PAOS HOLDINGS BERHAD
[Registration No. 199701037036 (452536-W)]
(Incorporated in Malaysia)

EXTRACT OF MINUTES OF THE TWENTY EIGHTH ANNUAL GENERAL MEETING OF PAOS HOLDINGS BERHAD HELD ON FRIDAY, 21 NOVEMBER 2025 AT 10.30 A.M.

PRESENT	:	**Members** As per Attendance List **Directors** Ms. Lim Chang Ching - Chairperson Mr. Lim Zhen Qi Ms. Alice Boo Miau Li Ms. Cheah Yee Leng Ms. Goh Ying Li Mr. Lee Kok Wei Mr. Oscar Kin Yin Tuet
BY INVITATION	:	Mr. Ong Beng Seng - Representative from Messrs. KPMG PLT
IN ATTENDANCE	:	Mr. Ho Meng Chan) Company Secretaries Ms. Wu Siew Hong)

PRELIMINARY

The Chairman, Ms. Lim Chang Ching called the meeting to order at 10.30 a.m. upon the confirmation of the presence of a quorum by the Company Secretary. She extended a warm welcome to everyone present and introduced the Board members and the Auditors, KPMG to the members.

The Chairman further informed that all resolutions tabled at the Meeting would be voted by way of a poll and the poll results would be verified by the scrutineers, Sky Corporate Services Sdn. Bhd.. The polling process for the resolutions would be conducted upon completion of the deliberation of all items to be transacted at the Meeting.

1. NOTICE OF MEETING

The Chairman informed the meeting that the notice of Twenty Eighth Annual General Meeting had been given to all shareholders entitled to receive the notice under the provisions of the Companies Act 2016 as well as being advertised in the New Straits Times on 26 September 2025.

The notice convening the meeting was taken as read.

2. AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2025

The audited financial statements of the Company and of the Group for the year ended 31 May 2025 together with the Directors' and Auditors' Reports ("Audited Financial Statements") were tabled and received by the meeting.

The Chairman informed the meeting that the Company had received questions from the Minority Shareholders Watch Group ("MSWG"), via its letter dated 10 November 2025, regarding matters relating to the Company's affairs. MSWG's questions were displayed for the benefit of all shareholders/proxies present. Each question was read aloud and answered accordingly. The complete set of MSWG's questions and the Company's responses are set out in Appendix A attached hereto.

Thereafter, the Chairman opened the floor for a Questions & Answers session in relation to the Audited Financial Statements. Shareholders and proxies raised a number of questions, which were addressed by the Chairman and Ms. Alice Boo. The main concerns raised included:

a) the reasons for the deterioration in the Group's performance;

b) the remedial measures and proposed actions to mitigate the current situation;

c) requests for clarification on the Group's Audited Financial Statements.

With respect to the question about the payment of Directors' fees for the financial year 2025, it was clarified that the fee payable was recommended by the Remuneration Committee following a review, benchmarked against industry standards, and is subject to shareholders' approval. In response to the questions regarding the Company's continued compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") in light of the Group's losses and whether any internal assessment of the Company's equity level has been undertaken, it is noted that the Board of Directors conducts quarterly meetings to review the Group's financial results and performance to ensure on going adherence to the Listing Requirements.

In response to a proxy's inquiry regarding the rationale for a substantial shareholder disposing of Company's shares, the Chairman explained that the shares previously belonged to her late father, Tan Sri Dato' Lim Tong Yong @ Lim Tong Yaim, and that the disposal was carried out in her capacity as estate administrator as part of the administration of her late father's estate.

In response to a request from a proxy for a view from the corporate representative of Hap Seng Consolidated Berhad, a substantial shareholder of the Company, the representative commented that investors are focused on achieving a return on their investment. She stated that Hap Seng Consolidated Berhad continues its investment in the Company and remains hopeful of an improvement in the Group's performance, despite weaker performance in recent years. She clarified that her remarks were made in her capacity as a corporate representative and not in an executive or operational role.

