13. RESOLUTION NO. 9 – SHARE BUY-BACK AUTHORITY (SPECIAL BUSINESS)

The Resolution No. 9 under Special Business was related to the proposed renewal of share buy-back authority of up to 10% of the total number of issued shares of the Company.

The Chairman informed that the Resolution No. 9 was to seek shareholders' approval for the Directors of the Company to purchase the Company's shares up to 10% of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the retained profits of the Company. The mandate, unless revoked or varied by the shareholders of the Company in general meeting, would expire at the conclusion of the next AGM of the Company.

Resolution No. 8 was proposed by Mr. Lau Mong Ying and seconded by Mr. Choong Chee Mun.

14. ANY OTHER BUSINESS

The Chairman confirmed that the Company did not receive any notice to transact any other business at today's AGM.

15. QUESTIONS AND ANSWERS (Q&A) SESSION

The Chairman informed shareholders that the Company had received some questions from the Minority Shareholders Watch Group ("MWSG") prior to the AGM. He then read out the questions received from MWSG and the Company's responses sequentially in the meeting.

The Company had also received numerous live questions during the AGM. The questions received from shareholders or proxies would be moderated to avoid repetition and may also be summarised for reasons of brevity.

The Chairman then invited Mr. Choong Chee Mun, the Executive Director of the Company to address the live questions received from shareholders and/or proxies.

A summary of the questions by MSWG and the shareholders and/or proxies during the AGM together with the Company's responses was annexed hereto as Appendix I.

16. ONLINE POLL VOTING

In view of the online voting was made accessible at the commencement of the meeting for shareholders and proxies to cast and submit their votes in order to facilitate the polling process, shareholders and proxies were then allowed another 3 minutes to cast and submit their votes online.

A video clip of the online voting process was then shared to shareholders of the Company.

After all shareholders and proxies had completed their voting during the stipulated time, the Chairman declared the voting closed.

The Chairman adjourned the meeting at 10.36 am for the Poll Administrator and Independent Scrutineer to carry out their tasks.

17. RESULTS OF THE VOTES

The Company's 29th AGM resumed at 10.42 am.

The results of votes as confirmed and certified by the Independent Scrutineer, Aegis Communication Sdn Bhd were as follows:-

| Resolutions | No. of shares and % voted | | Abstain |
|--|------------------------------|----------------------|---------|
| | For | Against | |
| Resolution No. 1 – To re-elect Chin Chew Mun as a Director | 58,878,932 (99.9961%) | 2,319 (0.0039%) | - |
| Resolution No. 2 – To re-elect Choong Chee Mun as a Director | 58,878,932 (99.9961%) | 2,319 (0.0039%) | - |
| Resolution No. 3 – To approve the payment of Directors' Fee | 58,629,332 (99.5723%) | 251,819 (0.4277%) | - |
| Resolution No. 4 – To approve the payment of Directors' Benefits to Non-Executive Directors | 58,635,512 (99.5828%) | 245,639 (0.4172%) | - |
| Resolution No. 5 – To approve the payment of a First & Final Single Tier Dividend | 58,881,251 (100%) | 0 (0%) | - |
| Resolution No. 6 – To re-appoint Grant Thornton Malaysia PLT as Auditors of the Company | 58,879,451 (99.9967%) | 1,800 (0.0031%) | - |
| Resolution No. 7 – To authorise the Directors to allot and issue new shares in the Company | 58,873,812 (99.9874%) | 7,439 (0.0126%) | - |

| | | | |
|---|--|---------------------------------------|---|
| Resolution No. 8 – To retain Khadmudin bin Mohamed Rafik as an Independent Director | <i>Tier 1</i> 55,340,160 (100%) | <i>Tier 1</i> 0 (0%) | - |
| | <i>Tier 2</i> 3,428,252 (96.8134%) | <i>Tier 2</i> 112,839 (3.1866%) | - |
| Resolution No. 9 – To renew share buy-back authority | 58,879,451 (99.9969%) | 1,800 (0.0031%) | - |

The Chairman declared the following Resolutions No. 1 to No. 9 tabled at the 29th AGM were carried:-

RESOLUTION NO. 1 –

To re-elect Mr. Chin Chew Mun, a director who retires by rotation in accordance with Article 107 of the Company's Constitution and who, being eligible, offers himself for re-election.

RESOLUTION NO. 2 –

To re-elect Mr. Choong Chee Mun, a director who retires by rotation in accordance with Article 107 of the Company's Constitution and who, being eligible, offers himself for re-election.

