

**SOLUTION GROUP BERHAD**  
Registration No. 200401016072 (654575-P)  
(Incorporated in Malaysia)

**SUMMARY OF THE 19<sup>TH</sup> ANNUAL GENERAL MEETING (“AGM”) OF SOLUTION GROUP BERHAD HELD AT PT13796, JALAN TEKNO USAHAWAN 2, TECHNOLOGY PARK MALAYSIA, 57000 KUALA LUMPUR ON WEDNESDAY, 31 MAY 2023 AT 10.00 A.M.**

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**Board of Directors** : Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir  
(Chairman and Independent Non-Executive Director)  
Mr Lim Yong Hew (Group Managing Director)  
Dato’ Dr. Mohd Nazlee Bin Kamal (Deputy Group Managing Director)  
Mr Lim Hai Guan (Executive Director)  
Encik Mohd Shahrin Bin Saparin @ Abd Rahman (Executive Director)  
Ms Lim Chiou Kim (Executive Director)  
Ms Yvonne Low Win Kum (Independent Non-Executive Director)

**Secretary in Attendance** : Ms Lim Yen Teng (LS0010182)

**No of Shareholders &** : 27  
**Proxies Registered**

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**1. CHAIRMAN**

Datuk Dr. Syed Muhamad bin Syed Abdul Kadir, the Independent Non-Executive Chairman welcomed all shareholders to the 19<sup>th</sup> AGM.

**2. QUORUM**

The requisite quorum pursuant to Article 17.1 of the Company’s Constitution was met.

**3. NOTICE OF MEETING**

The Notice of Meeting dated 28 April 2023 had been circulated to the shareholders and taken as read.

**4. RESOLUTIONS TO BE VOTED ON BY POLL**

Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the Meeting were voted by way of poll.

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**Summary of the 19<sup>th</sup> AGM of the Company held on 31 May 2023**

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**5. AUDITED FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 31 DECEMBER 2022 AND THE REPORTS OF DIRECTORS' AND AUDITORS' THEREON**

The Company's Audited Financial Statements for the financial year ended 31 December 2022 was for discussion only as per the provision of Section 340(1)(a) of the Companies Act 2016 and does not require approval of shareholders.

**6. ORDINARY RESOLUTIONS 1 TO 10**

A total of 11 Ordinary Resolutions were voted by way of poll:

- |                        |   |
|------------------------|---|
| Ordinary Resolution 1  | To approve the payment of Directors' Fees of RM235,100 for the financial year ended 31 December 2022.   |
| Ordinary Resolution 2  | To approve the payment of Directors' Fees and/or benefits up to the amount of RM271,000 for the period from 31 May 2023 until the next AGM of the Company.            |
| Ordinary Resolution 3  | To approve the re-election of Mr Lim Hai Guan as Director of the Company in accordance with Article 18.3 of the Constitution of the Company.                          |
| Ordinary Resolution 4  | To approve the re-election Dato' Dr. Nazlee Bin Kamal as Director of the Company in accordance with Article 18.3 of the Constitution of the Company.                  |
| Ordinary Resolution 5  | To approve the re-election Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir as Director of the Company in accordance with Article 18.3 of the Constitution of the Company. |
| Ordinary Resolution 6  | To approve the re-election Ms Yvonne Low Win Kum as Director of the Company in accordance with Article 18.10 of the Constitution of the Company.                      |
| Ordinary Resolution 7  | To approve the re-appointment of Messrs Folks DFK & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration.                          |
| Ordinary Resolution 8  | To authorise the Directors to allot and issue shares under Sections 75 and 76 of the Companies Act 2016.  |
| Ordinary Resolution 9  | To approve the Proposed Renewal of Share Buy-Back Authority.  |
| Ordinary Resolution 10 | To approve the Proposed allocation of Employees' Share Option Scheme ("ESOS") options to Ms Yvonne Low Win Kum.   |

**7. QUESTIONS & ANSWERS SESSION**

The question/comments raised at the Meeting are attached in **Appendix I**.

