

SMIS CORPORATION BERHAD
[Registration No. 199901016957 (491857-V)]
("SMIS" or "the Company")

MINUTES OF THE TWENTY-SIXTH ANNUAL GENERAL MEETING OF THE COMPANY HELD AT DEWAN BERJAYA, BUKIT KIARA EQUESTRIAN & COUNTRY RESORT, JALAN BUKIT KIARA, OFF JALAN DAMANSARA, 60000 KUALA LUMPUR, W. P. KUALA LUMPUR, MALAYSIA ON THURSDAY, 19 JUNE 2025 AT 10.00 A.M.

PRESENT:

DIRECTORS

Mr Ng Wai Kee	- Chairman and also a Shareholder
Madam Yap Siew Foong	- Also a Shareholder
Mr Tan Hock Soon	
Mr Oei Kok Eong	
Ms Tan Yi Woan	

IN ATTENDANCE

Ms Gladys Tia Hwei Ping	- Representing the Company Secretary, Boardroom Corporate Services Sdn. Bhd. ("Boardroom")
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BY INVITATION

Mr Robert Koong Yin Leong	- Group Financial Controller
Mr Chok Yu Teng	- Finance Manager
Mr Ong Teng Yan	- Representing the External Auditors, Baker Tilly Monteiro Heng PLT ("Baker Tilly")
Ms Ng Chiew Woon	- Representing Baker Tilly
Ms Kelron Toh	- Representing Baker Tilly
Encik Muhammad Aiman Bin Abdullah	- Representing Boardroom Share Registrars Sdn. Bhd. ("Share Registrar")
Cik Nur Atiqah Binti Mohd Arif	- Representing Share Registrar
Ms Daisy Yap Sok Kee	- Representing Sky Corporate Services Sdn. Bhd. ("Scrutineer")
Ms Tay Si Wei	- Representing Scrutineer
Mr Elisha Hor Zi Xuan	- Representing Scrutineer
Ms Hii Gee Mei	- Representing Boardroom
Ms Koay Jing Yi	- Representing Boardroom

The list of shareholders, corporate representatives and proxies who attended the Meeting is set out in the attendance list of the Meeting.

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1. CHAIRMAN

The Chairman of the Board of Directors (“the Board”), Mr Ng Wai Kee, presided as Chairman of the Twenty-Sixth Annual General Meeting (“26th AGM” or “the Meeting”) welcomed all shareholders, corporate representatives, proxies and invitees (collectively known as “Attendees”) to the 26th AGM of the Company.

2. QUORUM

The Representative of the Company Secretary confirmed that a quorum was present in accordance with Clause 74 of the Company’s Constitution.

With the requisite quorum being present, the Chairman called the Meeting to order at 10.00 a.m.

The Chairman proceeded to introduce the Board, the Representative of the Company Secretary and External Auditors to the shareholders.

3. NOTICE

The Chairman announced that the Notice convening the Meeting was taken as read as it had been circulated for the prescribed period. The Chairman then proceeded with the business of the 26th AGM.

4. SUMMARY OF THE REGISTRATION AND PROXIES RECEIVED

Based on the report issued by the Share Registrar of the Company, Boardroom Share Registrars Sdn. Bhd., there was a total of seventeen (17) proxy forms received from shareholders, representing Nineteen Million One Hundred Sixteen Thousand Four Hundred Ninety-Nine (19,116,499) ordinary shares, which accounts for 42.67% of the total number of issued shares of the Company.

It was further noted that thirteen (13) shareholders have appointed the Chairman of the Meeting as their proxy, in the event that the first appointed proxy is absent. The shares represented by these proxies are Seventeen Million Three Hundred Seventy-Seven Thousand Seven Hundred and Four (17,377,704) ordinary shares, representing 38.79% of the total number of issued shares of the Company.

5. SHAREHOLDERS’ RIGHTS

The Chairman encouraged the Attendees to participate, speak and vote at the Meeting. The Chairman then proceeded with the business on the agenda.

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6. POLLING PROCEDURE AND ADMINISTRATIVE GUIDE

The Chairman informed the Meeting that pursuant to Paragraph 8.29A of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), all resolutions set out in the Notice of the Meeting will be voted on by poll. Pursuant to Clause 78 of the Company’s Constitution, the Chairman then demanded a poll to be taken for all the resolutions set forth in the Notice of the 26th AGM.

The Chairman also informed that the Company had appointed the Company’s Share Registrar, Boardroom Share Registrars Sdn. Bhd., as Poll Administrator to conduct the paper polling process and Sky Corporate Services Sdn. Bhd. as Independent Scrutineer to verify the poll results.