RESOLUTION NO. 3 –

To approve the payment of Directors' Fees of not exceeding RM503,000.00 for the financial year ended 31 July 2021.

RESOLUTION NO. 4 –

To approve the payment of Directors' benefits up to an amount not exceeding RM100,000.00 from the conclusion of the 29th AGM until the conclusion of the next AGM of the Company.

RESOLUTION NO. 5 –

To approve the payment of a First & Final Single Tier Dividend of 0.3 sen per ordinary share for the financial year ended 31 July 2021.

RESOLUTION NO. 6 –

To re-appoint Messrs. Grant Thornton Malaysia PLT as auditors of the Company to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration.

RESOLUTION NO. 7 –

AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE NEW SHARES

“THAT, subject to the approvals of the regulatory authorities, the Directors of the Company be hereby authorised pursuant to Sections 75 and 76 of the Companies Act 2016, to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company.

AND THAT any Executive Director and/or Secretary of the Company be hereby authorised to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares to be issued and to do all such acts and things necessary to give full effect to such transactions as authorised by this resolution.

AND THAT, such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company.”

RESOLUTION NO. 8 –

PROPOSED CONTINUATION OF ENCIK KHADMUDIN BIN MOHAMED RAFIK
IN OFFICE AS INDEPENDENT DIRECTOR

“THAT Encik Khadmudin Bin Mohamed Rafik who had served as an Independent Director of the Company for a cumulative term limit of more than 9 years be hereby authorised to continue to act as an Independent Director of the Company and to hold office until the conclusion of the next AGM of the Company.”

RESOLUTION NO. 9 –

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY OF UP TO 10% OF
THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY

“THAT, subject to the Companies Act, 2016 (“the Act”), the Company’s Constitution and the Main Market Listing Requirements (“Main LR”) of Bursa Securities and all other applicable laws, guidelines, rules and regulations, the Directors of the Company be hereby authorised to purchase such number of ordinary shares (“Prolexus Shares”) comprised in the total number of issued shares of the Company as may be determined by the Directors from time to time through Bursa Securities subject further to the following:-

- (a) the aggregate number Prolexus Shares which may be purchased or held by the Company shall not exceed 10% of the total number of issued shares of the Company (“Proposed Share Buy-Back”), subject to the restriction that the issued shares of the Company does not fall below the minimum share capital requirements of the Main LR of Bursa Securities that the Company continues to maintain a shareholding spread that is in compliance with the Main LR after the share purchase;

- (b) the maximum funds to be allocated by the Company for the purpose of purchasing the Prolexus Shares under the Proposed Share Buy-Back shall not exceed the retained profits of the Company;
- (c) the authority conferred by this resolution 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 such resolution was passed at the which time the authority would lapse unless by ordinary resolution passed at the next AGM, the authority is renewed, either unconditionally or subject to conditions; or
 - (ii) the expiration of the period within the next AGM of the Company after that date is required by law to be held; or
 - (iii) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting, whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company of the Prolexus Shares before the aforesaid expiry date and, made in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities; and
- (d) upon completion of the purchase(s) of the Prolexus Shares by the Company, the Directors be hereby authorised to retain the Prolexus Shares so purchased as treasury shares, which may be distributed as dividends to shareholders, cancel and/or resold on Bursa Securities, in the manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the Main LR of Bursa Securities and any other relevant authority for the time being in force,

AND THAT, the Directors be hereby authorised to take all such steps as are necessary or expedient to implement, finalise, complete or to effect the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, resolutions, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Board may deem fit and expedient in the best interest of the Company to give full effect to and to complete the purchase of Prolexus Shares.”

18. TERMINATION

The meeting was declared closed at 10.42 a.m. with a vote of thanks to the Chair.

CONFIRMED CORRECT,



KHADMUDIN BIN MOHAMED RAFIK
Chairman

Appendix I

PROLEXUS BERHAD

Registration No. 199201019353 (250857-T)
(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED AT THE VIRTUAL 29TH ANNUAL GENERAL MEETING OF PROLEXUS BERHAD ("PROLEXUS" OR "THE COMPANY") HELD AT THE BROADCAST VENUE AT THE CONFERENCE ROOM OF HONSIN APPAREL SDN. BHD., 531 BATU 2½, JALAN KLUANG, 83000 BATU PAHAT, JOHOR ON THURSDAY, 23 DECEMBER 2021 AT 10.00 A.M.