3. RESOLUTIONS OF THE MEETING

The following resolutions were tabled for consideration :-

i) **Ordinary Resolution 1 - Directors' Fees**

"**THAT** the payment of the Directors' Fees of RM191,500 in respect of the financial year ended 31 May 2025 be and is hereby approved."

ii) **Ordinary Resolution 2 - Directors' Benefits Payable**

"**THAT** the payment of Directors' Benefits to the Directors up to an amount of RM60,000 for the period commencing from 22 November 2025 up to the next Annual General Meeting of the Company be and is hereby approved."

iii) **Ordinary Resolution 3 - Re-election of Ms. Alice Boo Miau Li as Director**

"**THAT** Ms. Alice Boo Miau Li, the Director retiring under Article 109 of the Company's Constitution, be and is hereby re-elected as Director of the Company."

iv) **Ordinary Resolution 4 - Re-election of Mr. Lee Kok Wei as Director**

"**THAT** Mr. Lee Kok Wei, the Director retiring under Article 109 of the Company's Constitution, be and is hereby re-elected as Director of the Company."

v) **Ordinary Resolution 5 – Re-appointment of Auditors**

"**THAT** Messrs. KPMG PLT, be and are hereby re-appointed as Auditors of the Company for the ensuing year at a fee to be determined by the Directors."

vi) **Ordinary Resolution 6 – Authority to Directors To Allot and Issue Shares**

"THAT subject to Sections 75 and 76 of the Companies Act 2016, the Company's Constitution and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorised and empowered to allot and issue 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 does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being 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 Malaysia Securities Berhad 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 Annual General Meeting of the Company.

AND THAT pursuant to Section 85 of the Companies Act 2016 to be read together with Article 61 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares arising from the allotment and issuance of the new shares pursuant to Sections 75 and 76 of the Companies Act 2016 AND THAT the Directors of the Company is exempted from the obligation to offer such new shares first to the existing shareholders of the Company."

vii) **Ordinary Resolution 7 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

"**THAT** subject always to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries ("Paos Group") to enter into the recurrent related party transactions of a revenue or trading nature as specified in Section 2.4 of the Circular to Shareholders dated 26 September 2025, which are necessary for the Paos Group's day-to-day operations and are in the ordinary course of business and are carried out at arm's length basis on normal commercial terms which are not more favourable to the related party than those generally available to the public and are not detrimental to the minority shareholders of the Company;

THAT the authority conferred by such mandate shall commence immediately upon the passing of this Ordinary Resolution and continue to be in force until:-

i. the conclusion of the next Annual General Meeting of the Company at which time the mandate will lapse, unless by a resolution passed at the next Annual General Meeting, the authority is renewed; or

ii. the expiration of the period within which the next Annual General Meeting of the Company after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

iii. revoked or varied by a resolution passed by the shareholders in general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

There were no further questions raised by the shareholders/proxies and all resolutions tabled for consideration were proposed and seconded by the shareholders/proxies.

4. POLL VOTING

Upon confirmation that no notice has been received to transact any other business from the shareholders, the Chairman declared that the registration for attendance at the meeting close for proper and orderly conduct of the poll. Mr. Ho Meng Chan, the Secretary then briefed the meeting on the procedures in respect to the e-polling. There being no question raised from the floor in relation to the e-polling, the Chairman declared commencement of e-polling process and adjourned the meeting.

The proceedings of the poll were administered by the representatives from the Registrars, Boardroom Share Registrars Sdn. Bhd. and the representatives of Sky Corporate Services Sdn. Bhd., the scrutineers were present to monitor the e-polling process.

5. POLL RESULTS

The Chairman resumed the meeting to announce the poll results. Based on the poll results as set out in Appendix B, the Chairman declared that Ordinary Resolutions 1 to 7 "CARRIED".

6. CLOSE OF MEETING

There being no other business, the Chairman declared the meeting closed after a vote of thanks had been accorded to her.

PAOS HOLDINGS BERHAD
28TH ANNUAL GENERAL MEETING, 21 NOVEMBER 2025
QUESTIONS RAISED BY MINORITY SHAREHOLDERS WATCH GROUP

Operational and Financial Matters

1. The Group continued to operate with a thin gross margin, with its Gross Profit Margin (GPM) declining to 0.53% in the current financial year from 0.80% in the preceding year (Page 53 of the Annual Report (AR) 2025).