The Attendees were informed that voting would commence after the final motion had been tabled. The Chairman then invited the Poll Administrator to brief the polling procedures. The poll results will be announced after the Scrutineer has verified the poll results upon closure of the voting session.

7. AGENDA OF THE 26TH AGM

The Meeting then proceeded with the agenda items as set out in the Notice of the 26th AGM.

The Chairman informed the Meeting that the first item on the agenda was to receive the Audited Financial Statements of the Company for the financial year ended 31 December 2024 (“FYE 2024”) together with the Reports of the Directors’ and Auditors’ thereon (“AFS 2024”), which had been circulated to all shareholders within the prescribed period and were taken as read.

The Chairman further informed the Meeting that this item on the agenda was meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 (“CA 2016”) does not require formal approval from the shareholders.

The Chairman proceeded to table nine (9) Ordinary Resolutions to the Meeting for consideration and approval by the shareholders.

8. Q&A SESSION

The Chairman informed that the Company has not received any notice of any other business for the Meeting.

After tabling all the resolutions as set out in the Notice of the 26th AGM, the Chairman invited questions from the floor. Several shareholders made comments and sought clarification on various matters, which were succinctly addressed by the Board. The questions from the Attendees and replies are set out in Appendix I attached hereto.

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After having addressed all the questions raised, it was recorded that the AFS FYE 2024 had been duly tabled and received by the shareholders.

9. VOTING SESSION

The shareholders and proxies present were then given time to cast their votes. The Chairman informed that the conduct of the poll and validation of votes by the Poll Administrator and Scrutineer would take approximately twenty (20) minutes. As a result, the Meeting was adjourned and resumed at approximately 11.45 a.m. for the declaration of the poll voting results.

10. ANNOUNCEMENT OF POLL RESULTS

The Meeting resumed at 11.45 a.m. and after obtaining the report from the Scrutineer, the Chairman announced the results of the poll, as follows:

**(i) ORDINARY RESOLUTION 1
NON-EXECUTIVE DIRECTORS' FEES FOR THE FYE 2024**

Ordinary Resolution 1	Votes For			Votes Against			Result
	No. of Shareholders	No. of Votes	%	No. of Shareholders	No. of Votes	%	
Approval of the payment of Non-Executive Directors' Fees of RM163,600.00 in respect of the FYE 2024.	28	20,454,866	93.1203	3	1,511,201	6.8797	Accepted

It was RESOLVED:-

“THAT the payment of Non-Executive Directors' Fees of RM163,600.00 in respect of the FYE 2024 be and is hereby approved.”

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*Minutes of the Twenty-Sixth (26th) Annual General Meeting of the Company held on Thursday, 19 June 2025***(ii) ORDINARY RESOLUTION 2**

APPROVAL OF THE PAYMENT OF NON-EXECUTIVE DIRECTORS' FEES UP TO RM200,000.00 IN RESPECT OF THE FINANCIAL YEAR ENDING 31 DECEMBER 2025 ("FYE 2025") AND THE PAYMENT OF BENEFITS PAYABLE UP TO RM50,000.00 TO THE NON-EXECUTIVE DIRECTORS FOR THE PERIOD FROM THE 26TH AGM UNTIL THE NEXT AGM OF THE COMPANY IN YEAR 2026

Ordinary Resolution 2	Votes For			Votes Against			Result
	No. of Shareholders	No. of Votes	%	No. of Shareholders	No. of Votes	%	
Approval of the payment of Non-Executive Directors' Fees up to an aggregate amount of RM200,000.00 in respect of the FYE 2025 and the payment of Benefits Payable up to an aggregate amount of RM50,000.00 to the Non-Executive Directors for the period from the 26 th AGM until the next AGM of the Company in year 2026.	28	20,454,866	93.1203	3	1,511,201	6.8797	Accepted

It was RESOLVED:-

“THAT the payment of Non-Executive Directors' Fees up to an aggregate amount of RM200,000.00 in respect of the financial year ending 31 December 2025 and the payment of Benefits Payable up to an aggregate amount of RM50,000.00 to the Non-Executive Directors for the period from the 26th AGM until the next AGM of the Company in year 2026 be and is hereby approved.”