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**8. ANNOUNCEMENT OF POLL RESULTS**

8.1 The results were verified by Asia Securities Sdn Berhad, the Independent Scrutineers as follows:

Resolution	For		Against		Results
	No. of Shares	% of votes	No. of Shares	% of votes	
1	109,826,348	99.0804	1,019,300	0.9196	Carried
2	109,796,272	99.0801	1,019,376	0.9199	Carried
3	110,845,648	100	-	-	Carried
4	110,845,648	100	-	-	Carried
5	107,051,752	100	-	-	Carried
6	110,845,648	100	-	-	Carried
7	110,845,648	100	-	-	Carried
8	110,845,572	99.9999	76	0.0001	Carried
9	110,845,648	100	-	-	Carried
10	110,845,572	99.9999	76	0.0001	Carried

8.2 All resolutions tabled at the 19<sup>th</sup> AGM were carried by the majority of votes polled.

Date : 31 May 2023

## APPENDIX I – QUESTIONS AND ANSWERS

No.	Question / Comment	Answer / Response
1.	<b>Low Kim King (Shareholder)</b>	
(i)	On page 11 of the annual report, it was noted that the Group’s income has dropped sharply, resulting in a loss for the year, can I know the reason?	Ms Lim Chiou Kim, the Executive Director replied that the Group recorded an after-tax profit of RM32 million in 2021, with revenue of RM304.6 million compared to other fiscal years, mainly due to the Covid-19 vaccine supply contract obtained from the Ministry of Health, which generated high revenue in 2021. However, due to the slow demand for Covid-19 vaccines following the Country’s move to endemic phase in April 2022, the Group’s earnings for FY2022 was affected.
(ii)	Is this (biopharmaceutical) the only business? Can the Board of Directors also inform us about the future development of the Company?	<p>Ms Lim Chiou Kim, the Executive Director responded that the biopharmaceutical business is not the only business of the Group. She informed that in 2021, the biopharmaceutical business accounted for 90% of total revenue. The demand for the Covid-19 vaccine had a significant impact on the Group’s revenue.</p> <p>Mr Lim Yong Hew, the Group Managing Director added that the Group has 8 active subsidiaries. For this fiscal year, we expect 70%-80% revenue contribution from other subsidiaries, namely Solution A&amp;C Technology Sdn Bhd, Solution Process Systems Sdn Bhd, Solution Engineering Sdn Bhd for other businesses such as industrial automation and plant construction, green and renewable energy and engineering equipment.</p> <p>In Biopharmaceutical, the Management is working with CanSino, our partner in China, to develop new pipelines for future products. Locally, the Group has signed a Memorandum of Understanding (MOU) to develop vaccines for tropical diseases such as malaria, dengue fever and hand, foot and mouth diseases. This would take several years as the process from research and development to clinical trials and regulatory approval before commercialisation of the products is very lengthy and will take at least 2 to 3 years before the Group can generate revenue from it.</p>

No.	Question / Comment	Answer / Response
2.	<b>Dato' Leong Yeng Kit (Shareholder)</b>	
(i)	You mentioned that it would take 2 to 3 years for the biopharmaceutical business to pick up. Currently, the Group has a loss of RM39 million. Would the Group be able to sustain with a cash flow of RM14 million?	The Group Managing Director clarified that the loss was mainly due to impairment of vaccine stocks. The vaccines are still stored in the form of drug substance and was never put into production. Currently, the operating cost of the fill-and-finish facility is about RM400,000 per month or RM4.8 million p.a.
(ii)	In 2021, the Group achieved RM200 million in vaccine sales, generating a profit of RM32 million, but this was completely wiped out by expired vaccines?	The Group Managing Director explained that CanSino will replenish the drug substance when the vaccine stocks have expired. Unfortunately, there was no demand for the vaccines. This was pointless, even though the Group has an unlimited supply of drugs to replace expiring stocks.
(iii)	What kind of profits do you expect for the remaining subsidiaries in the next 2-3 years?	<p>Ms Lim Chiou Kim, the Executive Director replied that based on the forecast, we expect to be able to generate revenue of RM100 million in 2023 with a profit margin of 10%.</p> <p>The Group Managing Director added that the forecast was based on the order book. The performance for this year will be driven by the Group's other products and services. We are optimistic that our order book would materialise in the coming years as we develop our biopharmaceutical business.</p>
(iv)	With respect to the proposed Resolution 10, the details of the ESOS/policy were not provided?	<p>Ms Lim Chiou Kim, the Executive Director responded that the details of the ESOS/policy were provided back in 2014, prior to its introduction and implementation. The proposed Resolution 10 was to seek shareholders' approval to offer and grant an option to the newly appointed Director, Ms Yvonne Low Win Kum, to subscribe for an equivalent number of shares under the ESOS.</p> <p>The Executive Director added that the Company may not at any time allot and issue in aggregate more than 30% of the total number of issued shares of the Company (excluding treasury shares) under the ESOS. The term of the existing ESOS will expire in January 2024.</p>

