

SUMMARY OF KEY MATTER(S) DISCUSSED AT THE TWENTY-FIRST ANNUAL GENERAL MEETING (“21ST AGM”) HELD ON 25 NOVEMBER 2021

- Q1 With reference to page 132 of the Annual Report 2021, Ms Hin, the appointed proxy from Minority Shareholders Watch Group (“MSWG”), highlighted that the Manufacturing and Trading of Furniture had recorded a high revenue of RM83 million or approximately 23% of the total revenue. Nonetheless, the segment had recorded a low segmental profit before income and taxation of RM43,991, as compared to the total profit before taxation of RM24,735,104. She then requested the Company to provide further information/ clarification on the above enquiry.**

Mr Loo Eng Hua (“Mr Loo”), a Non-Independent Non-Executive Director of the Company, replied that the Manufacturing and Trading of Furniture segment remained challenging throughout the year, based on the following rationale: -

- i) Realised loss of foreign exchange of RM607,000.
- ii) Globally increased in the transportation/logistic cost for furniture shipment due to lack of containers.
- iii) Fixed labour cost (i.e. no pay cut, bonus cut) during the total lockdown/ temporary cessation of operation coupled with increased Covid-19 associated cost (i.e. vaccination cost, test kit, quarantine cost)

He added that with the strengthened US dollar against the Malaysian Ringgit, the impact of the foreign exchange loss would be reduced accordingly.

- Q2 With reference to page 134 of the Annual Report 2021, Ms Hin highlighted that the total sales revenue to United States of America and European countries was increased to RM62 million for the financial year ended 2021 as compared to RM36 million for the financial year ended 2020. She enquired the impact of US-China Trade War and Work-From-Home concept and its impact to the Company.**

Mr Loo informed the Meeting that with the continuing US-China Trade War, the products sale from Malaysia would be prioritised.

The Company hoped that the global issue on the containers’ shortage could be resolved soonest possible. With the ease of movement control restriction by the Malaysia Government coupled with the global shortage on containers shipping issue being resolved, the Company was expected to achieve better financial performance.

- Q3 Rationale on the decreased sales contributed from Other Asia-Pacific countries (2021 RM11.6 million; 2020 RM28.8 million).**

Mr Loo informed the Meeting that the reduced sales for Other Asia-Pacific countries was mainly due to higher restriction for export to China. He added that China had imposed strict requirements on furniture import.

Nonetheless, the Company was working hard and cooperating with local authority in order to carry on with the export activities during the total lockdown period.

Q4 Impact of the container shortage and increased of container charges to the Company

Mr Loo added that US had recently announced that significant budget was allocated to improve the infrastructure to enhance the supply chain problems in US and to tackle the issue on the non-moving or shortage of containers.

He added that the shipping cost would remain to increase gradually should the backlog of cargo shipping due to global shortage of containers remained unresolved.

Mr Chua added that the Company would incur approximately USD20,000 per container for shipping to US. There would be additional cost incurred (i.e. penalty cost calculated on daily basis) if there was any delay on unloading of shipment.

While the outlook remained uncertain and unpredictable, Mr Loo added that the impact of container shortage was unavoidable and beyond the Company's control, until the supply chain problems was resolved in the US.