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*Minutes of the Twenty-Sixth (26th) Annual General Meeting of the Company held on Thursday, 19 June 2025***(iii) ORDINARY RESOLUTION 3
RE-ELECTION OF DIRECTOR – MS TAN YI WOAN**

Ordinary Resolution 3	Votes For			Votes Against			Result
	No. of Shareholders	No. of Votes	%	No. of Shareholders	No. of Votes	%	
To re-elect Ms Tan Yi Woan who is retiring under Clause 103 of the Company's Constitution.	29	21,965,966	99.9995	2	101	0.0005	Accepted

It was RESOLVED:-

“THAT the retiring Director, namely Ms Tan Yi Woan, who retired under Clause 103 of the Company's Constitution be and is hereby re-elected as Director of the Company.”

**(iv) ORDINARY RESOLUTION 4
RE-ELECTION OF DIRECTOR – MADAM YAP SIEW FOONG**

Ordinary Resolution 4	Votes For			Votes Against			Result
	No. of Shareholders	No. of Votes	%	No. of Shareholders	No. of Votes	%	
To re-elect Madam Yap Siew Foong who is retiring under Clause 96 of the Company's Constitution.	28	20,454,866	93.1203	3	1,511,201	6.8797	Accepted

It was RESOLVED:-

“THAT the retiring Director, namely Madam Yap Siew Foong, who retired under Clause 96 of the Company's Constitution be and is hereby re-elected as Director of the Company.”

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RE-APPOINTMENT OF AUDITORS**

Ordinary Resolution 5	Votes For			Votes Against			Result
	No. of Shareholders	No. of Votes	%	No. of Shareholders	No. of Votes	%	
To re-appoint Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	29	20,454,966	99.9995	2	101	0.0005	Accepted

It was RESOLVED:-

“THAT the retiring Auditors, Baker Tilly Monteiro Heng PLT, having signified their consent to act, be and is hereby re-appointed as Auditors of the Company for the ensuing year until the conclusion of the next AGM at a fee to be determined by the Directors.”

**(vi) ORDINARY RESOLUTION 6
AUTHORITY FOR MR OEI KOK EONG TO CONTINUE IN OFFICE AS
INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY**

Ordinary Resolution 6	Votes For			Votes Against			Result
	No. of Shareholders	No. of Votes	%	No. of Shareholders	No. of Votes	%	
To approve the authority for Mr Oei Kok Eong to continue in office as Independent Non-Executive Director.	27	20,454,766	99.9990	3	201	0.0010	Accepted

It was RESOLVED:-

“THAT authority be and is hereby given to Mr Oei Kok Eong who has served as an Independent Non-Executive Director of the Company since 21 November 2014 and has served for a cumulative period of more than nine (9) years to continue to act as Independent Non-Executive Director of the Company until the conclusion of the next AGM in accordance with Malaysian Code on Corporate Governance (“MCCG”).”

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Ordinary Resolution 7	Votes For			Votes Against			Result
	No. of Shareholders	No. of Votes	%	No. of Shareholders	No. of Votes	%	
To approve the Proposed Renewal of Authority under Sections 75 and 76 of the CA 2016 for the Directors to allot and issue shares.	28	20,454,866	99.9995	2	101	0.0005	Accepted

It was RESOLVED:-

“THAT pursuant to Sections 75 and 76 of CA 2016, the Directors be and are hereby authorised to allot and issue shares in the Company at any time and from time to time until the conclusion of the next AGM 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 10% of the total number of issued shares of the Company (excluding treasury shares) for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issue.

THAT in connection with the above, pursuant to Section 85 of the CA 2016 and Clause 59 of the Constitution of the Company, the shareholders do hereby waive the statutory pre-emptive rights of the offered shares in proportion of their holdings at such price and at such terms to be offered from the issuance of new shares by the Company.

AND THAT the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares.”

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*Minutes of the Twenty-Sixth (26th) Annual General Meeting of the Company held on Thursday, 19 June 2025***(viii) ORDINARY RESOLUTION 8****PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")**

Ordinary Resolution 8	Votes For			Votes Against			Result
	No. of Shareholders	No. of Votes	%	No. of Shareholders	No. of Votes	%	
To approve the Proposed Shareholders' Mandate.	24	2,024,141	99.9950	2	101	0.0050	Accepted

It was RESOLVED:-

"THAT, pursuant to Paragraph 10.09 of the MMLR of Bursa Securities, the Company and its subsidiaries ("SMIS Group") be and are hereby authorised to enter into any of the recurrent transactions of a revenue or trading nature as set out under Section 2.4 of Part A of the Circular to Shareholders dated 30 April 2025 with the related parties mentioned therein which are necessary for the SMIS Group's day-to-day operations, subject further to the following:-