No.	Question / Comment	Answer / Response
(v)	In terms of corporate governance, shareholders would like to have a say in the dilution of up to 30% resulting from the ESOS, as the value of shareholders has fallen by 85%.	Your comment has been noted.
(vi)	With respect to the proposed Resolution 9, would the treasury shares be distributed as dividends?	<p>The Group Managing Director stated that the Company has a dividend payout policy which provides that a dividend of not less than 0.5sen will be distributed per financial year provided that the annual net profit after tax is not less than RM4.8 million. The proposed Resolution 9 is a standard resolution tabled annually to provide the Company with flexibility and the ability to support the share price when it is undervalued. We have exercised this mandate sparingly over the years.</p> <p>Ms Lim Chiou Kim, the Executive Director added that the Company has currently repurchased and held approximately 1.9 million shares as treasury shares. The Company has the right to cancel shares, resell shares, or distribute shares to shareholders as dividends or bonus shares.</p>
(vii)	With regard to proposed Resolution 2, shareholders should not approve directors' fees in advance without knowing how the company will perform.	Ms Lim Chiou Kim, the Executive Director replied that the Company usually seeks shareholders' approval for the payment of directors' fees after the end of the financial year. However, the Company pays directors' fees on a quarterly basis. For this purpose and on the advice of the Company Secretary, shareholder approval must be obtained in advance. The Executive Director added that the fee for each member of the Board remains the same and varies only depending on the number of members of the Board. Even the Company was in profit last financial year, we also did not increase the Directors' fees.
(viii)	In my company, we do not pay ourselves when we have losses. We only pay ourselves when the company makes a profit.	The Group Managing Director replied that the Company has to pay the fee in return for appointing directors and performing their responsibilities as a director of the Company. The amount is quite small, ranging from RM1,500 to RM3,000 per month.

No.	Question / Comment	Answer / Response
(ix)	It was not about the amount (of fees), but I think the principle is wrong. For the record, the minority shareholders might see it as unfair.	Your comment has been noted.
3.	<b>Mohammad Hadyan Bin Md Zahar (Shareholder)</b>	
(i)	Since the Group intends to enter the medical cannabis field, what is the current status?	Dato' Dr. Nazlee Bin Kamal, the Deputy Group Managing Director responded that we have established a new subsidiary for this purpose i.e. Solution Medicinals Sdn Bhd ("SOLMED"). Towards the end of last year, a study was conducted by the Ministry of Agriculture on the approval of medical cannabis, which is expected to be completed later this year. In the meantime, we are working closely with various researchers such as the National Poison Centre at Universiti Sains Malaysia, to study cannabis. As soon as regulatory approvals allow, SOLMED will focus on the downstream development of these plant compounds in creating products that addresses the need for Cannabis medicines in Malaysia and the region.
(ii)	Is this medical cannabis business exclusive to the Group?	<p>The Deputy Group Managing Director replied that this industry is open as long as you get the necessary approvals. We have formed a joint venture with Bioarc Asia, a wholly Australian owned medical cannabis company. Bioarc focuses on the agronomics and therapeutic qualities of Cannabis from a horticultural and plant sciences perspective.</p> <p>The Group Managing Director briefly explained the background of Bioarc, which has access to one of the world's most important legal collections of medical cannabis seeds. The collection contains a wide range of unique and agronomically valuable medical cannabis varieties. If Malaysia allows and legalises cultivation, this joint venture will offer a more attractive value proposition.</p>
(iii)	Did the article "NH eyes carbon credits from cow manure" have anything to do with the Group?	No.