   (a) What is the GPM percentage for each of the Manufacturing, Trading, and Integrated Hotel Operations and Property Investment segments for the current financial year compared to the previous financial year? Which of these segments has recorded the most significant deterioration in GPM?

   (b) How would the Board and management intend to address the deteriorating GPM in the near and mid-term?

   (c) How does the Board and management view the GPM outlook for each segment over the next two financial years?

   Answer

   The Group has three reportable segments namely Manufacturing, Trading and Integrated Hotel Operations and Property Investment segments, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different business strategies. Segment profit is used to measure performance as the Group considers this information the most relevant in evaluating the results of the segments relative to other entities that operate within these industries.

   The segment profit margin of the respective segments is as follows:-

   (i) Manufacturing (2025 : -17.90% ; 2024 : -6.70%);
   (ii) Trading (2025 : 0.49% ; 2024 : 0.45%); &
   (iii) Integrated Hotel Operations and Property Investment (2025 : -1.49%; 2024 : -1.79%)

The manufacturing segment experienced a decline in segment profit margin during the period. The manufacturing industry continues to face challenges from higher input prices, inflation-driven operational expenses, and foreign exchange fluctuations, alongside softer consumer sentiment.

In response, the Group has implemented cost containment measures and remains both prudent and proactive in managing these pressures. We are prioritizing improvements in operational efficiency and productivity to mitigate cost increases. Strategic initiatives are also underway to optimize production costs, minimize redundancies and reduce wastage.

Looking ahead, our profit margins will continue to be influenced by market conditions, input costs, and product mix dynamics. We remain focused on managing these pressures through efficiency improvements and strategic pricing, while maintaining our commitment to long-term value creation for shareholders.

2. The Company reported a net loss of RM3.43 million in the current financial year compared to a profit of RM94,000 in the previous financial year (Page 10 of AR 2025).

   Does the Company currently have a solid turnaround plan? If so, what is the turnaround plan and expected timeline for return to profitability?

   Answer

   The Company recognizes the importance of a viable turnaround plan. Our strategy currently focuses on three key areas: strengthening revenue generation through more targeted customer engagement, improving cost efficiency and operational productivity, and aligning operations with the current market demand.

   These initiatives are being implemented progressively to ensure that each action taken is sustainable. Given current market uncertainties, it would not be prudent to commit to a timeline for return to profitability at this stage.

   Our focus is on building a stable platform for recovery and prioritizing the long-term financial resilience of the Company, so that, as market conditions gradually improve, the Company is well-positioned to move back towards profitability in a measured and sustainable manner.

3. The Company's Trading segment, which mainly involves the trading of marine gas oil, reported a 15% lower revenue of RM570.09 million in the current year compared to RM671.04 million in the previous year due to reduced sales volume and lower average fuel oil prices (Page 12 of AR 2025). This points to a combination of market demand weakness and price pressure, both of which could impact profitability and business sustainability.

   (a) How much of this decline was due to volume reduction versus pricing pressure, and did the Company lose market share to competitors, or did the overall market shrink?

   (b) What are the immediate steps taken by the Company to prevent further revenue erosion?

   Answer

   The percentage of volume reduction from the trading of marine gas oil (MGO) was 5.0% while the average fuel oil prices reduced by approximately 10.6%. As the value of MGO is high, a reduction in volume and average fuel oil prices will result in a high percentage reduction in revenue. Nonetheless, our margin on trading of MGO is based on volume rather than selling price.

   The MGO market is closely tied to global oil price movements. Fluctuations in oil prices directly influence MGO demand, which in turn have a corresponding impact on our trading segment's performance.

4. Despite the 30.7% growth in manufacturing revenue in the current year, elevated operational costs and lower foreign currency gains were impacting the segment's bottom-line with a loss of RM6.75 million compared to RM1.93 million in the preceding year (Page 12 of AR 2025).

   (a) With the segment's continued losses, what competitive advantages does the Group have in the commodity soap market to sustain the business and justify continued operations?

   (b) What is the previous and current manufacturing capacity utilization rate?