- (i) the transactions are in the ordinary course of business on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
- (ii) disclosure of the aggregate value of the transactions of the Proposed Shareholders' Mandate conducted during the financial year in the Annual Report for the said financial year,

THAT such approval will continue to be in force until:-

- (i) the conclusion of the next AGM of the Company following the forthcoming AGM at which the Proposed Shareholders' Mandate was approved, at which time it will lapse, unless by a resolution passed at the Meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the CA 2016 but must not extend to such extension as may be allowed pursuant to Section 340(4) of the CA 2016; or
- (iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is earlier;

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AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

(ix) **ORDINARY RESOLUTION 9**
PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE")

Ordinary Resolution 9	Votes For			Votes Against			Result
	No. of Shareholders	No. of Votes	%	No. of Shareholders	No. of Votes	%	
To approve the Proposed Renewal of Share Buy-Back Mandate.	28	21,936,877	100	1	1	0	Accepted

It was RESOLVED:-

"THAT subject to CA 2016, the Constitution of the Company, the MMLR of Bursa Securities, and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to utilise an amount not exceeding the audited retained profits as at 31 December 2024 to purchase such amount of ordinary shares in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company;

THAT an amount not exceeding the Company's retained profits account be allocated by the Company for the Proposed Share Buy-Back;

THAT authority be and is hereby given to the Directors of the Company to decide at their absolute discretion to either cancel and/or retain the shares so purchased as treasury shares to dealt with such treasury shares in the manner as set out in Section 127(7) of CA 2016.

THAT the authority conferred by this resolution will be effective immediately upon the passing of this resolution and will expire at:

- (i) the conclusion of the next AGM of the Company being the Twenty-Seventh ("27th") AGM of the Company, at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;

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- (ii) the expiration of the period within which the 27th AGM of the Company is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any);

AND THAT the Directors of the Company be authorised to take all steps necessary to implement, complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time or as the Directors may in their discretion deem necessary and to do all such acts and things as the Directors may deem fit and expedient in the best interests of the Company.”

Based on the results of the poll voting, the Chairman declared that all nine (9) resolutions as set forth in the Notice of the 26th AGM were carried.

11. CONCLUSION

There being no other business to be transacted, the Meeting concluded at 12.05 a.m. with a vote of thanks to the Chair.

SIGNED AS A CORRECT RECORD

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CHAIRMAN

Date: 19 June 2025

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 [Registration No. 199901016957 (491857-V)]
 (“SMIS” or “the Company”)

QUESTIONS AND ANSWERS SESSION DURING THE TWENTY-SIXTH (“26TH”) ANNUAL GENERAL MEETING (“AGM”) OF THE COMPANY HELD ON THURSDAY, 19 JUNE 2025

Questions from Shareholders and Proxyholders and replies from the Company

No.	Description
1.	Question
	What is the purpose of purchasing the two (2) parcels of land in Indonesia listed in the Annual Report? Additionally, which of the two (2) parcels is the Company intending to dispose of?
	Answer <p>The Chairman explained that the two (2) parcels of land were initially acquired to support the Group’s plan to build its own factory, as current operations are being carried out on rented premises. However, due to limited business growth and construction management challenges in Indonesia, the Group has not yet reached a scale that would justify the investment.</p> <p>The Chairman also informed that the Company is considering disposing one of the parcels due to suitability concerns, as the Board’s understanding of the Indonesian market has evolved over time. One plot is relatively small, while the other is significantly larger. The larger plot may now be considered too large for the Group’s current needs, while the smaller one, though limited in size, is located closer to a major customer. The Board has plans to dispose the smaller land plot within the next two (2) years. These factors are still under evaluation, and as such, the plans remain fluid.</p> <p>The Chairman also highlighted that land transactions in Indonesia are complex, particularly for larger land plots. Reacquisition can be costly due to rising entry costs, once disposed. Nonetheless, land lease renewal is currently not an issue for the Company.</p>
2.	Question
	What impact do foreign currency fluctuations have on the Group’s operations?
	Answer <p>The Chairman stated that the majority of the Company’s imported goods are denominated in US dollars and Japanese yen. In the case of Indonesian operations, most raw materials are sourced locally, reducing exposure to foreign currency volatility. As such, the impact of foreign currency fluctuations is limited and only reflected at the Group’s consolidated financial level.</p>

Questions from Shareholders and Proxyholders and replies from the Company (Cont'd)