Key matters discussed at the 29th AGM are summarised as follows:

- 1) The Company's Profit After Tax declined to RM17.2 million in FYE 2021 compared to RM20.8 million in FYE 2020. The decline was mainly attributable to the pandemic which affected its businesses. (Page 10 of AR 2021)**

What are the Company's plans to enhance its profitability in FYE 2022?

Reply: The Company is operating in a labour-intensive industry and industrial automation can only reduce reliance on labour to a certain extent. The gradual reduction of labour since the beginning of the pandemic has limited the Company's ability to secure orders in the short and medium term unless the government opens up foreign worker intake from more countries in the near future. Given the capacity limitation, the Company will focus on higher margin products and also embark on its OBM venture to mitigate the impact.

- 2) The Company relies extensively on foreign labour to operate its factories especially for its apparel and textile businesses.**

- (a) What was the ratio of foreign labour to total workforce in FYE 2021?**

Reply: Foreign worker accounts for 47% of total workforce of the Group as at 31 July 2021.

- (b) In view of the Government tightening the requirements to hire foreign labour, what are steps taken by the Company to mitigate this?**

Reply: In addition to its effort in hiring more local workers which is ongoing, the Company is also working closely with other factories to enhance its order fulfilment.

- 3) Since the beginning of the COVID-19 outbreak, the Company has produced a functional fabric face mask, ProXmask™, which is both protective and preventive against the virus as it has water repellency, anti-viral, anti-microbial and microfiltration function. (Page 11 of AR 2021)**

- (a) **What was the revenue contribution of ProXmask sales to the Company in FYE 2021?**

Reply: Revenue contribution from ProXmask and other OEM masks was 23.7% of Group revenue.

- (b) **What are the Company's plans in further expanding the sales of this product?**

Reply: Besides creating awareness on the importance of wearing a quality and environmental friendly face mask, the Company is also leveraging on the power of digital media to promote its product and continue to adapt to market demand. There has also been ongoing collaboration with SIRIM as part of its promotional effort.

- 4) **The Company had recently launched its modest wear brand "Arumn" to expand its income stream. (Page 12 of AR 2021)**

- (a) **What are the projected sales from this brand in FYE 2022?**

Reply: Similar to any other new brand, it takes time for the brand to build momentum and it is not expected to contribute substantially to the Group's revenue in FYE 2022. Nevertheless, the initial response for Arumn has been encouraging thus far.

- (b) **What are the Company's plans to develop this brand further in terms of revenue contribution?**

Reply: Besides targeting on B2C, both offline and online, the Company also intend to build its B2B segment in Malaysia and overseas.

- 5) **Other Income of the Company rose significantly in FYE 2021 to RM15.7 million from RM2.1 million in FYE 2020. (Page 55 of AR 2021)**

What was the nature of this Income and is it expected to recur in FYE 2022?

Reply: Included in Other Income in FYE2021 are one-off gain on disposal of property, plant and equipment and liquidated ascertained damages charged to a contractor.

- 6) **May I know what is the Company's future outlook?
What is the problem exactly facing in textile operation?
Why has the ramp-up a disappointment thus far, and what are the strategies to counter the said situation?
Are we facing any labour related issue? Including living condition etc.**

Reply: We have been experiencing labour shortage and have been seeking avenues to mitigate this issue so that the Group is able to offer more capacity to buyers. Being the OEM manufacturer for international brands we comply with international and domestic labour laws including the living conditions of our foreign workers.

- 7) The development of the "Branding division" should technically "offend" existing Apparel operation clients, has our order decline because of the said matter?**

Reply: Our OBM business is not in a competing business with existing buyers. The Company is currently facing manpower shortage issue.

- 8) How much is cost saving of this virtual AGM as compared to physical AGM?**

Reply: The cost for a virtual AGM is less than RM20,000. Even though the cost is higher as compared to a physical AGM, the Board is of the view that a virtual meeting is to the best interest of our shareholders and employees.

- 9) Will the Board consider giving shareholders with door gifts, the face mask as a token of appreciation for attending today's RPV.**

Reply: As a token of appreciation, we will be sending ProXmask to shareholders who had attended today's AGM.

- 10) How was Seni Jaya's consolidating of the OOH media industry affected our advertising operation?**

Reply: Our advertising division is focusing on outdoor digital billboard and we have 14 digital screens throughout Malaysia as part of our national coverage strategy. We do not foresee any major impact arising from Seni Jaya's consolidating of the OOH media industry as their main focus is on static billboards.