Answer

The Group acknowledges shareholders' concerns regarding the continued losses in our manufacturing segment, which are mainly attributable to reduced customer orders and the impact of high fixed operating costs. These market-driven challenges have affected the broader industry, not only our operations.

Despite this, the Group retains strong competitive foundations. We have decades of industry experience and a strong reputation for reliability, quality, and long-term customer relationships. These long-standing strengths continue to differentiate us and underpin our customer relationships.

We are currently undertaking cost-rationalization measures and strengthening operational efficiency, while pursuing new business opportunities to improve revenue. While the current environment is challenging, we remain confident that our core capabilities, industry reputation and ongoing initiatives, support the Group's ability to return to sustainable operations over time.

With regards to manufacturing capacity utilization figures, we can share that current production levels are lower than our optimal operating capacity due to the industry-wide reduction in customer orders.

We are operating our facilities in line with current demand, while maintaining readiness to scale, and support new business opportunities. As the market improves, our existing infrastructure and experienced team will enable us to scale up production quickly. Management remains focused on optimizing operations and improving utilization moving forward.

5. With 96% (2024: 98%) of revenue from just two unnamed customers in the current financial year and about a 13% Group revenue decline to RM614.20 million (2024: RM705.74 million) (Page 73 of AR 2025), has this not been a serious concern for the Board and management of this customer concentration risk? If so, what are the specific action plans and timeline to diversify the Group's customer base?

Answer

Our two major customers come from our contract manufacturing of bar soap and trading of marine gas oil (MGO).

As the value of MGO is high, the revenue contribution from trading of MGO will result in a high percentage against the overall Group's revenue. A reduction in volume and average fuel oil prices will result in a high percentage reduction in the Group's revenue. Nonetheless, our margin on trading of MGO is based on volume rather than selling price.

The Board and Management recognize the concentration risk from reliance on a small number of key customers. We are taking measured steps to broaden our customer base through targeted business development and engagement with new market segments. These processes take time, and while it is not appropriate to commit to a fixed timeline, diversifying our customer portfolio remains an ongoing priority to strengthen the Company's long-term resilience.

Polling Results

PAOS HOLDINGS BERHAD

Twenty Eighth Annual General Meeting

Date/Time: 21/11/2025 10:30:00 AM

View Meeting Room 1-3, Level 6, Wyndham Garden i-City, Shah Alam, No. 6, Persiaran Multimedia, i-City, 40000 Shah Alam, Selangor Darul Ehsan

	FOR			AGAINST			TOTAL		
	NO. OF			NO. OF			NO. OF		
Ordinary Resolution	REC	SHARES	%	REC	SHARES	%	REC	SHARES	%
Ordinary Resolution 1 - To approve the payment of Directors' Fees of RM191,500 in respect of the financial year ended 31 May 2025.	74	146,296,161	95.3923	5	7,066,424	4.6077	79	153,362,585	100.0000
Ordinary Resolution 2 - To approve the payment of Directors' benefits to the Directors up to an amount of RM60,000 for the period commencing from 22 November 2025 up to the next Annual General Meeting of the Company.	74	146,296,161	95.3923	5	7,066,424	4.6077	79	153,362,585	100.0000
Ordinary Resolution 3 - To re-elect Ms. Alice Boo Miau Li as Director.	76	153,359,385	99.9979	3	3,200	0.0021	79	153,362,585	100.0000
Ordinary Resolution 4 - To re-elect Mr. Lee Kok Wei as Director.	76	153,359,385	99.9979	3	3,200	0.0021	79	153,362,585	100.0000
Ordinary Resolution 5 - To re-appoint Messrs. KPMG PLT (LLP0010081-LCA & AF 0758) as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	76	153,359,385	99.9979	3	3,200	0.0021	79	153,362,585	100.0000
Ordinary Resolution 6 - To empower the Directors of the Company to allot and issue shares pursuant to Sections 75 & 76 of the Companies Act 2016.	75	146,296,185	95.3924	4	7,066,400	4.6076	79	153,362,585	100.0000
Ordinary Resolution 7 - To approve Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	72	89,746,281	92.7010	4	7,066,400	7.2990	76	96,812,681	100.0000