No.	Description
	Overall, currency exposure is being closely monitored and remains under control and has not posed a significant risk to the Company's operations to date.
3.	Question
	Why did the Company secure a loan of RM5,186,000.00 despite having RM45,055,000.00 in cash reserves?
	Answer
	The Chairman explained that the Company secured a loan under the green financing scheme to fund the installation of solar panels. The loan is part of a broader green financing package supported by government incentives, such as tax credits and favorable banking terms. This approach enables the Company to take advantage of available incentives while preserving its existing cash reserves.
4.	Question
	Why did the Company grant Yamaguchi Mfg Co. Ltd. ("Yamaguchi") the call option to purchase the remaining 54% equity interest in Sanyco Grand Industries Sdn. Bhd. ("Sanyco") ("Call Option"), which the Company still owns, during the recent disposal of the 46% stake in Sanyco?
	Answer
	The Chairman explained that the Call Option in Sanyco was primarily intended to reassure Yamaguchi. This partnership is intended to be mutually beneficial. The partnership was formed with a clear understanding that the local team brings operational knowledge and market access, while the Japanese partner offers strategic capabilities and global resources. If in the future the partner sees a different path, such as having full control or resources, the Call Option allows for such possibilities. However, the current focus remains firmly on collaboration and the deal was designed to ensure alignment and long-term stability for both parties, with the shared goal of growing Sanyco's business.
	The Chairman emphasized that Sanyco continues to be led by local management, with the Japanese partner contributing selectively by deploying personnel or technical experts, similar to previous longstanding Japanese relationships the Company has established.

Questions from Shareholders and Proxyholders and replies from the Company (Cont'd)

No.	Description
5.	<p>Question</p> <p>What opportunities do strategic partnership offer the Company? Are there any plans for expansion?</p> <p>Answer</p> <p>In addition to its partnership in Sanyco, the Chairman clarified that Sugihara Grand Industries Sdn. Bhd. (“SGI”) also maintains a strategic alliance with Sugihara Co. Ltd., which holds a 40% stake in SGI. This arrangement enables the Company to spread its operational and financial risk with external parties.</p> <p>The Chairman emphasized that, through strategic partnerships, the Company is well-positioned to grow alongside larger partners, each expected to contribute both resources and expansion plans. The Company has consciously built-up cash reserves to ensure flexibility and to strengthen its position in partnerships. While deployment of funds has been slower than originally anticipated, the intention remains to invest strategically when conditions are favorable. For instance, an initial plan to enter the Vietnamese market with a Japanese partner was put on hold due to unfavorable business environment during the pandemic.</p>
6.	<p>Question</p> <p>What caused the increase in inventories write-down from RM317,000.00 in the financial year ended 31 December 2023 (“FYE 2023”) to RM1,049,000.00 in FYE 2024 as set out in Page 98 of the Annual Report?</p> <p>Answer</p> <p>Mr Robert Koong Ying Leong (“Mr Robert Koong”) informed that the inventories written down are mainly from the trading company, Machinery & Industrial Supplies Sdn. Bhd. (“MIS”), related specifically to spare parts. In accordance with the Company’s policy, inventories that remain unsold for more than two (2) years are written down. The Chairman added that a reversal of previously written-down inventories amounting to RM1,075,000.00 was recorded in the FYE 2023, while a smaller reversal of RM63,000.00 was recorded in FYE 2024.</p>
7.	<p>Question</p> <p>Is MIS still considered a feasible company?</p> <p>Answer</p> <p>The Chairman informed that MIS remains a feasible company, which has a legacy of over 50 years. It was noted that MIS remains profitable with good gross profit margin in FYE 2024, despite a drop in sales. The decline was due to losing a key agency,</p>

Questions from Shareholders and Proxyholders and replies from the Company (Cont'd)

No.	Description
	<p>which it had held for 40 years and reduction in demand in Malaysia, Indonesia and Thailand. Another factor affecting the sales is market shift post-pandemic, which disrupted many clients' operations and contributed to a more challenging business environment. Management is actively exploring strategies to regain market presence, with a focus on repositioning and targeting high-value business.</p>
8.	<p>Question</p> <p>As set out in Page 99 of the Annual Report, what is the impairment losses of RM5,044,000.00 in relation to other receivables recorded by the Group as at FYE 2024?</p> <p>Answer</p> <p>Mr Robert Koong informed that the impairment losses is a brought forward figure which was recorded several years ago relating to an investment made by the Company over ten (10) years ago. The project was discontinued and the amount invested was recognised as impairment losses in the Company's financial statements.</p>
9.	<p>Question</p> <p>What caused the decrease in wages, salaries, and other personnel expenses from RM27,380,000.00 in FYE 2023 to RM25,269,000.00 in FYE 2024 as set out in Page 106 of the Annual Report?</p> <p>Answer</p> <p>The Chairman informed that there have been significant automation improvements in the Group's operations. Contract workers are being used strategically to manage costs.</p> <p>The Chairman highlighted that in the manufacturing industries, the ratio of total labor costs against gross profits is a key indicator of operational efficiency. The Group currently operates efficiently with a headcount of 420 employees, which the Company aims to maintain.</p>
10.	<p>Question</p> <p>Suggestions to include more insights under the Prospect section of the quarterly unaudited report rather than providing a general industry forecast.</p> <p>Answer</p> <p>The Board acknowledged the shareholders' comments and will provide more detailed insights of the Group's business in future communications.</p>

Questions from Shareholders and Proxyholders and replies from the Company (Cont'd)

No.	Description
11.	<p>Question</p> <p>Could the Company provide an update on when dividends might be declared to shareholders, given that the last dividend payment was made in June 2016?</p> <p>Answer</p> <p>The Board will review and assess the subject matter accordingly, especially the availability of the Company's resources to support potential opportunities in the post-pandemic situation. Risk management remains a priority, given the current fluid business environment. However, the Group is in a strong position, which supports its ability to adapt and grow.</p>
12.	<p>Question</p> <p>Suggestions to present an overview of the financial performance, key challenges and achievements and business strategies of the Group moving forward at future AGM(s).</p> <p>Answer</p> <p>The Board acknowledged the shareholders' comments and will endeavor to present an overview of the financial performance, key challenges, achievements and business strategies of the Group moving forward at future AGM(s).</p>
13.	<p>Question</p> <p>What is the reason for the increase in Non-Executive Directors' Fees and benefits payable? Also, will the Company disclose the meeting allowance to shareholders?</p> <p>Answer</p> <p>Mr Robert Koong explained that based on past practice, the Non-Executive Directors receive payments only after the AGM for the preceding year. However, in light of the ever-increasing duties and responsibilities placed on Directors, the Company believes it is fair and reasonable for such fees to be paid in arrears throughout the year, subject to the approval from shareholders. This approach aligns with current market practices and supports the Company's aim to attract Directors.</p> <p>As such, Mr Robert Koong highlighted that seeking advance approval for the Non-Executive Directors' Fees and benefits payable allows the Company with the flexibility to pay the Non-Executive Directors the fees and expenses when incurred, while they act for and on behalf of the Company.</p> <p>Mr Tan Hock Soon clarified that the Non-Executive Directors' Fees for FYE 2024 amounting to RM163,600.00, the detailed breakdown of which is disclosed in the</p>

Questions from Shareholders and Proxyholders and replies from the Company (Cont'd)

No.	Description
	Company's Corporate Governance Report 2024 and published on Bursa Securities' website.
14.	<p>Question</p> <p>What challenges is the Company facing as a result of the increase in Electronic Vehicles ("EV") sales in Malaysia?</p> <p>Answer</p> <p>The Chairman informed that all products manufactured by the Company are compatible with EVs. However, the Malaysian Government currently allows completely built-up EVs imports under a duty-exempted scheme, effective until the end of 2025. This affects local vehicle sales and increased competition. The Chairman cautioned that the situation remains fluid and any extension of the scheme beyond 2025 could further affect the Company's production unless EV manufacturing is localised in Malaysia.</p>
15.	<p>Question</p> <p>How is the business cycle evolving, especially regarding the spare parts segment? What actions will be taken by the Company in response to the decreased in production demand?</p> <p>Answer</p> <p>The Chairman informed that the Company began and continues to operate as a supplier of gearboxes, bearings and pumps, primarily supplying to the palm oil industry. Over the years, the Company has established agency relationships across other countries.</p> <p>Currently, the Company is facing a significant shift in market dynamics. Growth in Malaysia has stagnated, while demand has shifted toward Indonesia, where the Company now supplies a considerable volume. A key challenge for spare parts industry is low entry barrier, leading customers to favor lower-priced Chinese products, which now dominate over 70% of the market. This trend has adversely affected the Company's sales as a major importer.</p> <p>Some European companies have approached the Company with their products; however, the high pricing made these difficult to sell. Despite the decline in demand, the Company has not incurred any cash losses, and the impact on overall financial performance remains minimal. The Board currently has no strategic plan to address the decrease in demand.</p>

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